



Tom Phillips  
Mayor

February 20, 2014

Council Members:  
Eric Delker  
Erika Isley  
Kyle Jackson  
Jaki Livingston  
Jamie Sylvester

The Honorable Mayor and City Council Members  
City of Norwalk  
705 North Avenue  
Norwalk, Iowa 50211

RE: FY 2014/2015 Budget and Tax Levy

Marketa George Oliver  
City Manager

Dear Mayor Phillips and City Council Members:

Jeff Rosien  
City Clerk

Submitted for your review and consideration is the 2014-2015 Proposed Budget for the City of Norwalk. The budget provides the financial plan for all City funds and activities for the fiscal year beginning July 1, 2014 and ending June 30, 2015. The tax levy rate is proposed to be \$15.68944 per thousand dollars of taxable valuation, which is a very slight decrease from the current levy of \$15.69000.

Dustin Huston  
Fire Chief

You will notice a change in this year's budget format. The City requested from our software provider the ability to create a two-year budget. While the second year of this budget cycle is not intended to be formally adopted, the additional information should be helpful for longer term planning. The change in the budget form also includes the ability to forecast year-end projections for the current fiscal year, so that both elected officials and staff can gauge where anticipated fund balances will be at the end of the year.

Greg Staples  
Police Chief

Tim Hoskins  
Public Works  
Director

This budget reflects the City's priorities of maintaining strong core services of public safety and public works. The budget includes operational funding to maintain current staffing levels as well as upgrade capital equipment. It includes funding for several capital improvement projects in the public works, parks and utilities areas and to purchase necessary capital equipment, such as dump trucks, a backhoe concrete breaker, duty vehicle, gear washer, a 1-ton truck, utility vehicle, inspection vehicle, and computer equipment. The capital plan includes the Norwalk Community Infrastructure Study (NCIS) projects which will be funded with a bond issue, to be repaid by the debt service levy and special assessments. The capital plan for FY 15 also includes funding for Colonial Parkway expansion; a sidewalk connection to Norwalk Easter Library from Brownie Park; a regional stormwater retention pond; sump pump removal; a sewer extension for the Warrior Run development; fire hydrant replacement; water meter change outs and water main replacement capital projects; Cherry Parkway tree replacements; some Highway 28 Streetscaping; and an Echo Valley overlay, if necessary. (Work was done on Echo Valley last year to prevent the road from deteriorating further during the Winter and the road condition will be reevaluated in the Spring.) A comprehensive Capital Improvement and Capital Equipment plan with proposed funding sources is included in your budget documents.

Josh Heggen  
Community  
Development  
Director

Nancy Kuehl  
Parks & Recreation  
Director

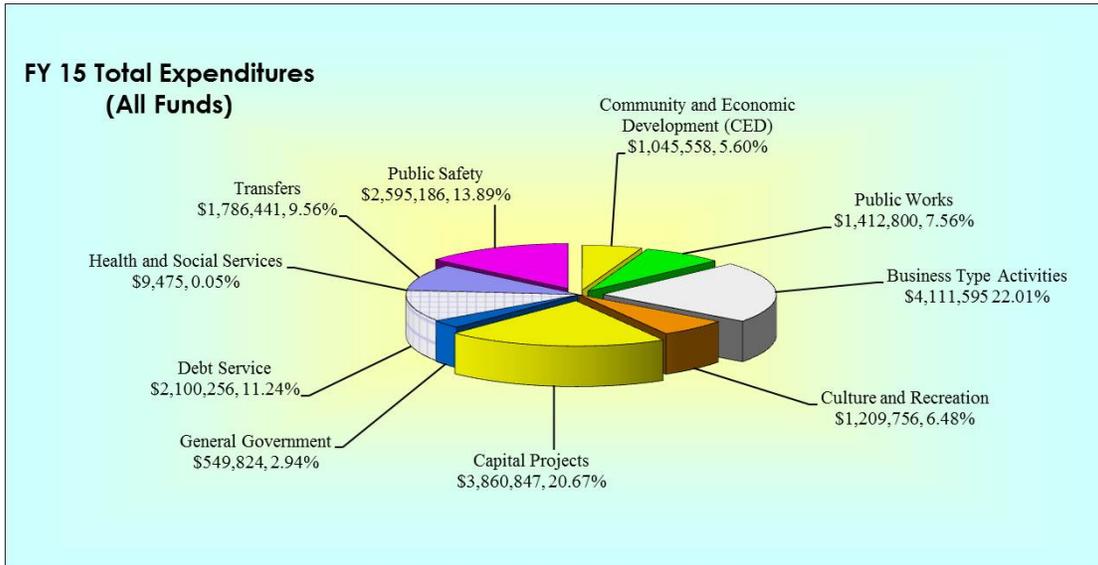
Holly Sealine  
Library Director

Jim Dougherty  
City Attorney

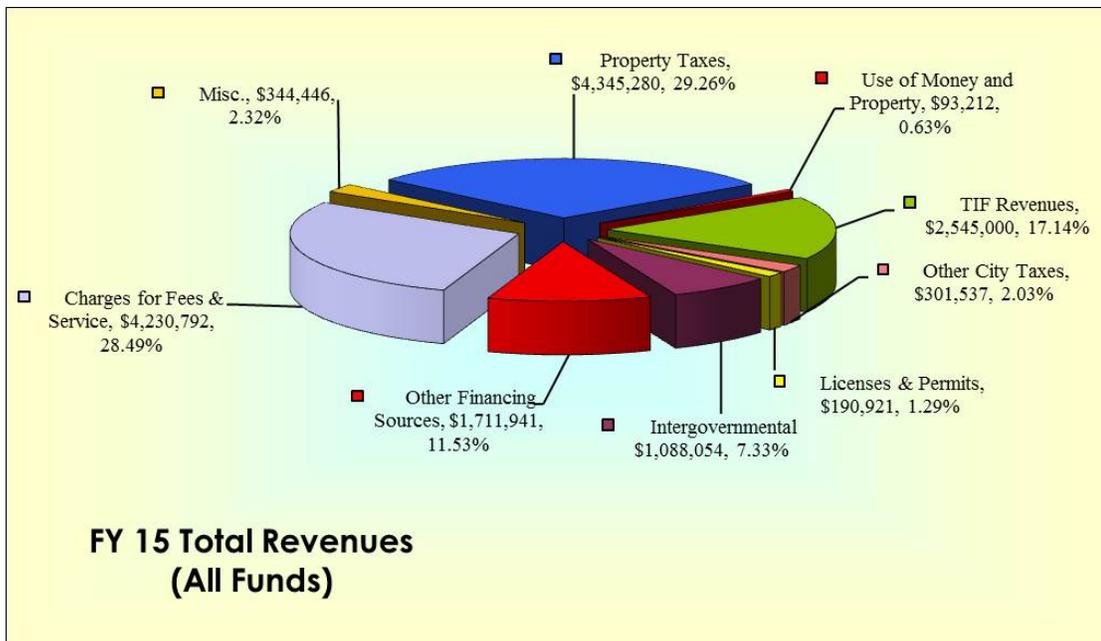
### Revenues and Expenditures

The City's overall proposed expenditures for FY 15 are \$18,681,738, which is an increase of \$2,815,954. The increase in expenditures is directly related to the NCIS infrastructure projects that are planned for construction this summer. Engineering has been completed and city staff has been working with our financial advisor to execute the necessary steps to issue a bond to enable construction in the 2014 season. The proceeds from the bond are included in the year-end revenue projects for the current fiscal year. Also included are proceeds for the Warrior Run sewer trunk extension.

The following graphs show how the City's funds are spent.

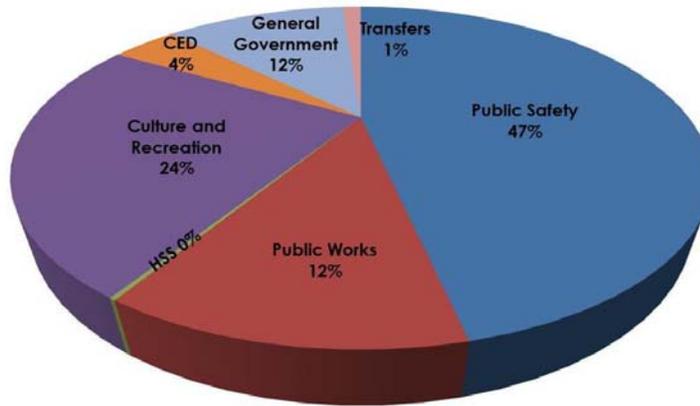


In order to pay for the services that the City provides and the capital improvement projects, the City collects property taxes, charges fees for service, applies for and is fortunate quite often to receive grants, and receives reimbursements and donations. Following is a graph showing the sources of the City's revenues.



**General Fund**

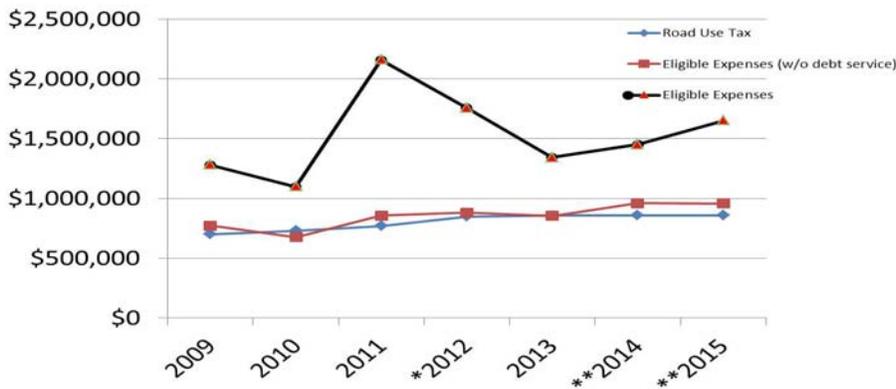
The City maintains many “funds” within the City budget. The General Fund supports the bulk of the City’s operations and the operations most identified with the City, such as Police and Fire. The Police, Fire, Parks, Recreation, Library, Building Inspection, Community Development and Administrative operations are funded primarily with General Fund and Trust and Agency dollars. Some grants and donations are also included in the General Fund. Donations and revenue from Parks and Recreation programs help fund those operations. Other General Fund revenues consist of property taxes, licenses and permits, fines, miscellaneous revenues and charges for services. Other funds, such as Water, Stormwater, Sewer (Wastewater) and Trust and Agency (Employee Benefits), are charged an administrative service fee to offset the support provided by administrative staff. This is reflected in the budget through transfers. A list explaining the transfers included in the FY 15 budget and the FY 16 budget is included with your detailed budget information. Following is a graph showing how the General Fund is broken down by expenditure category. Total General Fund expenditures, as shown below, including transfers are \$4,194,411. Total General Fund revenues are \$4,199,711.



**Special Revenue Funds**

Special Revenue Funds contain proceeds from a specific source and are required by law to be accounted for separately and used for a specific purpose. Examples include Road Use Tax (RUT) and Employee Benefits (T&A).

Public Works operations are funded primarily with Road Use Tax and Employee Benefits dollars. Any remaining expenses are augmented with General Fund dollars or debt service dollars. A great deal of discussion has been underway about the gas tax, which translates into the Road Use Tax which the City receives. The tax has not been adjusted since 1989 and there are many needs, both in Norwalk and statewide for roadway improvement. The City is projected to receive \$858,720 in RUT revenues from the State. Combining the RUT from the State with other sources of revenue brings the total FY 15 RUT fund revenues to \$967,200. RUT operating expenditures are \$957,963. Following is a graph tracking seven years of RUT revenues, expenses and eligible expenses. As you can see, the RUT barely covers the cost of routine maintenance of the City’s roadways and does not cover the cost of capital improvements.



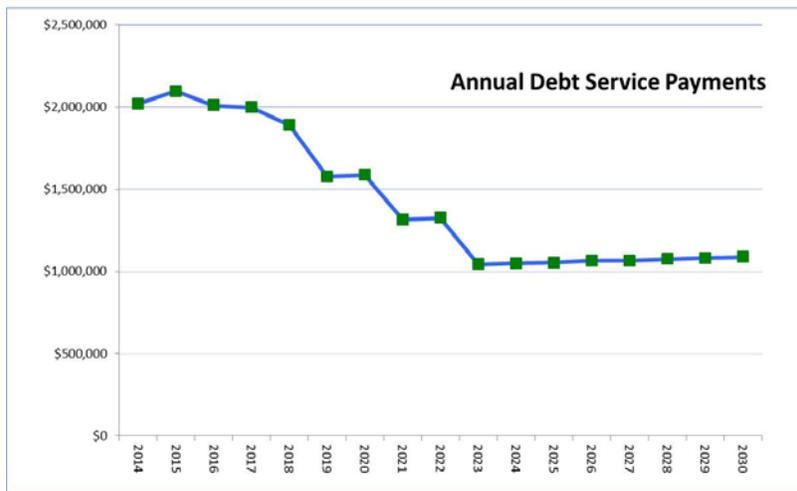
The Parks Trust is also a special revenue fund. I wish to bring special note to the Parks Trust fund (Fund 184 in Department 430.) This is the fund that receives the revenue from the “Friends of the Park” check off on resident utility bills. In FY 2014, the City sent confirmation letters to customers asking them to reaffirm their participation in what was previously known as the “Buck-a-Month” club and explained the money was used to support special events, like 4<sup>th</sup> of July Fireworks and Parks improvements. The number of people reaffirming their participation to support these events was very low, leading to an 80% drop in anticipated revenue, from more than \$28,000 annually to approximately \$4,800. The City’s contribution for fireworks came directly from this funding source and was approximately 45% of it. The City previously contributed \$12,500 annually for fireworks, which was approximately 45% of the revenue. The expenditure has been adjusted to reflect the new revenue levels. The FY 15 expenditure is anticipated to be \$4,800. The fireworks display in Norwalk is extremely popular and Norwalk is well-known for the display. It is desirable to be able to continue at least at an FY 14 level. The challenge is that the difference between general fund revenues and expenditures in FY 15 is \$5,300. Even if the entire difference were redirected to the Fireworks display, the overall expenditure would still be lower than prior levels and at the same time, the City would be adding nothing to the reserves. Staff will work with representatives from the Lions Club to publicize the issue and encourage subscription to the “Friends of the Park” in order to sustain these activities.

**TIF Special Revenue Funds**

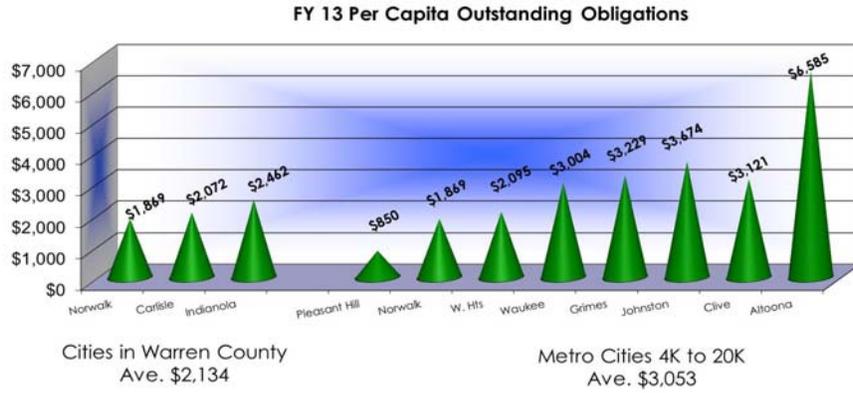
Tax Increment Financing (TIF) expenditures are reported in a separate category on the State budget documents. The use of TIF dollars is restricted to certain projects within an urban renewal area or can be used to repay debt for urban renewal projects. In FY 15, the City is projected to receive a total of \$2,678,777 of revenue into the TIF fund. Expenses for the same period are \$2,958,763. The fund balance is planned to be used in conjunction with the annual revenue to pay for the expenses. The TIF fund pays for rebates created through economic development agreements, debt service for the certain urban renewal bond issues and capital projects. It is also used to pay for costs that are directly connected with economic development. Capital projects budgeted in FY 15 include \$500,000 towards a stormwater retention project in the industrial park area, \$300,000 for Colonial Parkway expansion and \$375,000 for an overlay of Echo Valley Drive, if necessary.

**Debt Services Fund**

The Debt Services Fund is dedicated for the payment of the principal and interest on the City’s long term debt. Revenue for this fund comes from property tax or from TIF, but can also come from other fund transfers. Following is a graph showing the long-term, annual debt service expenditures. This graph includes the anticipated 2014 NCIS issue.



The pending issuance of a significant bond has led to the question of how Norwalk compares in per capita debt load. Following is a graph showing the per capita outstanding obligations as June 30, 2013. Cities in Iowa are required to report this to the State annually and the information is available from the State Treasurer.



**The Enterprise Funds**

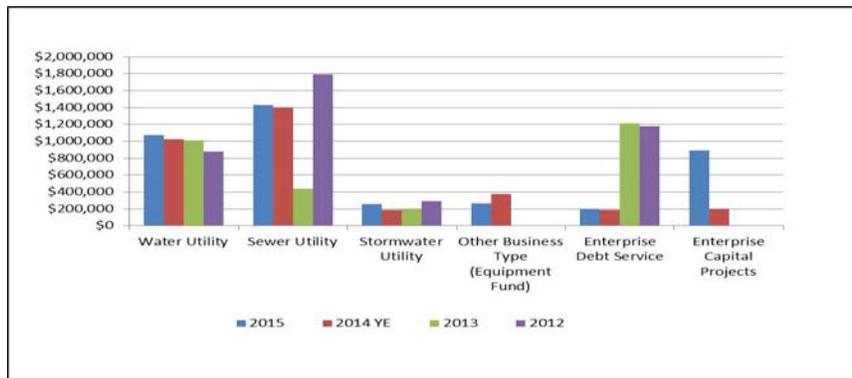
Enterprise Funds are often referred to as “proprietary.” These funds account for operations that function in a manner similar to a business, usually city utilities. Norwalk’s main enterprise funds are water, sewer (wastewater), stormwater and the equipment revolving fund.

As discussed later under Capital Projects, the City is facing the need for some major investment in water infrastructure. Staff will ask the Utility Advisory Commission to evaluate the City’s rate structure in light of the identified needs in the capital plan. Norwalk is also a participant in the regional drinking water governance study which should begin in the near future. The Commission will also be asked for a recommendation on garbage rates, as they have not changed in at least eight years and expenses outweigh costs.

In the Sewer (Wastewater) area, staff is working to reach a point where funding is available to begin sewer lining. Sewer lining can lengthen the life of a sewer pipe by 50 years and can be done with little to no disruption to the surrounding residents or ground. Included in the FY 15 budget is funding for a sewer trunk extension for the Warrior Run project, located on the southeast corner of the city.

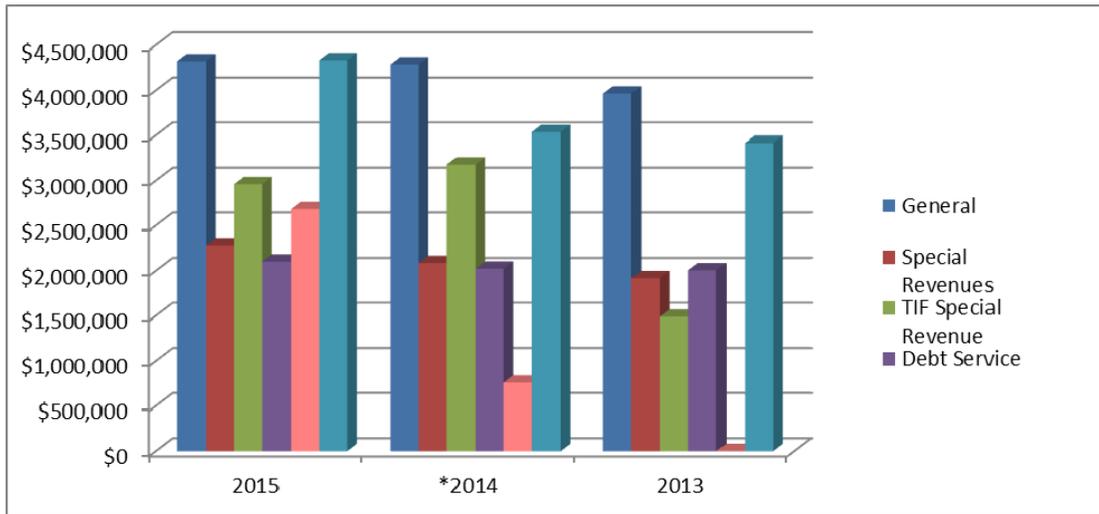
It is my goal to use the equipment revolving fund for major capital purchases so that it will be easier in the future to track and compare operational expenditures in city departments. I have also made a concerted effort to separate large capital projects for the same purpose.

Following is a graph showing recent history of the Business Type Expenditures fund.



## Total Expenditures

Following is a graph showing a history of the City's budgeted expenditures in the various funds. (Please note the TIF Special Revenue is broken out as its own category pursuant to how the City is required to report these expenditures to the State of Iowa.)



The total expenditures in all funds and all categories proposed for Fiscal Year 2015 are \$18,681,738. This includes \$5,713,103 for capital improvements (budgeted in the Capital Projects Fund, TIF Special Revenues and the Business Type Activities Fund) and \$295,775 for capital equipment. Please note that FY 15 expenditures are \$3,830,554 more than FY 15 revenues. This is not anything to cause alarm. This is due to the large capital projects that are being undertaken in the summer of 2015 for which the revenue has been previously received. For example, the bond proceeds for the Norwalk Community Infrastructure Study (NCIS) projects are reported in the FY 14 year-end estimate, but the bulk of expenditures for construction work are included in the FY 15 budget. FY 14 year-end revenues are \$20,264,821 or \$4,347,442 more than the anticipated year-end expenditures of \$15,917,379. A fund balance sheet of all of the different funds the City has, including projected revenues, expenditures and balances through June 30, 2016 is included in your budget packet.

## Personnel

The bulk of the City's budget is driven by personnel costs. The City currently has 48 regular, full-time and 13 part-time regular authorized positions. (Not all positions are currently occupied due to two recruitments that are underway.)

Of the 48 current full-time employees, 14 are in the Police Department, 14 in Public Works, four in Fire, three in Library, five in Administration, one and a half in Community and Economic Development, two and a half in Planning and Building and four in Parks and Recreation. Approximately 28 *paid on call* employees comprise the rest of the employees in the Fire Department. A current organizational chart is included in your packet. Of the 12 regular part-time employees, there are eleven in the Library and one in Administration.

In the FY 13 budget, there was additional funding included to expand the City's Fire/EMS services to have overnight, in-house staffing and to add a Police officer. A total of \$240,000 was budgeted for this purpose. Partial additional staffing was included in the budget and full staffing levels were tied to the franchise fee, which went to a vote and was defeated in August, 2012. The Fire/EMS costs were approximately \$130,000 of the \$240,000 total.

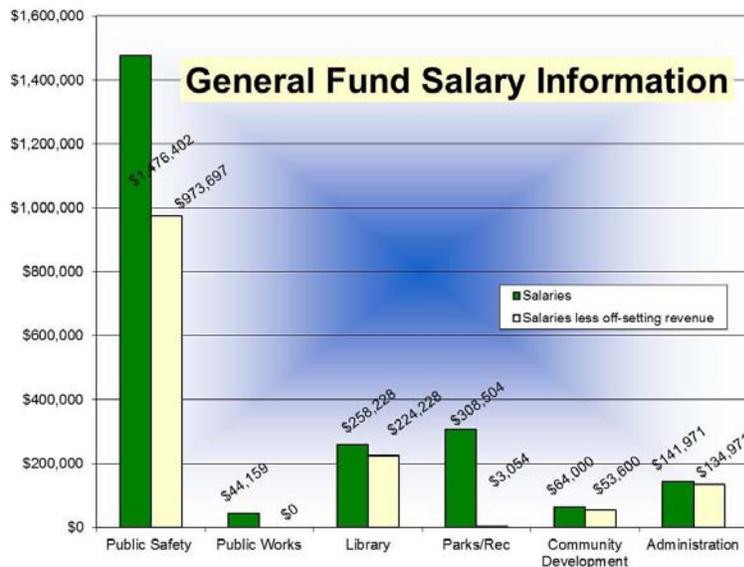
The expansion of services was also predicated on an EMS rate increase, which was projected to increase revenues by \$70,000 to \$200,000. Given the outcome of the franchise fee vote, the Fire Department was able to increase services to offer weekend, in-house coverage in FY 13, but not able to offer the overnight, in-house coverage.

The desire remains to expand those staffing levels to provide overnight, in-house Fire/EMS service, however no funding source has been identified to accomplish that. To complicate the issue further, the projected revenues from the increase in EMS fees has changed from \$70,000 to \$55,000 and General Fund property tax collections are not adequate to cover additional staffing in police or fire.

Since that time, the city revenue stream has been further damaged by action taken by the State Legislature. In 2013, the State Legislature adopted measures which devalued the commercial property in the State of Iowa by 5% this year and 5% next year. The legislation also reduces over a period of time, the valuation of apartment buildings from commercial to residential, meaning they will eventually be subject to the residential rollback. The City's total loss of revenue in FY 15 due to the State action would be \$149,170, \$5,335 of which translates to a loss to the General Fund. The State has indicated it intends to reimburse cities for this revenue loss for this first year. At the same time the City is facing property devaluations, General Fund expenditures have increased by \$35,483, largely due to the switch to Westcom for communications. (It was known at the time of the switch that it would be more expensive. The decision was made to change in 2012 due to Federal communication requirements and emergency responder safety.)

City staff is constantly looking for ways in which we can reduce expenditures, increase efficiencies or secure outside funding to help accomplish the City's goals. To that end, in 2013, staff made changes to a number of contracts and procedures that saved the City \$173,996, most of which represents on-going savings. Examples include the changes made to the City's insurance plan to self-fund a portion of the deductible, the elimination of a laundering contract for rugs, the elimination of memberships that were determined unessential at this point in time and the consolidation and renegotiation of service contracts. Also, in 2013 and to date in 2014, the City received \$160,450 in grants, contributions and donations to assist with capital projects, economic development and training.

The following graph shows how General Fund salaries are distributed. (The bulk of the Police and Fire salaries are paid for with General Fund dollars.) Without the influx of General Fund dollars, in order to increase staffing in one area of the General Fund, staffing in another area would have to be decreased. The "Salaries less off-setting revenue" line represents the net amount of the total salaries cost.



It remains a goal of the City to enhance public safety when the revenues are there. Revenue enhancement in the General Fund is extremely limited. Growth is the long-term solution, however addressing the needs in the interim is challenging. Currently, 83% of Norwalk's valuation is residential, the property category which will pay property taxes on only 54% of its value during the next year. The maximum levy rate that can be charged for the general fund is \$8.10 per thousand dollars of taxable valuation, a rate which has not changed in 40 years. The City has the option of levying an emergency levy, limited to \$0.27 per thousand dollars of taxable valuation, which it currently does. The City has in place a hotel/motel tax which would be a General Fund revenue, but collects none currently because there is no hotel yet in town.

## **Capital Updates**

This City is beginning a number of large capital projects. First, the Norwalk Community Infrastructure Study that was finished last year produced a project list based on the condition of the streets. Staff members married the condition of the streets with the amount they were used and made recommendations to the Council in July, 2013. The Council identified the two sections of Wakonda and a section of Holly (between Shady Lane and Knoll Drive), along with sidewalks on Happy Hollow as the first areas for construction. Engineering work has been completed and the process for bonding for the improvements is underway.

A regional stormwater retention pond is in the preliminary planning stages. The facility should be located somewhere in the industrial park area. Additionally, in the same area, an expansion of Colonial Parkway is planned. Other projects budgeted for next year have been touched on briefly and a full copy of the capital plan is included in your budget.

It should be worth noting here that there are significant identified needs for which no funding source has been identified. There are ongoing needs in water and streets. The City is facing several challenges both short term and long term with its water system. As the community grows so will the demand. The water distribution system is in need of some major upgrades in the older part of the community. There are several small water lines and dead end lines that hinder water quality and fire protection. These will need to be addressed as they directly impact health and safety. The community has only one transmission line that feeds our system. That combined with limited storage will need to be considered. In water, in FY 19, the City is planning for the construction of a pump station and trunk main. This project is estimated to be around \$2,000,000. Staff is going to be asking the Utility Advisory Commission to evaluate the current water rates and make recommendations to help accommodate upcoming capital needs. In the streets area, it is our desire to begin a mill and overlay program, through which a little is done each year throughout the community.

Parks is another area in which capital improvements have been sporadic due to funding. Funding for park equipment for a new Orchard Hills Park is currently identified in FY 17 in the capital plan however, no funding source has been determined. The City knows that there are serious maintenance and other concerns with the pool. A plan needs to be devised to address those issues as well. Among other issues, as part of the citizen survey budgeted for FY 15, citizens will be asked to help prioritize the desire for amenities such as a pool/aquatic center, recreation center, trails, additional parks, etc.

## **Policy Initiatives/Accomplishments**

Throughout the past year to eighteen months, the City has taken on some major initiatives. We partnered with local developers to solicit and ultimately win the 2014 Home Show Expo. The Expo is scheduled for the last three weekends in July of 2014 and could bring up to 15,000 people into Norwalk. We also partnered with the Warren County Economic Development Corporation to host the Commercial Real Estate Trends and Issues breakfast. It was the first time this event has been in Norwalk or Warren County. The City also kicked off the "Wake Up To Norwalk" campaign, in an effort to attract a hotel. The soon-to-be finalized hotel study is the next step and we will then market the findings of the study appropriately. The City is also pursuing the opportunity to become a "certified site" through the State of Iowa, which means that our property information will be immediately available for out of state inquiries and will give us a competitive edge. There are currently only six communities pursuing this designation and the funding to complete the process is budgeted in FY 15.

Another major policy initiative included in the current fiscal year's budget is the implementation of a rental inspection program. This program requires residential rental properties to be inspected on a regular basis for life, health and safety issues. The program is administered and handled through the Fire Department, who has also recently begun commercial inspections.

A study on beautifying the entry corridor to the community was recently completed and the budget has some funding to begin a focused beautification effort. Beautification work prior to the Home Show Expo would be ideal and is our goal. We are also in the process of setting a meeting for area developers to discuss the possibility of some outside participation in the effort. The FY 15 budget also includes funding to conduct a trail connection study. The study will help Norwalk become more competitive when applying for grants for trail construction.

Another great accomplishment of the past year is the negotiation of a contract with one of the City's union groups that is fair to the employee and the City. The contract has a term of three years and annual wage adjustments are 1%, 1.5% and 2% respectively.

The City was pleased to renew our health plan recently with no premium increase. We continue to benefit from the action taken and mentioned earlier to self-fund a portion of the deductible, which has the effect of ongoing savings. The City's wellness committee has been more active recently and works on programming to educate employees on healthy lifestyle choices to reduce insurance usage and \$12,000 is budgeted for wellness programs, including funds for capital equipment as needed.

Of course, one of the largest accomplishments in recent history is the development agreement that the City entered with Loffredo Gardens to locate in Norwalk. Upon opening, Loffredo will be the City's largest private employer. The past action by the City to construct public infrastructure in the industrial park area was successful in helping spur development there. The City also appreciates the participation of Warren County through an economic development grant and the assistance from Warren County Economic Development Corporation in making the prospect of Loffredo Gardens a reality in Norwalk. The City also entered a development agreement for the O'Leary Funeral Home project, which brings a service to the area that did not previously exist and adds value to the community, as do the other economic development projects.

**Reserve Levels**

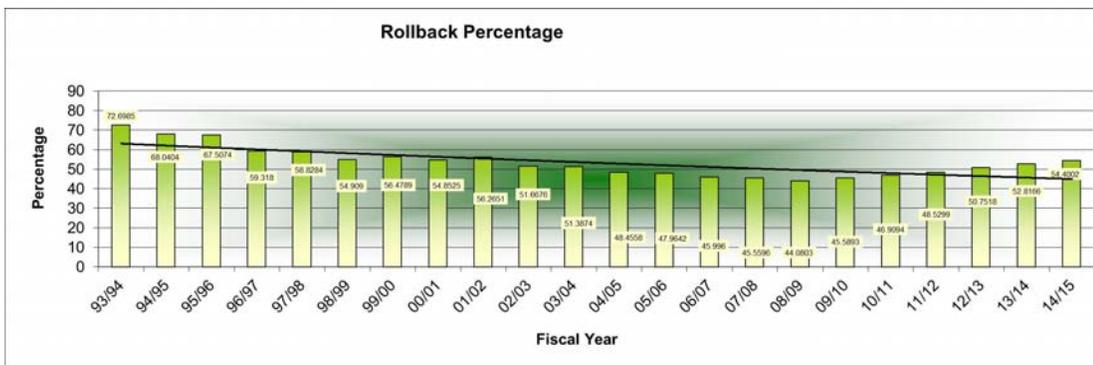
The City's General Fund reserve levels are currently an area which could use emphasis. The proposed FY 15 budget adds \$5,300 to the General Fund reserves. The City's General Fund reserve is critical because it is the City's only unrestricted reserve. Utility reserve balances are adequate and the stormwater balance is quite healthy and has been built up in anticipation of large capital projects, the first of which is in FY 15. The FY 15 budget adds to utility reserve levels as follows: Water in the amount of \$27,501 and Sanitary Sewer in the amount of \$33,885. Stormwater and Equipment Fund reserves that have been built up for major capital projects/purchases are being used in FY 15.

**Legislative Issues**

The City remains extremely concerned about changes made to commercial property taxes. The legislation that was adopted in 2013 made several changes, including:

1. Rolled back commercial property tax value by 5% per year over two years;
2. Reduced the residential and agricultural taxable valuation growth from 4% to 3%, impacting the already very low residential rollback;
3. Created a new "multi-residential" property tax class which means multi-family residential property will be rolled back to the equivalent of residential property with NO backfill to local governments;
4. Reduced telecommunications taxation without backfill to local governments.

While the State has committed an unlimited appropriation to reimburse local government for some of the revenue losses for FY 15 through FY 17, backfill beginning in FY 18 will be capped at the actual FY 17 appropriation amount if it is continued. Norwalk's FY 15 revenue loss would be \$149,170 were it not for the State reimbursement. The City is also losing approximately \$34,173 due to the change in multi-residential property. In discussing the impact on Norwalk earlier of how multiple family housing will be taxed, the impact was thought to be manageable due to so many property owners having taken advantage of an existing loophole in State law that let them call their apartment buildings "condominiums" and therefore were already being taxed at a residential rate. However, an in-depth analysis of the issue shows that by full implementation, the City will lose more than \$100,000 in revenue due specifically to this change. That is, of course, in addition to the revenue loss from the devaluation of the commercial property. Following is a graph charting the history of the residential rollback percentage.



\*\*\*The residential rollback is the amount calculated by the Iowa Department of Revenue each year that represents what percentage of the value of the property is taxable.\*\*\*

A concern with the State’s plan to backfill even part of the revenue losses is that there is nothing to insure that the State would truly backfill City revenues for any length of time. This has happened repeatedly in the past where the State limits or eliminates a City revenue source but promises to backfill the loss. The loss is then never truly backfilled to the full extent of the loss and on many occasions (most recently in 2002) the state has eliminated reimbursements to cities altogether. (When the State eliminated reimbursements to cities in 2002, the cost was \$70 million to the State at the time. The cost of this concept is anticipated to be \$400 MILLION after five years.) Also, the fact that last year was the first time in the history of the homestead credit that the state fully funded it is another example of why cities are extremely hesitant to trust promises of backfill.

A silver lining for Norwalk is that because the City is so low in commercial valuation, we are not impacted to the degree that other communities are. However, the low percentage of commercial valuation is also what drives the City’s tax levy rate and affects overall revenues. Following is a chart showing the breakdown of valuation categories of Norwalk and other cities in the region.

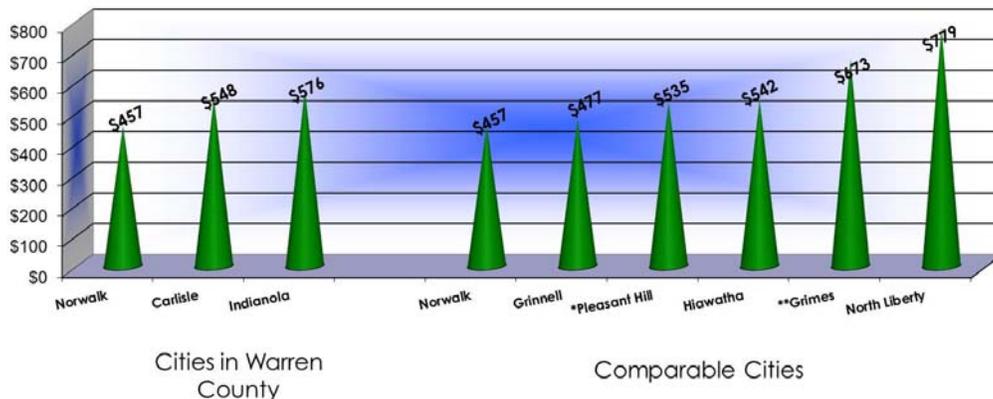
	Population	Residential	% of Value	Ag Land	% of Value	Ag Building	% of Value	Commercial	% of Value	Industrial	% of Value	Sum (excludes any exempt, homestead, utilities, railroads)
Altoona	14,541	421,426,793	52%	1,301,271	0%	53,252	0%	382,070,204	47%	8,898,632	1%	813,750,152
Ankeny	45,582	1,644,627,577	68%	3,389,001	0%	86,842	0%	682,186,731	28%	79,741,813	3%	2,410,031,964
Clive	15,447	737,282,523	59%	365,133	0%	4,279	0%	503,832,530	40%	14,933,525	1%	1,256,417,990
Des Moines	203,433	3,914,978,625	56%	5,099,512	0%	441,243	0%	2,846,056,301	41%	182,812,474	3%	6,949,388,155
Grimes	8,246	296,799,185	60%	3,189,270	1%	120,299	0%	188,619,592	38%	9,363,770	2%	498,092,116
Indianola	14,782	346,988,631	68%	1,038,556	0%	45,525	0%	148,112,752	29%	14,701,716	3%	510,887,180
Johnston	17,278	819,381,547	68%	1,212,146	0%	1,779,311	0%	379,780,644	32%	1,789,857	0%	1,203,943,505
Norwalk	8,945	286,207,086	83%	2,009,416	1%	73,002	0%	53,313,878	15%	3,203,657	1%	344,807,039
Pleasant Hill	8,785	268,341,014	71%	1,260,927	0%	12,628	0%	103,108,899	27%	5,492,900	1%	378,216,368
Urbandale	39,463	1,610,571,319	63%	3,133,754	0%	59,308	0%	917,800,131	36%	15,564,135	1%	2,547,128,647
Waukee	13,790	533,474,649	76%	3,941,582	1%	115,121	0%	155,860,462	22%	7,001,977	1%	700,393,791
West Des Moines	56,609	2,061,017,499	48%	5,244,269	0%	143,065	0%	2,222,020,607	51%	33,989,547	1%	4,322,414,987
Windsor Heights	4,860	163,333,018	69%	0	0%	0	0%	73,322,615	31%	0	0%	236,655,633

There are several projects that are under construction or in the planning stages that could help change this makeup, while retaining the City’s quality residential neighborhoods.

**Benchmarking**

City staff members are continually looking for ways to enhance efficiency and reduce costs. Following is a graph benchmarking Norwalk’s General Fund expenditures for FY 14 compared to those of surrounding and comparable communities. This information is taken from State budget forms filed with the Department of Management.

**FY 14 Per Capita General Fund Expenditures**



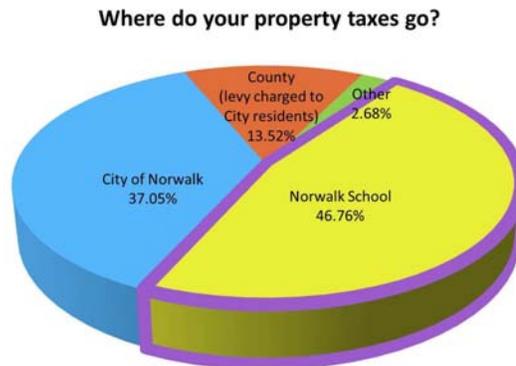
The median General Fund per capita expenditure for larger cities in Warren County is \$548, which is \$91 MORE than Norwalk. The median per capita expenditure for comparable cities across the state is \$538, or \$81 MORE than Norwalk.  
 \*Pleasant Hill figures are 2013 due to a reporting error on their state budget forms in FY 14.  
 \*\*Grimes does not have a City Police Department and contracts for service from Polk County.

**Tax Rate/Residential Rollback**

The projected tax rate is \$15.68944 per \$1,000 of taxable valuation. This rate is effectively the same as last year’s rate of \$15.69. Combined with the residential rollback rate of 54.4002%, the average homeowner in Norwalk will pay a total of \$1,514.08 in City property taxes, which is \$48.94 above the 2014 amount of \$1,465.14. The stability of the City levy rate and the amount of taxes a property owner will actually pay is a primary objective in our budgeting. With the City property taxes of \$1,514.08, this means that for approximately \$126 per month, the citizens and visitors of Norwalk receive 24 hour Police and Fire protection; emergency medical services; recreational facilities and parks programming; road repair and reconstruction; utility assistance for those in need; capital projects upgrading the infrastructure they use every day; snow removal; and a host of other services and protections. Following is a graph showing city property taxes based on average historical valuations.



It is important to note that City property taxes are not the only taxes a resident pays. To that end, the City works with the Norwalk Community School District to try to contain costs for the end payer. The joint maintenance facility and technology project was recognized last year by the Iowa Association of City County Management as the Program of the Year for innovative initiatives. Continuing those partnerships, the City and School are also partnering on HVAC maintenance, an effort which is also going well. Following is a chart depicting the distribution of property taxes.



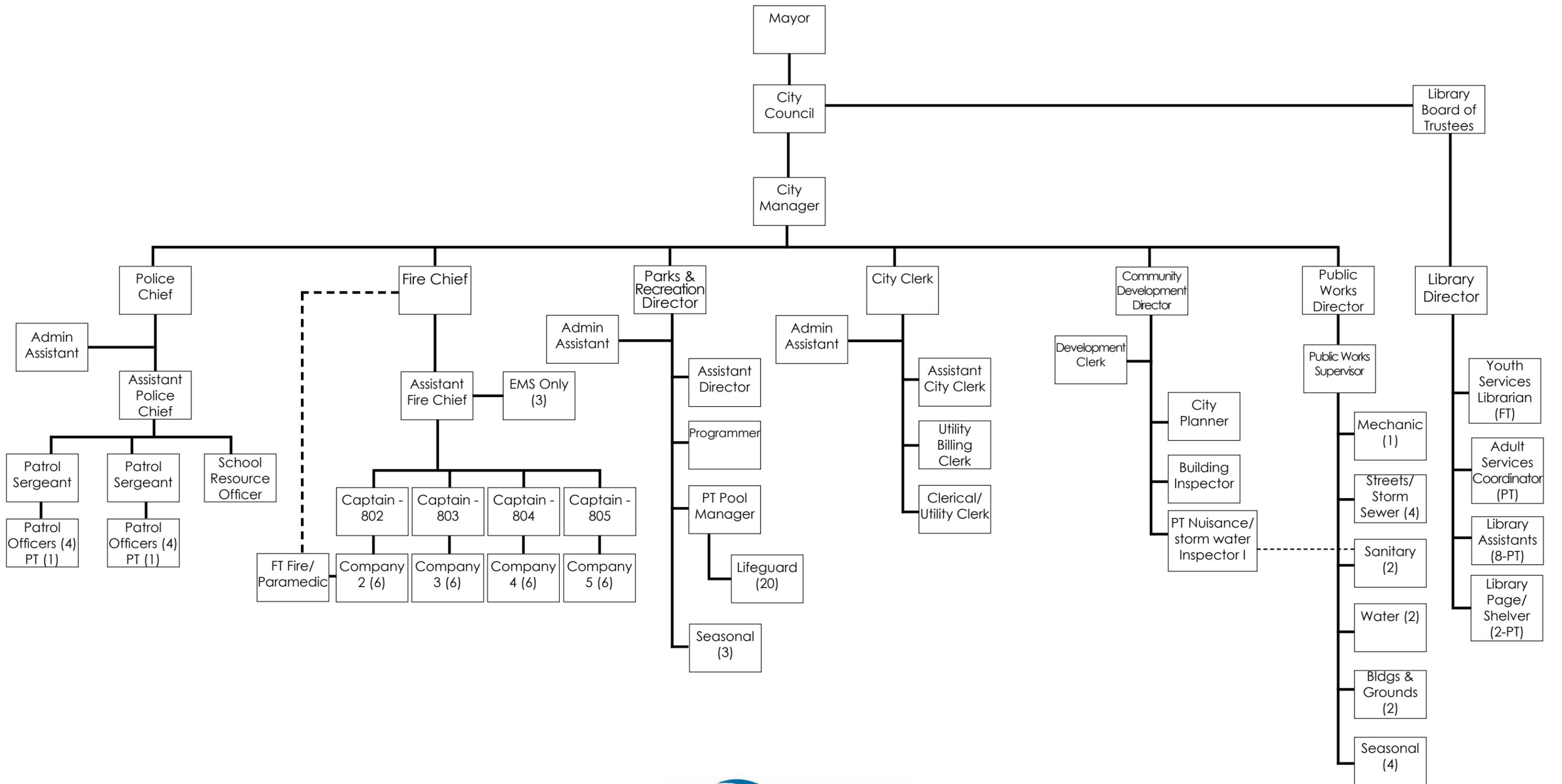
It has been my pleasure to work with many, talented team members to develop this budget for Council consideration. This budget represents the culmination of Council priorities and financial planning. It reflects a great deal of hard work and difficult choices that Council has undertaken past and present. The oversight of the City’s finances is likely the most difficult and laborious task of any public official. If there is anything I can do to make the information clearer or easier to understand, please do not hesitate to call on me.

Thank you.

Sincerely,

Marketa George Oliver  
City Manager

# 2014 City of Norwalk Organizational Chart



02.19.14		FY 13 Actual FY 13 Year-end Balance	Estimated FY 14				Budgeted FY 15					Projected FY 16					
Fund		Revenues	Expenditures	Difference	Year-End Balance	Fund Reserve	Revenues	Expenditures	Difference	Year-End Balance	Reserve	Revenues	Expenditures	Difference	Year-End Balance	Reserve	
001	General	\$1,038,723	\$4,196,707	\$4,187,582	\$9,125	\$1,047,848	24.97%	\$4,199,711	\$4,194,411	\$5,300	\$1,053,148	25.08%	\$4,316,140	\$4,339,716	(\$23,576)	\$1,029,572	23.85%
003	T&A Police/Fire	\$25,824	\$2,281	\$4,000	(\$1,719)	\$24,105		\$0	\$3,000	(\$3,000)	\$21,105		\$0	\$0		\$21,105	
110	RUT	\$382,532	\$973,420	\$934,500	\$38,920	\$421,452	43.30%	\$967,220	\$957,963	\$9,257	\$430,709	44.53%	\$969,000	\$969,487	(\$487)	\$430,222	44.40%
112	Special Revenue	\$436,998	\$1,106,211	\$1,105,548	\$663	\$437,661	39.56%	\$1,247,374	\$1,242,298	\$5,076	\$442,737	35.49%	\$1,377,030	\$1,371,955	\$5,075	\$447,812	32.52%
113	Self Fund Deductible	\$0	\$39,000	\$39,000	\$0	\$0		\$78,000	\$78,000	\$0	\$0		\$78,000	\$78,000	\$0	\$0	
125	TIF	\$855,290	\$3,229,805	\$3,178,871	\$50,934	\$906,224	28.06%	\$2,678,777	\$2,958,763	(\$279,986)	\$626,238	23.38%	\$2,740,000	\$2,722,448	\$17,552	\$643,790	23.50%
160	Economic Development	\$97,555	\$81,466	\$100,384	(\$18,918)	\$78,637	96.53%	\$129,038	\$129,038	\$0	\$78,637	60.94%	\$131,543	\$131,543	\$0	\$78,637	59.78%
170	Emergency Fund	\$32,017	\$0	\$0	\$0	\$32,017		\$0	\$0	\$0	\$32,017		\$0	\$0	\$0	\$32,017	
181	T&A Plumbers Bonds	\$10,489	\$0	\$0	\$0	\$10,489		\$0	\$0	\$0	\$10,489		\$0	\$0	\$0	\$10,489	
183	T&A Library	\$10,009	\$4,708	\$0	\$4,708	\$14,717		\$0	\$0	\$0	\$14,717		\$0	\$0	\$0	\$14,717	
184	T&A Park Trust	\$87,754	\$6,617	\$0	\$6,617	\$94,371		\$4,900	\$2,400	\$2,500	\$96,871		\$4,900	\$2,400	\$2,500	\$99,371	
188	Ped Path-Legacy 8	\$4,565	\$0	\$0	\$0	\$4,565		\$0	\$0	\$0	\$4,565		\$0	\$0	\$0	\$4,565	
189	Ped Path-Orch Rid 1	\$1,131	\$0	\$0	\$0	\$1,131		\$0	\$0	\$0	\$1,131		\$0	\$0	\$0	\$1,131	
200	Debt Service	\$11,911	\$2,943,162	\$2,021,991	\$921,171	\$933,082		\$1,842,064	\$2,100,256	(\$258,192)	\$674,890		\$1,874,429	\$2,013,704	(\$139,275)	\$535,615	28.57%
320-CIP	Hakes/Wright Road	(\$4,043)	\$0	\$0	\$0	(\$4,043)		\$0	\$0	\$0	(\$4,043)		\$0	\$0	\$0	(\$4,043)	
325-CIP	Legacy Park	\$488	\$0	\$0	\$0	\$488		\$0	\$0	\$0	\$488		\$0	\$0	\$0	\$488	
330-CIP	Water Tower Park	\$27,808	\$0	\$0	\$0	\$27,808		\$0	\$0	\$0	\$27,808		\$0	\$0	\$0	\$27,808	
340-CIP	Pool	(\$25,759)	\$0	\$0	\$0	(\$25,759)		\$0	\$0	\$0	(\$25,759)		\$0	\$0	\$0	(\$25,759)	
360-	Erosion Control	\$546	\$0	\$0	\$0	\$546		\$0	\$0	\$0	\$546		\$0	\$0	\$0	\$546	
370-CIP	Public Works Facility	\$15,777	\$0	\$0	\$0	\$15,777		\$0	\$0	\$0	\$15,777		\$0	\$0	\$0	\$15,777	
380-CIP	HWY 28 Signal Project	\$9,193	\$0	\$0	\$0	\$9,193		\$0	\$0	\$0	\$9,193		\$0	\$0	\$0	\$9,193	
390 CIP	City Hall	(\$654)	\$0	\$0	\$0	(\$654)		\$0	\$0	\$0	(\$654)		\$0	\$0	\$0	(\$654)	
400 CIP	CCF Indust Park/Col Pkwy	(\$1,076,713)	\$0	\$10,572	(\$10,572)	(\$1,087,285)		\$0	\$0	\$0	(\$1,087,285)		\$300,000	\$0	\$300,000	(\$787,285)	
405 CIP	NCIS Infrastructure	(\$147,557)	\$3,500,000	\$711,100	\$2,788,900	\$2,641,343		\$0	\$2,680,847	(\$2,680,847)	(\$39,504)		\$0	\$70,000	(\$70,000)	(\$109,504)	
410 CIP	Norwalk Fiber optic	(\$265,668)	\$0	\$36,368	(\$36,368)	(\$302,036)		\$0	\$0	\$0	(\$302,036)		\$0	\$0	\$0	(\$302,036)	
415 CIP	Windflower Strm Watr	(\$80,302)	\$0	\$0	\$0	(\$80,302)		\$0	\$0	\$0	(\$80,302)		\$0	\$0	\$0	(\$80,302)	
600	Water	\$208,168	\$1,437,082	\$1,354,816	\$82,266	\$290,434	20.21%	\$1,497,900	\$1,470,399	\$27,501	\$317,935	21.23%	\$1,540,300	\$1,523,337	\$16,963	\$334,898	21.74%
601	Water Bond	\$6,155	\$86,505	\$82,872	\$3,633	\$9,788	11.31%	\$82,667	\$82,667	\$0	\$9,788	11.84%	\$83,102	\$83,102	\$0	\$9,788	11.78%
602	Water Reserve	\$94,570	\$0	\$0	\$0	\$94,570		\$0	\$0	\$0	\$94,570		\$0	\$0	\$0	\$94,570	
603	Water Improvement Fund	\$259,824	\$0	\$0	\$0	\$259,824		\$0	\$0	\$0	\$259,824		\$0	\$0	\$0	\$259,824	
605	T&A Water Deposits	\$199,238	\$11,562	\$12,000	(\$438)	\$198,800		\$12,000	\$12,000	\$0	\$198,800		\$12,000	\$12,000	\$0	\$198,800	
610	Sewer	\$367,552	\$1,568,831	\$1,399,484	\$169,347	\$536,899	34.22%	\$1,547,158	\$1,513,273	\$33,885	\$570,784	36.89%	\$1,547,158	\$1,819,978	(\$272,820)	\$297,964	19.26%
611	Sewer Bond	\$4,819	\$57,832	\$57,832	\$0	\$4,819		\$0	\$0	\$0	\$4,819		\$0	\$0	\$0	\$4,819	
612	Sewer Reserve	\$109,859	\$0	\$0	\$0	\$109,859		\$0	\$0	\$0	\$109,859		\$0	\$0	\$0	\$109,859	
613	Sewer Improvement	\$109,562	\$425,000	\$49,562	\$375,438	\$485,000		\$0	\$425,000	(\$425,000)	\$60,000		\$0	\$0	\$0	\$60,000	
614	Sewer Surplus	\$69,929	\$0	\$0	\$0	\$69,929		\$0	\$0	\$0	\$69,929		\$0	\$0	\$0	\$69,929	
615 CIP	Sewer Plant	\$162,547	\$0	\$0	\$0	\$162,547		\$0	\$0	\$0	\$162,547		\$0	\$0	\$0	\$162,547	
740	Stormwater	\$800,717	\$345,632	\$259,122	\$86,510	\$887,227	256.70%	\$348,350	\$565,648	(\$217,298)	\$669,929	192.31%	\$348,600	\$348,284	\$316	\$670,245	192.27%
750	Warren Wtr Buyout	\$103,400	\$30,000	\$0	\$30,000	\$133,400		\$0	\$0	\$0	\$133,400		\$0	\$0	\$0	\$133,400	
810	Equipment Fund	\$523,547	\$219,000	\$371,775	(\$152,775)	\$370,772	169.30%	\$216,025	\$265,775	(\$49,750)	\$321,022		\$205,750	\$275,750	(\$70,000)	\$251,022	