

## Preliminary Official Statement Dated November 18, 2025

**New Money Issue: Book-Entry-Only**

**Rating: See “Ratings” herein.**

*In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Series A Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, under existing law, interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See “Tax Matters” herein.*

### **Second Taxing District of the City of Norwalk, Norwalk, Connecticut**

**\$5,985,000**

### **General Obligation Bonds, Issue of 2025, Series A (Bank Qualified)**

**Dated: Date of Delivery**

**Due: Serially on December 1, 2026-2045  
as detailed inside the front cover:**

The General Obligation Bonds, Issue of 2025, Series A (the “Series A Bonds”) will bear interest payable June 1, 2026 and semiannually thereafter on December 1 and June 1 in each year until maturity or earlier redemption.

**Electronic bids via PARITY for the Series A Bonds will be received until 11:00 A.M. (E.T.) on Tuesday, November 25, 2025 at the Office of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460, as described in the official Notice of Sale. (See Appendix D-1 herein).**

The Series A Bonds are subject to redemption prior to maturity as described herein. (See “Redemption Provisions”).

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**\$1,680,000**

### **General Obligation Bonds, Issue of 2025, Series B (Federally Taxable)**

**Dated: Date of Delivery**

**Due: Serially on December 1, 2026-2035  
as detailed inside the front cover:**

The General Obligation Bonds, Issue of 2025, Series B (Federally Taxable) (the “Series B Bonds”) will bear interest payable June 1, 2026 and semiannually thereafter on December 1 and June 1 in each year until maturity.

**Electronic bids via PARITY for the Series B Bonds will be received until 11:30 A.M. (E.T.) on Tuesday, November 25, 2025 at the Office of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460, as described in the official Notice of Sale. (See Appendix D-2 herein).**

The Series B Bonds are NOT subject to redemption prior to maturity.

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The Series A Bonds and the Series B Bonds (collectively, the “Bonds”) will be general obligations of the Second Taxing District of the City of Norwalk, Norwalk, Connecticut (the “District”) and the District will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See “Security and Remedies” herein.)

The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See “Book Entry Only Transfer System” herein).

The Registrar, Certifying, Transfer and Paying Agent will be U.S. Bank Trust Company National Association of Hartford, Connecticut.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about December 10, 2025.



**Second Taxing District of the City of Norwalk,  
Norwalk, Connecticut  
\$5,985,000  
General Obligation Bonds, Issue of 2025, Series A  
(Bank Qualified)**

**Dated: Date of Delivery**

**Due: Serially on December 1, 2026-2045  
as detailed below:**

| <b>Year</b> | <b>Principal</b> | <b>Coupon</b> | <b>Yield</b> | <b>CUSIP <sup>1</sup></b> | <b>Year</b> | <b>Principal</b> | <b>Coupon</b> | <b>Yield</b> | <b>CUSIP <sup>1</sup></b> |
|-------------|------------------|---------------|--------------|---------------------------|-------------|------------------|---------------|--------------|---------------------------|
| 2026        | \$ 220,000       | _. _%         | _. _%        | 669001__                  | 2036        | \$ 385,000       | _. _%         | _. _%        | 669001__                  |
| 2027        | 220,000          | _. _%         | _. _%        | 669001__                  | 2037        | 385,000          | _. _%         | _. _%        | 669001__                  |
| 2028        | 220,000          | _. _%         | _. _%        | 669001__                  | 2038        | 385,000          | _. _%         | _. _%        | 669001__                  |
| 2029        | 220,000          | _. _%         | _. _%        | 669001__                  | 2039        | 380,000          | _. _%         | _. _%        | 669001__                  |
| 2030        | 215,000          | _. _%         | _. _%        | 669001__                  | 2040        | 380,000          | _. _%         | _. _%        | 669001__                  |
| 2031        | 215,000          | _. _%         | _. _%        | 669001__                  | 2041        | 380,000          | _. _%         | _. _%        | 669001__                  |
| 2032        | 215,000          | _. _%         | _. _%        | 669001__                  | 2042        | 380,000          | _. _%         | _. _%        | 669001__                  |
| 2033        | 215,000          | _. _%         | _. _%        | 669001__                  | 2043        | 380,000          | _. _%         | _. _%        | 669001__                  |
| 2034        | 215,000          | _. _%         | _. _%        | 669001__                  | 2044        | 380,000          | _. _%         | _. _%        | 669001__                  |
| 2035        | 215,000          | _. _%         | _. _%        | 669001__                  | 2045        | 380,000          | _. _%         | _. _%        | 669001__                  |

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**\$1,680,000  
General Obligation Bonds, Issue of 2025, Series B  
(Federally Taxable)**

**Dated: Date of Delivery**

**Due: Serially on December 1, 2026-2035  
as detailed below:**

| <b>Year</b> | <b>Principal</b> | <b>Coupon</b> | <b>Yield</b> | <b>CUSIP <sup>1</sup></b> | <b>Year</b> | <b>Principal</b> | <b>Coupon</b> | <b>Yield</b> | <b>CUSIP <sup>1</sup></b> |
|-------------|------------------|---------------|--------------|---------------------------|-------------|------------------|---------------|--------------|---------------------------|
| 2026        | \$ 165,000       | _. _%         | _. _%        | 669001__                  | 2031        | \$ 170,000       | _. _%         | _. _%        | 669001__                  |
| 2027        | 165,000          | _. _%         | _. _%        | 669001__                  | 2032        | 170,000          | _. _%         | _. _%        | 669001__                  |
| 2028        | 165,000          | _. _%         | _. _%        | 669001__                  | 2033        | 170,000          | _. _%         | _. _%        | 669001__                  |
| 2029        | 165,000          | _. _%         | _. _%        | 669001__                  | 2034        | 170,000          | _. _%         | _. _%        | 669001__                  |
| 2030        | 170,000          | _. _%         | _. _%        | 669001__                  | 2035        | 170,000          | _. _%         | _. _%        | 669001__                  |

<sup>1</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which is not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson, or other person has been authorized by the District to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the District since the date of this Official Statement.

The independent auditors for the District are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendices B-1 and B-2 and in "Tax Matters" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that it has independently verified the same.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor have the Bonds been registered under any state securities laws.

The District deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The District currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide or cause to be provided (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreements. The Continuing Disclosure Agreements shall be executed in substantially the forms attached as Appendices C-1 and C-2 to this Official Statement.

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## **Series A Bond Issue Summary**

*The information in this Series A Bond Issue Summary, the front cover page and the inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date of Sale:</b>                                                 | Tuesday, November 25, 2025 at 11:00 A.M. (E.T.).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Location of Sale:</b>                                             | Office of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Issuer:</b>                                                       | Second Taxing District of the City of Norwalk, Connecticut (the “District”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Issue:</b>                                                        | \$5,985,000 General Obligation Bonds, Issue of 2025, Series A (the “Series A Bonds”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Dated Date:</b>                                                   | December 10, 2025.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Interest Due:</b>                                                 | June 1, 2026 and semiannually thereafter on December 1 and June 1, in each year until maturity, or earlier redemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Principal Due:</b>                                                | The Series A Bonds are due serially, December 1, 2026 through December 1, 2045, as detailed in this Official Statement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Authorization and Purpose:</b>                                    | The proceeds of the Series A Bonds will be used to finance water projects. See “Use of Proceeds” herein.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Redemption:</b>                                                   | The Series A Bonds are subject to redemption prior to maturity. See “Optional Redemption”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Security and Remedies:</b>                                        | The Series A Bonds will be general obligations of the District and the District will pledge its full faith and credit to the payment of principal of and interest on the Series A Bonds when due.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Credit Rating:</b>                                                | Application for a rating on the Series A Bonds has been made to Moody’s Ratings (“Moody’s”). The District’s outstanding long-term rating is “Aa1” from Moody’s.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Bond Insurance:</b>                                               | The District does not expect to purchase a credit enhancement facility.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Basis of Award:</b>                                               | Lowest True Interest Cost (TIC), as of the dated date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Tax Exemption:</b>                                                | See “Tax Matters” herein.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Continuing Disclosure:</b>                                        | In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the District will provide or cause to be provided: (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 business days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information, pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix C-1 to this Official Statement. |
| <b>Bank Qualification:</b>                                           | The Series A Bonds <u>shall be</u> designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Series A Bonds.                                                                                                                                                                                                                                                                                                                                     |
| <b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b> | U.S. Bank Trust Company National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Legal Opinion:</b>                                                | Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Municipal Advisor:</b>                                            | Phoenix Advisors, a division of First Security Municipal Advisors, Inc., of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Delivery and Payment:</b>                                         | It is expected that delivery of the Series A Bonds in book-entry-only form will be made to the DTC on or about December 10, 2025, against payment in Federal Funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Issuer Official:</b>                                              | Questions concerning the Official Statement should be addressed to Alan Huth, Chief Executive Officer / General Manager, One State Street, South Norwalk, Connecticut 06854. Telephone (203) 866-3366, Ext. 210.                                                                                                                                                                                                                                                                                                                                                                                                                            |

## **Series B Bond Issue Summary**

*The information in this Series B Bond Issue Summary, the front cover page and the inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date of Sale:</b>                                                 | Tuesday, November 25, 2025 at 11:30 A.M. (E.T.).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Location of Sale:</b>                                             | Office of Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Issuer:</b>                                                       | Second Taxing District of the City of Norwalk, Connecticut (the “District”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Issue:</b>                                                        | \$1,680,000 General Obligation Bonds, Issue of 2025, Series B (Federally Taxable) (the “Series B Bonds”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Dated Date:</b>                                                   | December 10, 2025.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Interest Due:</b>                                                 | June 1, 2026 and semiannually thereafter on December 1 and June 1, in each year until maturity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Principal Due:</b>                                                | The Series B Bonds are due serially, December 1, 2026 through December 1, 2035, as detailed in this Official Statement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Authorization and Purpose:</b>                                    | The proceeds of the Series B Bonds will be used to finance water projects. See “Use of Proceeds” herein.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Redemption:</b>                                                   | The Series B Bonds are NOT subject to redemption prior to maturity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Security and Remedies:</b>                                        | The Series B Bonds will be general obligations of the District and the District will pledge its full faith and credit to the payment of principal of and interest on the Series B Bonds when due.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Credit Rating:</b>                                                | Application for a rating on the Series B Bonds has been made to Moody’s Ratings (“Moody’s”). The District’s outstanding long-term rating is “Aa1” from Moody’s.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Bond Insurance:</b>                                               | The District does not expect to purchase a credit enhancement facility.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Basis of Award:</b>                                               | Lowest True Interest Cost (TIC), as of the dated date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Tax Exemption:</b>                                                | See “Tax Matters” herein.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Continuing Disclosure:</b>                                        | In accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, the District will provide or cause to be provided: (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events within 10 business days of the occurrence of such events; and (iii) timely notice of its failure to provide such annual financial information, pursuant to a Continuing Disclosure Agreement to be executed by the District substantially in the form attached as Appendix C-2 to this Official Statement. |
| <b>Bank Qualification:</b>                                           | The Series B Bonds <u>shall NOT</u> be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Series B Bonds.                                                                                                                                                                                                                                                                                                                                 |
| <b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b> | U.S. Bank Trust Company National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Legal Opinion:</b>                                                | Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Municipal Advisor:</b>                                            | Phoenix Advisors, a division of First Security Municipal Advisors, Inc., of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Delivery and Payment:</b>                                         | It is expected that delivery of the Series B Bonds in book-entry-only form will be made to the DTC on or about December 10, 2025, against payment in Federal Funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Issuer Official:</b>                                              | Questions concerning the Official Statement should be addressed to Alan Huth, Chief Executive Officer / General Manager, One State Street, South Norwalk, Connecticut 06854. Telephone (203) 866-3366, Ext. 210.                                                                                                                                                                                                                                                                                                                                                                                                                            |

## ***I. Bond Information***

### ***Introduction***

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to the Second Taxing District of the City of Norwalk, Norwalk, Connecticut (the “District”), in connection with the original issuance and sale by the District of \$5,985,000 General Obligation Bonds, Issue of 2025, Series A (the “Series A Bonds”) and \$1,680,000 General Obligation Bonds, Issue of 2025, Series B (Federally Taxable) (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”).

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the District since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of laws contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

The Bonds are being offered for sale at public bidding. Notices of Sale for the Bonds dated November 18, 2025, have been furnished to prospective bidders. Reference is made to the Notices of Sale for the terms and conditions of the bidding.

U.S. Bank Trust Company National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in Appendices B-1 and B-2) and makes no representation that they have independently verified the same.

The District deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

### ***Municipal Advisor***

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut, has served as Municipal Advisor to the District in connection with the issuance of the Bonds (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### ***Consideration for Bond Holders***

Pandemics, epidemics and other public health emergencies, may adversely impact the District and its revenues, expenses and financial condition. The District cannot predict the duration and extent of such pandemics, epidemics and other health emergencies, or quantify the magnitude of their ultimate impact on the State and regional economy, or on the revenues and expenses of the District. Pandemics, epidemics and other health emergencies may be ongoing, and their dynamic nature may lead to many uncertainties, including (i) the geographic spread as they evolve; (ii) the severity as they mutate; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate future outbreaks; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local, State or global economy; (viii) whether and to what extent the State Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on District revenues, expenses and financial condition.

## ***Cybersecurity***

The City of Norwalk (the “City” or “Norwalk”), like many other public and private entities, relies on technology to conduct its operations. The City, its various taxing districts, and its departments face cyber threats from time to time, including but not limited to, hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, SNEW (defined herein) independently manages and maintains a cybersecurity plan for the District, and the City invests in various forms of cybersecurity and operational controls, including comprehensive policies and procedures relating to the security of the City’s government networks. Additionally, the City purchases cybersecurity insurance, so that a claim can be made to the insurance provider in the event of a cyber-attack. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial.

## ***Climate Change***

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City’s location in southern Connecticut on the Long Island Sound increases its vulnerability to flooding. In addition to flooding, the City faces other threats due to climate change, including damaging wind that could become more severe and frequent. The City cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

The City has a long history of planning for the impacts of coastal flooding including the adoption of Coastal Resiliency Programs, Enforcement of Drainage and Water Quality regulations to minimize the impact of new developments and redevelopments. Funding of capital projects including Green Infrastructure projects (Webster Lot and Calf Pasture Beach) and reestablishing new road elevations in historic flood areas (Day Street Project) are a few examples of the initiatives that the City has undertaken in the past few years.

## ***Description of the Series A Bonds***

The Series A Bonds will be dated as of the date of delivery, December 10, 2025, and will mature in annual installments on December 1 in each of the years and in the principal amounts and shall bear interest at such rates as set forth on the inside cover page of this Official Statement. Interest on the Series A Bonds will be payable on June 1, 2026 and semiannually thereafter on December 1 and June 1, in each year until maturity, or earlier redemption. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owner of the Series A Bonds as of the close of business on the fifteenth day of November and May, in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner at the address as shown on the registration books of the District kept for such purpose, or so long as the Series A Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the District shall agree. The Series A Bonds are subject to redemption prior to maturity as more fully described herein.

## ***Description of the Series B Bonds***

The Series B Bonds will be dated as of the date of delivery, December 10, 2025, and will mature in annual installments on December 1 in each of the years and in the principal amounts and shall bear interest at such rates as set forth on the inside cover page of this Official Statement. Interest on the Series B Bonds will be payable on June 1, 2026 and semiannually thereafter on December 1 and June 1, in each year until maturity. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owner of the Series B Bonds as of the close of business on the fifteenth day of November and May, in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner at the address as shown on the registration books of the District kept for such purpose, or so long as the Series B Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the District shall agree. The Series B Bonds are NOT subject to redemption prior to maturity.



## ***Optional Redemption***

### **Series A Bonds**

The Series A Bonds maturing on or before December 1, 2033 are not subject to redemption prior to maturity. The Series A Bonds maturing December 1, 2034 and thereafter are subject to redemption prior to maturity, at the election of the District, on or after December 1, 2033 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine, at the respective prices (expressed as a percentage of the principal amount of Series A Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

| <b><i>Period During Which Redeemed</i></b> | <b><i>Redemption Prices</i></b> |
|--------------------------------------------|---------------------------------|
| December 1, 2033 and thereafter.....       | 100%                            |

Notice of redemption shall be given by the District or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the date fixed for redemption to the registered owner designated for redemption in whole or in part at the address of such owner as the same shall last appear on the registration books for the Series A Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Series A Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Series A Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Series A Bonds of any one maturity shall be called for redemption, the particular Series A Bonds or portions of Series A Bonds of such maturity to be redeemed shall be selected by lot in such manner as the District in its discretion may determine; provided, however, that the portion of any Series A Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Series A Bonds for redemption, each Series A Bond shall be considered as representing that number of Series A Bonds which is obtained by dividing the principal amount of such Series A Bond by \$5,000.

The District, so long as a book-entry system is used for the Series A Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Series A Bonds called for redemption (see “Book-Entry-Only Transfer System” herein). Redemption of portions of the Series A Bonds of any maturity by the District will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Series A Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Series A Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Series A Bonds to be redeemed will not be governed by the determination of the District authorizing the issuance of the Series A Bonds and will not be conducted by the District, the Registrar or Paying Agent.

### **Series B Bonds**

The Series B Bonds are NOT subject to redemption prior to maturity.

## ***Authorization and Purpose***

The District has the power to incur indebtedness as provided by the Connecticut General Statutes and the District Charter. The Bonds are issued pursuant to a bond resolution adopted at a Special District Meeting of the Electors held on October 16, 2025. See “Use of Proceeds” herein.

## Use of Proceeds

| Project                                   | This Issue:         |                     |                     |
|-------------------------------------------|---------------------|---------------------|---------------------|
|                                           | Amount              | Series A Bonds      | Series B Bonds      |
|                                           | Authorized          | Tax-Exempt          | Taxable             |
| Capital Improvements to Water System..... | \$ 7,665,000        | \$ 5,985,000        | \$ 1,680,000        |
| <b>Total.....</b>                         | <b>\$ 7,665,000</b> | <b>\$ 5,985,000</b> | <b>\$ 1,680,000</b> |

## Security and Remedies

The Bonds will be general obligations of the District and the District will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

The Bonds are expected to be paid from revenue generated by the sale of electricity. Additionally, the Bonds are payable from general property tax revenues pursuant to the District's pledge of its full faith and credit. The District has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the District without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. There was, however, no such classified property on the last completed grand list of the District, and under existing statutes, the State of Connecticut is obligated to pay the District the amount of tax revenue which the District would have received except for the limitation on its power to tax dwelling houses.

Payment of the Bonds is not limited to electricity sale revenues, property tax revenues or any other revenue source, but certain revenues of the District may be restricted as to use and therefore may not be available to pay debt service on the Bonds. Further, it is important to note that the District has never exercised its authority in many years to impose a tax on property within the District.

The District is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the District. There are no statutory provisions for priorities in the payment of general obligations of the District. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure bonds, or judgments thereon, in priority to other claims. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefore or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the District and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Section 7-566 of the Connecticut General Statutes, as amended provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

## Qualification for Financial Institutions

The Series A Bonds shall be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Series A Bonds.

The Series B Bonds shall NOT be designated by the District as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Series B Bonds.

## ***Availability of Continuing Disclosure Information***

The District prepares, in accordance with State law, annual independent audited financial statements and files such annual audits with the State Office of Policy and Management. The District provides, and will continue to provide, to Moody's Ratings ongoing disclosure in the form of comprehensive annual audited financial statements, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the District will agree to provide, or cause to be provided; (i) annual financial information and operating data, (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds, and (iii) timely notice of a failure by the District to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreements to be executed in substantially the forms contained in Appendices C-1 and C-2 to this Official Statement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed copy of the Continuing Disclosure Agreements.

The District has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and notices of material events pursuant to Rule 15c2-12(b)(5). Over the past five years, the District has not failed to comply, in all material respects, with any of its undertakings pursuant to such Continuing Disclosure Agreements.

## ***Book-Entry-Only Transfer System***

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each interest rate of the Bonds, in the aggregate principal amount of such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The District takes no responsibility for the accuracy thereof.

### ***DTC Practices***

The District can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

### ***Replacement Bonds***

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the District fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the District determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the District is authorized to issue fully registered Bond certificates directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

## ***Ratings***

Application for a rating on the Bonds has been made to Moody's Ratings. The District's outstanding long-term rating is "Aa1" from Moody's Ratings (the "Rating Agency"). The District furnished to the Rating Agency certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the views of the Rating Agency. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the District.

Generally, the Rating Agency bases its rating upon such information and materials and upon investigations, studies and assumptions by the Rating Agency. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the District's outstanding bonds and notes, including this issue.

The District expects to furnish to the Rating Agency information and materials that it may request. However, the District may issue short-term or other debt for which a rating is not requested. The District's Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., recommends that all bonded debt be submitted for a credit rating.

## ***Tax Matters***

### ***Series A Bonds***

#### ***Federal Income Taxes***

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Series A Bonds in order for interest on the Series A Bonds to be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. Non-compliance with such requirements could cause interest on the Series A Bonds to be included in gross income retroactive to the date of issuance of the Series A Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the District concurrently with the Series A Bonds, will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the District will also covenant and agree that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Series A Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the District with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Series A Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations.

Ownership of the Series A Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Series A Bonds. Prospective purchasers of the Series A Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Series A Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Series A Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series A Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Series A Bonds or adversely affect the market price of the Series A Bonds.

### *Original Issue Discount*

The initial public offering price of certain maturities of the Series A Bonds may be less than the principal amount payable on such Series A Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Series A Bonds is sold constitutes original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Series A Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Series A Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Series A Bonds by such owner. Accrued original issue discount on the Series A Bonds is excludable from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such Series A Bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Series A Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of, and receipt of interest on, such Series A Bonds.

### *Original Issue Premium*

The initial public offering price of certain maturities of the Series A Bonds may be greater than the principal amount payable on such Series A Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Series A Bonds is sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Series A Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Series A Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Series A Bonds by such owner. Amortized original issue premium on the Series A Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Series A Bonds should consult their own tax advisors with respect to the federal, state and local income tax consequences of the disposition of, and receipt of interest on, the Series A Bonds.

### *State Taxes*

In the opinion of Bond Counsel, based on existing statutes, interest on the Series A Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Prospective purchasers of the Series A Bonds are advised to consult their own tax advisors regarding the State and local tax consequences of ownership and disposition of, or receipt of interest on, the Series A Bonds.

Interest on the Series A Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Prospective purchasers of the Series A Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Series A Bonds.

## *General*

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective. On the date of delivery of the Series A Bonds, Bond Counsel will deliver their opinions in the form attached hereto as Appendix B-1.

The above discussion does not purport to deal with all aspects of federal, state and local taxation that may be relevant to a particular owner of a Series A Bond. Prospective purchasers of the Series A Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, the Series A Bonds.

## ***Series B Bonds***

### *Federal Income Taxes*

In the opinion of Bond Counsel, under existing law, interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code.

### *United States Tax Consequences*

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of the Series B Bonds by certain persons. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of, or receipt of interest on, the Series B Bonds and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons who purchase a Series B Bond at its issue price, which is the first price at which a substantial amount of the Series B Bonds is sold to the public, and who hold Series B Bonds as “capital assets” within the meaning of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series B Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) comprising a bond and one or more other investments, or United States Holders (as defined below) that have a “functional currency” other than the United States dollar. This summary is applicable only to a person (a “United States Holder”) who or that is the beneficial owner of Series B Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or partnership or other entity created or organized under the laws of the United States or any State (including the District of Columbia), or (c) a person otherwise subject to federal income taxation on its worldwide income. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

### *United States Holders*

*Payments of Stated Interest.* In general, for a United States Holder, interest on a Series B Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner’s method of accounting for tax purposes.

*Series B Bonds Purchased at Original Issue Premium.* The initial public offering price of certain maturities of the Series B Bonds (a “Series B OIP Bond”) may be greater than the principal amount payable on such Series B Bonds at maturity. The excess of the initial public offering price at which a substantial amount of a Series B OIP Bond is sold over the principal amount payable at maturity or on an earlier call date, if any, constitutes original issue premium. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Series B Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Series B OIP Bond may elect to treat such excess as “amortizable bond premium”, in which case the amount of interest required to be included in the taxpayer’s income each year with respect to the Series B OIP Bond will be reduced by the amount of amortizable bond premium (based on the Series B OIP Bond’s yield to maturity) allocable to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer’s adjusted basis in the Series B OIP Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the Internal Revenue Service (“IRS”).

*Series B Bonds Purchased at Original Issue Discount.* The initial public offering price of certain maturities of the Series B Bonds (a “Series B OID Bond”) may be less than the stated redemption price at maturity on such Series B Bonds. The excess of the stated redemption price at maturity over the initial public offering price at which a substantial amount of a Series B OID Bond is sold constitutes original issue discount, unless such excess is less than a specified de minimis amount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement are expected to be the initial public offering prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1272 of the Code, the amount of original issue discount treated as having accrued with respect to any Series B OID Bond during each day it is owned by a taxpayer is added to the owner’s adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Series B OID Bond by such owner. Accrued original issue discount on a Series B OID Bond is included in gross income of a United States Holder for each day during the tax year the United States Holder held the Series B OID Bond.

Original issue discount on a Series B OID Bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such Series B OID Bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of Series B Bonds at a discount, whether at the date of original issue or subsequent thereto, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, such Series B Bonds.

*Purchase, Sale, Exchange, and Retirement of Series B Bonds.* A United States Holder’s adjusted basis in a Series B Bond generally will equal its cost, increased by the amount of any original issue discount previously included in the United States Holder’s income with respect to the Series B Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Series B Bond. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Series B Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder’s adjusted basis in the Series B Bond. Any such gain or loss recognized on the sale, exchange or retirement of a Series B Bond generally will be capital gain or loss and will be long-term capital gain or loss if the Series B Bond was held for more than one year. The defeasance or material modification of the terms of any Series B Bond may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

*Backup Withholding.* United States Holders may be subject to backup withholding on payments of interest and, in some cases, disposition proceeds of the Series B Bonds, if they fail to provide an accurate Form W-9, “Request for Taxpayer Identification Number and Certification,” or a valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder’s United States federal income tax liability (or refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

*Medicare Tax Affecting U.S. Owners.* For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the U.S. owner’s “net investment income” for the taxable year and (2) the excess of the U.S. owner’s modified adjusted gross income for the taxable year over a certain threshold. A United States Holder’s net investment income will generally include its interest income and its net gains from the disposition of the Series B Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate, or trust, should consult its own tax advisor regarding the applicability of the Medicare tax.



## *Information Reporting*

In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Series B Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Series B Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed properly to report payments of, interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Holder on or with respect to the Series B Bonds.

Any payments of interest and original issue discount on the Series B Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Series B Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposition of the Series B Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

## *State Taxes*

In the opinion of Robinson & Cole LLP, Bond Counsel, based on existing statutes, interest on the Series B Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Series B Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Prospective purchasers of the Series B Bonds are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of, and receipt of interest on, the Series B Bonds.

## *General*

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective. On the date of delivery of the Series B Bonds, Bond Counsel will deliver their opinions in the form attached hereto as Appendix B-2.

The above discussion does not purport to deal with all aspects of federal, state and local taxation that may be relevant to a particular owner of a Series B Bond. Prospective purchasers of the Series B Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, the Series B Bonds.

## II. The Issuer



### ***Description of the District***

The Second Taxing District of the City of Norwalk is a municipal corporation, created in 1913, by a special act of the Connecticut State Legislature. The District is considered a body politic and corporate, and as such, has the ability and power to sue and be sued, acquire and sell real estate, possess a common seal, levy taxes, together with all the rights, powers, franchises, privileges and immunities granted to the former City of South Norwalk.

The District is governed by a Board of seven (7) elected Commissioners who also serve as Water and Electric Commissioners (the "Commission"). The Commission has the power and authority to handle the affairs of the District in much the same manner as selectmen of towns.

The Second Taxing District owns and independently operates South Norwalk Electric and Water (SNEW), a water and electric utility. The utility serves some 9,594 customers with water throughout sections of South Norwalk, East Norwalk, West Norwalk, Rowayton, Silvermine and Wilton, and approximately 6,500 customers with electric in South Norwalk.

## **Description of the City of Norwalk**

Norwalk, first settled in 1640, is Connecticut's sixth largest city by population. In 1913 the former City of Norwalk, the City of South Norwalk, and the East Norwalk Fire District consolidated and incorporated as the City of Norwalk. Rowayton and Silvermine are also sections of the City. Norwalk covers an area of 26.6 square miles located on Long Island Sound between Bridgeport and Stamford. It is bounded on the west by Darien and New Canaan, north by Wilton, and east by Westport.

The City is about one hour from New York City by rail or highway transportation. It is on the main line of Metro North Commuter Railroad, Amtrak and Conrail, which provide daily passenger and freight service. It is served by interstate, intrastate, and local bus lines. The Connecticut Turnpike, Interstate 95; the Boston Post Road, U.S. Route 1; U.S. Route 7; and the Merritt Parkway, State Route 15 traverse the City.

Norwalk is a diversified research, development and industrial center with over three hundred manufacturing establishments. It is also an important residential suburb as well as a shopping and service community located in one of the highest per capita income areas of the United States. The U.S. Bureau of Census 2019-2023 American Community Survey lists Norwalk's per capita income as \$59,700 and the median family income as \$121,408. Both figures are well above the corresponding State and national figures. A large portion of the City's workforce is employed in local industrial, commercial and retail establishments.

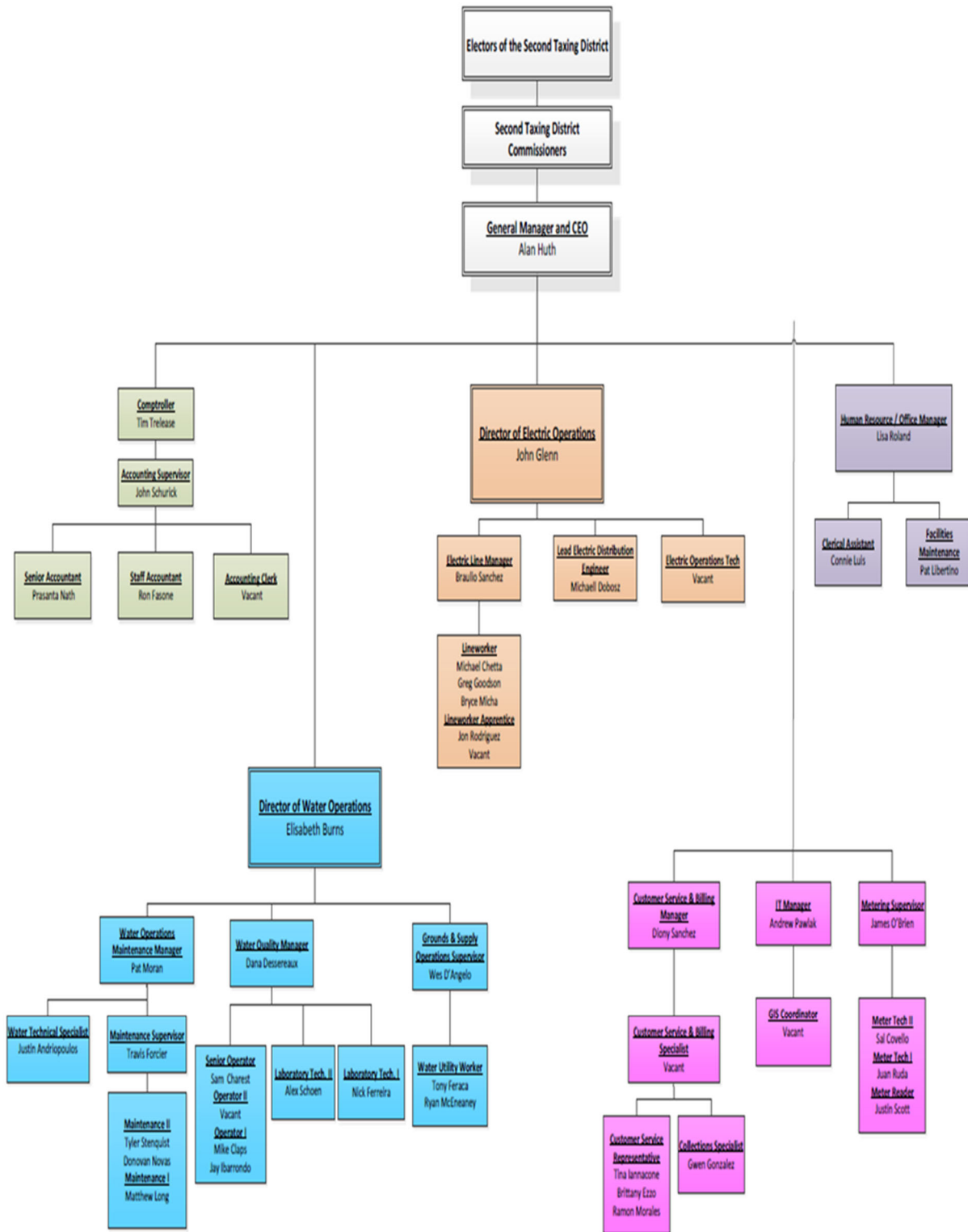
Norwalk operates under a Charter adopted in 1913 which was recently revised effective January 1, 2024. The chief executive officer of the City is the Mayor, elected for a two-year term of office. The legislative function is performed by an elected fifteen-member Common Council. A Board of Estimate and Taxation, appointed by the Mayor and confirmed by the Common Council, is responsible for fiscal matters. The Chief Financial Officer is appointed by the Mayor. Under the direction of the Mayor, the Chief Financial Officer has supervision over the Department of Finance and is responsible for the administration of the financial affairs of the City.

## **Government Organization**

The District is governed by seven elected District Commissioners, who each serve six year terms and who also serve as Water Commissioners and Electrical Commissioners. The District also owns a branch of the Norwalk Public Library which it leases to the City of Norwalk who operates and maintains the property. A Chief Executive Officer / General Manager has overall responsibility for managing the District and the water and electric utility and reports directly to the District Commissioners.

*(Remainder of page intentionally left blank)*

## Organizational Chart



### **Principal District Officials**

| <b>Office</b>             | <b>Name</b>            | <b>Manner of<br/>Selection/Term</b> | <b>Years of Service<br/>As of November 2025</b> |
|---------------------------|------------------------|-------------------------------------|-------------------------------------------------|
| CEO / General Manager ... | Alan Huth              | Appointed                           | 5 years                                         |
| Chairperson .....         | David Westmoreland     | Elected                             | 12 years                                        |
| Vice Chairperson .....    | Maria A. Borges-Lopez  | Elected                             | 19 years                                        |
| Commissioner .....        | Mary O. Mann           | Elected                             | 21 years                                        |
| Commissioner .....        | Martha A. Wooten-Dumas | Elected                             | 11 years                                        |
| Commissioner .....        | Luigi DiMeglio         | Elected                             | < 1 year                                        |
| Commissioner .....        | Sandra Stokes          | Elected                             | 9 years                                         |
| Commissioner .....        | Sonja Oliver           | Elected                             | 3 years                                         |
| Treasurer .....           | Darlene Young          | Elected                             | 9 years                                         |
| District Clerk.....       | Lisa Roland            | Appointed                           | 13 years                                        |

### **Description of Electric System**

The electric system owned and operated by the District was originally chartered to serve the residents of the Old City of South Norwalk. Its service territory is constrained by District boundaries and serves very few customers outside the legal boundaries of the Second Taxing District as defined in the 1913 Special Act creating the District. Connecticut State law protects municipal electric systems from competition and does not permit competitive electric suppliers to supply municipal customers unless the municipal system formally elects to operate outside of its existing franchise area (as of 1999). The District has not elected to permit retail competition in its distribution system and therefore is protected from competition from outside suppliers.

#### Wholesale Electric Purchases

The District, operating as SNEW, purchases all of its electric on a wholesale basis from the New England marketplace as administered by ISO-New England through the services of the Connecticut Municipal Electric Energy Cooperative (CMEEC) of which SNEW is a member (since 1987). SNEW, as one of the member systems of CMEEC, has two representatives on the 10 member CMEEC Board of Directors. The other systems comprising CMEEC are: the Third Taxing District of the City of Norwalk, the Town of Norwich, the Town of Groton and the Jewett City Electric System. SNEW comprises approximately 9.48% of the CMEEC system based on a load ratio. CMEEC has been able to provide SNEW wholesale power consistently below Eversource wholesale purchases and consequentially SNEW has been able to maintain its rates at or below Eversource's retail level. The power purchased by CMEEC from ISO-New England markets is supplied to SNEW by Eversource through two 27.6kV feeders. The two lines feed SNEW's State Street Substation and control facility at which point the power is transformed from 27.6kV to SNEW's two distribution voltages 13.8kV and 4.16kV for ultimate delivery to its customers.

#### Distribution System

SNEW's local distribution system is comprised of 6.3 miles of underground conduits, primarily at 13.8kV and 18.4 miles of overhead lines primarily at 4.16kV. SNEW's distribution system supplies an area of Norwalk comprised of residential, commercial and some industrial customers in a highly compact distribution system of less than two square miles. SNEW's electric distribution system is looped; providing a high-level of reliability with significant number of switches and control points to minimize outage. Although the system is looped in design, it is operated as a radial system with open tie points to provide for multiple individual circuits, four circuits at 13.8kV and six circuits at 4.16kV. SNEW's electric system customers are metered through an advanced meter infrastructure system and a read through radio system consisting of four Tower Based Gateways (TBG) providing metering information on a schedule set by SNEW currently on an hourly basis. The TBGs communicate directly with SNEW's customer information system through a Meter Data Management system (MDM). The system requires no meter readers.

### **Top Ten Customers - Electric**

| <b>Customer</b>                           | <b>Description</b>      | <b>Annual Charge</b> |
|-------------------------------------------|-------------------------|----------------------|
| Norwalk Land Development, LLC.....        | Residential Development | \$ 2,256,490         |
| The Maritime Aquarium At Norwalk, Inc.... | Aquarium                | 516,361              |
| Nordstroms .....                          | Retail                  | 407,090              |
| Bloomingtons .....                        | Retail                  | 308,353              |
| Maritime Place Parcel 6 LLC.....          | Commercial Office       | 269,288              |
| Frontier Communications Corp.....         | Telecom                 | 245,520              |
| LaJoie's Auto Wrecking Co., Inc. ....     | Automobile crushing     | 193,730              |
| CREFFI-SCC LLC.....                       | Investments             | 189,058              |
| Sheffield Apartments, LLC.....            | Residential             | 170,012              |
| City Of Norwalk (Police Station).....     | Police Station          | 166,229              |

### **Description of Water System**

The water system owned and operated by SNEW was originally chartered to serve the residents of the Old City of South Norwalk. Its service territory has expanded significantly over time due to the high demand for public water supply. SNEW currently serves a population of approximately 45,000 residents in Norwalk consisting of single and multifamily units and a mixed retail and commercial space (about 45% of City population) and 300 single family dwelling units (population of 900) in Wilton.

#### Water Service Area

Special Law No. 471(2) of the 1929 session of the Connecticut General Assembly granted exclusive rights to the First and Second Taxing Districts of the City of Norwalk to provide: a public water supply to residents of Norwalk. Either District may expand its system anywhere within the geographic boundaries of the city not already served by either District. Conflicts between the districts are resolved by the commissioners of the Districts. The District's charter (Section 1-85) also grants it the right to provide water to any person or corporation outside the district with the consent of the Commissioners and the district electorate. Approximately 80% of the current water customers are located outside the Second Taxing District.

#### Supply Sources

The District owns and maintains four active interconnected reservoirs (City Lake, Rock Lake, New Canaan Reservoir and Pope's Pond). Reservoir capacities are 737 million gallons (mg), 103 mg, 109 mg and 318 mg respectively. The combined watershed for the system is 9.76 square miles located in Wilton, Ridgefield and New Canaan.

In addition to its own resources, SNEW has interconnections with Aquarion Water Company and the Norwalk First District Water Department (FDWD) to meet peak or emergency demand. SNEW currently supplies a daily demand of 5.1 mgd (declining due to conservation at 1% per year since 2000) to its own retail customers.

SNEW's entire watershed consists of 2 or 4 acre residential zoning with a very small risk of contamination. Sources of potential contamination such as septic systems, fuel oil tanks, manure storage, hazardous material spills, construction and road salt pollution which could reduce usable supply are vigorously monitored through a program of annual watershed property inspection, routine water quality sampling, active forestry management, reservoir and watershed security, and ongoing involvement in local wetlands, planning, and zoning issues.

#### Filtration Plant

SNEW's water treatment facilities located on Old Boston Road in Wilton, Connecticut were completely reconstructed and placed online in 2007. The first filtration plant operated by the District was a slow sand filtration plant commissioned in 1906. The second plant a rapid sand filter, was commissioned in late 1970's. The existing plant employs an enhanced coagulation membrane filtration water treatment processes. The plant has a designed flow capacity of 10 mgd and receives its water directly from the City Lake Reservoir.

The plant is fully automated, computer controlled, and is staffed only eight hours per day, five days per week. The entire treatment process, in an emergency can be bypassed via a direct connection between the influent and effluent lines, and water may be delivered directly into the distribution system with only the addition of chlorine. Plant operators can monitor and control the entire plant and distribution system from offsite using secure tablet computers through the internet.

#### Distribution Facilities

The distribution system consists of four pressure zones identified as the gravity, intermediate, high, and the Wilton zone. The gravity zone part of the distribution system does not require constant pumping under normal operating conditions and represents the lower elevations of the service area. The Wilton booster pump station supplies the gravity zone during peak usage periods. The intermediate pressure zone is fed by the Bartlett Avenue pump station which, depending on service demands and tank water levels, maintains service by switching one or more pumps on or off as needed. The high pressure zone which is fed by the Ponus Avenue station functions similarly. The Wilton zone is supplied by a pump system with no storage facilities. Wilton zone pressure is maintained by a variable speed control unit and a backup pumping systems.

Within each zone there is an underground pipe grid consisting of 4 inch through 20 inch cast iron (CI) pipe, ductile iron (DI) pipe and 4 inch through 12 inch cement-asbestos (CA) pipe. The total underground piping system of all zones amounts to 90.6 miles of cast iron pipe and 35.5 miles of asbestos-cement pipe.

#### Water Quality

Water quality is monitored by sampling water at its source, in the watershed, in the treatment plant, and in the distribution system. Much of the water quality analysis is performed by SNEW's own state certified public laboratory located in Wilton. Additional tests not performed by the District are contracted out to the State of Connecticut and EPA approved consulting labs. The District has consistently maintained water quality monitoring programs which exceed both state and federal requirements. The quality of the water delivered to the STDWD's customers meets or exceeds all state and federal regulatory requirements.

#### Emergency Power

All of SNEW's water facilities have full load auto start generation backup in the event of a power failure.

### **Top Ten Customers - Water**

| <b>User</b>                         | <b>Average<br/>Consumption<br/>(Gallons)</b> | <b>Customer Type</b>    | <b>Annual<br/>Water Bill</b> |
|-------------------------------------|----------------------------------------------|-------------------------|------------------------------|
| Norwalk Housing - Colonial Vil..... | 11,921,380                                   | Condominium             | \$ 113,944                   |
| King Industries.....                | 7,312,900                                    | Chemical Manufacturing  | 98,601                       |
| Nor Housing-Roodner CT.....         | 10,545,100                                   | Condominium             | 90,606                       |
| Ledgebrook Condo Assoc.....         | 8,773,670                                    | Condominium             | 81,584                       |
| Norwalk Land Development, LLC. .... | 13,215,220                                   | Residential Development | 78,021                       |
| Norwalk Bd of Ed Ponus Rd.....      | 9,285,170                                    | Municipal               | 75,087                       |
| Vesta Monterey Village, LLC.....    | 13,461,510                                   | Condominium             | 67,816                       |
| Rowayton Woods Condo.....           | 4,019,522                                    | Condominium             | 67,564                       |
| Norwalk Housing Authority.....      | 7,592,580                                    | Municipal               | 61,230                       |
| Parks & Recreation - Oak Hills..... | 6,451,290                                    | Municipal               | 54,606                       |

## ***Economic Condition and Outlook***

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. Demand for electric service continues to rise slowly due to a continued push toward electrification and increased power use by customers. Statewide and national electric conservation efforts have slowed the rate of increase.

## ***Current Major Initiatives***

The District has undertaken or continued the following initiatives during the fiscal year 2025-2026:

- *Water Filtration Plant Extraordinary Maintenance*

South Norwalk Electric and Water began replacement of end-of-life equipment in 2020 and continues. Systems being upgraded or replaced included membrane filters, chemical feed systems, drives and controls, SCADA system upgrades and building envelope improvements. 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 Flootation design. Membrane systems generally have a life span on the order of ten years. Membrane replacement began in 2020 and was completed in FY2024.

- *Enterprise Software Optimization*

The District entered into an agreement in May of 2019 with National Information Solutions Cooperative, Inc (NISC) to provide full financial, project and inventory management software. This state of the art, utility-specific enterprise software system is designed to create efficiencies throughout District offices and extend those efficiencies to District customers through 100% integration of customer care, accounting, billing and operational systems. The District is now able to leverage data across the organization to streamline business processes, increase efficiency and provide better customer service.

- *Water Meter Replacement Program*

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, over 4000 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.

- *Long-Term financial planning*

The District's engaged the financial services of Raftelis, a nationally renowned utility consultant to develop a 10 year capital plan which includes an increased investment into infrastructure projects, increasing financial reserves, a multi-year water rate increase and issuance of both General Obligation bonds and Connecticut Drinking Water State Revolving fund loans and grants to accomplish this plan.

- *Power Substation*

In 2008 SNEW constructed a 115kV to 13.8kV substation directly connected to the ISO-New England grid to replace two 27.6 kV sub-transmission feeders from Eversource. The project was funded with general obligation bonds with the annual savings generated from the abandonment of the Eversource feeders (paid for through a wholesale distribution agreement) to cover the principal and interest on the bond issue. The project included a modification of the ISO-New England operated transmission system owned by Eversource and classified as pooled-transmission facilities (PTF). Eversource has funded, constructed and owns the transmission facilities located on a permanent easement on the property owned by SNEW. The distribution portion of the substation, which provides service to SNEW, is owned by SNEW. The cost of the SNEW distribution substation and related improvements was approximately \$10 million.



- *Electric Distribution Modernization*

In 2022 SNEW began significant electric infrastructure improvements to its' overhead and underground electric distribution system including a comprehensive utility pole replacement program, above ground equipment inspection and replacement program, and areas of new undergrounding of electric infrastructure as part of a joint utility / City of Norwalk improvement project.

### ***Employee Relations and Collective Bargaining***

The District employs full-time and permanent part-time persons as shown below by fiscal year.

|                               | <b><i>2025</i></b> | <b><i>2024</i></b> | <b><i>2023</i></b> | <b><i>2022</i></b> | <b><i>2021</i></b> |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Administrative & General..... | 18                 | 18                 | 19                 | 20                 | 21                 |
| Water .....                   | 16                 | 16                 | 16                 | 15                 | 14                 |
| Electric .....                | 7                  | 7                  | 7                  | 7                  | 5                  |
| <b><i>Total.....</i></b>      | <b><i>41</i></b>   | <b><i>41</i></b>   | <b><i>42</i></b>   | <b><i>42</i></b>   | <b><i>40</i></b>   |

*Source: General Manager's Office, Second Taxing District of the City of Norwalk*

### ***Employee Bargaining Organizations***

There are no organized employees at the District or SNEW.

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### III. Economic and Demographic Information\*

\*Except where noted, all statistical data is for the City of Norwalk.

#### Population and Density

| <b>Actual</b>     |                   |                   |                             |
|-------------------|-------------------|-------------------|-----------------------------|
| <b>Year</b>       | <b>Population</b> | <b>% Increase</b> | <b>Density <sup>2</sup></b> |
| 2023 <sup>1</sup> | 91,375            | 6.7%              | 2,538.2                     |
| 2020              | 88,755            | 3.7%              | 2,465.4                     |
| 2010              | 85,603            | 3.2%              | 2,377.9                     |
| 2000              | 82,951            | 5.9%              | 2,304.2                     |
| 1990              | 78,331            | 0.7%              | 2,175.9                     |
| 1980              | 77,767            | -1.7%             | 2,160.2                     |

<sup>1</sup> American Community Survey 2019-2023.

<sup>2</sup> Per square mile: 36 square miles.

Source: U.S. Department of Commerce, Bureau of Census.

#### Age Distribution of the Population

| <b>Age</b>              | <b>City of Norwalk</b> |                | <b>State of Connecticut</b> |                |
|-------------------------|------------------------|----------------|-----------------------------|----------------|
|                         | <b>Number</b>          | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Under 5 years .....     | 5,093                  | 5.6%           | 181,240                     | 5.0%           |
| 5 to 9 years .....      | 4,627                  | 5.1            | 195,390                     | 5.4            |
| 10 to 14 years .....    | 4,722                  | 5.2            | 217,297                     | 6.0            |
| 15 to 19 years .....    | 5,116                  | 5.6            | 238,145                     | 6.6            |
| 20 to 24 years .....    | 5,469                  | 6.0            | 233,423                     | 6.5            |
| 25 to 34 years .....    | 13,665                 | 15.0           | 449,771                     | 12.5           |
| 35 to 44 years .....    | 12,686                 | 13.9           | 451,461                     | 12.5           |
| 45 to 54 years .....    | 12,010                 | 13.1           | 462,543                     | 12.9           |
| 55 to 59 years .....    | 6,835                  | 7.5            | 260,758                     | 7.2            |
| 60 to 64 years .....    | 6,139                  | 6.7            | 257,548                     | 7.2            |
| 65 to 74 years .....    | 8,521                  | 9.3            | 376,023                     | 10.4           |
| 75 to 84 years .....    | 4,459                  | 4.9            | 187,378                     | 5.2            |
| 85 years and over ..... | 2,033                  | 2.2            | 87,371                      | 2.4            |
| <b>Total.....</b>       | <b>91,375</b>          | <b>100.0%</b>  | <b>3,598,348</b>            | <b>100.0%</b>  |

Median Age (Years) 2023..... 40.2 41.2

Source: American Community Survey 2019-2023.

#### Income Distribution

| <b>Income</b>          | <b>City of Norwalk</b> |                | <b>State of Connecticut</b> |                |
|------------------------|------------------------|----------------|-----------------------------|----------------|
|                        | <b>Families</b>        | <b>Percent</b> | <b>Families</b>             | <b>Percent</b> |
| \$ 0 - \$ 9,999.....   | 664                    | 2.9%           | 22,973                      | 2.5%           |
| 10,000 - 14,999.....   | 375                    | 1.6            | 12,547                      | 1.4            |
| 15,000 - 24,999.....   | 924                    | 4.0            | 29,893                      | 3.3            |
| 25,000 - 34,999.....   | 886                    | 3.8            | 35,598                      | 3.9            |
| 35,000 - 49,999.....   | 1,236                  | 5.3            | 61,793                      | 6.7            |
| 50,000 - 74,999.....   | 2,838                  | 12.2           | 108,046                     | 11.8           |
| 75,000 - 99,999.....   | 2,511                  | 10.8           | 108,216                     | 11.8           |
| 100,000 - 149,999..... | 4,379                  | 18.9           | 185,242                     | 20.2           |
| 150,000 - 199,999..... | 3,018                  | 13.0           | 128,574                     | 14.0           |
| 200,000 and over.....  | 6,369                  | 27.5           | 224,258                     | 24.5           |
| <b>Total.....</b>      | <b>23,200</b>          | <b>100.0%</b>  | <b>917,140</b>              | <b>100.0%</b>  |

Source: American Community Survey 2019-2023.

## Income Levels

|                                  | <u>City of<br/>Norwalk</u> | <u>State of<br/>Connecticut</u> |
|----------------------------------|----------------------------|---------------------------------|
| Per Capita Income, 2023 .....    | \$ 59,700                  | \$ 54,409                       |
| Per Capita Income, 2010 .....    | \$ 31,781                  | \$ 36,775                       |
| Median Family Income, 2023 ..... | \$ 121,408                 | \$ 120,011                      |
| Median Family Income, 2010 ..... | \$ 89,914                  | \$ 84,170                       |

*Source: American Community Survey 2019-2023.*

## Educational Attainment (Years of School Completed Age 25 and Over)

|                                               | <u>City of Norwalk</u> |                | <u>State of Connecticut</u> |                |
|-----------------------------------------------|------------------------|----------------|-----------------------------|----------------|
|                                               | <u>Number</u>          | <u>Percent</u> | <u>Number</u>               | <u>Percent</u> |
| Less than 9th grade.....                      | 4,545                  | 6.9%           | 101,530                     | 4.0%           |
| 9th to 12th grade.....                        | 2,845                  | 4.3            | 118,019                     | 4.7            |
| High School graduate.....                     | 14,400                 | 21.7           | 647,094                     | 25.5           |
| Some college, no degree.....                  | 10,151                 | 15.3           | 410,591                     | 16.2           |
| Associate's degree .....                      | 4,832                  | 7.3            | 193,216                     | 7.6            |
| Bachelor's degree.....                        | 17,206                 | 25.9           | 581,935                     | 23.0           |
| Graduate or professional degree.....          | 12,369                 | 18.6           | 480,468                     | 19.0           |
| <b>Total.....</b>                             | <b>66,348</b>          | <b>100.0%</b>  | <b>2,532,853</b>            | <b>100.0%</b>  |
| Total high school graduate or higher (%)..... |                        | 88.9%          |                             | 91.3%          |
| Total bachelor's degree or higher (%).....    |                        | 44.6%          |                             | 41.9%          |

*Source: American Community Survey 2019-2023.*

## Unemployment Data

|                       | <u>Percentage Unemployed</u> |                   |                |                                |                    |
|-----------------------|------------------------------|-------------------|----------------|--------------------------------|--------------------|
|                       | <u>City of Norwalk</u>       |                   | <u>City of</u> | <u>Bridgeport/<br/>Norwalk</u> | <u>State of</u>    |
| <u>Period</u>         | <u>Employed</u>              | <u>Unemployed</u> | <u>Norwalk</u> | <u>Labor Market</u>            | <u>Connecticut</u> |
| August 2025.....      | 52,641                       | 1,781             | 3.3            | 3.6                            | 3.8                |
| <b>Annual Average</b> |                              |                   |                |                                |                    |
| 2024.....             | 49,500                       | 1,773             | 3.5            | 3.7                            | 3.5                |
| 2023.....             | 49,067                       | 1,851             | 3.6            | 3.9                            | 3.7                |
| 2022.....             | 49,285                       | 1,938             | 3.8            | 4.2                            | 4.1                |
| 2021.....             | 46,062                       | 2,914             | 5.9            | 6.4                            | 6.4                |
| 2020.....             | 45,881                       | 3,690             | 7.5            | 7.5                            | 7.3                |
| 2019.....             | 49,428                       | 1,712             | 3.4            | 3.7                            | 3.7                |
| 2018.....             | 48,926                       | 1,873             | 3.7            | 4.1                            | 4.1                |
| 2017.....             | 48,933                       | 2,108             | 4.1            | 4.7                            | 4.7                |
| 2016.....             | 48,421                       | 2,322             | 4.6            | 5.2                            | 5.3                |
| 2015.....             | 48,194                       | 2,454             | 4.9            | 5.5                            | 5.6                |

*Source: State of Connecticut, Department of Labor.*

## Employment by Industry

| <b>Sector</b>                                                                      | <b>City of Norwalk</b> |                | <b>State of Connecticut</b> |                |
|------------------------------------------------------------------------------------|------------------------|----------------|-----------------------------|----------------|
|                                                                                    | <b>Number</b>          | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Agriculture, forestry, fishing and hunting,<br>and mining.....                     | 62                     | 0.1%           | 7,261                       | 0.4%           |
| Construction.....                                                                  | 4,089                  | 8.1            | 112,821                     | 6.1            |
| Manufacturing.....                                                                 | 3,122                  | 6.2            | 195,355                     | 10.6           |
| Wholesale trade.....                                                               | 1,410                  | 2.8            | 37,294                      | 2.0            |
| Retail trade.....                                                                  | 5,575                  | 11.0           | 192,535                     | 10.5           |
| Transportation warehousing, and utilities.....                                     | 1,574                  | 3.1            | 84,571                      | 4.6            |
| Information.....                                                                   | 1,476                  | 2.9            | 36,631                      | 2.0            |
| Finance, insurance, real estate, and leasing.....                                  | 4,602                  | 9.1            | 162,724                     | 8.9            |
| Professional, scientific, management,<br>administrative, and waste management..... | 8,188                  | 16.2           | 223,982                     | 12.2           |
| Education, health and social services.....                                         | 11,839                 | 23.4           | 490,839                     | 26.7           |
| Arts, entertainment, recreation,<br>accommodation and food services.....           | 4,636                  | 9.2            | 145,445                     | 7.9            |
| Other services (except public admin.).....                                         | 2,702                  | 5.3            | 78,662                      | 4.3            |
| Public Administration.....                                                         | 1,304                  | 2.6            | 67,335                      | 3.7            |
| <b>Total Labor Force, Employed.....</b>                                            | <b>50,579</b>          | <b>100.0%</b>  | <b>1,835,455</b>            | <b>100.0%</b>  |

*Source: American Community Survey 2019-2023.*

## Major Employers As of June 2025

| <b>Employer</b>                        | <b>Nature of Business</b>  | <b>Number of<br/>Full-Time Employees</b> |
|----------------------------------------|----------------------------|------------------------------------------|
| FactSet Research.....                  | Research Systems           | 2,000                                    |
| Nuvance Health (Norwalk Hospital)..... | Hospital/Health Services   | 1,504                                    |
| Altice USA.....                        | Telecommunications / Media | 1,180                                    |
| Stew Leonard's.....                    | Retail Dairy Store/Grocery | 700                                      |
| Aon Hewitt .....                       | Management Consultants     | 615                                      |
| MBI.....                               | Direct Mail Marketing      | 600                                      |
| Cain Management Inc.....               | Real Estate Holdings       | 600                                      |
| Wegmans.....                           | Retail Grocery Store       | 530                                      |
| Head Count Management.....             | Human Resources            | 400                                      |
| General Electric Company, Inc.....     | Diversified Manufacturing  | 327                                      |

*Source: Economic Development Coordinator, City of Norwalk.*

### **Building Permits**

| <b>Fiscal Year</b> | <b>Building</b> | <b>Miscellaneous</b> | <b>Total</b>   |
|--------------------|-----------------|----------------------|----------------|
| 2025               | \$ 527,625,974  | \$ 156,175,190       | \$ 683,801,164 |
| 2024               | 327,530,720     | 82,685,842           | 410,216,562    |
| 2023               | 358,617,251     | 104,572,210          | 463,189,461    |
| 2022               | 170,608,488     | 58,232,666           | 228,841,154    |
| 2021               | 210,324,711     | 89,249,315           | 299,574,026    |
| 2020               | 229,908,021     | 54,908,616           | 284,816,637    |
| 2019               | 262,419,264     | 29,120,436           | 291,539,700    |
| 2018               | 242,131,372     | 81,227,625           | 323,358,997    |
| 2017               | 237,329,303     | 29,469,056           | 266,798,359    |
| 2016               | 206,016,197     | 60,523,060           | 266,539,257    |

*Source: City of Norwalk, Building Department.*

### **Housing Unit Inventory**

| <b>Housing Units</b>        | <b>City of Norwalk</b> |                | <b>State of Connecticut</b> |                |
|-----------------------------|------------------------|----------------|-----------------------------|----------------|
|                             | <b>Units</b>           | <b>Percent</b> | <b>Units</b>                | <b>Percent</b> |
| 1-unit, detached.....       | 17,073                 | 44.9%          | 901,187                     | 58.7%          |
| 1-unit, attached.....       | 2,436                  | 6.4            | 95,202                      | 6.2            |
| 2 units.....                | 4,201                  | 11.0           | 118,295                     | 7.7            |
| 3 or 4 units.....           | 2,899                  | 7.6            | 126,755                     | 8.3            |
| 5 to 9 units.....           | 2,439                  | 6.4            | 76,750                      | 5.0            |
| 10 to 19 units.....         | 2,481                  | 6.5            | 55,290                      | 3.6            |
| 20 or more units.....       | 6,452                  | 17.0           | 150,986                     | 9.8            |
| Mobile home.....            | 49                     | 0.1            | 10,967                      | 0.7            |
| Boat, RV, van, etc.....     | 8                      | 0.0            | 617                         | 0.0            |
| <b>Total Inventory.....</b> | <b>38,038</b>          | <b>100.0%</b>  | <b>1,536,049</b>            | <b>100.0%</b>  |

*Source: American Community Survey 2019-2023.*

### **Owner Occupied Housing Units**

| <b>Specified Owner-Occupied Units</b> | <b>City of Norwalk</b> |                | <b>State of Connecticut</b> |                |
|---------------------------------------|------------------------|----------------|-----------------------------|----------------|
|                                       | <b>Number</b>          | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Less than \$50,000.....               | 429                    | 2.2%           | 22,174                      | 2.4%           |
| \$50,000 to \$99,000.....             | 98                     | 0.5            | 15,116                      | 1.6            |
| \$100,000 to \$149,999.....           | 111                    | 0.6            | 38,832                      | 4.1            |
| \$150,000 to \$199,000.....           | 272                    | 1.4            | 77,152                      | 8.2            |
| \$200,000 to \$299,999.....           | 1,710                  | 8.7            | 233,824                     | 24.9           |
| \$300,000 to \$499,999.....           | 6,246                  | 31.9           | 319,703                     | 34.0           |
| \$500,000 or more.....                | 8,788                  | 44.9           | 173,643                     | 18.5           |
| \$1,000,000 or more.....              | 1,899                  | 9.7            | 59,468                      | 6.3            |
| <b>Total.....</b>                     | <b>19,553</b>          | <b>100.0%</b>  | <b>939,912</b>              | <b>100.0%</b>  |
| <b>Median Value.....</b>              | <b>\$535,000</b>       |                | <b>\$343,200</b>            |                |

*Source: American Community Survey 2019-2023.*

### **Age Distribution of Housing**

| <b>Year Built</b>                | <b>City of Norwalk</b> |                | <b>State of Connecticut</b> |                |
|----------------------------------|------------------------|----------------|-----------------------------|----------------|
|                                  | <b>Units</b>           | <b>Percent</b> | <b>Units</b>                | <b>Percent</b> |
| 1939 or earlier.....             | 7,061                  | 18.6%          | 313,434                     | 20.4%          |
| 1940 to 1969.....                | 13,373                 | 35.2           | 516,528                     | 33.6           |
| 1970 to 1979.....                | 5,861                  | 15.4           | 210,611                     | 13.7           |
| 1980 to 1989.....                | 3,740                  | 9.8            | 197,533                     | 12.9           |
| 1990 to 1999.....                | 2,220                  | 5.8            | 116,617                     | 7.6            |
| 2000 or 2009.....                | 2,566                  | 6.7            | 108,430                     | 7.1            |
| 2010 or later.....               | 3,217                  | 8.5            | 72,896                      | 4.7            |
| <b>Total Housing Units .....</b> | <b>38,038</b>          | <b>100.0%</b>  | <b>1,536,049</b>            | <b>100.0%</b>  |

*Source: American Community Survey 2019-2023.*

### **Housing Vacancy Rates**

| <b>Housing Units</b>         | <b>City of Norwalk</b> |                | <b>State of Connecticut</b> |                |
|------------------------------|------------------------|----------------|-----------------------------|----------------|
|                              | <b>Units</b>           | <b>Percent</b> | <b>Units</b>                | <b>Percent</b> |
| Occupied Housing Units ..... | 35,476                 | 93.3%          | 1,420,170                   | 92.5%          |
| Vacant Housing Units .....   | 2,562                  | 6.7%           | 115,879                     | 7.5%           |
| <b>Total Units .....</b>     | <b>38,038</b>          | <b>100.0%</b>  | <b>1,536,049</b>            | <b>100.0%</b>  |
| Homeowner Vacancy Rate ..... | —                      | 1.3            | —                           | 0.9            |
| Rental Vacancy Rate .....    | —                      | 5.1            | —                           | 4.6            |

*Source: American Community Survey 2019-2023.*

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## **IV. Revenue Base Data**

### ***District Revenues***

#### General Fund Revenues

The General Fund operating revenues are interest only on the General Fund balance.

#### Water Operating Revenues

Water operating revenues of SNEW are generated through metered water sales to customers within and outside of the District and through sale of miscellaneous services such as laboratory analysis, assistance with service connections, and cross-connection testing. Metered sale of water to its 9680 customers constitutes the majority of SNEW's water revenues. Water rates are established by the District Commissioners and do not require regulatory approval. Two rate structures are in place whereby customers living within the geographic boundaries of the District pay a lesser rate than those located outside the District. The current rate for all users (residential, commercial, and industrial) in the District is \$5.09 per thousand gallons and for those outside the District, \$7.65 per thousand gallons. Metered water amounting to 1,406 million gallons was sold in fiscal year 2025. Users also pay a monthly service charge based on meter size.

Public fire protection through the installation and maintenance of hydrants is also charged on a split-rate basis. Within the City of Norwalk, the annual charge is \$200/hydrant which is paid by the City of Norwalk and the Sixth Taxing District. The Town of Wilton pays \$240/hydrant/year. Private fire protection connections are charged quarterly based on the size of the service line as follows: 4" - \$132.53; 6" - \$265.17; 8" - \$530.23; 10" - \$1,060.48.

Historically, SNEW's water rates have been for customers inside the District at the 50<sup>th</sup> percentile and at the 70<sup>th</sup> percentile outside the District, as compared to water rates statewide. SNEW's water charges based on CGS-7-239 constitute a lien on property served. Consequently, SNEW's risk of uncollectable water charges is very low.

#### Electric Operating Revenues

Electric operating revenues of SNEW are generated through metered electric sales to customers. Meter sales constitute a majority of SNEW's electric revenues. All of SNEW's 6,500 electric customers are metered. All of SNEW's electric meters were replaced in the AMI metering project in 2011. Electric rates are established by the District Commission and do not require regulatory approval. In 2012 SNEW's electric rates were modified by unbundling the rate structure to provide customers with a more detailed presentation of the electric bill and to make the SNEW electric bill similar to the electric bill provided to customers by CL&P and United Illuminating. SNEW hired PLM Electric Power Engineering as its rate consultant to assist SNEW in the development of the unbundled rates. SNEW's residential customer's rate structure involves a monthly service charge and a kilowatt hour charge in addition to a State of Connecticut mandated conservation charges. SNEW's non-residential customers include a monthly service charge, a kilowatt hour charge and a kilowatt demand charge in addition to a State of Connecticut mandated conservation charge. The unbundled rate structure and the rates set by the Commission on August 1, 2014 during fiscal year 2014-2015 yielded the projected revenue stream and matched the revenue yield as anticipated in the rate report.

#### Fund Balances

The Water Fund, Electric Fund and the General District Fund are required to be kept separate by the District Charter. See "Financial Administration - Budget Procedure". It is possible, however, as a part of the budget approval process to transfer funds between the Reserve Fund portions of the General Fund, Water Fund and Electric Fund. Such transferred amounts would thereafter be available to pay appropriations of the General Fund, Water Fund or the Electric Fund, including appropriations made for debt service on any indebtedness of the District.

## **Assessments**

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 (the “City”). On January 31, 2025 the Norwalk Assessor completed, and filed the Final Assessments for the October 1, 2024 Grand List. The October 1, 2024 real property assessments have been updated to reflect the revaluation completed by Tyler Technologies, Inc., a Connecticut certified Revaluation Company that was hired by the City to inspect certain properties and appraise all real estate in Norwalk.

Connecticut General Statutes Section 12-71e, as amended, provides that for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. Any municipality or district may establish a mill rate for motor vehicles that is equal to or lower than 32.46 mills, including zero mills. Such mill rate for motor vehicles may be different from the mill rate for real property and personal property, provided the mill rate for motor vehicles is lower than the mill rate for real property and personal property. Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. Norwalk’s motor vehicle tax rates for the current 2025 assessment year (the fiscal year ending June 30, 2026) is 22.00 mills.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. It has not been necessary for the District to consider approving the use of this abatement provision to date since the District has not levied taxes in modern times.

## **Levy**

Property taxes, the administration of which is handled by the Assessor and Tax Collector of the City of Norwalk, may be levied on all assessed real and personal property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills may be payable in two installments on July 1 and January 1. Real estate taxes of less than \$50, motor vehicle taxes, and personal property taxes may be made payable in one installment in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and July 31) may be made payable in one installment in January. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy.

Connecticut General Statutes Section 4-66l, as amended (“Section 4-66l”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district; or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures or payments on unfunded pension liabilities.



## Comparative Assessed Valuations of Taxable Property – The District

| <b>Grand List<br/>as of 10/1</b> | <b>Residential<br/>Real<br/>Property (%)</b> | <b>Commercial<br/>Real<br/>Property (%)</b> | <b>Personal<br/>Property (%)</b> | <b>Motor<br/>Vehicle (%)</b> | <b>Gross Taxable<br/>Grand List</b> | <b>Less<br/>Exemptions</b> | <b>Net Taxable<br/>Grand List</b> | <b>Percent<br/>Change</b> |
|----------------------------------|----------------------------------------------|---------------------------------------------|----------------------------------|------------------------------|-------------------------------------|----------------------------|-----------------------------------|---------------------------|
| 2024                             | 61%                                          | 35%                                         | 1%                               | 4%                           | \$ 1,762,485,586                    | \$ 116,628,024             | \$ 1,645,857,562                  | 19.4%                     |
| 2023 <sup>1</sup>                | 52%                                          | 43%                                         | 1%                               | 5%                           | 1,455,520,284                       | 77,315,372                 | 1,378,204,912                     | 9.0%                      |
| 2022                             | 63%                                          | 34%                                         | 1%                               | 2%                           | 1,303,842,317                       | 39,587,090                 | 1,264,255,227                     | 9.1%                      |
| 2021                             | 61%                                          | 34%                                         | 1%                               | 4%                           | 1,174,222,881                       | 15,562,155                 | 1,158,660,726                     | 12.2%                     |
| 2020                             | 63%                                          | 32%                                         | 1%                               | 4%                           | 1,048,296,561                       | 15,449,155                 | 1,032,847,406                     | 28.7%                     |
| 2019                             | 63%                                          | 32%                                         | 1%                               | 4%                           | 806,645,310                         | 4,369,961                  | 802,275,349                       | 0.5%                      |
| 2018 <sup>1</sup>                | 63%                                          | 32%                                         | 1%                               | 4%                           | 802,233,218                         | 3,978,615                  | 798,254,603                       | 0.9%                      |
| 2017                             | 63%                                          | 32%                                         | 1%                               | 4%                           | 795,577,267                         | 4,523,241                  | 791,054,026                       | 1.6%                      |
| 2016                             | 63%                                          | 32%                                         | 1%                               | 4%                           | 783,155,346                         | 4,568,970                  | 778,586,376                       | 0.7%                      |
| 2015                             | 63%                                          | 32%                                         | 1%                               | 4%                           | 778,758,235                         | 5,200,475                  | 773,557,760                       | -7.7%                     |

<sup>1</sup> Revaluation.

Source: Tax Assessor, City of Norwalk.

## Property Tax Levies Collections

The Second Taxing District of the City of Norwalk has not levied taxes on property in the District in modern times. See “Revenue Base Data - District Revenues”.

## Largest Assessments – The District

| <b>Taxpayer</b>                              | <b>Nature of Business</b> | <b>Assessment</b>     | <b>Percentage<br/>of Grand List <sup>1</sup></b> |
|----------------------------------------------|---------------------------|-----------------------|--------------------------------------------------|
| Norwalk Lane Development LLC.....            | Land Developer            | \$ 203,411,000        | 12.36%                                           |
| Sheffield Apartments LLC.....                | Apartments                | 40,128,000            | 2.44%                                            |
| TREV MTK Harborside LLC.....                 | Apartments                | 39,283,000            | 2.39%                                            |
| Housing Authority City of Norwalk.....       | Low Income Housing        | 36,303,000            | 2.21%                                            |
| North Water LLC.....                         | Apartments                | 31,248,000            | 1.90%                                            |
| SONO TOD LLC.....                            | Apartments                | 25,030,000            | 1.52%                                            |
| Housing Authority City of Norwalk Lessor.... | Low Income Housing        | 21,369,000            | 1.30%                                            |
| PNC ARHPF Monterey Village LLC.....          | Apartments                | 19,821,000            | 1.20%                                            |
| Hospital NorCT RE LLC.....                   | Hotel Development         | 15,726,000            | 0.96%                                            |
| The Pearl 101 LLC.....                       | Apartments                | 14,877,000            | 0.90%                                            |
| <b>Total.....</b>                            |                           | <b>\$ 447,196,000</b> | <b>27.17%</b>                                    |

<sup>1</sup> Based on a Net Taxable Grand List for October 1, 2024 of \$1,645,857,562.

Source: Tax Assessor, City of Norwalk.

## **VI. Financial Administration**

### **Fiscal Year**

The District's fiscal year begins July 1 and ends June 30.

### **Basis of Accounting**

The District's accounting policies are summarized in Note II. A. of "Notes to Financial Statements."

### **Investment Policy**

Eligible investments for Connecticut tax districts and municipalities are governed by the Connecticut General Statutes, Section 7-400 and 7-402. Please refer to the "Notes to the Financial Statements", Note II.B. Regarding the District's cash and cash equivalent investments.

As of June 30, 2025 cash and cash equivalents included the following:

| <b><i>Instruments</i></b>             | <b><i>Market Value</i></b> |
|---------------------------------------|----------------------------|
| <u>District/SNEW</u>                  |                            |
| Checking Deposits .....               | \$ 15,830,156              |
| Certificates of Deposit .....         | 13,085,319                 |
| <b>Total.....</b>                     | <b>\$ 28,915,475</b>       |
| <br><u>Held at CMEEC</u>              |                            |
| Economic Development Fund.....        | \$ 1,325,528               |
| Rate Stabilization.....               | 4,443,564                  |
| Municipal Trust.....                  | 5,534,263                  |
| <b>Total.....</b>                     | <b>\$ 11,303,355</b>       |
| <br><u>Held at CMEEC Special Fund</u> |                            |
| Conservation.....                     | \$ 754,400                 |
| Regional Greenhouse.....              | 495,418                    |
| Renewal Resources.....                | 4,550                      |
| <b>Total.....</b>                     | <b>\$ 1,254,368</b>        |

### **Pensions**

See Note H. - "Municipal Employees Retirement System" of "Notes to Financial Statements."

### **OPEB Trust**

The OPEB Trust was approved by the District Commission on January 28, 2014. SNEW has established accounts with the Trustee, Webster Bank, National Association and transferred the current fiscal year budgeted amount to the trust account.

## **GASB 75 – Evaluation of Other Post-Employment Benefits**

In 2015, the Government Accounting Standards Board (GASB) issued Statement 75, “Accounting Financial Reporting for Post-Employment Benefits Other Than Pensions”. Statement 75 is an update to Statement 45 (issued in 2004), and requires public agencies to report their costs and obligations pertaining to health and other benefits of current and future retired employees much like they report pension plan obligations. Other post-employment benefits (OPEB) includes benefits such as medical, dental and life insurance, and must be recognized as a current cost during the working years of an employee. The District retains an actuarial consultant to assist the District with measuring its OPEB costs and obligations.

The District has completed its GASB reporting requirements for fiscal year 2023-2024. As of June 30, 2024 the estimated OPEB unfunded actuarial accrued liability is approximately \$6,583,949 with OPEB trust assets covering approximately 97.4% of the OPEB obligation accrued as of that date. The next full actuarial valuation will be performed with a July 1, 2025 valuation snapshot date, and that valuation will determine the District’s funding contributions for fiscal years 2025-2026 and 2026-2027.

## **Budget Procedure**

| <u><b>Action</b></u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u><b>Timetable</b></u>               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Board of District Commissioners prepares and approves on or before the first Wednesday in March the District Budget including all sources of revenue to the District, the transfer of funds between the Water or Electric Reserve Fund and the District Reserve Fund, all expenses of the District including debt service, any amount to be transferred to a Special Reserve Fund, any amount to be collected through the levy of a tax, and the application of any surplus or deficit to the General Fund Reserve. | On or before first Wednesday in March |
| District Clerk publishes a summary of the combined District Budget as adopted by the Board of District Commissioners in a newspaper of general circulation in the City of Norwalk.                                                                                                                                                                                                                                                                                                                                  | By second Wednesday in March          |
| Board of District Commissioners presents for approval the budget to the Annual Budget Meeting of the Electors of the Second Taxing District.                                                                                                                                                                                                                                                                                                                                                                        | Third Tuesday of March                |

## **Reserve Funds**

The District is empowered by the Charter to establish Special District Reserve Funds to be used only for the purpose for which the Fund is approved. Reserve funds must be approved by a majority of the Electors of the Second Taxing District present and voting at the Annual Budget Meeting, the Annual Meeting, or a Special Meeting warned and noticed for that purpose. Transfers from a Special District Fund for any purpose other than the purpose for which the fund was established may only be accomplished through a two-thirds majority vote of the Electors. These Special District Reserve Funds are separate from and in addition to the Water Fund and Electric Fund reserve funds authorized by the Charter to be maintained in the Operating Budgets. See “Revenue Base Data - District Revenues”.

## **Audit**

The District, pursuant to local ordinances and provisions of Chapter 111 of the C. G. S. (Section 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor, appointed by the Board of District Commissioners, is required to conduct the audit under the guidelines outlined by the Office of Policy and Management which also receives a copy of the audit report. For the fiscal year ended June 30, 2024 the financial statements of the various funds of the District were audited by Baker Tilly US, LLP, of Madison, Wisconsin.

**General Fund Revenues and Expenditures**  
**Four Year Summary of Audited Governmental Fund Type Revenues and Expenditures**  
**(GAAP Basis), Fiscal Year 2025 Estimated and Fiscal Year 2026 Budget (Budgetary Basis)**

|                                                   | <b>Budget<br/>2026</b> | <b>Estimated<br/>2025</b> | <b>Actual<br/>2024</b> | <b>Actual<br/>2023</b> | <b>Actual<br/>2022</b> | <b>Actual<br/>2021</b> |
|---------------------------------------------------|------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| <b><u>REVENUES:</u></b>                           |                        |                           |                        |                        |                        |                        |
| Water and Electric Contribution.....              | \$ -                   | \$ -                      | \$ -                   | \$ -                   | \$ -                   | \$ -                   |
| Interest Income.....                              | 250                    | 310                       | 257                    | 203                    | 50                     | 504                    |
| <b>Total Revenues .....</b>                       | <b>250</b>             | <b>310</b>                | <b>257</b>             | <b>203</b>             | <b>50</b>              | <b>504</b>             |
| <b><u>EXPENDITURES:</u></b>                       |                        |                           |                        |                        |                        |                        |
| Commissioners' Salaries .....                     | 22,750                 | 22,750                    | 22,750                 | 22,208                 | 22,750                 | 23,185                 |
| Clerk's Salary .....                              | 2,500                  | 2,500                     | 2,500                  | 2,500                  | 2,500                  | 2,750                  |
| Treasurer's Salary .....                          | 3,250                  | 3,250                     | 3,250                  | 3,250                  | 3,250                  | 2,602                  |
| Street Lighting.....                              | 84,196                 | 85,895                    | 88,641                 | 87,449                 | 132,029                | 6,734                  |
| Community Service Projects .....                  | 23,000                 | 24,500                    | 19,500                 | 23,000                 | 17,500                 | 17,000                 |
| Legal and Accounting .....                        | 20,000                 | 3,324                     | 59,456                 | 48,966                 | 40,954                 | 49,016                 |
| Meetings, Printing and Other .....                | 95,128                 | 21,985                    | 39,726                 | 17,507                 | 34,226                 | 35,728                 |
| Insurance and Taxes .....                         | 18,000                 | 6,101                     | 5,913                  | 6,643                  | 2,230                  | 8,219                  |
| <b>Total Expenditures .....</b>                   | <b>268,824</b>         | <b>170,305</b>            | <b>241,736</b>         | <b>211,523</b>         | <b>255,439</b>         | <b>145,234</b>         |
| <b>Net Other Financing Sources (Uses).....</b>    | <b>-</b>               | <b>-</b>                  | <b>218,641</b>         | <b>136,408</b>         | <b>124,544</b>         | <b>319,278</b>         |
| <b>Excess of Revenues Over Expenditures .....</b> | <b>(268,574)</b>       | <b>(169,995)</b>          | <b>(22,838)</b>        | <b>(74,912)</b>        | <b>(130,845)</b>       | <b>174,548</b>         |
| <b>Fund Balance, Beginning .....</b>              | <b>332,545</b>         | <b>502,540</b>            | <b>525,378</b>         | <b>600,290</b>         | <b>731,135</b>         | <b>556,587</b>         |
| <b>Fund Balance, Ending .....</b>                 | <b>\$ 63,971</b>       | <b>\$ 332,545</b>         | <b>\$ 502,540</b>      | <b>\$ 525,378</b>      | <b>\$ 600,290</b>      | <b>\$ 731,135</b>      |

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**Four Year Summary of Audited and Budget of Proprietary Fund Type  
Revenues and Expenditures (GAAP Basis)  
Fiscal Year 2025 Estimated and Fiscal Year 2026 Budget (Budgetary Basis)**

**Water Department**

|                                                                     | <b>Budget<br/>2026</b> | <b>Estimated<br/>2025</b> | <b>Actual<br/>2024</b>        | <b>Actual<br/>2023</b> | <b>Actual<br/>2022</b> | <b>Actual<br/>2021</b>        |
|---------------------------------------------------------------------|------------------------|---------------------------|-------------------------------|------------------------|------------------------|-------------------------------|
| <b><u>OPERATING REVENUES</u></b>                                    |                        |                           |                               |                        |                        |                               |
| <b><u>Sales of Water</u></b>                                        |                        |                           |                               |                        |                        |                               |
| Residential and Commercial.....                                     | \$ 9,128,580           | \$ 7,824,484              | \$ 6,859,118                  | \$ 7,195,369           | \$ 6,914,950           | \$ 6,674,984                  |
| Large Commercial Primary.....                                       | 2,482,546              | 2,350,123                 | 2,095,482                     | 2,184,114              | 2,149,109              | 1,942,253                     |
| Private and public Fire Protection.....                             | 530,701                | 580,443                   | 506,515                       | 477,221                | 448,914                | 436,565                       |
| Other Public Authorities.....                                       | -                      | -                         | -                             | -                      | -                      | -                             |
| Sales for Resale.....                                               | -                      | -                         | -                             | -                      | -                      | -                             |
| <b>TOTAL SALES OF WATER.....</b>                                    | <b>12,141,827</b>      | <b>10,755,050</b>         | <b>9,461,115</b>              | <b>9,856,704</b>       | <b>9,512,973</b>       | <b>9,053,802</b>              |
| Misc. Service Revenue.....                                          | 498,120                | 720,607                   | 450,306                       | 324,228                | 398,118                | 214,313                       |
| <b>TOTAL OPERATING REVENUES.....</b>                                | <b>12,639,947</b>      | <b>11,475,657</b>         | <b>9,911,421</b>              | <b>10,180,932</b>      | <b>9,911,091</b>       | <b>9,268,114</b>              |
| <b><u>OPERATING EXPENSES</u></b>                                    |                        |                           |                               |                        |                        |                               |
| <b><u>Water Supply</u></b>                                          |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | 259,082                | 297,075                   | 2,470,331                     | 2,355,322              | 2,453,300              | 1,866,382                     |
| Maintenance.....                                                    | 77,045                 | 16,924                    | 187,223                       | 233,045                | 241,638                | 175,948                       |
| <b><u>Pumping</u></b>                                               |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | 240,960                | 202,253                   | -                             | -                      | -                      | -                             |
| Maintenance.....                                                    | 83,061                 | 60,900                    | -                             | -                      | -                      | -                             |
| <b><u>Treatment</u></b>                                             |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | 2,514,728              | 1,704,585                 | -                             | -                      | -                      | -                             |
| Maintenance.....                                                    | 138,703                | 117,506                   | -                             | -                      | -                      | -                             |
| <b><u>Transmission and Distribution</u></b>                         |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | 551,355                | 317,051                   | 654,173                       | 532,518                | 469,744                | 397,673                       |
| Maintenance.....                                                    | 765,699                | 958,176                   | 1,024,241                     | 1,073,342              | 1,012,087              | 762,671                       |
| Customer Accounts.....                                              | 671,357                | 513,617                   | 616,691                       | 620,831                | 647,183                | 472,408                       |
| <b><u>Administration and General</u></b>                            |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | 3,743,888              | 2,989,912                 | 1,022,370                     | 1,955,182              | 1,179,544              | 2,749,757                     |
| Maintenance.....                                                    | 327,068                | 327,111                   | 257,492                       | 251,900                | 209,676                | 181,287                       |
| Depreciation.....                                                   | -                      | 1,570,281                 | 1,424,386                     | 1,321,053              | 1,234,365              | 1,224,860                     |
| Amortization of Premium on Debt.....                                | -                      | -                         | -                             | -                      | -                      | -                             |
| Other Taxes.....                                                    | 259,447                | 251,233                   | 258,841                       | 249,817                | 246,656                | 243,857                       |
| <b>TOTAL OPERATING EXPENSES.....</b>                                | <b>9,632,393</b>       | <b>9,326,624</b>          | <b>7,915,748</b>              | <b>8,593,010</b>       | <b>7,694,193</b>       | <b>8,074,843</b>              |
| <b>OPERATING INCOME.....</b>                                        | <b>3,007,554</b>       | <b>2,149,033</b>          | <b>1,995,673</b>              | <b>1,587,922</b>       | <b>2,216,898</b>       | <b>1,193,271</b>              |
| <b><u>Nonoperating Revenues and Expenses</u></b>                    |                        |                           |                               |                        |                        |                               |
| Miscellaneous Income (expense).....                                 | (3,398,951)            | 242,589                   | 23,918                        | 45,612                 | 90,327                 | 69,807                        |
| Gain (Loss) on Disposition of Utility Plant.....                    | -                      | 17,943                    | 26,550                        | -                      | -                      | -                             |
| Amortization of Premium on Debt.....                                | 162,611                | 162,611                   | 162,611                       | 162,611                | 162,611                | 27,102                        |
| Interest Income/Late Charges.....                                   | -                      | -                         | 177,509                       | 48,510                 | 47,008                 | 46,251                        |
| Interest Expense.....                                               | (148,399)              | (207,576)                 | (253,131)                     | (296,410)              | (336,567)              | (248,206)                     |
| <b>Total Nonoperating<br/>Revenues and Expenses.....</b>            | <b>(3,384,739)</b>     | <b>215,567</b>            | <b>137,457</b>                | <b>(39,677)</b>        | <b>(36,621)</b>        | <b>(105,046)</b>              |
| <b>Income Before Contributions<br/>and Operating Transfers.....</b> | <b>\$ (377,185)</b>    | <b>\$ 2,364,600</b>       | <b>\$ 2,133,130</b>           | <b>\$ 1,548,245</b>    | <b>\$ 2,180,277</b>    | <b>\$ 1,088,225</b>           |
| Capital Contributions.....                                          | 2,776                  | 242,143                   | 28,164                        | -                      | -                      | -                             |
| Operating Transfers Out.....                                        | (95,000)               | (45,000)                  | (65,000)                      | (70,000)               | -                      | (95,000)                      |
| <b>Change in Net Position.....</b>                                  | <b>(469,409)</b>       | <b>2,561,743</b>          | <b>2,096,294</b>              | <b>1,478,245</b>       | <b>2,180,277</b>       | <b>993,225</b>                |
| <b>Net Position - Beginning.....</b>                                | <b>25,572,363</b>      | <b>23,010,620</b>         | <b>20,914,326<sup>1</sup></b> | <b>18,287,616</b>      | <b>16,107,339</b>      | <b>15,114,114<sup>1</sup></b> |
| <b>Net Position - Ending.....</b>                                   | <b>\$ 25,102,954</b>   | <b>\$ 25,572,363</b>      | <b>\$ 23,010,620</b>          | <b>\$ 19,765,861</b>   | <b>\$ 18,287,616</b>   | <b>\$ 16,107,339</b>          |

<sup>1</sup> Restated

**Statement of Net Position**

|                                       | <b>Actual<br/>2024</b> | <b>Actual<br/>2023</b> | <b>Actual<br/>2022</b> | <b>Actual<br/>2021</b> | <b>Actual<br/>2020</b> |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net Investment in Capital Assets..... | \$ 18,134,277          | \$ 16,673,933          | \$ 15,459,579          | \$ 14,605,964          | \$ 14,013,237          |
| Restricted for Net OPEB Trust.....    | 49,155                 | -                      | -                      | -                      | -                      |
| Unrestricted.....                     | 4,827,188              | 3,091,298              | 2,828,037              | 1,501,375              | 2,357,233              |
| <b>TOTAL NET POSITION.....</b>        | <b>\$ 23,010,620</b>   | <b>\$ 19,765,231</b>   | <b>\$ 18,287,616</b>   | <b>\$ 16,107,339</b>   | <b>\$ 16,370,470</b>   |

**Four Year Summary of Audited and Budget Proprietary Fund Type  
Revenues and Expenditures (GAAP Basis)  
Fiscal Year 2025 Estimated and Fiscal Year 2026 Budget (Budgetary Basis)**

**Electric Department**

|                                                                     | <b>Budget<br/>2026</b> | <b>Estimated<br/>2025</b> | <b>Actual<br/>2024</b>        | <b>Actual<br/>2023</b> | <b>Actual<br/>2022</b> | <b>Actual<br/>2021</b>        |
|---------------------------------------------------------------------|------------------------|---------------------------|-------------------------------|------------------------|------------------------|-------------------------------|
| <b><u>OPERATING REVENUES</u></b>                                    |                        |                           |                               |                        |                        |                               |
| <b><u>Sales of Electricity</u></b>                                  |                        |                           |                               |                        |                        |                               |
| Residential and Commercial.....                                     | \$ 16,958,896          | \$ 15,680,617             | \$ 15,567,521                 | \$ 15,847,397          | \$ 14,236,957          | \$ 13,721,795                 |
| Large Commercial Primary.....                                       | 4,986,921              | 4,357,764                 | 4,157,196                     | 4,419,321              | 3,846,670              | 3,588,947                     |
| Fixed Load Lighting.....                                            | 79,891                 | 84,889                    | 87,206                        | 86,848                 | 86,127                 | 84,140                        |
| Other Public Authorities.....                                       | -                      | -                         | -                             | -                      | -                      | -                             |
| Sales for Resale.....                                               | -                      | -                         | -                             | -                      | -                      | -                             |
| Conservation Fund Charges.....                                      | 264,213                | 253,819                   | 247,772                       | 247,774                | 249,489                | 238,989                       |
| Customer's Forfeited Discounts.....                                 | (1,348,563)            | (1,300,590)               | (1,280,802)                   | (1,406,595)            | (1,246,142)            | (1,115,955)                   |
| <b>TOTAL SALES OF ELECTRICITY.....</b>                              | <b>20,941,358</b>      | <b>19,076,499</b>         | <b>18,778,893</b>             | <b>19,194,745</b>      | <b>17,173,101</b>      | <b>16,517,916</b>             |
| Gross Revenue Tax.....                                              | -                      | -                         | 448,906                       | 592,487                | 591,274                | 554,454                       |
| Misc. Service Revenue.....                                          | 187,773                | 445,414                   | 673,671                       | 575,927                | 215,390                | 935,623                       |
| <b>TOTAL OPERATING REVENUES.....</b>                                | <b>21,129,131</b>      | <b>19,521,913</b>         | <b>19,901,470</b>             | <b>20,363,159</b>      | <b>17,979,765</b>      | <b>18,007,993</b>             |
| <b><u>OPERATING EXPENSES</u></b>                                    |                        |                           |                               |                        |                        |                               |
| <b><u>Electric Generation</u></b>                                   |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | -                      | -                         | -                             | -                      | -                      | -                             |
| Maintenance.....                                                    | -                      | -                         | -                             | -                      | -                      | -                             |
| Purchased Power I System Control-Load Dispatch....                  | 11,500,000             | 10,473,972                | 10,378,996                    | 11,298,548             | 9,337,818              | 9,876,757                     |
| <b><u>Transmission and Distribution</u></b>                         |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | 1,308,919              | 1,223,838                 | 1,548,894                     | 1,234,523              | 829,629                | 852,462                       |
| Maintenance.....                                                    | 1,091,806              | 901,083                   | 816,376                       | 887,861                | 672,889                | 836,893                       |
| Customer Accounts.....                                              | 545,834                | 460,592                   | 525,476                       | 491,482                | 612,224                | 832,221                       |
| Conservation and Load Management.....                               | 7,500                  | 69,857                    | 110,974                       | 170,580                | 84,815                 | 7,026                         |
| <b><u>Administration and General</u></b>                            |                        |                           |                               |                        |                        |                               |
| Operations.....                                                     | 3,382,359              | 2,441,763                 | 1,337,035                     | 1,460,718              | 724,533                | 2,177,704                     |
| Maintenance.....                                                    | 351,654                | 366,834                   | 395,864                       | 342,411                | 281,235                | 262,312                       |
| Customer Assistance Program.....                                    | 25,000                 | 25,000                    | 25,000                        | 25,000                 | 25,000                 | -                             |
| Depreciation.....                                                   | -                      | 1,183,819                 | 1,164,154                     | 1,178,918              | 1,121,900              | 1,009,767                     |
| Amort. Of Contrib. in aid of Construction.....                      | -                      | -                         | -                             | -                      | -                      | -                             |
| Gross Revenue Tax.....                                              | -                      | -                         | 579,348                       | 596,574                | 699,131                | 402,190                       |
| <b>TOTAL OPERATING EXPENSES.....</b>                                | <b>18,213,072</b>      | <b>17,146,758</b>         | <b>16,882,117</b>             | <b>17,686,615</b>      | <b>14,389,174</b>      | <b>16,257,332</b>             |
| <b>OPERATING INCOME.....</b>                                        | <b>2,916,059</b>       | <b>2,375,155</b>          | <b>3,019,353</b>              | <b>2,676,544</b>       | <b>3,590,591</b>       | <b>1,750,661</b>              |
| <b><u>Nonoperating Revenues and Expenses</u></b>                    |                        |                           |                               |                        |                        |                               |
| Grant Revenue.....                                                  | -                      | -                         | -                             | -                      | -                      | -                             |
| Rental Income.....                                                  | 12,000                 | 22,772                    | 38,304                        | 10,689                 | 10,047                 | 9,543                         |
| Premium on Debt.....                                                | 21,406                 | 128,438                   | 128,438                       | 128,438                | 128,438                | 53,516                        |
| Miscellaneous Income (expense).....                                 | -                      | (209,007)                 | -                             | -                      | 113,093                | 400,690                       |
| Gain (Loss) on Disposition of Utility Plant.....                    | -                      | (63,780)                  | (80,885)                      | (92,360)               | (38,065)               | (11,888)                      |
| Interest Income/Late Charges.....                                   | 800,000                | 962,086                   | 862,529                       | 114,380                | 70,319                 | 94,522                        |
| Interest Expense.....                                               | (31,655)               | (132,193)                 | (277,737)                     | (216,447)              | (275,688)              | (262,091)                     |
| <b>Total Nonoperating<br/>Revenues and Expenses.....</b>            | <b>801,751</b>         | <b>708,316</b>            | <b>670,649</b>                | <b>(55,300)</b>        | <b>8,144</b>           | <b>284,292</b>                |
| <b>Income Before Contributions<br/>and Operating Transfers.....</b> | <b>\$ 3,717,810</b>    | <b>\$ 3,083,471</b>       | <b>\$ 3,690,002</b>           | <b>\$ 2,621,244</b>    | <b>\$ 3,598,735</b>    | <b>\$ 2,034,953</b>           |
| Capital Contributions.....                                          | (1,289,916)            | (1,032,181)               | 157,250                       | -                      | -                      | -                             |
| Operating Transfers Out.....                                        | (179,916)              | (130,895)                 | (153,641)                     | (157,449)              | (124,544)              | (224,278)                     |
| <b>Change in Net Position.....</b>                                  | <b>2,247,978</b>       | <b>1,920,395</b>          | <b>3,693,611</b>              | <b>2,463,795</b>       | <b>3,474,191</b>       | <b>1,810,675</b>              |
| <b>Net Position - Beginning.....</b>                                | <b>39,419,053</b>      | <b>37,498,658</b>         | <b>33,805,047<sup>1</sup></b> | <b>31,695,122</b>      | <b>28,220,931</b>      | <b>26,410,256<sup>1</sup></b> |
| <b>Net Position - Ending.....</b>                                   | <b>\$ 41,667,031</b>   | <b>\$ 39,419,053</b>      | <b>\$ 37,498,658</b>          | <b>\$ 34,158,917</b>   | <b>\$ 31,695,122</b>   | <b>\$ 28,220,931</b>          |

<sup>1</sup> Restated

**Statement of Net Position**

|                                       | <b>Actual<br/>2024</b> | <b>Actual<br/>2023</b> | <b>Actual<br/>2022</b> | <b>Actual<br/>2021</b> | <b>Actual<br/>2020</b> |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net Investment in Capital Assets..... | \$ 16,253,819          | \$ 15,156,164          | \$ 14,606,359          | \$ 13,476,635          | \$ 12,194,533          |
| Unrestricted.....                     | 21,244,839             | 19,002,753             | 17,088,763             | 14,744,296             | 14,009,574             |
| <b>TOTAL NET POSITION.....</b>        | <b>\$ 37,498,658</b>   | <b>\$ 34,158,917</b>   | <b>\$ 31,695,122</b>   | <b>\$ 28,220,931</b>   | <b>\$ 26,204,107</b>   |

**VI. Debt Summary**  
**Long-Term Bonded Debt**  
**As of December 10, 2025**  
**(Pro Forma)**

| <b>Date<br/>of Issue</b>                  | <b>Date of<br/>Maturity</b> | <b>Rate</b> | <b>Purpose</b>                                 | <b>Original<br/>Issue Amount</b> | <b>Balance<br/>Outstanding<sup>1</sup></b> |
|-------------------------------------------|-----------------------------|-------------|------------------------------------------------|----------------------------------|--------------------------------------------|
| 01/21/21                                  | 04/01/29                    | 3.00-5.00   | Series A - Refunding of Electric Bonds.....    | \$ 6,170,000                     | \$ 2,865,000                               |
| 04/30/21                                  | 10/01/28                    | 4.00        | Series B - Refunding of DWSRF Loan - Water.... | 9,250,000                        | 3,210,000                                  |
| <b>Sub-Total.....</b>                     |                             |             |                                                | <b>\$ 15,420,000</b>             | <b>\$ 6,075,000</b>                        |
| <b>THIS ISSUE:</b>                        |                             |             |                                                |                                  |                                            |
| 12/10/25                                  | 12/01/45                    | <i>tbd</i>  | Water Bonds - Tax-Exempt.....                  | \$ 5,985,000                     | \$ 5,985,000                               |
| 12/10/25                                  | 12/01/35                    | <i>tbd</i>  | Water Bonds - Taxable.....                     | 1,680,000                        | 1,680,000                                  |
| <b>Total Bond of This Issue.....</b>      |                             |             |                                                | <b>\$ 7,665,000</b>              | <b>\$ 7,665,000</b>                        |
| <b>Total Bonded Debt Outstanding.....</b> |                             |             |                                                | <b>\$ 23,085,000</b>             | <b>\$ 13,740,000</b>                       |

<sup>1</sup> Excludes refunded bonds.

**Short Term Debt**  
**As of December 10, 2025**  
**(Pro-Forma)**

The District has entered into multiple Interim Funding Obligations (“IFOs”) with the State of Connecticut through the Clean Water Fund and/or the Drinking Water State Revolving Fund Program. The District anticipates that by closing on December 10, 2025, the aggregate amount of IFOs will total \$1,715,192. See “Drinking Water State Revolving Fund Program” herein.

**Other Commitments**

In September 1987, the District entered into an agreement with the Connecticut Municipal Electric Energy Cooperative (CMEEC) that is presently comprised of five member municipalities. The District's 1987 investment in CMEEC is recorded at the original cost of \$178,782. The District made this investment because of its desire for membership and the benefits of such membership. Effective June 1, 2013, the District entered into a Replacement Membership Agreement with CMEEC redefining its relationship as a member. The District entered into a Replacement Power Sales Contract (RPSC) with CMEEC effective April 25, 2013 for the purchase of wholesale electric products. Effective April 1, 2012, the District entered into a General Transmission Services Agreement (GTSA) with CMEEC to provide for delivery of energy products. Each of these Agreements were executed by each of the members municipalities. CMEEC aggregates the energy and transmission needs of five member communities to cost effectively purchase from the electric market place. Both the RPSC and GTSA prohibit SNEW from pledging its electric revenues as security for any debt unless such instrument provides that payments made under these contracts shall be payable as operating expenses of the electric system. The District's cost of power and transmission services from CMEEC for the year ended June 30, 2025 was \$10,473,973 and is presented as purchased power on Schedule 9 of the Supplementary Combining and Individual Fund Schedules.

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

SNEW’s share of CMEEC’s bonded debt and capital lease obligations at June 30, 2025 is \$3,419,888. SNEW’s net obligation (bonded debt less SNEW’s share of member and participant funds) is (\$9,137,835) at June 30, 2025 SNEW now has more in the Trust and Rate Stabilization funds than our Debt obligation, which explains the negative net obligation.)

## Clean Water Fund Program

The State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects and phosphorus removal projects which are each financed with a 50% grant and a 50% loan and denitrification projects which are financed with a 30% grant and a 70% loan).

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements ("Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligations). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement, repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may, without penalty, on or after ten years from the date of any Project Loan Obligation, prepay their loans at any time prior to maturity, with respect to Loan Agreements entered into on or after 2020. The District currently does not have any outstanding Clean Water Fund loan obligations.

## Drinking Water State Revolving Fund Program

The District is a participant in the State of Connecticut's Drinking Water State Revolving Fund Program (Connecticut General Statutes Sections 22a-475 et seq.), which provides financial assistance to the District through a combination of subsidies and loans bearing interest at a rate not exceeding one-half the rate of the average net interest cost as determined by the last previous similar bond issue by the State of Connecticut as determined by the State Bond Commission. In April 2012, the District entered into a funding agreement under the Drinking Water State Revolving Fund ("DWSRF") Program and the American Recovery and Reinvestment Act ("ARRA") or stimulus funds. As a result, as of December 30, 2024, the District has entered into one Permanent Loan Obligation ("PLO").

Pursuant to the Project Loan and Subsidy Agreement, the District is obligated to repay only that amount that it draws down for the repayment of project costs (Interim Fund Obligation). The District delivered to the State an obligation secured by the full faith and credit of the District.

The amortization requirements, payment schedule and prepayment provisions are the same as under the Clean Water Fund Program. The District has the following DWSRF loan obligations outstanding:

| <b>Date</b>       | <b>Purpose</b>           | <b>Interest<br/>Rate</b> | <b>Original<br/>Amount</b> | <b>Amount</b>                                      | <b>Maturity<br/>Date</b> |
|-------------------|--------------------------|--------------------------|----------------------------|----------------------------------------------------|--------------------------|
|                   |                          |                          |                            | <b>Outstanding<br/>As of 12/10/25 <sup>1</sup></b> |                          |
| 07/31/25          | DWSRF No. 2024-5005..... | 2.00%                    | \$ 187,125                 | \$ 187,125                                         | 01/31/45                 |
| 07/31/25          | DWSRF No. 2024-9073..... | 2.00%                    | 75,567                     | 75,567                                             | 01/31/45                 |
| 11/24/25          | DWSRF No. 2025-5013..... | 2.00%                    | 685,000                    | 685,000                                            | 03/31/28                 |
| 12/05/25          | DWSRF No. 2025-7143..... | 2.00%                    | 767,500                    | 767,500                                            | 07/31/28                 |
| <b>Total.....</b> |                          |                          | <b>\$ 1,715,192</b>        | <b>\$ 1,715,192</b>                                |                          |

<sup>1</sup> Of the \$1,715,192 IFOs or PLOs outstanding, no drawdowns will have been made by the District.



**Annual Bonded Debt Maturity Schedule  
As of December 10, 2025  
(Pro Forma)**

| <b>Fiscal<br/>Year<br/>Ended<br/>6/30</b> | <b>Principal<br/>Payments <sup>1</sup></b> | <b>Interest<br/>Payments <sup>1</sup></b> | <b>Total<br/>Payments</b> | <b>This Issue:</b>              |                              |                     | <b>Total<br/>Principal</b> | <b>Cumulative<br/>Principal<br/>Retired (%)</b> |
|-------------------------------------------|--------------------------------------------|-------------------------------------------|---------------------------|---------------------------------|------------------------------|---------------------|----------------------------|-------------------------------------------------|
|                                           |                                            |                                           |                           | <b>Series A:<br/>Tax-Exempt</b> | <b>Series B:<br/>Taxable</b> | <b>Total</b>        |                            |                                                 |
| 2026 <sup>2</sup>                         | \$ 695,000                                 | \$ 125,025                                | \$ 820,025                | \$ -                            | \$ -                         | \$ -                | \$ 695,000                 | 5.1%                                            |
| 2027                                      | 2,060,000                                  | 188,300                                   | 2,248,300                 | 220,000                         | 165,000                      | 385,000             | 2,445,000                  | 22.9%                                           |
| 2028                                      | 2,135,000                                  | 104,700                                   | 2,239,700                 | 220,000                         | 165,000                      | 385,000             | 2,520,000                  | 41.2%                                           |
| 2029                                      | 1,185,000                                  | 45,750                                    | 1,230,750                 | 220,000                         | 165,000                      | 385,000             | 1,570,000                  | 52.6%                                           |
| 2030                                      | -                                          | -                                         | -                         | 220,000                         | 165,000                      | 385,000             | 385,000                    | 55.4%                                           |
| 2031                                      | -                                          | -                                         | -                         | 215,000                         | 170,000                      | 385,000             | 385,000                    | 58.2%                                           |
| 2032                                      | -                                          | -                                         | -                         | 215,000                         | 170,000                      | 385,000             | 385,000                    | 61.0%                                           |
| 2033                                      | -                                          | -                                         | -                         | 215,000                         | 170,000                      | 385,000             | 385,000                    | 63.8%                                           |
| 2034                                      | -                                          | -                                         | -                         | 215,000                         | 170,000                      | 385,000             | 385,000                    | 66.6%                                           |
| 2035                                      | -                                          | -                                         | -                         | 215,000                         | 170,000                      | 385,000             | 385,000                    | 69.4%                                           |
| 2036                                      | -                                          | -                                         | -                         | 215,000                         | 170,000                      | 385,000             | 385,000                    | 72.2%                                           |
| 2037                                      | -                                          | -                                         | -                         | 385,000                         | -                            | 385,000             | 385,000                    | 75.0%                                           |
| 2038                                      | -                                          | -                                         | -                         | 385,000                         | -                            | 385,000             | 385,000                    | 77.8%                                           |
| 2039                                      | -                                          | -                                         | -                         | 385,000                         | -                            | 385,000             | 385,000                    | 80.6%                                           |
| 2040                                      | -                                          | -                                         | -                         | 380,000                         | -                            | 380,000             | 380,000                    | 83.4%                                           |
| 2041                                      | -                                          | -                                         | -                         | 380,000                         | -                            | 380,000             | 380,000                    | 86.2%                                           |
| 2042                                      | -                                          | -                                         | -                         | 380,000                         | -                            | 380,000             | 380,000                    | 88.9%                                           |
| 2043                                      | -                                          | -                                         | -                         | 380,000                         | -                            | 380,000             | 380,000                    | 91.7%                                           |
| 2044                                      | -                                          | -                                         | -                         | 380,000                         | -                            | 380,000             | 380,000                    | 94.5%                                           |
| 2045                                      | -                                          | -                                         | -                         | 380,000                         | -                            | 380,000             | 380,000                    | 97.2%                                           |
| 2046                                      | -                                          | -                                         | -                         | 380,000                         | -                            | 380,000             | 380,000                    | 100.0%                                          |
| <b>Total ....</b>                         | <b>\$ 6,075,000</b>                        | <b>\$ 463,775</b>                         | <b>\$ 6,538,775</b>       | <b>\$ 5,985,000</b>             | <b>\$ 1,680,000</b>          | <b>\$ 7,665,000</b> | <b>\$ 13,740,000</b>       |                                                 |

<sup>1</sup> Excludes refunded bonds.

<sup>2</sup> Excludes principal payments of \$1,300,000 and interest payments of \$151,025 made between July 1, 2025 and December 10, 2025.

**Overlapping/Underlying Debt**

The District has overlapping net debt represented by outstanding net indebtedness to the City of Norwalk (the “City”) as represented in the City’s most recent Final Official Statement for bonds dated September 3, 2025:

| <b>Amount of Net City of Norwalk Debt<br/>as of September 16, 2025</b> | <b>District Percent <sup>1</sup></b> | <b>District Amount<br/>as of This Issue</b> |
|------------------------------------------------------------------------|--------------------------------------|---------------------------------------------|
| \$487,581,632                                                          | 10.10%                               | \$49,268,210                                |

<sup>1</sup> Based on the District's proportionate percentage of the City's Net Taxable Grand List.

**THE DISTRICT HAS NEVER DEFAULTED IN THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

**Debt Statement  
As of December 10, 2025  
(Pro Forma)**

**Long-Term Debt:** <sup>1</sup>

|                                                     |                      |
|-----------------------------------------------------|----------------------|
| General Purpose - Water (Includes this issue) ..... | \$ 10,530,000        |
| General Purpose - Electric .....                    | 3,210,000            |
| <b>Total Long-Term Debt</b> .....                   | <b>13,740,000</b>    |
| <b>Short-Term Debt</b> .....                        | <b>1,715,192</b>     |
| <b>TOTAL DIRECT DEBT</b> .....                      | <b>15,455,192</b>    |
| <b>TOTAL NET DIRECT DEBT</b> .....                  | <b>15,455,192</b>    |
| Plus: Overlapping Debt (City of Norwalk).....       | 49,268,210           |
| <b>TOTAL OVERALL NET DEBT</b> .....                 | <b>\$ 64,723,402</b> |

<sup>1</sup> Excludes refunded bonds.

**Current Debt Ratios  
As of December 10, 2025  
(Pro Forma)**

|                                                                        |                  |
|------------------------------------------------------------------------|------------------|
| Population <sup>1</sup> .....                                          | 91,375           |
| Net Taxable Grand List (10/1/24) (70% of Estimated Full Value) .....   | \$ 1,645,857,562 |
| Estimated Full Value .....                                             | \$ 2,351,225,089 |
| Pro-rata Equalized Net Taxable Grand List (10/1/23) <sup>2</sup> ..... | \$ 2,997,157,545 |
| Income per Capita (2023) <sup>1</sup> .....                            | \$ 59,700        |

|                                                   | <b>Total<br/>Direct Debt<br/>\$15,455,192</b> | <b>Total Net<br/>Direct Debt<br/>\$15,455,192</b> | <b>Total Overall<br/>Net Debt<br/>\$64,723,402</b> |
|---------------------------------------------------|-----------------------------------------------|---------------------------------------------------|----------------------------------------------------|
| Per Capita .....                                  | \$169.14                                      | \$169.14                                          | \$708.33                                           |
| Ratio to Net Taxable Grand List .....             | 0.94%                                         | 0.94%                                             | 3.93%                                              |
| Ratio to Estimated Full Value .....               | 0.66%                                         | 0.66%                                             | 2.75%                                              |
| Ratio to Equalized Net Taxable Grand List .....   | 0.52%                                         | 0.52%                                             | 2.16%                                              |
| Debt per Capita to Income per Capita (2023) ..... | 0.28%                                         | 0.28%                                             | 1.19%                                              |

<sup>1</sup> U.S. Census Bureau, American Community Survey 2019-2023.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

## **Bond Authorization Procedure**

Indebtedness of the District, once approved by the Board of District Commissioners, must be authorized by a majority of the Electors of the District at an Annual Budget Meeting, an Annual Meeting, or a Special Meeting duly noticed and warned for such purpose. Refunding bonds of the District are approved by resolution of the Commissioners.

## **Temporary Financing**

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for school and sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for school and sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

**All water debt and electric debt of the District are excluded by statute from the debt limit calculation.**

## **THE SECOND TAXING DISTRICT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

### **Authorized but Unissued Debt As of December 10, 2025 (Pro Forma)**

| <b>Project</b>                            | <b>Amount<br/>Authorized</b> | <b>This Issue:</b>                   |                                   | <b>Authorized<br/>But Unissued<br/>Debt</b> |
|-------------------------------------------|------------------------------|--------------------------------------|-----------------------------------|---------------------------------------------|
|                                           |                              | <b>Series A Bonds<br/>Tax-Exempt</b> | <b>Series B Bonds<br/>Taxable</b> |                                             |
| Capital Improvements to Water System..... | \$ 7,665,000                 | \$ 5,985,000                         | \$ 1,680,000                      | \$ -                                        |
| <b>Total.....</b>                         | <b>\$ 7,665,000</b>          | <b>\$ 5,985,000</b>                  | <b>\$ 1,680,000</b>               | <b>\$ -</b>                                 |

## ***VII. Legal and Other Information***

### ***Litigation***

The Second Taxing District is a Defendant in one lawsuit, which is defended by the District's insurance company pursuant to its policy of insurance. It is the opinion of the District Counsel that such pending litigation will not be finally determined so as to result in a final judgment against the District which would materially adversely affect its financial position and any such judgment against the District would be indemnified by its insurer. The Second Taxing District is the Plaintiff in two lawsuits, which if successful, would materially benefit the District's financial position.

### ***Transcript and Closing Documents***

Upon delivery of the Bonds, the winning bidder(s) will be furnished with the following:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal and interest on the Bonds.

2. Certificates on behalf of the District signed by the CEO / General Manager and the Chairperson, which will be dated the date of delivery, certifying that, to the best of said officials' knowledge and belief, at the time bids on the Bonds were accepted, the descriptions and statements in the Preliminary Official Statement relating to the District and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the District from that set forth in or contemplated by the Preliminary Official Statement.

3. Receipts for the purchase price of the Bonds.

4. The approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut, in substantially the forms attached hereto as Appendices B-1 and B-2.

5. Executed continuing disclosure agreements for the Bonds in substantially the forms attached hereto as Appendices C-1 and C-2 to this Official Statement.

6. The District has prepared an Official Statement for the Bonds which is dated November \_\_, 2025. The District deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1). The District will make available to the winning purchasers of the Bonds a reasonable number of copies of the Official Statement at the District's expense. The copies of the Official Statement will be made available to the winning purchasers at their own expense and delivered within seven (7) business days of the bid opening at the office of the District's Municipal Advisor. If the District's Municipal Advisor is provided with the necessary information from the winning bidder by Noon (E.T.) of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the winning purchasers, the name of the insurer, if any, and any changes on the Bonds. The winning purchasers shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the winning purchasers. Additional copies of the Official Statement may be obtained by the winning purchasers at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the District will be kept on file at the offices of U.S. Bank Trust Company National Association in Hartford, Connecticut and will be available for examination upon reasonable notice.

## **Concluding Statement**

This Official Statement is not to be construed as a contract or agreement between the District and the winning bidder or holders of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the District from various officials and other sources and is believed by the District to be reliable, but such information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

Additional information may be obtained from Alan Huth, Chief Executive Officer / General Manager, of the District at One State Street, South Norwalk, Connecticut 06854. Telephone (203) 866-3366, Ext. 210.

This Official Statement has been duly prepared and delivered by the District, and executed for and on behalf of the District by the following officials:

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

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Alan Huth, *Chief Executive Officer / General Manager*

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David Westmoreland, *Chairperson*

Dated: November \_\_, 2025

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## ***Appendix A***

### ***2024 Basic Financial Statements***

The following includes the Basic Financial Statements of the Second Taxing District of the City of Norwalk, Connecticut for the fiscal year ended June 30, 2024. The supplemental data, which was a part of that report, has not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Senior Managing Director, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.

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## **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, 2024, 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, 2024 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.

### **Emphasis of Matter**

As discussed in Note 10 to the financial statements, net position as of June 30, 2023 has been restated to correct a material misstatement due to the allocation of the pension liability accounts between the electric and water funds, and the recording of contributions after the measurement date as a deferred outflow of resources. Our opinions are not modified with respect to this matter.

## **Other Matters**

The financial statements of the District as of and for the year ended June 30, 2023, prior to restatement, were audited by other auditors whose report dated October 6, 2023, expressed unmodified opinions on those statements.

As part of the audit of the June 30, 2024 financial statements, we also audited the adjustment described in Note 10 that was applied to restate the June 30, 2023 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the June 30, 2023 financial statements of the District other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2023 financial statements as a whole.

## **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.

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

Madison, Wisconsin  
November 8, 2024

## SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

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### 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, 2024. 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, 2024.

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

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### 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** (see Note 10 of the footnotes for details of the restatement noted)

The District’s total net position of \$62,253,633 increased from the prior year by \$5,732,474 as a result of this year’s operations. The District’s general fund net position decreased by \$57,432 while Water’s net position increased by \$2,096,295 and Electric’s net position increased by \$3,693,610.

#### **Governmental Activities:**

Major revenue/expense factors include the following: The District’s general fund expenses showed a increase of 12.9% during the 2024 fiscal year to \$276,329 from \$244,751 spent in fiscal 2023. Street light expense was greater by \$1,192 in FY24 versus FY23. Community Service Projects spending decreased \$3,500 in FY2024 to \$19,500 from \$23,000. The District gave \$1,500 to the Thanksgiving Basket of Love, \$15,500 to the Summer Youth Employment Program, and \$2,500 to the Norwalk Tree Alliance. Professional & Outside Services (Legal, Accounting, & Insurance) were higher by \$10,490 in FY24 due to the Step Leader Strategies downpayment, as requested by the Commission. Meetings, Printing, and Other Expense were greater by \$22,219 as compared to FY2023 due to Administrative payroll being expensed to (and budgeted in) the proper department in FY24. Insurance and Taxes were higher by \$730 compared to last year due to timing of Commissioner’s insurance reimbursement. Electric transferred \$153,641 and Water transferred of \$65,000 to the General fund in FY2024. As of June 30, 2024, \$502,540 or 28.81% of the General Fund’s net position is unrestricted.

## SECOND TAXING DISTRICT – CITY OF NORWALK, CONNECTICUT

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### 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 \$5,789,905 in net position with Water’s increase of \$2,096,295 and Electric’s increase of \$3,693,610.

Electric saw a decrease in overall operating revenues of (\$461,689) to \$19,901,470 compared to last year’s \$20,363,159. The net decrease is due to lower Residential & Commercial sales of \$279,876, a decrease in Large Commercial & Industrial sales of \$262,125, customer discounts applied of \$125,793, and an increase in Miscellaneous Service Revenues of \$123,561 due to mutual aid billing in FY24. As a reminder, customer discounts are reported as “taken” rather than “estimated” as in prior years. Electric’s overall operating expense decreased by \$804,497 to \$16,882,118 compared to last year’s \$17,686,615. Purchased power from CMEEC was lower by \$919,552 as compared to last year. Electric lowered its CMEEC bill rate/MWh, using the rate stabilization fund to maintain a balance in the Rate Stabilization Fund of between \$4,000,000 and 4,500,000. Electric Transmission/Distribution and Administration Operations expense also increased by \$115,055. Electric made a transfer of \$153,641 to the General Fund in FY2024.

Water’s total operating revenues decreased (\$269,511) to \$9,911,421 from \$10,180,932 in FY2023. This net decrease is due to lower Residential & Commercial water sales of (\$336,251), Fire Protection increase of \$29,294, and an increase in Miscellaneous Service Revenue of \$126,078. Operating expenses experienced a decrease of (\$677,893) from FY2023. Contributing to the change was an increase of \$69,187 in Water Supply Operations & Maintenance, an increase in Transmission & Distribution of \$68,414, and a decrease in Administration & General expenses of (\$815,494). The decreases were in Administrative Salaries, Technical Support, Service Contracts, and Property, Liability, Damages & Injury insurance. Depreciation expense also increased by \$103,333 as compared to last year. Water made a transfer of \$65,000 to the General fund in FY2024.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### Capital Assets

At the end of fiscal 2024, the District’s Business-type Activities had invested \$43,524,429 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, 2024 that comprise 76% of the District’s total noncurrent assets.

##### Total Debt

The District’s long-term debt balances are \$7,375,000. The Water filtration plant upgrade accounts for \$4,510,000 and Electric’s 115 KV sub-station and required distribution upgrades accounts for \$2,865,000. More detailed information about the District’s long-term liabilities is presented in Note 6 (page 33 and 34) to the financial statements.

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

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### **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 (+/- \$1.2M) over that same period. Water main replacement will be one of the biggest drivers as SNEW has not historically done any significant water main replacement.
- 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 may be a combination of an intercompany loan, 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, over 4000 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.
- 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 Flootation 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.

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

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### **MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued**

#### **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.



## **BASIC FINANCIAL STATEMENTS**

**Second Taxing District - City of Norwalk, Connecticut**

Statement of Net Position

June 30, 2024

|                                                                | Primary Government         |                             |               |
|----------------------------------------------------------------|----------------------------|-----------------------------|---------------|
|                                                                | Governmental<br>Activities | Business-Type<br>Activities | Total         |
| <b>Assets and Deferred Outflows of Resources</b>               |                            |                             |               |
| <b>Current Assets</b>                                          |                            |                             |               |
| Cash and deposits                                              | \$ 1,543,167               | \$ 26,301,580               | \$ 27,844,747 |
| Accounts receivable, net of allowance<br>for doubtful accounts | -                          | 3,336,404                   | 3,336,404     |
| Internal balances                                              | 117,202                    | (117,202)                   | -             |
| Unbilled revenue                                               | -                          | 354,368                     | 354,368       |
| Inventory                                                      | -                          | 1,263,070                   | 1,263,070     |
| Prepaid expenses                                               | -                          | 342,348                     | 342,348       |
| Funds held by CMEEC                                            | -                          | 2,364,051                   | 2,364,051     |
| Restricted:                                                    |                            |                             |               |
| Customer deposits and advances                                 | -                          | 1,747,483                   | 1,747,483     |
| Total current assets                                           | 1,660,369                  | 35,592,102                  | 37,252,471    |
| <b>Noncurrent Assets</b>                                       |                            |                             |               |
| Investment in CMEEC                                            | -                          | 178,782                     | 178,782       |
| Deferred preliminary survey and<br>investigation               | -                          | 31,445                      | 31,445        |
| Net OPEB asset, restricted                                     | -                          | 49,155                      | 49,155        |
| Other restricted assets                                        | -                          | 10,161,308                  | 10,161,308    |
| Capital assets:                                                |                            |                             |               |
| Plant in service, net of accumulated depreciation              | 1,241,816                  | 43,524,429                  | 44,766,245    |
| Construction work-in-progress                                  | -                          | 1,684,028                   | 1,684,028     |
| Total noncurrent assets                                        | 1,241,816                  | 55,629,147                  | 56,870,963    |
| Total assets                                                   | 2,902,185                  | 91,221,249                  | 94,123,434    |
| <b>Deferred Outflows of Resources</b>                          |                            |                             |               |
| Deferred outflows - pension                                    | -                          | 2,929,446                   | 2,929,446     |

See notes to financial statements

**Second Taxing District - City of Norwalk, Connecticut**

## Statement of Net Position

June 30, 2024

|                                                                    | Primary Government      |                          |               |
|--------------------------------------------------------------------|-------------------------|--------------------------|---------------|
|                                                                    | Governmental Activities | Business-Type Activities | Total         |
| <b>Liabilities, Deferred Inflows of Resources and Net Position</b> |                         |                          |               |
| <b>Current Liabilities</b>                                         |                         |                          |               |
| Accounts payable                                                   | \$ 1,157,829            | \$ 225,567               | \$ 1,383,396  |
| Customer deposits and advances, restricted                         | -                       | 3,286,743                | 3,286,743     |
| Accrued payroll                                                    | -                       | 313,370                  | 313,370       |
| Other accrued liabilities                                          | -                       | 259,649                  | 259,649       |
| Accrued bond and loan interest                                     | -                       | 106,517                  | 106,517       |
| Accrued compensated absences, current                              | -                       | 61,995                   | 61,995        |
| Reserve for sales discounts                                        | -                       | 146,819                  | 146,819       |
| Notes payable, current                                             | -                       | 49,637                   | 49,637        |
| Bond payable, current                                              | -                       | 1,925,000                | 1,925,000     |
| Total current liabilities                                          | 1,157,829               | 6,375,297                | 7,533,126     |
| <b>Noncurrent Liabilities</b>                                      |                         |                          |               |
| Compensated absences                                               | -                       | 445,641                  | 445,641       |
| Notes payable, noncurrent                                          | -                       | 195,235                  | 195,235       |
| Net OPEB obligation                                                | -                       | 213,566                  | 213,566       |
| Net pension liability                                              | -                       | 7,047,453                | 7,047,453     |
| Bonds payable, long-term                                           | -                       | 7,375,000                | 7,375,000     |
| Unamortized premium on debt                                        | -                       | 1,301,175                | 1,301,175     |
| Total noncurrent liabilities                                       | -                       | 16,578,070               | 16,578,070    |
| Total liabilities                                                  | 1,157,829               | 22,953,367               | 24,111,196    |
| <b>Deferred Inflows of Resources</b>                               |                         |                          |               |
| Deferred inflows, OPEB                                             | -                       | 216,084                  | 216,084       |
| Deferred inflows, pension                                          | -                       | 310,658                  | 310,658       |
| Rate stabilization, CMEEC                                          | -                       | 10,161,308               | 10,161,308    |
| Total deferred inflows of resources                                | -                       | 10,688,050               | 10,688,050    |
| Total liabilities and deferred inflows of resources                | 1,157,829               | 33,641,417               | 34,799,246    |
| <b>Net Position</b>                                                |                         |                          |               |
| Net investment in capital assets                                   | 1,241,816               | 34,388,096               | 35,629,912    |
| Restricted for:                                                    |                         |                          |               |
| Net OPEB asset                                                     | -                       | 49,155                   | 49,155        |
| Unrestricted                                                       | 502,540                 | 26,072,027               | 26,574,567    |
| Total net position                                                 | \$ 1,744,356            | \$ 60,509,278            | \$ 62,253,634 |

See notes to financial statements

## Second Taxing District - City of Norwalk, Connecticut

### Statement of Activities

Year Ended June 30, 2024

| 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 |               |
| <b>Primary Government</b>                           |               |                      |                                    |                                  |                                                   |                          |               |
| 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                          | 19,500        | -                    | -                                  | -                                | (19,500)                                          | -                        | (19,500)      |
| Street lighting                                     | 88,641        | -                    | -                                  | -                                | (88,641)                                          | -                        | (88,641)      |
| Legal, accounting and insurance                     | 59,456        | -                    | -                                  | -                                | (59,456)                                          | -                        | (59,456)      |
| Meetings, printing and other                        | 39,726        | -                    | -                                  | -                                | (39,726)                                          | -                        | (39,726)      |
| Insurance and taxes                                 | 5,913         | -                    | -                                  | -                                | (5,913)                                           | -                        | (5,913)       |
| Depreciation expense                                | 34,593        | -                    | -                                  | -                                | (34,593)                                          | -                        | (34,593)      |
| Total governmental activities                       | 276,329       | -                    | -                                  | -                                | (276,329)                                         | -                        | (276,329)     |
| Business-type activities:                           |               |                      |                                    |                                  |                                                   |                          |               |
| Water                                               | 8,006,268     | 9,911,421            | -                                  | 28,164                           | -                                                 | 1,933,317                | 1,933,317     |
| Electric                                            | 17,031,416    | 19,901,470           | -                                  | 157,250                          | -                                                 | 3,027,304                | 3,027,304     |
| Total business-type activities                      | 25,037,684    | 29,812,891           | -                                  | 185,414                          | -                                                 | 4,960,621                | 4,960,621     |
| Total primary government                            | \$ 25,314,013 | \$ 29,812,891        | \$ -                               | \$ 185,414                       | (276,329)                                         | 4,960,621                | 4,684,292     |
| <b>General Revenues</b>                             |               |                      |                                    |                                  |                                                   |                          |               |
| Rental income                                       |               |                      |                                    |                                  | -                                                 | 38,304                   | 38,304        |
| Gain (loss) on disposition of utility plant         |               |                      |                                    |                                  | -                                                 | (54,335)                 | (54,335)      |
| Miscellaneous income (expenses)                     |               |                      |                                    |                                  | -                                                 | 23,918                   | 23,918        |
| Investment income                                   |               |                      |                                    |                                  | 257                                               | 1,040,038                | 1,040,295     |
| Transfers                                           |               |                      |                                    |                                  | 218,641                                           | (218,641)                | -             |
| Total general revenues, special items and transfers |               |                      |                                    |                                  | 218,898                                           | 829,284                  | 1,048,182     |
| Change in net position                              |               |                      |                                    |                                  | (57,431)                                          | 5,789,905                | 5,732,474     |
| Net Position, Beginning                             |               |                      |                                    |                                  | 1,801,787                                         | 53,924,148               | 55,725,935    |
| Prior period restatement                            |               |                      |                                    |                                  | -                                                 | 795,225                  | 795,225       |
| Net Position, Beginning, As Restated                |               |                      |                                    |                                  | 1,801,787                                         | 54,719,373               | 56,521,160    |
| Net Position, Ending                                |               |                      |                                    |                                  | \$ 1,744,356                                      | \$ 60,509,278            | \$ 62,253,634 |

See notes to financial statements

## Second Taxing District - City of Norwalk, Connecticut

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Balance Sheet - Governmental Funds

June 30, 2024

|                                       | <u>General Fund</u> |
|---------------------------------------|---------------------|
| <b>Assets</b>                         |                     |
| Cash and deposits                     | \$ 1,543,167        |
| Internal balances, proprietary funds  | <u>117,202</u>      |
| Total assets                          | <u>1,660,369</u>    |
| <b>Liabilities</b>                    |                     |
| Accounts payable and accrued expenses | <u>1,157,829</u>    |
| Total liabilities                     | <u>1,157,829</u>    |
| <b>Fund Balances</b>                  |                     |
| Unassigned                            | <u>502,540</u>      |
| Total fund balances                   | <u>\$ 502,540</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, 2024

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

|                                                          |    |         |
|----------------------------------------------------------|----|---------|
| Total fund balance per balance sheet, governmental funds | \$ | 502,540 |
|----------------------------------------------------------|----|---------|

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>(791,187)</u> | <u>1,241,816</u> |

|                                                |  |  |                            |
|------------------------------------------------|--|--|----------------------------|
| <b>Net Position of Governmental Activities</b> |  |  | <b><u>\$ 1,744,356</u></b> |
|------------------------------------------------|--|--|----------------------------|

## Second Taxing District - City of Norwalk, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
Year Ended June 30, 2024

|                                                                                                              | <u>General Fund</u>      |
|--------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Revenue</b>                                                                                               |                          |
| Interest income and other                                                                                    | <u>\$ 257</u>            |
| <b>Expenditures</b>                                                                                          |                          |
| Commissioners' salaries                                                                                      | 22,750                   |
| Clerk's salary                                                                                               | 2,500                    |
| Treasurer's salary                                                                                           | 3,250                    |
| Street lighting                                                                                              | 88,641                   |
| Community service projects                                                                                   | 19,500                   |
| Legal and accounting                                                                                         | 59,456                   |
| Meetings, printing and other                                                                                 | 39,726                   |
| Insurance and taxes                                                                                          | <u>5,913</u>             |
| Total expenditures                                                                                           | <u>241,736</u>           |
| Excess (deficiency) of revenues<br>over expenditures                                                         | <u>(241,479)</u>         |
| <b>Other Financing Sources (Uses)</b>                                                                        |                          |
| Operating transfers in                                                                                       | <u>218,641</u>           |
| Excess (deficiency) of revenues<br>and other financing sources over<br>expenditures and other financing uses | (22,838)                 |
| <b>Fund Balance, Beginning</b>                                                                               | <u>525,378</u>           |
| <b>Fund Balance, Ending</b>                                                                                  | <u><u>\$ 502,540</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, 2024

|                                                              |           |                 |
|--------------------------------------------------------------|-----------|-----------------|
| <b>Net Change in Fund Balances, Total Governmental Funds</b> | <b>\$</b> | <b>(22,838)</b> |
|--------------------------------------------------------------|-----------|-----------------|

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> |

|                                                          |           |                        |
|----------------------------------------------------------|-----------|------------------------|
| <b>Change in Net Position of Governmental Activities</b> | <b>\$</b> | <b><u>(57,431)</u></b> |
|----------------------------------------------------------|-----------|------------------------|



**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, 2024

|                                                                                                              | <b>Budgeted Amounts</b> |              | <b>Actual</b> | <b>Variance</b> |
|--------------------------------------------------------------------------------------------------------------|-------------------------|--------------|---------------|-----------------|
|                                                                                                              | <b>Original</b>         | <b>Final</b> |               |                 |
| <b>Revenue</b>                                                                                               |                         |              |               |                 |
| Interest income and other                                                                                    | \$ 1,850                | \$ 1,850     | \$ 257        | \$ (1,593)      |
| <b>Expenditures</b>                                                                                          |                         |              |               |                 |
| Commissioners' salaries                                                                                      | 22,750                  | 22,750       | 22,750        | -               |
| Clerk's salary                                                                                               | 2,500                   | 2,500        | 2,500         | -               |
| Treasurer's salary                                                                                           | 3,250                   | 3,250        | 3,250         | -               |
| Street lighting                                                                                              | 81,744                  | 81,744       | 88,641        | (6,897)         |
| Community service projects                                                                                   | 23,500                  | 23,500       | 19,500        | 4,000           |
| Legal and accounting                                                                                         | 44,000                  | 44,000       | 59,456        | (15,456)        |
| Meetings, printing and other                                                                                 | 50,321                  | 50,321       | 39,726        | 10,595          |
| Insurance and taxes                                                                                          | 15,600                  | 15,600       | 5,913         | 9,687           |
| Total expenditures                                                                                           | 243,665                 | 243,665      | 241,736       | 1,929           |
| Excess (deficiency) of revenues<br>over expenditures                                                         | (241,815)               | (241,815)    | (241,479)     | 336             |
| <b>Other Financing Sources (Uses)</b>                                                                        |                         |              |               |                 |
| Operating transfers in                                                                                       | 211,744                 | 211,744      | 218,641       | 6,897           |
| Excess (deficiency) of revenues<br>and other financing sources over<br>expenditures and other financing uses | (30,071)                | (30,071)     | (22,838)      | 7,233           |
| <b>Fund Balance, Beginning</b>                                                                               | 525,378                 | 525,378      | 525,378       | -               |
| <b>Fund Balance, Ending</b>                                                                                  | \$ 495,307              | \$ 495,307   | \$ 502,540    | \$ 7,233        |

See notes to financial statements

**Second Taxing District - City of Norwalk, Connecticut**

## Statement of Net Position - Proprietary Funds

June 30, 2024

|                                                                | <b>Proprietary Fund Types</b> |                 |               |
|----------------------------------------------------------------|-------------------------------|-----------------|---------------|
|                                                                | <b>Water</b>                  | <b>Electric</b> | <b>Total</b>  |
| <b>Assets and Deferred Outflows of Resources</b>               |                               |                 |               |
| <b>Current Assets</b>                                          |                               |                 |               |
| Cash and deposits                                              | \$ 6,227,189                  | \$ 20,074,391   | \$ 26,301,580 |
| Due from other funds                                           | 320,107                       | 22,656          | 342,763       |
| Accounts receivable, net of allowance<br>for doubtful accounts | 1,093,791                     | 2,242,613       | 3,336,404     |
| Unbilled revenue                                               | 354,368                       | -               | 354,368       |
| Inventory                                                      | 256,743                       | 1,006,327       | 1,263,070     |
| Prepaid expenses                                               | 174,373                       | 167,975         | 342,348       |
| Funds held by CMEEC                                            | -                             | 2,364,051       | 2,364,051     |
| Restricted:                                                    |                               |                 |               |
| Customer deposits and advances                                 | -                             | 1,747,483       | 1,747,483     |
| Total current assets                                           | 8,426,571                     | 27,625,496      | 36,052,067    |
| <b>Noncurrent Assets</b>                                       |                               |                 |               |
| Investment in CMEEC                                            | -                             | 178,782         | 178,782       |
| Preliminary survey and investigation                           | 31,445                        | -               | 31,445        |
| Net OPEB asset, restricted                                     | 49,155                        | -               | 49,155        |
| Other restricted assets                                        | -                             | 10,161,308      | 10,161,308    |
| Capital assets:                                                |                               |                 |               |
| Plant in service                                               | 70,733,657                    | 39,086,255      | 109,819,912   |
| Accumulated depreciation                                       | (46,076,567)                  | (20,218,916)    | (66,295,483)  |
| Construction work-in-progress                                  | 160,311                       | 1,523,717       | 1,684,028     |
| Total noncurrent assets                                        | 24,898,001                    | 30,731,146      | 55,629,147    |
| Total assets                                                   | 33,324,572                    | 58,356,642      | 91,681,214    |
| <b>Deferred Outflows of Resources</b>                          |                               |                 |               |
| Deferred outflows - pension                                    | 1,710,673                     | 1,218,773       | 2,929,446     |

See notes to financial statements

**Second Taxing District - City of Norwalk, Connecticut**

## Statement of Net Position - Proprietary Funds

June 30, 2024

|                                                             | Proprietary Fund Types |               | Total         |
|-------------------------------------------------------------|------------------------|---------------|---------------|
|                                                             | Water                  | Electric      |               |
| Liabilities, Deferred Inflows of Resources and Net Position |                        |               |               |
| Current Liabilities                                         |                        |               |               |
| Accounts payable                                            | \$ 39,383              | \$ 186,184    | \$ 225,567    |
| Due to other funds                                          | 74,762                 | 385,203       | 459,965       |
| Customer deposits and advances, restricted                  | 14,833                 | 3,271,910     | 3,286,743     |
| Accrued payroll liabilities                                 | 165,612                | 147,758       | 313,370       |
| Other accrued liabilities                                   | 259,649                | -             | 259,649       |
| Accrued bond and loan interest                              | 67,667                 | 38,850        | 106,517       |
| Compensated absences, current                               | 44,982                 | 17,013        | 61,995        |
| Reserve for sales discounts                                 | -                      | 146,819       | 146,819       |
| Notes payable, current                                      | 45,356                 | 4,281         | 49,637        |
| Bond payable, current                                       | 1,250,000              | 675,000       | 1,925,000     |
| Total current liabilities                                   | 1,962,244              | 4,873,018     | 6,835,262     |
| Noncurrent Liabilities                                      |                        |               |               |
| Compensated absences                                        | 272,025                | 173,616       | 445,641       |
| Note payable, noncurrent                                    | 186,673                | 8,562         | 195,235       |
| Net OPEB obligation                                         | -                      | 213,566       | 213,566       |
| Net pension liability                                       | 4,117,440              | 2,930,013     | 7,047,453     |
| Bonds payable, long-term                                    | 4,510,000              | 2,865,000     | 7,375,000     |
| Unamortized premium on debt                                 | 691,095                | 610,080       | 1,301,175     |
| Total noncurrent liabilities                                | 9,777,233              | 6,800,837     | 16,578,070    |
| Total liabilities                                           | 11,739,477             | 11,673,855    | 23,413,332    |
| Deferred Inflows of Resources                               |                        |               |               |
| Deferred inflows, OPEB                                      | 103,647                | 112,437       | 216,084       |
| Deferred inflows, pension                                   | 181,500                | 129,158       | 310,658       |
| Rate stabilization, CMEEC                                   | -                      | 10,161,308    | 10,161,308    |
| Total deferred inflows of resources                         | 285,147                | 10,402,903    | 10,688,050    |
| Net Position                                                |                        |               |               |
| Net investment in capital assets                            | 18,134,277             | 16,253,819    | 34,388,096    |
| Restricted for:                                             |                        |               |               |
| Net OPEB asset                                              | 49,155                 | -             | 49,155        |
| Unrestricted                                                | 4,827,188              | 21,244,839    | 26,072,027    |
| Total net position                                          | \$ 23,010,620          | \$ 37,498,658 | \$ 60,509,278 |

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, 2024

|                                                | Proprietary Funds |               |               |
|------------------------------------------------|-------------------|---------------|---------------|
|                                                | Water             | Electric      | Total         |
| <b>Operating Revenues</b>                      |                   |               |               |
| Sales of water and electricity:                |                   |               |               |
| Residential and commercial                     | \$ 6,859,118      | \$ 15,567,521 | \$ 22,426,639 |
| Large commercial and industrial primary        | 2,095,482         | 4,157,196     | 6,252,678     |
| Fixed load lighting                            | -                 | 87,206        | 87,206        |
| Private and public fire protection             | 506,515           | -             | 506,515       |
| Conservation fund charges                      | -                 | 247,772       | 247,772       |
| Customer's forfeited discounts                 | -                 | (1,280,802)   | (1,280,802)   |
| Total sales of water and electricity           | 9,461,115         | 18,778,893    | 28,240,008    |
| Gross revenue tax                              | -                 | 448,906       | 448,906       |
| Miscellaneous service revenue                  | 450,306           | 673,671       | 1,123,977     |
| Total operating revenues                       | 9,911,421         | 19,901,470    | 29,812,891    |
| <b>Operating Expenses</b>                      |                   |               |               |
| Water supply and electric generation:          |                   |               |               |
| Operations                                     | 2,470,331         | -             | 2,470,331     |
| Maintenance                                    | 187,223           | -             | 187,223       |
| Purchased power / system control-load dispatch | -                 | 10,378,996    | 10,378,996    |
| Transmission and distribution:                 |                   |               |               |
| Operations                                     | 654,173           | 1,548,894     | 2,203,067     |
| Maintenance                                    | 1,024,241         | 816,376       | 1,840,617     |
| Customer accounts                              | 616,691           | 525,476       | 1,142,167     |
| Conservation and load management               | -                 | 110,974       | 110,974       |
| Administration and general:                    |                   |               |               |
| Operations                                     | 1,022,370         | 1,337,035     | 2,359,405     |
| Maintenance                                    | 257,492           | 395,864       | 653,356       |
| Customer assistance program                    | -                 | 25,000        | 25,000        |
| Depreciation                                   | 1,424,386         | 1,164,154     | 2,588,540     |
| Gross revenue tax                              | -                 | 579,348       | 579,348       |
| Other taxes                                    | 258,841           | -             | 258,841       |
| Total operating expenses                       | 7,915,748         | 16,882,117    | 24,797,865    |
| Operating income (loss)                        | 1,995,673         | 3,019,353     | 5,015,026     |

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, 2024

|                                                        | <b>Proprietary Funds</b> |                      |                      |
|--------------------------------------------------------|--------------------------|----------------------|----------------------|
|                                                        | <b>Water</b>             | <b>Electric</b>      | <b>Total</b>         |
| <b>Nonoperating Revenues and Expenses</b>              |                          |                      |                      |
| Amortization of premium on debt                        | \$ 162,611               | \$ 128,438           | \$ 291,049           |
| Rental income                                          | -                        | 38,304               | 38,304               |
| Miscellaneous income (expense)                         | 23,918                   | -                    | 23,918               |
| Gain (loss) on disposition of utility plant            | 26,550                   | (80,885)             | (54,335)             |
| Interest income                                        | 177,509                  | 862,529              | 1,040,038            |
| Interest expense                                       | (253,131)                | (277,737)            | (530,868)            |
| Total nonoperating revenues and expenses               | 137,457                  | 670,649              | 808,106              |
| Income before contributions<br>and operating transfers | 2,133,130                | 3,690,002            | 5,823,132            |
| <b>Capital Contributions</b>                           | 28,164                   | 157,250              | 185,414              |
| <b>Operating Transfers Out</b>                         | (65,000)                 | (153,641)            | (218,641)            |
| Change in net position                                 | 2,096,294                | 3,693,611            | 5,789,905            |
| <b>Net Position, Beginning</b>                         | 19,765,231               | 34,158,917           | 53,924,148           |
| Prior period restatement                               | 1,149,095                | (353,870)            | 795,225              |
| <b>Net Position, Beginning, As Restated</b>            | 20,914,326               | 33,805,047           | 54,719,373           |
| <b>Net Position, Ending</b>                            | <u>\$ 23,010,620</u>     | <u>\$ 37,498,658</u> | <u>\$ 60,509,278</u> |

See notes to financial statements

## Second Taxing District - City of Norwalk, Connecticut

Statement of Cash Flows -  
Proprietary Funds  
Year Ended June 30, 2024

|                                                                 | Proprietary Funds |               |               |
|-----------------------------------------------------------------|-------------------|---------------|---------------|
|                                                                 | Water             | Electric      | Total         |
| <b>Cash Flows From Operating Activities</b>                     |                   |               |               |
| Cash received from customers                                    | \$ 9,905,117      | \$ 19,611,123 | \$ 29,516,240 |
| Cash payments to suppliers for goods and services               | (4,463,208)       | (12,798,154)  | (17,261,362)  |
| Cash payments to employees and professional contractors         | (2,748,040)       | (2,096,440)   | (4,844,480)   |
| Net cash from operating activities                              | 2,693,869         | 4,716,529     | 7,410,398     |
| <b>Cash Flows From Noncapital Financing Activities</b>          |                   |               |               |
| Transfers to other funds                                        | (65,000)          | (153,641)     | (218,641)     |
| <b>Cash Flows From Capital and Related Financing Activities</b> |                   |               |               |
| Acquisitions and construction of capital assets                 | (1,525,573)       | (1,548,505)   | (3,074,078)   |
| Contributions received for construction                         | 24,719            | 39,950        | 64,669        |
| Net proceeds from notes payable                                 | 60,105            | -             | 60,105        |
| Principal paid on capital debt                                  | (1,230,101)       | (661,937)     | (1,892,038)   |
| Interest paid                                                   | (255,064)         | (285,925)     | (540,989)     |
| Net cash from capital and related financing activities          | (2,925,914)       | (2,456,417)   | (5,382,331)   |
| <b>Cash Flows From Investing Activities</b>                     |                   |               |               |
| Certificate of deposits purchased                               | -                 | (1,963,896)   | (1,963,896)   |
| Certificate of deposits sold and matured                        | -                 | 999,761       | 999,761       |
| Interest received                                               | 177,509           | 862,529       | 1,040,038     |
| Net cash from investing activities                              | 177,509           | (101,606)     | 75,903        |
| Net change in cash and cash equivalents                         | (119,536)         | 2,004,865     | 1,885,329     |
| <b>Cash and Cash Equivalents - July 1, 2023</b>                 | 6,346,725         | 15,938,774    | 22,285,499    |
| <b>Cash and Cash Equivalents - June 30, 2024</b>                | \$ 6,227,189      | \$ 17,943,639 | \$ 24,170,828 |
| <b>Noncash Capital and Related Financing Activities</b>         |                   |               |               |
| Financed asset addition and liability                           | \$ 119,680        | \$ -          | \$ 119,680    |
| Amortization of premium on debt                                 | \$ 162,611        | \$ 128,438    | \$ 291,049    |

See notes to financial statements

**Second Taxing District - City of Norwalk, Connecticut**

Statement of Cash Flows -

Proprietary Funds

Year Ended June 30, 2024

|                                                                                           | Proprietary Funds   |                      |                      |
|-------------------------------------------------------------------------------------------|---------------------|----------------------|----------------------|
|                                                                                           | Water               | Electric             | Total                |
| <b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>    |                     |                      |                      |
| Operating income (loss)                                                                   | \$ 1,995,673        | \$ 3,019,353         | \$ 5,015,026         |
| Adjustments to reconcile operating income (loss) to net cash from operating activities:   |                     |                      |                      |
| Nonoperating Income                                                                       | 23,918              | 38,304               | 62,222               |
| Noncash items included in operating income:                                               |                     |                      |                      |
| Depreciation expense                                                                      | 1,424,386           | 1,164,154            | 2,588,540            |
| Write off of preliminary survey and investigation costs                                   | -                   | 145,837              | 145,837              |
| Changes in assets and liabilities:                                                        |                     |                      | -                    |
| Accounts receivables                                                                      | 122,823             | (245,656)            | (122,833)            |
| Due to/from other funds                                                                   | (245,345)           | 362,547              | 117,202              |
| Inventories                                                                               | 29,783              | 213,864              | 243,647              |
| Prepaid expenses                                                                          | 11,148              | 61,349               | 72,497               |
| Funds held by CMEEC                                                                       | -                   | (78,120)             | (78,120)             |
| Customer deposits                                                                         | 4,000               | 120,024              | 124,024              |
| Payables and accrued liabilities                                                          | (20,280)            | 3,982                | (16,298)             |
| Pension related deferrals and liabilities                                                 | (360,153)           | 404,575              | 44,422               |
| OPEB related deferrals, liabilities and assets                                            | (292,085)           | (493,683)            | (785,768)            |
| Net cash from operating activities                                                        | <u>\$ 2,693,868</u> | <u>\$ 4,716,530</u>  | <u>\$ 7,410,398</u>  |
| <b>Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts</b> |                     |                      |                      |
| Cash and deposits                                                                         | \$ 6,227,189        | \$ 20,074,391        | \$ 26,301,580        |
| Restricted:                                                                               |                     |                      |                      |
| Customer deposits and advances                                                            | <u>-</u>            | <u>1,747,483</u>     | <u>1,747,483</u>     |
| Total cash and deposits                                                                   | 6,227,189           | 21,821,874           | 28,049,063           |
| Less noncash equivalents                                                                  | <u>-</u>            | <u>3,878,235</u>     | <u>3,878,235</u>     |
| Cash and cash equivalents                                                                 | <u>\$ 6,227,189</u> | <u>\$ 17,943,639</u> | <u>\$ 24,170,828</u> |

See notes to financial statements

## Second Taxing District - City of Norwalk, Connecticut

Statement of Fiduciary Net Position -

OPEB Trust Fund

June 30, 2024

|                                                                 | <u>OPEB Trust<br/>Fund</u> |
|-----------------------------------------------------------------|----------------------------|
| <b>Assets</b>                                                   |                            |
| Cash and cash equivalents                                       | \$ 195,425                 |
| Investments, at fair value:                                     |                            |
| Corporate bonds                                                 | 49,667                     |
| Exchange traded funds                                           | 2,421,293                  |
| Mutual funds                                                    | <u>3,965,038</u>           |
| Total assets                                                    | <u>6,631,423</u>           |
| <b>Liabilities</b>                                              | <u>-</u>                   |
| <b>Net Position Held in Trust, Restricted for OPEB Benefits</b> | <u><u>\$ 6,631,423</u></u> |

See notes to financial statements



## Second Taxing District - City of Norwalk, Connecticut

Statement of Changes in Fiduciary Net Position -

OPEB Trust Fund

June 30, 2024

|                                                                 | OPEB Trust<br>Fund |
|-----------------------------------------------------------------|--------------------|
| <b>Additions</b>                                                |                    |
| Employer contributions                                          | \$ 564,826         |
| Investment income:                                              |                    |
| Interest and dividends                                          | 238,565            |
| Net appreciation (depreciation in fair value of investments)    | 617,100            |
| Net investment income                                           | 855,665            |
| Total additions                                                 | 1,420,491          |
| <b>Deductions</b>                                               |                    |
| Benefit payments                                                | 564,826            |
| Administrative expenses and management fees                     | 33,587             |
| Total deductions                                                | 598,413            |
| Change in net position                                          | 822,078            |
| <b>Net Position Held in Trust, Restricted for OPEB Benefits</b> |                    |
| Beginning                                                       | 5,809,345          |
| Ending                                                          | \$ 6,631,423       |

See notes to financial statements

## Second Taxing District - City of Norwalk, Connecticut

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June 30, 2024

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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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Notes to Financial Statements

June 30, 2024

### 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

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Notes to Financial Statements  
June 30, 2024

### 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.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The District adopted this statement effective July 1, 2023. See Note 10 for details related to the restatement that occurred in the current year.

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.

## **Second Taxing District - City of Norwalk, Connecticut**

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Notes to Financial Statements

June 30, 2024

### **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.

### **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.

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### Accounts Receivable and Provision for Bad Debts

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

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

|                                           | Proprietary Funds   |                     |
|-------------------------------------------|---------------------|---------------------|
|                                           | Water               | Electric            |
| Accounts receivable                       | \$ 1,222,420        | \$ 3,051,997        |
| Less allowance for uncollectible accounts | (128,629)           | (809,384)           |
| Net accounts receivable                   | <u>\$ 1,093,791</u> | <u>\$ 2,242,613</u> |

### Unbilled Revenue

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

### Inventory - Materials and Supplies and Fuel Stock

Inventory is generally used for construction, operation and maintenance work, 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.

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

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

|                                     | <b>Depreciation<br/>Lives in<br/>Years</b> |
|-------------------------------------|--------------------------------------------|
| <b>Water Plant:</b>                 |                                            |
| Source of supply plant              | 25-100                                     |
| Pumping plant                       | 15                                         |
| Water treatment plant               | 50                                         |
| Transmission and distribution plant | 10-100                                     |
| General                             | 5-50                                       |
| <b>Electric Plant:</b>              |                                            |
| Generation plant                    | 25-29                                      |
| Transmission plant                  | 10                                         |
| Distribution plant                  | 10-50                                      |
| General plant                       | 3-40                                       |
| <b>Governmental Activities:</b>     |                                            |
| 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.



## Second Taxing District - City of Norwalk, Connecticut

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Notes to Financial Statements

June 30, 2024

### 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.

### 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

### Compensated Absences

Vested or accumulated sick pay and vacation pay are recorded as an expense and liability as the benefit annually accrues to employees based on current salary levels that are unexercised at June 30, 2024. This liability reflects amounts attributable to employee services already rendered. In accordance with GASB Statement 16, no liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

### 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.

## Second Taxing District - City of Norwalk, Connecticut

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Notes to Financial Statements

June 30, 2024

### 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.

### Equity 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 Governmental Accounting Standards Board 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.

## **Second Taxing District - City of Norwalk, Connecticut**

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Notes to Financial Statements

June 30, 2024

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

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 September 1, 2022.

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, 2024, 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, 2024.

### **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, 2024, have each contributed \$65,000, via operating transfers to fund the operation of the District's General Fund. Electric also contributed an additional \$88,641 for the operation and maintenance of the District's streetlights.

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 101, *Compensated Absences*, Statement No. 102, *Certain Risk Disclosures*, 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.

## 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, 2024, the Second Taxing District - City of Norwalk, Connecticut maintained cash deposits with financial institutions as follows:

|                                               | Bank Balances<br>June 30, 2024 | Risks          |
|-----------------------------------------------|--------------------------------|----------------|
| Governmental activities (general fund)        | \$ 1,543,167                   | Custodial Risk |
| Business-type activities (water and electric) | 28,049,063                     | Custodial Risk |
| OPEB Trust Fund                               | 195,425                        | Custodial Risk |
| Total                                         | <u>\$ 29,787,655</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 \$28,651,223 as of the year ended June 30, 2024. 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%

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

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.

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, 2024:

| OPEB Trust Fund                        | Fair Value Measurement Using |                     |             |             |
|----------------------------------------|------------------------------|---------------------|-------------|-------------|
|                                        | June 30, 2024                | Level 1             | Level 2     | Level 3     |
| Investments by fair value level:       |                              |                     |             |             |
| Mutual funds                           | \$ 3,965,038                 | \$ 3,965,038        | \$ -        | \$ -        |
| Exchange traded funds                  | 2,421,293                    | 2,421,293           | -           | -           |
| Corporate Bonds                        | 49,667                       | 49,667              | -           | -           |
| Money market funds                     | 195,425                      | 195,425             | -           | -           |
| Total measurements by fair value level | 6,631,423                    | 6,631,423           | -           | -           |
| Total investments                      | <u>\$ 6,631,423</u>          | <u>\$ 6,631,423</u> | <u>\$ -</u> | <u>\$ -</u> |

### 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.

The corporate bonds held by the Trust are rated BBB+ by Standard & Poors.

## Second Taxing District - City of Norwalk, Connecticut

### Notes to Financial Statements

June 30, 2024

In addition, as of June 30, 2024, the Trust had investments in mutual funds rated as follows:

Morning Star Rating:

|   |    |           |
|---|----|-----------|
| 1 | \$ | -         |
| 2 |    | 62,212    |
| 3 |    | 1,337,771 |
| 4 |    | 2,384,407 |
| 5 |    | 180,648   |

### 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, 2024 was \$10,378,996 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 Loan Management Fund; (4) The Regional Greenhouse Gas Initiative Restricted 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 \$5,339,695 held in a trust account and \$4,821,613 held in a nontrust account at June 30, 2024. The monies in the rate stabilization fund totaling \$10,161,308 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 \$692,115 as part of current funds held by CMEEC on its statement of net position at June 30, 2024.

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### 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, 2024 is \$1,295,757. 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, 2024.

### 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 \$19,362 as part of current Funds held by CMEEC on its balance sheet at June 30, 2024.

### 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 \$356,817 as part of current funds held by CMEEC on its statement of net position at June 30, 2024.

### 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, 2024 was \$3,634,516. The utility's net obligation (bonded debt less the utility's share of the rate stabilization fund) is (\$6,526,792) at June 30, 2024.

## 4. Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

| Receivable Fund  | Payable Fund     | Amount    |
|------------------|------------------|-----------|
| General Fund     | Water Utility    | \$ 52,708 |
| General Fund     | Electric Utility | 65,682    |
| Water Utility    | General Fund     | 586       |
| Water Utility    | Electric Utility | 319,521   |
| Electric Utility | General Fund     | 602       |
| Electric Utility | Water Utility    | 22,054    |

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.

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### 5. Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 was as follows:

|                                            | Balance<br>07/01/2023         | Increases        | Decreases        | Balance<br>06/30/2024         |
|--------------------------------------------|-------------------------------|------------------|------------------|-------------------------------|
| <b>Governmental Activities</b>             |                               |                  |                  |                               |
| 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              | (756,597)                     | (34,593)         | -                | (791,897)                     |
| Net capital assets                         | \$ 1,276,409                  | \$ (34,593)      | \$ -             | \$ 1,241,816                  |
|                                            | <b>Balance<br/>07/01/2023</b> | <b>Increases</b> | <b>Decreases</b> | <b>Balance<br/>06/30/2024</b> |
| <b>Water</b>                               |                               |                  |                  |                               |
| 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                           | 4,583,477                     | 55,507           | -                | 4,638,984                     |
| Pumping                                    | 1,742,045                     | 155,014          | -                | 1,897,059                     |
| Water treatment                            | 35,032,152                    | 485,383          | -                | 35,517,535                    |
| Transmission and Distribution              | 20,881,343                    | 609,367          | -                | 21,490,710                    |
| General                                    | 4,031,067                     | 214,638          | (63,000)         | 4,182,705                     |
| Total capital assets being depreciated     | 66,361,048                    | 1,519,909        | (63,000)         | 67,817,957                    |
| Total capital assets                       | 69,276,748                    | 1,519,909        | (63,000)         | 70,733,657                    |
| Less accumulated depreciation              | (44,715,182)                  | (1,424,385)      | 63,000           | (46,076,567)                  |
| Construction in progress                   | 8,417                         | 205,537          | (53,643)         | 160,311                       |
| Net capital assets                         | \$ 24,569,983                 | \$ 301,061       | \$ (53,643)      | \$ 24,817,401                 |



## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

|                                            | Balance<br>07/01/2023 | Increases           | Decreases           | Balance<br>06/30/2024 |
|--------------------------------------------|-----------------------|---------------------|---------------------|-----------------------|
| <b>Electric</b>                            |                       |                     |                     |                       |
| Capital assets, not being depreciated:     |                       |                     |                     |                       |
| Land and land rights                       | \$ 2,679,943          | \$ -                | \$ (145,839)        | \$ 2,534,104          |
| Total capital assets not being depreciated | 2,679,943             | -                   | (145,839)           | 2,534,104             |
| Capital assets being depreciated:          |                       |                     |                     |                       |
| Generation                                 | 2,021,056             | -                   | -                   | 2,021,056             |
| Transmission                               | 7,747,401             | -                   | -                   | 7,747,401             |
| Distribution                               | 20,654,672            | 818,880             | (266,894)           | 21,206,658            |
| General                                    | 5,516,595             | 60,441              | -                   | 5,577,036             |
| Total capital assets being depreciated     | 35,939,724            | 879,319             | (266,894)           | 36,552,151            |
| Total capital assets                       | 38,619,667            | 879,321             | (412,733)           | 39,086,255            |
| Less accumulated depreciation              | (19,292,828)          | (1,164,154)         | 238,066             | (20,218,916)          |
| Construction in progress                   | 777,516               | 1,428,986           | (682,785)           | 1,523,717             |
| Net capital assets                         | <u>\$ 20,104,355</u>  | <u>\$ 1,144,153</u> | <u>\$ (857,452)</u> | <u>\$ 20,391,056</u>  |

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### 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, 2024, are as follows:

| <b>Years Ending<br/>June 30:</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        | <b>Interest Rate<br/>Per Annum</b> |
|----------------------------------|---------------------|-------------------|---------------------|------------------------------------|
| 2025                             | \$ 1,250,000        | \$ 192,901        | \$ 1,442,901        | 4.0 %                              |
| 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                            | <u>\$ 5,760,000</u> | <u>\$ 458,800</u> | <u>\$ 6,218,800</u> |                                    |

#### 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 were rated Aa1 by Moody's Investor's Service and 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, 2024, and related coupon interest rates, are as follows:

| <b>Years Ending<br/>June 30:</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        | <b>Interest Rate<br/>Per Annum</b> |
|----------------------------------|---------------------|-------------------|---------------------|------------------------------------|
| 2025                             | \$ 675,000          | \$ 146,963        | \$ 821,963          | 5.0 %                              |
| 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>\$ 3,540,000</u> | <u>\$ 420,352</u> | <u>\$ 3,960,352</u> |                                    |

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### 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:

| <b>Years Ending<br/>June 30:</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      | <b>Interest Rate<br/>Per Annum</b> |
|----------------------------------|-------------------|------------------|-------------------|------------------------------------|
| 2025                             | \$ 49,637         | \$ 14,164        | \$ 63,801         | 6.69-15.5 %                        |
| 2026                             | 52,864            | 10,938           | 63,802            | 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>\$ 184,767</u> | <u>\$ 34,909</u> | <u>\$ 219,676</u> |                                    |

### Notes Payable - DWSRF loan

The District entered into a Drinking Water State Revolving Fund (DWSRF) project loan agreement with the State of Connecticut to finance Lead Service Lines - Inventory and Replacement Study (planning) project. The District has obtained an interim funding obligation financing for this project 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. This project has not yet been completed as of June 30, 2024 and has an estimated completion date of February 2025. As of June 30, 2024, the water utility has received \$60,105 that is included in the noncurrent note payable balance on the statement of net position.

The District entered into a Drinking Water State Revolving Fund (DWSRF) project loan agreement with the State of Connecticut to finance a new standby electric generator for the Wilton Pump Station. The District has obtained an interim funding obligation financing for this project 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. This project has not yet been completed as of June 30, 2024 and has an estimated completion date of November 2024. As of June 30, 2024, the water utility had not incurred any costs.

### Summary of Changes in Long-Term Obligations

| <b>Description and Purpose</b>   | <b>Balance<br/>7/1/23</b> | <b>Increases</b>  | <b>Decreases</b>    | <b>Balance<br/>6/30/2024</b> | <b>Due Within<br/>One Year</b> |
|----------------------------------|---------------------------|-------------------|---------------------|------------------------------|--------------------------------|
| <b>Business-type activities:</b> |                           |                   |                     |                              |                                |
| Note payable                     | \$ 97,018                 | \$ 179,785        | \$ 31,931           | \$ 244,872                   | \$ 49,637                      |
| Bonds payable                    | 11,155,000                | -                 | 1,855,000           | 9,300,000                    | 1,925,000                      |
| Premium on bonds                 | 1,592,223                 | -                 | 291,048             | 1,301,175                    | -                              |
| Compensated absences             | 445,641                   | 319,872           | 554,249             | 507,636                      | 61,995                         |
| Total                            | <u>\$ 13,289,882</u>      | <u>\$ 499,657</u> | <u>\$ 2,732,228</u> | <u>\$ 11,353,683</u>         | <u>\$ 2,036,632</u>            |

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

## Second Taxing District - City of Norwalk, Connecticut

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Notes to Financial Statements

June 30, 2024

### 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.

#### 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, 2024, the District has a recorded liability of \$7,047,453 for their proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2023 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 2023 reported payroll of \$4,661,992 relative to the total reported payroll applicable to our specific type of employees of \$301,816,968 from all participating employers. On June 30, 2024, the District's proportionate share was 1.544642%, which was a decrease of 0.08076% from the prior fiscal year.

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### Net Pension Liability of the District

At June 30, 2024, 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   | \$ 263,652                     | \$ 187,617          | \$ 451,269          |
| Changes in assumptions                               | 374,794                        | 266,707             | 641,501             |
| Change in proportionate share of contributions       | 289,017                        | 205,668             | 494,685             |
| Net difference between projected and actual earnings | 345,012                        | 245,514             | 590,526             |
| Contributions subsequent to the measurement date     | 438,198                        | 313,267             | 751,465             |
| Total                                                | <u>\$ 1,710,673</u>            | <u>\$ 1,218,773</u> | <u>\$ 2,929,446</u> |

|                                                    | Deferred Inflows of Resources |                   |                   |
|----------------------------------------------------|-------------------------------|-------------------|-------------------|
|                                                    | Water                         | Electric          | Total             |
| Differences between expected and actual experience | \$ 45,338                     | \$ 32,263         | \$ 77,601         |
| Change in proportionate share of contributions     | 136,162                       | 96,895            | 233,057           |
| Total                                              | <u>\$ 181,500</u>             | <u>\$ 129,158</u> | <u>\$ 310,658</u> |

|                           |                     |                   |                     |
|---------------------------|---------------------|-------------------|---------------------|
| Pension expense (revenue) | <u>\$ (360,153)</u> | <u>\$ 168,111</u> | <u>\$ (192,042)</u> |
|---------------------------|---------------------|-------------------|---------------------|

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<br>June 30: | Deferred Inflows / Outflows - Pension Expense |                   |                     |
|--------------------------|-----------------------------------------------|-------------------|---------------------|
|                          | Water                                         | Electric          | Total               |
| 2025                     | \$ 266,434                                    | \$ 189,597        | \$ 456,031          |
| 2026                     | 219,258                                       | 156,027           | 375,285             |
| 2027                     | 464,406                                       | 330,477           | 794,883             |
| 2028                     | 105,345                                       | 74,964            | 180,309             |
| 2029                     | 35,532                                        | 25,283            | 60,815              |
| Total                    | <u>\$ 1,090,975</u>                           | <u>\$ 776,348</u> | <u>\$ 1,867,323</u> |

## Second Taxing District - City of Norwalk, Connecticut

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Notes to Financial Statements

June 30, 2024

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

|                                 |                                 |
|---------------------------------|---------------------------------|
| Measurement date:               | June 30, 2023                   |
| Valuation date:                 | June 30, 2023                   |
| 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:<br><a href="http://www.osc.ct.gov/rbsd/CMERS/plandoc/index.html">www.osc.ct.gov/rbsd/CMERS/plandoc/index.html</a> |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

Notes to Financial Statements

June 30, 2024

### 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, 2023 are summarized in the following table:

| <u>Asset Class</u>         | <u>Allocation</u> | <u>Long-Term<br/>Target<br/>Expected<br/>Real Rate of<br/>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<br/>(6.00%)</u> | <u>Current<br/>Discount Rate<br/>(7.00%)</u> | <u>1% Increase<br/>(8.00%)</u> |
|------------------------------|--------------------------------|----------------------------------------------|--------------------------------|
| Water                        | \$ 5,714,110                   | \$ 4,117,440                                 | \$ 2,772,197                   |
| Electric                     | 4,066,220                      | 2,930,013                                    | 1,972,725                      |
| Total                        | \$ 9,780,330                   | \$ 7,047,453                                 | \$ 4,744,922                   |

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

### 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 \$85,839 for the year ended June 30, 2024. 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 \$129,720 for the year ended June 30, 2024. 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, 2022 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.



## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

**Rate of Return** - for the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 14.15%. The money-weighted rate of return expresses investment performance, net of investment expense, for the changing amounts actually invested.

### Net OPEB Liability (Asset) of the District

The components of the net OPEB liability of the District at June 30, 2024 are as follows:

|                                                                            | <u>Water</u>       | <u>Electric</u>   | <u>Total</u>      |
|----------------------------------------------------------------------------|--------------------|-------------------|-------------------|
| Total OPEB liability                                                       | \$ 3,131,661       | \$ 3,664,173      | \$ 6,795,834      |
| Plan fiduciary net position                                                | <u>3,180,816</u>   | <u>3,450,607</u>  | <u>6,631,423</u>  |
| Net OPEB liability (asset)                                                 | <u>\$ (49,155)</u> | <u>\$ 213,566</u> | <u>\$ 164,411</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 101.57 %           | 94.17 %           | 97.58 %           |

**Actuarial Assumptions** - The July 1, 2022 Actuarial Valuation directly calculated the July 1, 2022 Total OPEB Liability (TOL). The July 1, 2022 TOL was increased by service cost and interest and decreased by benefit payments to estimate the TOL as of June 30, 2024. The TOL as of June 30, 2024 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Actuarial assumptions were as follows:

|                           | <u>Water</u> | <u>Electric</u> |
|---------------------------|--------------|-----------------|
| 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.

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

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, 2024 are summarized in the following table:

| Asset Class                      | Long-Term<br>Expected<br>Real Rate of<br>Return |
|----------------------------------|-------------------------------------------------|
| U.S. Large Cap                   | 4.60 %                                          |
| U.S. Mid/Small Cap               | 5.20                                            |
| Developed International Equities | 5.80                                            |
| Emerging Market Equities         | 7.55                                            |
| Intermediate Government          | 0.70                                            |
| High-Yield Bonds                 | 3.30                                            |
| Emerging Market Debt             | 3.80                                            |
| Real Estate                      | 5.00                                            |
| Commodities                      | 3.40                                            |

**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<br>(5.50%) | Current<br>Discount Rate<br>(6.50%) | 1% Increase<br>(7.50%) |
|------------------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability (asset) - Water | \$ 284,955             | \$ (49,155)                         | \$ (331,858)           |
| Net OPEB liability - Electric      | 594,224                | 213,566                             | (107,189)              |

**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 6.50%, 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 (5.5%) or one percentage-point higher (7.5%) than the current healthcare cost trend rate:

|                               | 1% Decrease<br>(5.50%)<br>Decreasing to<br>3.40%) | Healthcare Cost<br>Trend Rates<br>(6.50%)<br>Decreasing to<br>4.40%) | 1% Increase<br>(7.50%)<br>Decreasing to<br>5.40%) |
|-------------------------------|---------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------|
| Net OPEB liability - Water    | \$ (372,777)                                      | \$ (49,155)                                                          | \$ 330,787                                        |
| Net OPEB liability - Electric | (153,828)                                         | 213,566                                                              | 647,047                                           |

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

The calculation of the change in the net OPEB obligation for the year ended June 30, 2024 follows:

### Water

| <b>Changes in the Net OPEB Liability<br/>(Asset)</b>           | <b>Total OPEB<br/>Liability (a)</b> | <b>Plan Fiduciary<br/>Net Position (b)</b> | <b>Net OPEB<br/>Liability (Asset)<br/>(a) - (b)</b> |
|----------------------------------------------------------------|-------------------------------------|--------------------------------------------|-----------------------------------------------------|
| <b>Balances as of June 30, 2023</b>                            | <b>\$ 3,209,086</b>                 | <b>\$ 2,786,499</b>                        | <b>\$ 422,587</b>                                   |
| Changes for the years:                                         |                                     |                                            |                                                     |
| Service cost                                                   | 1,117                               | -                                          | 1,117                                               |
| Interest on net OPEB liability                                 | 199,005                             | -                                          | 199,005                                             |
| Differences between expected and actual<br>experience          | 24,398                              | -                                          | 24,398                                              |
| Changes of assumptions                                         | -                                   | -                                          | -                                                   |
| Contributions - employer                                       | -                                   | 301,945                                    | 301,945                                             |
| Net investment income                                          | -                                   | 394,317                                    | 394,317                                             |
| Benefit payments, including refunds of<br>member contributions | (301,945)                           | (301,945)                                  | -                                                   |
| Administrative expenses                                        | -                                   | -                                          | -                                                   |
| Net changes                                                    | (77,425)                            | 394,317                                    | (471,742)                                           |
| <b>Balances as of June 30, 2024</b>                            | <b>\$ 3,131,661</b>                 | <b>\$ 3,180,816</b>                        | <b>\$ (49,155)</b>                                  |

### Electric

| <b>Changes in the Net OPEB Liability</b>                       | <b>Total OPEB<br/>Liability (a)</b> | <b>Plan Fiduciary<br/>Net Position (b)</b> | <b>Net OPEB<br/>Liability (a) - (b)</b> |
|----------------------------------------------------------------|-------------------------------------|--------------------------------------------|-----------------------------------------|
| <b>Balances as of June 30, 2023</b>                            | <b>\$ 3,688,525</b>                 | <b>\$ 3,022,845</b>                        | <b>\$ 665,680</b>                       |
| Changes for the years:                                         |                                     |                                            |                                         |
| Service cost                                                   | 2,393                               | -                                          | 2,393                                   |
| Interest on net OPEB liability                                 | 231,501                             | -                                          | 231,501                                 |
| Differences between expected and actual<br>experience          | 4,635                               | -                                          | 4,635                                   |
| Changes of assumptions                                         | -                                   | -                                          | -                                       |
| Contributions - employer                                       | -                                   | 262,881                                    | 262,881                                 |
| Net investment income                                          | -                                   | 427,762                                    | 427,762                                 |
| Benefit payments, including refunds of<br>member contributions | (262,881)                           | (262,881)                                  | -                                       |
| Administrative expenses                                        | -                                   | -                                          | -                                       |
| Net changes                                                    | (24,352)                            | 427,762                                    | (452,114)                               |
| <b>Balances as of June 30, 2024</b>                            | <b>\$ 3,664,173</b>                 | <b>\$ 3,450,607</b>                        | <b>\$ 213,566</b>                       |

## Second Taxing District - City of Norwalk, Connecticut

Notes to Financial Statements

June 30, 2024

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$15,522.

At June 30, 2024, the District reported deferred inflows of resources related to OPEB from the following sources:

|                                                       | Deferred Inflows of Resources |            |            |
|-------------------------------------------------------|-------------------------------|------------|------------|
|                                                       | Water                         | Electric   | Total      |
| Net difference between expected and actual experience | \$ 103,647                    | \$ 112,437 | \$ 216,084 |

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

| Years Ending<br>June 30: | Water       | Electric    | Total       |
|--------------------------|-------------|-------------|-------------|
| 2025                     | \$ (44,963) | \$ (48,775) | \$ (93,738) |
| 2026                     | 49,093      | 53,259      | 102,352     |
| 2027                     | (65,138)    | (70,664)    | (135,802)   |
| 2028                     | (42,639)    | (46,257)    | (88,896)    |
| 2029                     | -           | -           | -           |
| Thereafter               | -           | -           | -           |

### 10. Restatement of Net Position

Beginning balances of net position, and the net pension liability and related deferrals have been restated to correct an error related to the net pension liability allocation between the electric and water funds and to include contributions after the measurement date as a deferred outflow of resources.

The following beginning balances were adjusted:

|                             | Balances Previously<br>Reported at June 30, |              | Restated Balances |
|-----------------------------|---------------------------------------------|--------------|-------------------|
|                             | 2023                                        | Restatement  | at July 1, 2024   |
| <b>Water</b>                |                                             |              |                   |
| Net pension liability       | \$ 5,078,207                                | \$ (952,928) | \$ 4,125,279      |
| Deferred outflows - pension | 1,476,476                                   | 131,819      | 1,608,295         |
| Deferred inflows - pension  | 495,784                                     | (64,348)     | 431,436           |
| Net position                | 19,765,231                                  | 1,149,095    | 20,914,326        |
| <b>Electric</b>             |                                             |              |                   |
| Net pension liability       | 1,467,956                                   | 952,928      | 2,420,884         |
| Deferred outflows - pension | 338,376                                     | 663,406      | 1,001,782         |
| Deferred inflows - pension  | 188,837                                     | 64,348       | 253,185           |
| Net position                | 34,158,917                                  | (353,870)    | 33,805,047        |

## **Second Taxing District - City of Norwalk, Connecticut**

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Notes to Financial Statements  
June 30, 2024

### **11. 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.

### **12. Subsequent Event**

The District evaluated subsequent events through November 8, 2024, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

#### **Rate Adjustment**

On May 21, 2024, the Commission of the District approved a 10% water rate increase effective July 2024.

#### **Department of Public Health**

In November 2024, the District received its Sanitary Survey from the Connecticut Department of Public Health which identified a variety of capital and maintenance projects the District must undergo to ensure sustainability and reliability of its systems and operations. The funding of these future projects could impact future rates.

## **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, 2024 and Prior Ten Years

| <u>Year Ended</u> | <u>Proportion of the Net<br/>Pension Liability<br/>(Asset)</u> | <u>Proportion of the<br/>Net Pension Liability<br/>(Asset)</u> | <u>Covered Member<br/>Payroll</u> | <u>Net Pension<br/>Liability (Asset) as<br/>a Percentage of<br/>Covered Payroll</u> | <u>Fiduciary Plan Net<br/>Pension as a<br/>Percentage of Total<br/>Pension Liability</u> |
|-------------------|----------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 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<br/>Required<br/>Contribution</u> | <u>Contribution in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>District's Covered<br/>Employee Payroll</u> | <u>Contributions as a<br/>Percentage of<br/>Covered Employee<br/>Payroll</u> |
|-------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------|
| 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%                                                                       |

### Note:

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

### 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.                                        |
| 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. 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                                        | Smoothed market with 20% recognition of investment gains and losses                                                                                                                                                                                                                                                                                                                                                                                                  |
| Inflation                                                     | 2.5% for 2019-2024, and 3.25% for 2016-2018.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Salary increases                                              | The assumption was 3.00 to 9.50% for 2024, 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 2019-2024, 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. 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, 2024 and Prior Ten Years

|                                                                                | 2024               | 2023              | 2022              | 2021              | 2020                | 2019                | 2018                | 2017                |
|--------------------------------------------------------------------------------|--------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Water - Total OPEB Liabilities</b>                                          |                    |                   |                   |                   |                     |                     |                     |                     |
| Service cost                                                                   | \$ 1,117           | \$ 1,251          | \$ 1,199          | \$ 5,970          | \$ 5,729            | \$ 9,932            | \$ 9,314            | \$ 9,078            |
| Interest                                                                       | 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                             | 24,398             | (239,911)         | 57,006            | (437,793)         | 5,698               | (289,587)           | 174,393             | 29,233              |
| Changes in assumptions                                                         | -                  | 77,029            | -                 | 266,469           | -                   | 67,486              | -                   | -                   |
| Benefit payments, including refunds of member contributions                    | (301,945)          | (294,908)         | (362,133)         | (274,835)         | (300,359)           | (321,651)           | (415,782)           | (262,426)           |
| Net changes in total OPEB liability                                            | (77,425)           | (241,598)         | (85,577)          | (196,920)         | (43,585)            | (261,511)           | 34,534              | 44,630              |
| <b>Total OPEB Liability, Beginning</b>                                         | <b>3,209,086</b>   | <b>3,450,684</b>  | <b>3,536,261</b>  | <b>3,733,181</b>  | <b>3,776,766</b>    | <b>4,038,297</b>    | <b>4,003,763</b>    | <b>3,959,133</b>    |
| <b>Total OPEB Liability, Ending</b>                                            | <b>3,131,661</b>   | <b>3,209,086</b>  | <b>3,450,684</b>  | <b>3,536,261</b>  | <b>3,733,181</b>    | <b>3,776,786</b>    | <b>4,038,297</b>    | <b>4,003,763</b>    |
| <b>Plan Fiduciary Net Position</b>                                             |                    |                   |                   |                   |                     |                     |                     |                     |
| Contributions, employer                                                        | 301,945            | 294,908           | 362,133           | 274,835           | 300,359             | 321,651             | 660,782             | 547,176             |
| Net investment income (loss)                                                   | 394,317            | 275,697           | (383,062)         | 623,537           | 90,052              | 95,903              | 103,036             | 138,136             |
| Benefit payments, including refunds to member contributions                    | (301,945)          | (294,908)         | (362,133)         | (274,835)         | (300,359)           | (321,651)           | (415,782)           | (262,426)           |
| Net changes in plan fiduciary net position                                     | 394,317            | 275,697           | (383,062)         | 623,537           | 90,052              | 95,903              | 348,036             | 422,886             |
| <b>Plan Fiduciary Net Position, Beginning</b>                                  | <b>2,786,499</b>   | <b>2,510,802</b>  | <b>2,893,864</b>  | <b>2,270,327</b>  | <b>2,180,275</b>    | <b>2,084,372</b>    | <b>1,736,336</b>    | <b>1,313,451</b>    |
| <b>Plan Fiduciary Net Position, Ending</b>                                     | <b>3,180,816</b>   | <b>2,786,499</b>  | <b>2,510,802</b>  | <b>2,893,864</b>  | <b>2,270,327</b>    | <b>2,180,275</b>    | <b>2,084,372</b>    | <b>1,736,337</b>    |
| Net OPEB liability                                                             | <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> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b> | 101.57%            | 86.83%            | 72.76%            | 81.83%            | 60.81%              | 57.73%              | 51.62%              | 43.37%              |
| <b>Covered payroll</b>                                                         | \$ -               | \$ -              | \$ -              | \$ -              | \$ 176,696          | \$ 172,218          | \$ 668,829          | \$ 651,880          |
| <b>Net OPEB Liability as a Percentage of Covered Payroll</b>                   | 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, 2024 and Prior Ten Years

|                                                                                | 2024              | 2023              | 2022                | 2021              | 2020                | 2019                | 2018                | 2017                |
|--------------------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Electric - Total OPEB Liability</b>                                         |                   |                   |                     |                   |                     |                     |                     |                     |
| Service cost                                                                   | \$ 2,393          | \$ 2,656          | \$ 2,544            | \$ 13,838         | \$ 13,280           | \$ 17,995           | \$ 16,875           | \$ 16,447           |
| Interest                                                                       | 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                             | 4,635             | (140,088)         | (911)               | (627,104)         | 36,238              | (80,994)            | 50,489              | 38,231              |
| Changes in assumptions                                                         | -                 | 86,387            | -                   | 281,096           | -                   | 73,203              | -                   | -                   |
| Benefit payments, including refunds of member contributions                    | (262,881)         | (261,849)         | (239,223)           | (258,463)         | (272,361)           | (257,098)           | (267,334)           | (231,811)           |
| Net changes in total OPEB liability                                            | (24,352)          | (76,378)          | (336)               | (322,367)         | 42,084              | 26,829              | 68,525              | 87,728              |
| <b>Total OPEB Liability, Beginning</b>                                         | <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>    |
| <b>Total OPEB Liability, Ending</b>                                            | <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>    |
| <b>Plan Fiduciary Net Position</b>                                             |                   |                   |                     |                   |                     |                     |                     |                     |
| Contributions, employer                                                        | 262,881           | 261,849           | 239,223             | 258,463           | 272,361             | 292,969             | 582,334             | 617,061             |
| Net investment income (loss)                                                   | 427,762           | 299,082           | (415,553)           | 676,424           | 97,689              | 102,460             | 107,897             | 137,352             |
| Benefit payments, including refunds of member contributions                    | (262,881)         | (261,849)         | (239,223)           | (258,463)         | (272,361)           | (257,098)           | (267,334)           | (231,811)           |
| Net changes in plan fiduciary net position                                     | 427,762           | 299,082           | (415,553)           | 676,424           | 97,689              | 138,331             | 422,897             | 522,602             |
| <b>Plan Fiduciary Net Position, Beginning</b>                                  | <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>    |
| <b>Plan Fiduciary Net Position, Ending</b>                                     | <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>\$ 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> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b> | 94.17%            | 81.95%            | 72.35%              | 83.38%            | 60.25%              | 58.46%              | 55.41%              | 45.67%              |
| <b>Covered payroll</b>                                                         | \$ 258,840        | \$ 252,773        | \$ 246,849          | \$ 241,064        | \$ 614,724          | \$ 599,146          | \$ 808,721          | \$ 788,227          |
| <b>Net OPEB Liability as a Percentage of Covered Payroll</b>                   | 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, 2024 and Prior Ten Years

|                                                                 | 2024                | 2023                | 2022                | 2021               | 2020                | 2019               | 2018                | 2017                |
|-----------------------------------------------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|--------------------|---------------------|---------------------|
| <b>Water</b>                                                    |                     |                     |                     |                    |                     |                    |                     |                     |
| Actuarially determined contribution                             | \$ 73,320           | \$ 129,378          | \$ 129,325          | \$ 178,786         | \$ 178,629          | \$ 268,790         | \$ 268,528          | \$ 357,044          |
| Contribution in relation to actuarially determined contribution | 301,945             | 294,908             | 362,133             | 274,835            | 300,359             | 321,651            | 660,782             | 547,176             |
| Contribution deficiency (excess)                                | <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%              | 169.99%             | 186.77%            | 98.80%              | 83.94%              |
| <b>Electric</b>                                                 |                     |                     |                     |                    |                     |                    |                     |                     |
| Actuarially determined contribution                             | \$ 83,430           | \$ 136,132          | \$ 136,016          | \$ 194,866         | \$ 194,516          | \$ 270,081         | \$ 269,627          | \$ 393,853          |
| Contribution in relation to actuarially determined contribution | 262,881             | 261,849             | 239,223             | 258,463            | 272,361             | 292,969            | 582,334             | 617,061             |
| Contribution deficiency (excess)                                | <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                                        | \$ 258,840          | \$ 252,773          | \$ 246,849          | \$ 241,064         | \$ 614,724          | \$ 599,146         | \$ 808,721          | \$ 788,227          |
| Contributions as a percentage of covered employee payroll       | 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 2024-2022, 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 2024-2022 and 2.6% in 2021-2017                                                                                                                                                                                                                                                                                                                                                                                       |
| Healthcare cost trend rates   | 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 2024-2022 and 4.60% for 2021-2017                                                                                                                                                                                                                                                                                                                                                                                    |
| Salary increase               | 2.4% for 2024-2022 and 2.60% for 2021-2017                                                                                                                                                                                                                                                                                                                                                                                    |
| Investment rate of return     | 6.5% for 2024-2022, 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 2024-2022, 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, 2024 and Prior Ten Years

|                                                                  | 2024   | 2023   | 2022    | 2021   | 2020  | 2019  | 2018  | 2017  |
|------------------------------------------------------------------|--------|--------|---------|--------|-------|-------|-------|-------|
| <b>Water</b>                                                     |        |        |         |        |       |       |       |       |
| Annual money weighted rate of return, net of investment expenses | 14.15% | 10.98% | -13.24% | 27.46% | 4.13% | 4.60% | 5.74% | 9.99% |
| <b>Electric</b>                                                  |        |        |         |        |       |       |       |       |
| Annual money weighted rate of return, net of investment expenses | 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.

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## ***Appendix B-1***

### ***Form of Opinion of Bond Counsel – Series A Bonds***

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## [FORM OF OPINION OF BOND COUNSEL]

December \_\_, 2025

Second Taxing District of the City of Norwalk,  
Norwalk, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Second Taxing District of the City of Norwalk (the “District”), a Tax Regulatory Agreement of the District, dated December \_\_, 2025 (the “Tax Regulatory Agreement”), and other proofs submitted to us relative to the issuance and sale of \$5,985,000 Second Taxing District of the City of Norwalk, Norwalk, Connecticut General Obligation Bonds, Issue of 2025, Series A, dated December \_\_, 2025 (the “Bonds”), maturing on December 1 in each of the years, in the principal amounts and bearing interest payable on June 1, 2026 and semiannually thereafter on December 1 and June 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

| <u>Year of<br/>Maturity</u> | <u>Principal<br/>Amount</u> | <u>Interest Rate<br/>Per Annum</u> | <u>Year of<br/>Maturity</u> | <u>Principal<br/>Amount</u> | <u>Interest Rate<br/>Per Annum</u> |
|-----------------------------|-----------------------------|------------------------------------|-----------------------------|-----------------------------|------------------------------------|
| 2026                        | \$ 220,000                  | _____ %                            | 2036                        | \$ 385,000                  | _____ %                            |
| 2027                        | 220,000                     | _____                              | 2037                        | 385,000                     | _____                              |
| 2028                        | 220,000                     | _____                              | 2038                        | 385,000                     | _____                              |
| 2029                        | 220,000                     | _____                              | 2039                        | 380,000                     | _____                              |
| 2030                        | 215,000                     | _____                              | 2040                        | 380,000                     | _____                              |
| 2031                        | 215,000                     | _____                              | 2041                        | 380,000                     | _____                              |
| 2032                        | 215,000                     | _____                              | 2042                        | 380,000                     | _____                              |
| 2033                        | 215,000                     | _____                              | 2043                        | 380,000                     | _____                              |
| 2034                        | 215,000                     | _____                              | 2044                        | 380,000                     | _____                              |
| 2035                        | 215,000                     | _____                              | 2045                        | 380,000                     | _____                              |

with principal payable at the principal office of U.S. Bank Trust Company, National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of November and May, in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at the address as shown on the registration books of the District kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the District the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the District without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the District.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The District has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the District with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully,



## ***Appendix B-2***

### ***Form of Opinion of Bond Counsel – Series B Bonds***

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## [FORM OF OPINION OF BOND COUNSEL]

December \_\_, 2025

Second Taxing District of the City of Norwalk,  
Norwalk, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Second Taxing District of the City of Norwalk (the “District”), and other proofs submitted to us relative to the issuance and sale of \$1,680,000 Second Taxing District of the City of Norwalk, Norwalk, Connecticut General Obligation Bonds, Issue of 2025, Series B (Federally Taxable), dated December \_\_, 2025 (the “Bonds”), maturing on December 1 in each of the years, in the principal amounts and bearing interest payable on June 1, 2026 and semiannually thereafter on December 1 and June 1 in each year until maturity, at the rates per annum as follows:

| <u>Year of<br/>Maturity</u> | <u>Principal<br/>Amount</u> | <u>Interest Rate<br/>Per Annum</u> | <u>Year of<br/>Maturity</u> | <u>Principal<br/>Amount</u> | <u>Interest Rate<br/>Per Annum</u> |
|-----------------------------|-----------------------------|------------------------------------|-----------------------------|-----------------------------|------------------------------------|
| 2026                        | \$ 165,000                  | _____ %                            | 2031                        | \$ 170,000                  | _____ %                            |
| 2027                        | 165,000                     | _____                              | 2032                        | 170,000                     | _____                              |
| 2028                        | 165,000                     | _____                              | 2033                        | 170,000                     | _____                              |
| 2029                        | 165,000                     | _____                              | 2034                        | 170,000                     | _____                              |
| 2030                        | 170,000                     | _____                              | 2035                        | 170,000                     | _____                              |

with principal payable at the principal office of U.S. Bank Trust Company, National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of November and May, in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at the address as shown on the registration books of the District kept for such purpose. The Bonds are not subject to redemption prior to maturity.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the District the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the District without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

In our opinion, under existing statutes and court decisions, interest on the Bonds is included in gross income for federal income tax purposes. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully,

## ***Appendix C-1***

### ***Form of Continuing Disclosure Agreement – Series A Bonds***

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**[FORM OF CONTINUING DISCLOSURE AGREEMENT]**

**CONTINUING DISCLOSURE AGREEMENT**

Second Taxing District of the City of Norwalk  
Norwalk, Connecticut  
\$5,985,000 General Obligation Bonds, Issue of 2025, Series A  
dated December \_\_\_, 2025

December \_\_\_, 2025

WHEREAS, the Second Taxing District of the City of Norwalk (the “District”) has heretofore authorized the issuance of \$5,985,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2025, Series A, dated December \_\_\_, 2025 (the “Bonds”), maturing on the dates and in the amounts set forth in the District’s Official Statement dated November \_\_\_, 2025 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated November 18, 2025 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale, the District has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the District desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the District in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Financial Obligation” shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

“Fiscal Year End” shall mean the last day of the District’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

## Section 2. Annual Reports.

(a) The District shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the District:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the District per capita;

(G) the ratios of total direct debt and total overall net debt of the District to the District’s net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the District’s pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross-reference to the District’s audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the District which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the District reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the District agrees that any such modification will be done in a manner consistent with the Rule. The District also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.



Section 3. Timing. The District shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the District shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The District agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The District agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Bondholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 5. Notice of Failure. The District agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the District to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the District, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the District chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The District agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the District under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the District shall fail to perform its duties hereunder, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the District's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the District with respect to the Bonds.

**IN WITNESS WHEREOF**, the District has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**SECOND TAXING DISTRICT OF THE  
CITY OF NORWALK**  
Norwalk, Connecticut

By: \_\_\_\_\_  
Name: Alan Huth  
Title: CEO/General Manager

By: \_\_\_\_\_  
Name: David Westmoreland  
Title: Chairperson

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## ***Appendix C-2***

***Form of Continuing Disclosure Agreement – Series B Bonds***

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**[FORM OF CONTINUING DISCLOSURE AGREEMENT]**

**CONTINUING DISCLOSURE AGREEMENT**

Second Taxing District of the City of Norwalk  
Norwalk, Connecticut  
\$1,680,000 General Obligation Bonds, Issue of 2025, Series B (Federally Taxable)  
dated December \_\_\_, 2025

December \_\_\_, 2025

WHEREAS, the Second Taxing District of the City of Norwalk (the “District”) has heretofore authorized the issuance of \$1,680,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2025, Series B (Federally Taxable), dated December \_\_\_, 2025 (the “Bonds”), maturing on the dates and in the amounts set forth in the District’s Official Statement dated November \_\_\_, 2025 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated November 18, 2025 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale, the District has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the District has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the District desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the District is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the District in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the District hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Financial Obligation” shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

“Fiscal Year End” shall mean the last day of the District’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

## Section 2. Annual Reports.

(a) The District shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the District:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the District per capita;

(G) the ratios of total direct debt and total overall net debt of the District to the District’s net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the District’s pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross-reference to the District’s audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the District which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the District reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the District agrees that any such modification will be done in a manner consistent with the Rule. The District also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.



Section 3. Timing. The District shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the District shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The District agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The District agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Bondholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 5. Notice of Failure. The District agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the District to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The District may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the District, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the District chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The District agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the District under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The District agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the District shall fail to perform its duties hereunder, the District shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the District does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the District's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the District with respect to the Bonds.

**IN WITNESS WHEREOF**, the District has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**SECOND TAXING DISTRICT OF THE  
CITY OF NORWALK**  
Norwalk, Connecticut

By: \_\_\_\_\_  
Name: Alan Huth  
Title: CEO/General Manager

By: \_\_\_\_\_  
Name: David Westmoreland  
Title: Chairperson

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## ***Appendix D-1***

### ***Notice of Sale – Series A Bonds***

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**NOTICE OF SALE**  
**\$5,985,000**  
**SECOND TAXING DISTRICT OF THE CITY OF NORWALK**  
**NORWALK, CONNECTICUT**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2025, SERIES A**  
**(BANK QUALIFIED)**

Electronic bids (as described herein) will be received by the **SECOND TAXING DISTRICT OF THE CITY OF NORWALK** (the “District”), until 11:00 A.M. (E.T.) Tuesday,

**NOVEMBER 25, 2025**

(the “Sale Date”) for the purchase of all, but not less than all, of the \$5,985,000 Second Taxing District of the City of Norwalk, Norwalk, Connecticut General Obligation Bonds, Issue of 2025, Series A (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The District reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

**The Bonds**

The Bonds will be dated December 10, 2025, mature in the principal amounts of \$220,000 on December 1 in each of the years 2026 to 2029, both inclusive, \$215,000 on December 1 in each of the years 2030 to 2035, both inclusive, \$385,000 on December 1 in each of the years 2036 to 2038, both inclusive, and \$380,000 on December 1 in each of the years 2039 to 2045, both inclusive, bear interest payable on June 1, 2026 and semiannually thereafter on December 1 and June 1 in each year until maturity or earlier redemption, as further described in the Preliminary Official Statement for the Bonds dated November 18, 2025 (the “Preliminary Official Statement”).

The Bonds maturing on or before December 1, 2033 are not subject to redemption prior to maturity. The Bonds maturing on December 1, 2034 and thereafter are subject to redemption prior to maturity, at the election of the District, on and after December 1, 2033, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the District may determine, at the respective prices (expressed as a percentage of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

| <u>Redemption Date</u>          | <u>Redemption Price</u> |
|---------------------------------|-------------------------|
| December 1, 2033 and thereafter | 100%                    |

**Nature of Obligation**

The full faith and credit of the District will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the District payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the District without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

## **Bank Qualification**

The Bonds **SHALL** be designated by the District as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## **Registration**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the District or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

## **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC’s BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

## **Bid Specifications/Basis of Award**

Each bid must be for the entire \$5,985,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30-day months and a 360-day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.



For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the District, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to December 10, 2025, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to December 10, 2025, the delivery date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The District reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The District further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The District will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

### **Closing Documents and Legal Opinion**

The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut (“Bond Counsel”), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the District relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax, however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations, (iii) under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering its legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the District for the benefit of the owners of the Bonds, and further, will assume compliance by the District with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, Hartford, Connecticut, and will be available for examination upon request.

### **Obligation to Deliver Issue Price Certificate**

Pursuant to the Code and applicable Treasury Regulations, the District must establish the “issue price” of the Bonds. In order to assist the District, the winning bidder is obligated to deliver to the District a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds. The District will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, a division

of First Security Municipal Advisors, Inc. (“Phoenix Advisors”), Email: mspoerndle@muniadvisors.com, Telephone: (203) 878-4945, municipal advisor to the District (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that (i) it is an underwriter of municipal bonds which has an established industry reputation for underwriting new issuances of municipal bonds, (ii) its bid is a firm offer to purchase the Bonds, (iii) its bid is a good faith offer which the bidder believes reflects current market conditions, and (iv) its bid is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

***Competitive Sale Rule Met.*** If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of the Sale Date.

***Competitive Sale Rule Not Met.*** By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, the form of which is attached hereto, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to a maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

**10% Sale Rule.** To satisfy the 10% Sale Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the District with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the District information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the District with reasonable supporting documentation or certifications of such sale prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

**Hold the Offering Price Rule.** To satisfy the Hold the Offering Price Rule for any maturity of the Bonds, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of such maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or third party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a third party distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

### **Settlement of the Bonds**

The Bonds will be available for delivery on or about December 10, 2025. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Municipal Advisor shall obtain CUSIP numbers for the Bonds prior to delivery, and the District will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the District in a timely manner. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form “deemed final” by the District for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished a reasonable number of copies of the final Official Statement prepared for the Bonds at the District’s expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the District’s Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

## **Continuing Disclosure**

The District will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

## **Related Information**

For more information regarding the Bonds and the District, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement and the Issue Price Certificate may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, Email: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com), Telephone: (203) 878-4945, Municipal Advisor to the District.

**ALAN HUTH**  
CEO/General Manager

**DARLENE YOUNG**  
Treasurer

November 18, 2025

# ISSUE PRICE RULE SELECTION CERTIFICATE

Second Taxing District of the City of Norwalk  
Norwalk, Connecticut  
\$5,985,000 General Obligation Bonds, Issue of 2025, Series A

The undersigned, on behalf of [NAME OF UNDER/REP], [on behalf of itself and [OTHER UNDER]], hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the "Bonds"), as described in the Notice of Sale for the Bonds, dated November 18, 2025 (the "Notice of Sale"). For a description of the requirements of each rule, please refer to the section "Obligation to Deliver Issue Price Certificate" in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

| <u>Date of Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <b>10% Sale Rule</b><br>(Underwriter has or will comply with 10% Sale Price Rule for this Maturity) |                    | <b>Hold the Offering Price Rule</b><br>(Underwriter will comply with Hold the Offering Price Rule for this Maturity) |                               |
|-------------------------|-------------------------|----------------------|-----------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------|
|                         |                         |                      | <u>Check Box</u>                                                                                    | <u>Sales Price</u> | <u>Check Box</u>                                                                                                     | <u>Initial Offering Price</u> |
| 12/01/2026              | \$ 220,000              | _____ %              | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2027              | 220,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2028              | 220,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2029              | 220,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2030              | 215,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2031              | 215,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2032              | 215,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2033              | 215,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2034              | 215,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2035              | 215,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2036              | 385,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2037              | 385,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2038              | 385,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2039              | 380,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2040              | 380,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2041              | 380,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2042              | 380,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2043              | 380,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2044              | 380,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |
| 12/01/2045              | 380,000                 | _____                | <input type="checkbox"/>                                                                            | \$ _____           | <input type="checkbox"/>                                                                                             | \$ _____                      |

(All Sales Prices or Initial Offering Prices must be completed prior to the delivery date of the Bonds.)

[NAME OF UNDER/REP]

By: \_\_\_\_\_  
Name:  
Title:

Email this completed and executed certificate to the following by 5:00 P.M. on November 26, 2025:

**Bond Counsel:** kpalmer@rc.com

**Municipal Advisor:** mspoerndle@muniadvisors.com

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## ***Appendix D-2***

### ***Notice of Sale – Series B Bonds***

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**NOTICE OF SALE**  
**\$1,680,000**  
**SECOND TAXING DISTRICT OF THE CITY OF NORWALK**  
**NORWALK, CONNECTICUT**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2025, SERIES B**  
**(FEDERALLY TAXABLE)**

Electronic bids (as described herein) will be received by the **SECOND TAXING DISTRICT OF THE CITY OF NORWALK** (the “District”), until 11:30 A.M. (E.T.) Tuesday,

**NOVEMBER 25, 2025**

(the “Sale Date”) for the purchase of all, but not less than all, of the \$1,680,000 Second Taxing District of the City of Norwalk, Norwalk, Connecticut General Obligation Bonds, Issue of 2025, Series B (Federally Taxable) (the “Bonds”). Electronic bids must be submitted via **PARITY®**. (See “Electronic Bidding Procedures”).

The District reserves the right to make changes to the provisions of this Notice of Sale, including the date and time of the sale, prior to the date and time of sale set forth above. Any such changes will be posted through **PARITY®**. Prospective bidders are advised to check for such **PARITY®** postings prior to the above stated sale time.

**The Bonds**

The Bonds will be dated December 10, 2025, mature in the principal amounts of \$165,000 on December 1 in each of the years 2026 to 2029, both inclusive, and \$170,000 on December 1 in each of the years 2030 to 2035, both inclusive, bear interest payable on June 1, 2026 and semiannually thereafter on December 1 and June 1 in each year until maturity, as further described in the Preliminary Official Statement for the Bonds dated November 18, 2025 (the “Preliminary Official Statement”).

The Bonds are NOT subject to redemption prior to maturity.

**Nature of Obligation**

The full faith and credit of the District will be pledged for the prompt payment of the principal of and interest on the Bonds when due. The Bonds will be general obligations of the District payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the District without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

**Bank Qualification**

The Bonds shall NOT be designated by the District as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the District or its agent in Federal funds to DTC or its nominee as registered owner of the Bonds. Principal and interest payments to participants of DTC will be the responsibility of DTC. Principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

## Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY®**. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY®** shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, **PARITY®**, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale. If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com).

## Bid Specifications/Basis of Award

Each bid must be for the entire \$1,680,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum. Bids shall not state more than one interest rate for any Bonds having the same maturity date. The highest interest rate bid for a maturity and the lowest rate bid for any other maturity may not differ by more than three (3%) percentage points. Interest shall be computed on the basis of twelve 30-day months and a 360-day year. No bid for less than all of the Bonds or for less than par and accrued interest, if any, will be considered.

For purposes of the electronic bidding process, the time as maintained by **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the District, computed and rounded to six decimal places.

For the purpose of determining the successful bidder, the true interest cost to the District will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to December 10, 2025, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued, if any, to December 10, 2025, the delivery

date of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. Such statement shall not be considered as a part of the bid. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:00 P.M. (E.T.) on the Sale Date. The purchase price must be paid in Federal funds.

The District reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The District further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The District will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless all bids are rejected or the bid is postponed, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

### **Closing Documents and Legal Opinion**

The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. The legality of the Bonds will be passed upon by Robinson & Cole LLP, Hartford, Connecticut ("Bond Counsel"), and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for the Bonds, a certificate signed by the appropriate officials of the District relating to the accuracy and completeness of information contained in the final Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that (i) under existing statutes and court decisions, interest on the Bonds is included in gross income for federal income tax purposes, (ii) under existing statutes, interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iii) such interest is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, Hartford, Connecticut, and will be available for examination upon request.

### **Settlement of the Bonds**

The Bonds will be available for delivery on or about December 10, 2025. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. Phoenix Advisors, a division of First Security Municipal Advisors, Inc. ("Phoenix Advisors"), municipal advisor to the District (the "Municipal Advisor") shall obtain CUSIP numbers for the Bonds prior to delivery, and the District will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the District in a timely manner. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the winning bidder.

The Preliminary Official Statement is in a form "deemed final" by the District for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished a reasonable number of copies of the final Official Statement prepared for the Bonds at the District's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the District's Municipal Advisor. If the Municipal Advisor is provided with the necessary information from the winning bidder by 12:00 p.m. (noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

## **Continuing Disclosure**

The District will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

## **Related Information**

For more information regarding the Bonds and the District, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement may be obtained from the undersigned, or from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, Email: [mspoerndle@muniadvisors.com](mailto:mspoerndle@muniadvisors.com), Telephone: (203) 878-4945, Municipal Advisor to the District.

**ALAN HUTH**  
CEO/General Manager

**DARLENE YOUNG**  
Treasurer

November 18, 2025

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