



## 2020 Budget Summary

**The City of Victoria's budget is a multi-year fiscal planning document that shows anticipated revenues and expenditures for a specific timeframe (in this case 2020) that is needed to deliver programs and services to the community.**

The budget document includes:

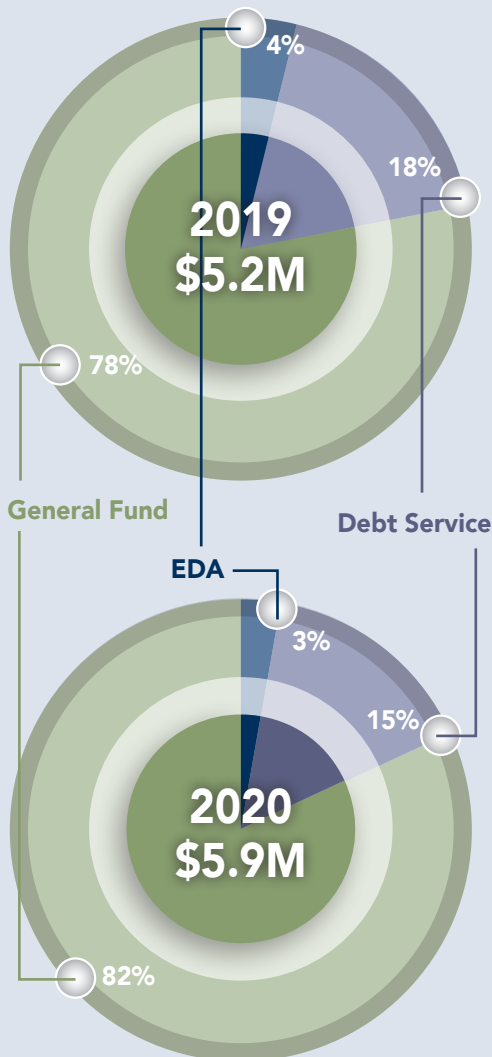
- An explanation of the programs, services, activities and projects to be provided by the city during the upcoming year and projections for future years.
- The resultant expenditure requirements.
- The resources available for meeting the expenditure requirements.

## 2020 TAX LEVY

State statutes authorize cities to levy taxes to fund operations and debt payments. Property taxes are the main source of revenue for Victoria and are the primary funds in the city's general fund. The city's property tax levy reflects the amount needed to fund the city's operations and to deliver programs and services to its residents.

In 2020, Victoria's property tax levy increased 13.1%. This amount is not the amount that a homeowner's property taxes increased. The average homeowner's property valued at \$434,300 in 2020 (an 8% increase in value from 2019) will see an increase in the city portion of total property taxes paid of \$104 (from \$1,307 in 2019 to \$1,411 in 2020).

## ADOPTED TAX LEVY



## VICTORIA RECREATION CENTER FUND

The revenues and expenditures for the Victoria Recreation Center (VRC) are accounted for in a special revenue fund. The VRC provides recreation opportunities for the city's residents and is operated in partnership with Eastern Carver County Schools District 112 (ISD 112). ISD 112 uses the two ice arenas for school functions and pays an annual operations and lease payment to the city for this use and reimburses the city for operating expenditures.

## VRC REVENUE BY SOURCE

Year	Charges for Service	ISD Grounds Lease and Operations	Other Revenues	Total Revenues
2018 Actual	\$194,820	\$733,027	\$12,768	\$940,617
2019 Budget	\$213,600	\$762,567	\$16,000	\$992,197
2020 Budget	\$227,600	\$747,349	\$19,007	\$993,956
2020 % of Total	22.9%	75.2%	1.9%	100.0%

## ENTERPRISE (UTILITY) FUNDS

The city provides water, sewer, and storm water management services to residents and businesses. These utilities are run like businesses – service charges are set to cover current operating expenses and debt service, but also provide for future projects.

## 2020 BUDGET FOR UTILITY FUNDS

	Water Fund	Sewer Fund	Storm Water Fund
<b>Charges for Services</b>	\$1,799,055	\$1,551,958	\$370,164
<b>Operating Expenses</b>	\$715,552	\$1,044,790	\$265,298
<b>Debt Service</b>	\$822,375	\$0	\$0
<b>Capital Outlay less bonds issued</b>	\$2,120,000	\$1,580,000	N/A
<b>Net Income (Loss)</b>	-\$1,858,872	-\$1,072,832	\$104,866



The City of Victoria's water fund helps maintain safe and reliable drinking water that meets federal and state water quality requirements.

## 2020 REVENUES

While property taxes account for nearly all the city's revenue (82%), the city also charges fees for certain services that benefit an individual/applicant. For example, a permit for a new deck, is considered a charge for services. Charges for services account for 16% of the city's total revenue. Revenue received from new home permits accounts for about half of the total charges for services the city collects annually at 8%.

As a growing city, new home permits have been steady over the past several years. It's always a challenge to predict how many housing permits will be issued in any given year as housing starts are market driven. In 2019, Victoria issued 173 new home permits. This was 62 more than what was budgeted. In 2018, the city issued 172 new home permits and in 2017, the city issued 198.

Revenues from new home permits that exceed budgeted projections are transferred to the city's revenue stabilization fund. This fund is available to cover future revenue shortfalls, significant unexpected expenditures or other uses as approved by the city council.

A reflection of the strong financial management practices, the City of Victoria does create a savings plan. These savings represent the "cash on hand" at the city and

is referred to as the city's "fund balance." The city has four different types of fund balances.

- Unassigned
- Assigned
- Non-spendable
- Committed

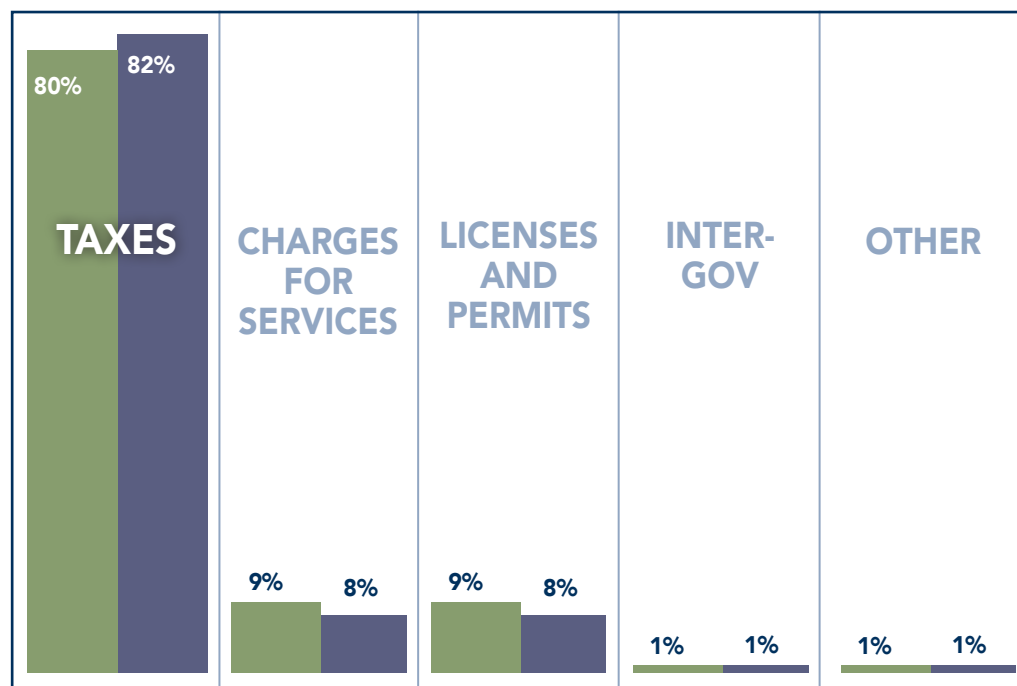
Each fund has a different purpose and the city council has adopted policies guiding the use and level of savings for each fund balance. For example, the unassigned fund balance must maintain a balance of 30% of the city's following year's projected operating expenditures. This means as the city budget increases, its savings must also increase.

The primary purpose of this fund balance is to ensure the city has enough cash to fund operations. The city receives most of its revenue (82%) from property taxes that are paid to the city by the county twice a year. The first payment is received in June.

The city's non-spendable fund balance includes items such as prepaid insurance. Its committed fund balance includes the revenue stabilization fund which reflects a portion of building permit revenue that exceeds the projected budget amount. Assigned fund balance are reserved for a future specific use.

## REVENUE SOURCES

2019 2020



## EXPENDITURES

The city's total expenditures in 2020 are approximately \$4.7 million, which is 8% higher than 2019's expenditures of \$4.3 million. Primary reasons for this increase include:

- City council's desire to deliver the same service levels to a growing number of new residents and businesses.
- Increasing costs of doing business (e.g. wages, health insurance, contracted services).
- Implementation of prior commitment and financial plans.
- Implementation of the city council's adopted strategic plan priorities.

