

CITY OF ORONO, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

**PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF ORONO, MINNESOTA**

**RON OLSON
DIRECTOR OF FINANCE**

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INTRODUCTORY SECTION



CITY OF ORONO

MUNICIPAL OFFICES

STREET ADDRESS
2750 Kelley Parkway
Orono, MN 55356

MAILING ADDRESS:
P.O. Box 66
Crystal Bay, MN 55323-0066

August 14, 2019

To the City Council and Citizens of the City of Orono:

The comprehensive annual financial report (CAFR) of the City of Orono, Minnesota (the City) for the fiscal year ended December 31, 2018 is hereby submitted. Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Minnesota Statutes require that the City have an annual audit performed by a certified public accountant or the State Auditor. The City appointed the certified public accounting firm of CliftonLarsonAllen LLP to perform the audit for the year ended December 31, 2018. The independent auditor's report on the basic financial statements is unqualified, and is included in the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the auditors.

PROFILE OF THE CITY

The City was incorporated effective January 1, 1955. The City is located on the northern shore of Lake Minnetonka about 15 miles west of the city of Minneapolis. Of the City's 24.5 square miles of area, 50% is open water or marshland (with a total of 12.3 square miles of land area). Of Lake Minnetonka, 40% of the shoreline and 33% of the lake area is in the City.

The City is a third ring suburb in the seven-county metropolitan Twin Cities area of Minneapolis/St. Paul, and is located on Lake Minnetonka, the tenth largest and most heavily used recreational lake in Minnesota. This heavy use is a result of the quality of the lake's aesthetic appeal, together with its proximity to the metropolitan urban core. The City developed primarily because of this aesthetic amenity.

(1)

PROFILE OF THE CITY (CONTINUED)

The City is a residential community with primarily single-family housing, and includes a small commercial district. The City totally surrounds two communities, which are part of the original township, and substantially surrounds a third community. The City cooperates with these cities for the most cost effective provision of City services.

The City is home to many of the metropolitan area's top executives who appreciate the community's natural amenities. It is anticipated that the positive appeal of the community, together with the extent of available land, will see the community experiencing continued development for the next ten years.

The City operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the City Council, composed of an elected mayor and four elected trustees or council members, exercises legislative authority and determines all matters of policy. The City Administrator, appointed by the City Council, is responsible for the proper administering of all affairs relating to the City.

The City provides a variety of municipal services which include: police protection, fire protection, street maintenance, building inspection, planning, and zoning, public improvements, general administrative services, public water and sewer utilities, and a municipal golf course.

The City adopts an annual budget for the General Fund and certain Special Revenue Funds. The City has established budgetary control at the department level.

LOCAL ECONOMY

The City is in a strong financial position. Because of its strong residential tax base, and conservative fiscal philosophy, the City continued in 2018 to have a tax capacity rate that is one of the lowest in the county, ranking second lowest of 45 communities. The strength of the City's financial condition is reflected in its bond rating of Aaa since 2006 for all bond issues.

LONG-TERM FINANCIAL PLANNING

The Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan. The Metropolitan Council and state statutes require cities to update their plans every 10 years. The Orono Comprehensive Plan serves as a guide for orderly and economic private and public improvement. The scope of the plan is intended to include almost every factor that influences investments or improvements in the City. The City of Orono's Comprehensive Plan has been updated and approved by the City Council in 2010.

In 2011, the City analyzed the condition of its street infrastructure. This information was used to develop a pavement management plan, which provides the basis for planning and funding street improvements. In 2012, this plan was incorporated into a comprehensive Capital Improvement Plan (CIP). The CIP is intended to be updated annually as part of the budgeting process. This was done during 2018.

RELEVANT FINANCIAL POLICIES

The City is in the process of reviewing and formalizing its financial policies. The City recently updated its investment policy. In 2011, the City amended its fund balance policy to reflect the requirements of fund balance reporting addressed by GASB Statement No. 54. The policy also sets a fund balance minimum and maximum for the General Fund. The CIP that was adopted in 2012 is updated annually and is the basis for long-range capital planning and budgeting for the City.

MAJOR INITIATIVES

Cooperative Efforts with Other Jurisdictions

The City is involved in a cooperative arrangement for fire services with the City of Long Lake. The cities of Long Lake and Orono jointly own a fire station and have started the process of extending the fire services agreement.

The City provides police protection to the cities of Spring Park, Minnetonka Beach, and Mound. The efficiencies provided by one department serving four communities provide all of the cities enhanced services. For example, one larger department allows for dedicated investigators, school resource officers, and participation in a regional drug task force.

The City continues to be involved with a group of fourteen cities located adjacent to Lake Minnetonka in an effort to identify new opportunities for cooperative service delivery to enable improved services and increased efficiency.

Water and Sewer Infrastructure

The City operates and maintains both a water distribution and sanitary sewer collection system. The City's sanitary sewer collection system discharges into several Metropolitan Council Environmental Services (MCES) interceptor sewers for treatment by MCES at the Blue Lake treatment plant. The City pays MCES for sanitary sewer treatment charges on a monthly basis, and these MCES treatment costs are included in the City's sewer billing to residents.

The City is continuing a proactive infiltration and inflow reduction program to eliminate significant sources of inflow and infiltration of ground water into the City's sanitary sewer system. In 2018, the City invested \$50,000 in a sewer lining project to promote this effort. Because the MCES charges are based on measured flow, any reduction of inflow and infiltration results in lower charges. MCES charges are increasing faster than any other expense of the utility.

The City has two water towers and four wells to serve the needs of the urban portion of the City. The recently installation of well number four in the northern part of the City provides firm capacity for fire protection, as well as capacity needed for future development along the highway 112 corridor. The development along the corridor picked up in 2018 resulting in a significant increase in utility connections.

During the course of 2018, the City continued to integrate its new asset management system into daily operations. Originally purchased in 2016 and used to track equipment and infrastructure life cycles in conjunction with the City's CIP, it is now being used to produce work orders, track time, and document maintenance. Specifically in 2018, the project management features of the system were developed and implemented. This process has resulted in improved efficiency and provides a more accurate tracking of project expenditures.

AWARDS AND ACKNOWLEDGEMENTS

Acknowledgements

We would like to express our appreciation to the entire City staff for their individual contributions in assisting with the preparation of this report and to the outside agencies that assisted with essential information for this report. We also would like to express appreciation to the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City.

Sincerely,

A handwritten signature in black ink, appearing to read "R. J. Olson", followed by a long horizontal line extending to the right.

Ronald J. Olson
Finance Director

**CITY OF ORONO
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2018**

CITY COUNCIL AND OTHER OFFICIALS

Dennis Walsh
Richard Crosby II
Wendy Dankey
Aaron Printup
Victoria Seals

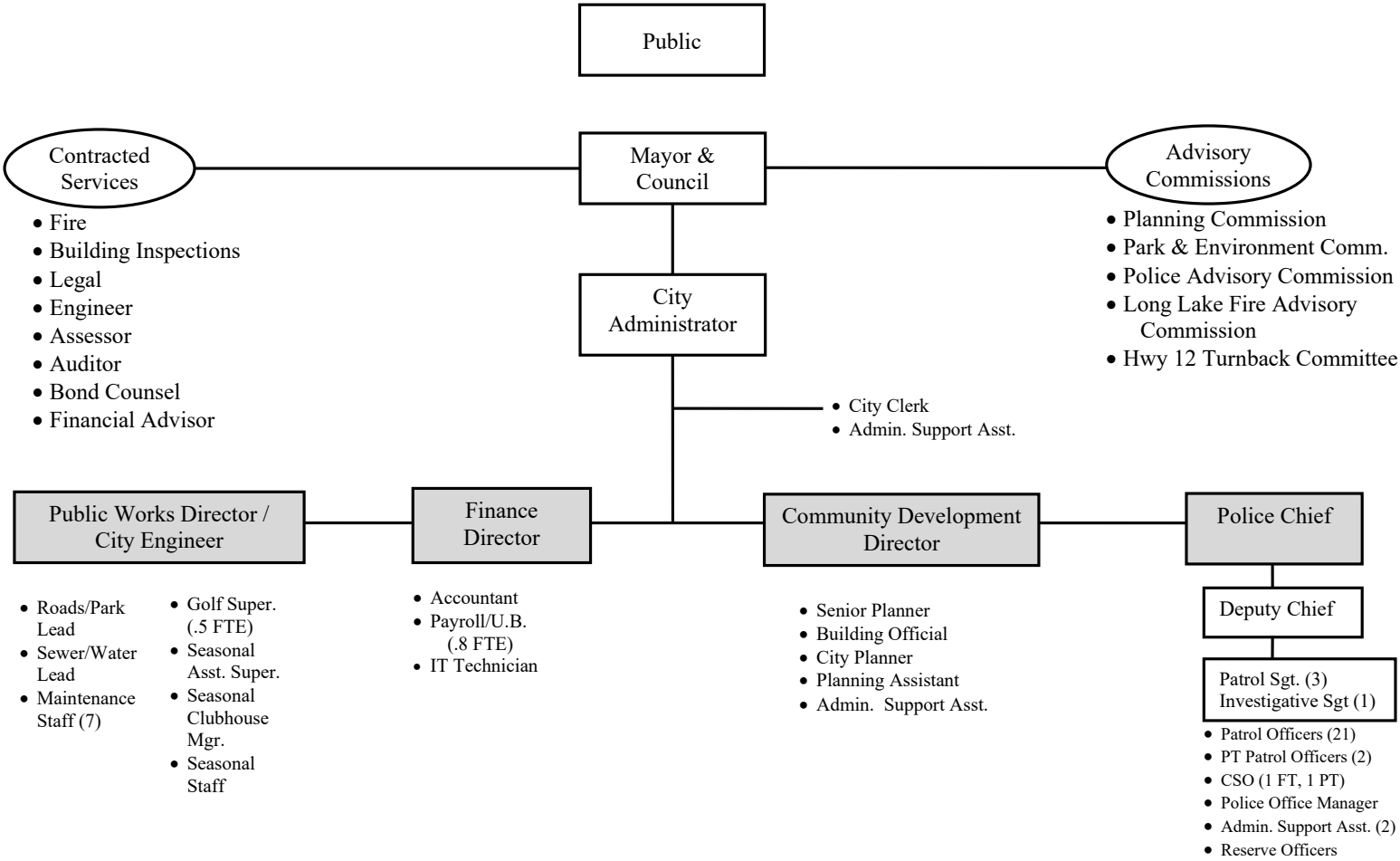
Mayor
Council Member
Council Member
Council Member
Council Member

CITY OFFICIALS

Dustin Rief
Ronald Olson

City Administrator
Finance Director - Treasurer

**CITY OF ORONO
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2018**



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and the City Council
City of Orono, Minnesota

Report on the Financial Statements

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 City of Orono, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Orono's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orono as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Honorable Mayor and the City Council
City of Orono, Minnesota

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of the City of Orono's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Orono's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orono's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 14, 2019

**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

As management of the City of Orono, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

- The net position of the City's governmental activities increased by \$2,351,920 during the year, ending at \$25,965,182.
- The net position of the City's business-type activities increased by \$376,144 during the year, ending at \$23,004,161.
- The fund balance of the General Fund increased by \$7,730 during the year to \$4,454,566 at year-end.
- The Water and Recycling Funds reported operating losses of \$129,659 and \$14,009, respectively.
- The Sewer, Storm Water, and Cable Television Funds reported operating incomes of \$116,218, \$177,754, and \$26,773, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private sector businesses.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the assets and deferred outflows and liabilities and deferred inflows reported as net position. Over time, increases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. delinquent taxes and special assessments).

**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, streets, and parks and recreation. The business-type activities of the City include enterprises for water operating, sewer operating, storm water, recycling, and cable television.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The funds of the City are divided into two categories – governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term, financing decisions. Both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The fund financial statements present information for each major governmental fund in separate columns. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for the General Fund. Budget-to-actual comparisons are provided in this financial report for this fund.

Proprietary Funds – The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Internal Service Funds are used to accumulate and allocate insurance costs to the various City functions as well as to account for the accrual of sick and vacation days that are earned by the City's employees. The Internal Service Funds are predominantly used by governmental functions, however, they are included within the governmental activities and the business-type activities in the government-wide financial statements based on each respective share of activity.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Other Information – Combining statements and schedules for nonmajor funds are presented immediately following the notes to basic financial statements.

The following is a summary of the City's net position:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 11,677,457	\$ 13,112,921
Capital Assets	30,201,187	26,281,233
Total Assets	<u>41,878,644</u>	<u>39,394,154</u>
Deferred Outflows of Resources	3,438,365	4,353,759
Noncurrent Liabilities Outstanding	10,632,106	11,832,262
Other Liabilities	3,819,805	2,933,855
Total Liabilities	<u>14,451,911</u>	<u>14,766,117</u>
Deferred Inflows of Resources	4,899,916	5,335,406
Net Position:		
Net Investment in Capital Assets	23,370,988	19,020,035
Restricted	3,434,418	3,699,095
Unrestricted	(840,224)	894,132
Total Net Position	<u>\$ 25,965,182</u>	<u>\$ 23,613,262</u>
	<u>Business-Type Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 5,804,126	\$ 6,667,612
Capital Assets	18,898,051	18,002,404
Total Assets	<u>24,702,177</u>	<u>24,670,016</u>
Deferred Outflows of Resources	62,763	96,026
Noncurrent Liabilities Outstanding	899,101	980,586
Other Liabilities	772,946	1,072,332
Total Liabilities	<u>1,672,047</u>	<u>2,052,918</u>
Deferred Inflows of Resources	88,732	85,107
Net Position:		
Net Investment in Capital Assets	17,917,465	16,940,333
Unrestricted	5,086,696	5,687,684
Total Net Position	<u>\$ 23,004,161</u>	<u>\$ 22,628,017</u>

The City's financial position is the product of many factors. For example, the determination of the City's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts.

Net position increased by \$2,728,064 (\$2,351,920 Governmental, \$376,144 Business-Type) from current year activity, largely due to increased charges for services and both operating and capital grants and contributions.

**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

The City has historically been financially conservative, managing revenues and expenditures/expenses to assure operation of a balanced budget. The ongoing management of revenues and expenditures/expenses and the sound financial position the City has attained have resulted in the City's excellent bond ratings: Aaa for all general obligation bond issues.

The following is a summary of the City's change in Governmental net position:

	Governmental Activities			
	2018	2017	Annual Change	% Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 4,645,027	\$ 4,091,124	\$ 553,903	13.54 %
Operating Grants and Contributions	1,741,370	1,174,782	566,588	48.23
Capital Grants and Contributions	820,165	609	819,556	134,574.06
General Revenues:				
Property Taxes	5,510,133	5,268,854	241,279	4.58
Unrestricted Investment Earnings	132,799	114,356	18,443	16.13
Gain on Sale of Capital Assets	-	38,738	(38,738)	(100.00)
Other	193,279	53,207	140,072	263.26
Total Revenue	<u>13,042,773</u>	<u>10,741,670</u>	<u>2,301,103</u>	<u>21.42</u>
EXPENSES				
General Government	1,947,411	2,722,779	(775,368)	(28.48)
Public Safety	5,661,624	5,486,330	175,294	3.20
Streets	2,131,198	393,354	1,737,844	441.80
Parks and Recreation	465,170	420,410	44,760	10.65
Interest on Long-Term Debt	155,122	173,552	(18,430)	(10.62)
Total Expenses	<u>10,360,525</u>	<u>9,196,425</u>	<u>1,164,100</u>	<u>12.66</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	2,682,248	1,545,245	1,137,003	73.58
Transfers	<u>(41,000)</u>	<u>155,000</u>	<u>(196,000)</u>	<u>(126.45)</u>
CHANGE IN NET POSITION	2,641,248	1,700,245	941,003	55.35
Net Position - Beginning of Year	23,613,262	21,913,017	1,700,245	7.76
Prior Period Adjustment - See Note 12	(289,328)	-	(289,328)	
Net Position - Beginning of Year, as Restated	<u>23,323,934</u>	<u>21,913,017</u>	<u>1,410,917</u>	6.44
NET POSITION - END OF YEAR	<u>\$ 25,965,182</u>	<u>\$ 23,613,262</u>	<u>\$ 2,351,920</u>	9.96

Overall revenues increased 21.42% between 2017 and 2018. The largest increase was capital grants and contributions, which increased as a result of a \$778,477 contribution from the Orono School District to reimburse the City for costs incurred to repair and improve parking lots and other portions of capital assets belonging to the school district which were completed in conjunction with the City's project on Old Crystal Bay Road.

**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

The following is a summary of the City's change in Business-type net position:

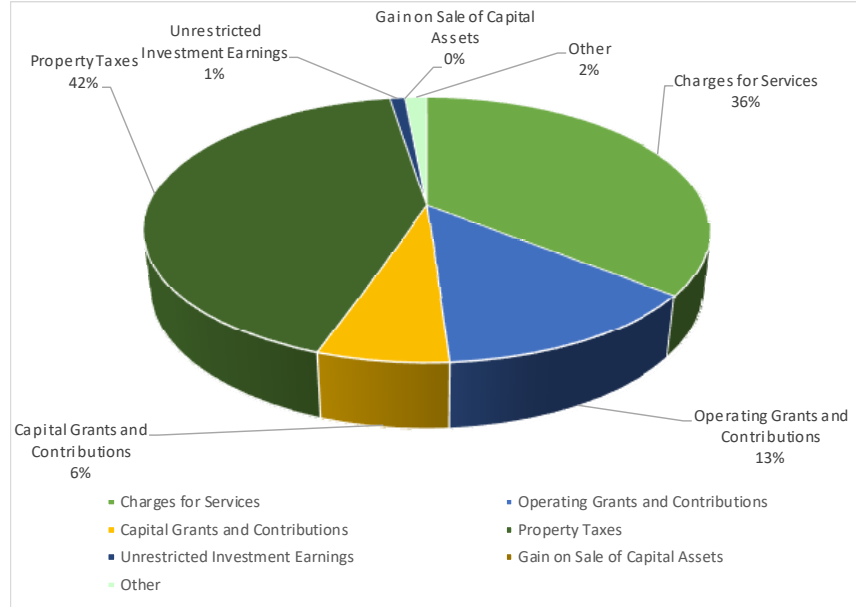
	Business-Type Activities			
	2018	2017	Annual Change	% Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,814,263	\$ 2,544,429	\$ 269,834	10.60 %
Operating Grants and Contributions	34,500	-	34,500	N/A
Capital Grants and Contributions	7,400	45,218	(37,818)	(83.63)
General Revenues:				
Unrestricted Investment Earnings	51,588	54,443	(2,855)	(5.24)
Unrestricted Interest Income on Special Assessments	2,733	30,830	(28,097)	(91.14)
Other	76,950	155,079	(78,129)	(50.38)
Total Revenue	<u>2,987,434</u>	<u>2,829,999</u>	<u>157,435</u>	<u>5.56</u>
EXPENSES				
Water Operating	915,730	680,595	235,135	34.55
Sewer Operating	1,381,752	1,429,209	(47,457)	(3.32)
Storm Water Operating	143,194	190,935	(47,741)	(25.00)
Recycling	127,044	126,333	711	0.56
Cable Television	51,943	48,684	3,259	6.69
Total Expenses	<u>2,619,663</u>	<u>2,475,756</u>	<u>143,907</u>	<u>5.81</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	367,771	354,243	13,528	3.82
Transfers	<u>41,000</u>	<u>(155,000)</u>	<u>196,000</u>	<u>(126.45)</u>
CHANGE IN NET POSITION	408,771	199,243	209,528	105.16
Net Position - Beginning of Year	22,628,017	22,428,774	199,243	0.89
Prior Period Adjustment - See Note 12	(32,627)	-	(32,627)	
Net Position - Beginning of Year, as Restated	<u>22,595,390</u>	<u>22,428,774</u>	<u>166,616</u>	0.74
NET POSITION - END OF YEAR	<u>\$ 23,004,161</u>	<u>\$ 22,628,017</u>	<u>\$ 376,144</u>	1.66

The business-type activities showed an increase in revenues of 5.56%, mainly due to slight increases in charges for services in the Water, Sewer, and Storm Water funds, mostly due to slight increases in rates as well as usage increases of around 2% in both the Sewer and Storm Water funds. Expenses also increased 5.81%, largely as a result of increased personnel and water tower repairs costs in the Water fund.

**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

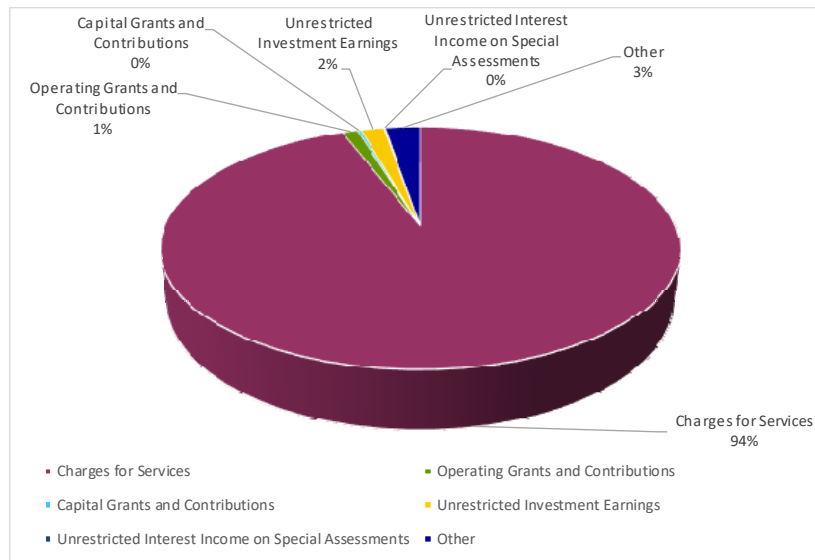
Governmental Activities

The graphs showing the governmental activities and their income clearly reflect the need for property taxes to supplement the activities of the City. Under the state's current local government aid formula the City will receive no local government aid.



Business-Type Activities

The Sewer, Stormwater, and Cable Television funds experienced operating profits in the current year while the Water and Recycling funds recorded operating losses. Water rates are continuing to be increased based on the updated utility rate study, with the goal of producing a positive operating income in the future. All of the enterprise funds experienced net profits when nonoperating revenues are included. Utility rates continue to be set based on the utility rate study that was updated in 2013. The graph below represents the makeup of the Business-Type Activities Revenues.



**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

General Fund

The General Fund is the main operating fund of the City. Its primary revenue source in 2018 was property taxes at 48.4% of the total revenue, followed by user fees at 36.2%. The total fund balance increased by \$7,730 during the current fiscal year. Expenditures were \$238,668 over budget for the year. However, revenues were also over budget by \$659,905. Additional user fees and licenses and permits revenue resulted in higher than normal expenses related to those fees during the year. The unassigned fund balance of \$4,336,396 at the end of 2018 represents 53.9% of total General Fund expenditures for the year.

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$22,906,188 at December 31, 2018. The financial activities of these funds have been summarized in previous charts within this discussion.

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2018 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 7,337,435	\$ 7,337,435	\$ 79,706	\$ 79,706	\$ 7,417,141	\$ 7,417,141
Construction in Progress	3,946,328	3,255,918	1,127,199	607,731	5,073,527	3,863,649
Buildings and Building Improvements	9,160,345	9,160,345	1,605,211	1,605,211	10,765,556	10,765,556
Improvements Other than Buildings	2,633,048	2,373,988	13,511	13,511	2,646,559	2,387,499
Streets and Infrastructure	10,362,353	7,164,359	-	-	10,362,353	7,164,359
Distribution/Collection Systems	-	-	25,739,802	24,849,760	25,739,802	24,849,760
Equipment and Furniture	4,643,003	4,256,047	963,292	924,164	5,606,295	5,180,211
Total Capital Assets	38,082,512	33,548,092	29,528,721	28,080,083	67,611,233	61,628,175
Less: Accumulated Depreciation	(7,881,325)	(7,266,859)	(10,630,670)	(10,077,679)	(18,511,995)	(17,344,538)
Total Capital Assets, Net	\$ 30,201,187	\$ 26,281,233	\$ 18,898,051	\$ 18,002,404	\$ 49,099,238	\$ 44,283,637

The City has completed the development of a Capital Improvement Plan (CIP) that was formally adopted by the City Council. This plan will be reviewed annually as part of the budget process. The approved purchase of an asset management program will improve the City's ability to track useful and identify maintenance concerns involving the City's infrastructure and assets.

Additional details of capital asset activity for the year can be found in Note 4 of the notes to basic financial statements.

**CITY OF ORONO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Long-Term Liabilities

The debt service funds account for the accumulation of resources to finance all of the City's general obligation bonds. The revenue sources for these funds include annual tax levies, special assessments, and transfers from other funds. At year-end, the total fund balance of these funds was \$2,154,301. The following table summarized the City's long-term liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 7,000,000	\$ 7,660,000	\$ 965,000	\$ 1,045,000	\$ 7,965,000	\$ 8,705,000
Compensated Absences	538,319	497,359	38,995	38,001	577,314	535,360
Bond Premium (Discount), Net	169,801	195,751	15,586	17,072	185,387	212,823
Total Outstanding Debt	<u>\$ 7,708,120</u>	<u>\$ 8,353,110</u>	<u>\$ 1,019,581</u>	<u>\$ 1,100,073</u>	<u>\$ 8,727,701</u>	<u>\$ 9,453,183</u>

Additional details of long-term debt activity for the year can be found in Note 5 of the notes to basic financial statements.

General Fund Budgetary Highlights

Detail of the General Fund original budget, final budget and actual revenues and expenditures can be found on page 56 of this report. While a few departments required budget adjustments, the City compensated for these increases with reductions in other departments. The Departments that needed budget adjustments were Administration, Assessing, Law and Legal Services, Central Services and Police. The Central Services budget was over budget due to higher than anticipated software licensing fees and bank fees. While the Police Department was over budget to higher than budgeted special services. These services are billed to the entity that receives the service, so the overage is offset by increased revenues for the service provided. The overall General Fund ended the year with a favorable budget variance of \$659,905 before other financing sources and uses.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed by writing to the City of Orono, 2750 Kelley Parkway, P.O. Box 66, Crystal Bay, Minnesota 55323 or by calling (952) 249-4600.

BASIC FINANCIAL STATEMENTS

CITY OF ORONO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 10,595,718	\$ 4,700,167	\$ 15,295,885
Accounts Receivable	65,375	639,875	705,250
Property Taxes Receivable	72,172	-	72,172
Special Assessments Receivable	26,867	296,570	323,437
Accrued Interest Receivable	48,382	8,489	56,871
Internal Balances	(97,973)	97,973	-
Due from Other Governments	838,586	7,498	846,084
Inventories	3,494	6,566	10,060
Prepaid Items	121,024	46,988	168,012
Other Assets	3,812	-	3,812
Capital Assets:			
Nondepreciable:			
Land	7,337,435	79,706	7,417,141
Construction in Progress	3,946,328	1,127,199	5,073,527
Depreciable:			
Buildings and Building Improvements	9,160,345	1,605,211	10,765,556
Improvements Other than Buildings	2,633,048	13,511	2,646,559
Streets and Infrastructure	10,362,353	-	10,362,353
Distribution/Collection Systems	-	25,739,802	25,739,802
Equipment and Furniture	4,643,003	963,292	5,606,295
Total Capital Assets	<u>38,082,512</u>	<u>29,528,721</u>	<u>67,611,233</u>
Less: Accumulated Depreciation	<u>(7,881,325)</u>	<u>(10,630,670)</u>	<u>(18,511,995)</u>
Total Capital Assets, Net	<u>30,201,187</u>	<u>18,898,051</u>	<u>49,099,238</u>
Total Assets	<u>41,878,644</u>	<u>24,702,177</u>	<u>66,580,821</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	3,419,531	60,837	3,480,368
Deferred Outflows - OPEB	18,834	1,926	20,760
Total Deferred Outflows of Resources	<u>3,438,365</u>	<u>62,763</u>	<u>3,501,128</u>
LIABILITIES			
Accounts and Contracts Payable	519,813	156,476	676,289
Accrued Salaries and Fringes	212,231	20,272	232,503
Accrued Interest Payable	73,036	9,513	82,549
Deposits	1,552,074	7,000	1,559,074
Unearned Revenue	20,056	15,770	35,826
Due to Other Governmental Units	216,645	23,004	239,649
Compensated Absences - Due Within One Year	315,000	17,000	332,000
Bonds Payable - Due Within One Year	910,950	81,485	992,435
Long-Term Liabilities:			
Other Postemployment Benefits Payable	759,500	77,687	837,187
Net Pension Liability	3,390,436	342,744	3,733,180
Compensated Absences - Due in More Than One Year	223,319	21,995	245,314
Bonds Payable - Due in More Than One Year	<u>6,258,851</u>	<u>899,101</u>	<u>7,157,952</u>
Total Liabilities	<u>14,451,911</u>	<u>1,672,047</u>	<u>16,123,958</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pensions	4,899,916	88,732	4,988,648
NET POSITION			
Net Investment in Capital Assets	23,370,988	17,917,465	41,288,453
Restricted for:			
Debt Service	2,098,665	-	2,098,665
Golf Course Improvements	270	-	270
Park Improvements	696,178	-	696,178
Drug and Alcohol Law Enforcement	334,952	-	334,952
Home Buyer Purchase Assistance Program	133,693	-	133,693
Lurton Park Development and Maintenance	17,624	-	17,624
Senior Housing TIF	153,036	-	153,036
Unrestricted	<u>(840,224)</u>	<u>5,086,696</u>	<u>4,246,472</u>
Total Net Position	<u>\$ 25,965,182</u>	<u>\$ 23,004,161</u>	<u>\$ 48,969,343</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF ORONO
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating			Primary Government		
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,947,411	\$ 1,147,449	\$ 159,512	\$ 20,779	\$ (619,671)	\$ -	\$ (619,671)
Public Safety	5,661,624	3,102,546	396,593	-	(2,162,485)	-	(2,162,485)
Streets	2,131,198	5,826	1,185,265	799,386	(140,721)	-	(140,721)
Parks and Recreation	465,170	389,206	-	-	(75,964)	-	(75,964)
Interest and Fiscal Charges	155,122	-	-	-	(155,122)	-	(155,122)
Total Governmental Activities	10,360,525	4,645,027	1,741,370	820,165	(3,153,963)	-	(3,153,963)
Business-Type Activities:							
Water Operating	915,730	699,562	-	5,315	-	(210,853)	(210,853)
Sewer Operating	1,381,752	1,477,225	-	2,085	-	97,558	97,558
Storm Water	143,194	421,838	34,500	-	-	313,144	313,144
Recycling	127,044	136,922	-	-	-	9,878	9,878
Cable Television	51,943	78,716	-	-	-	26,773	26,773
Total Business-Type Activities	2,619,663	2,814,263	34,500	7,400	-	236,500	236,500
Total Primary Government	\$ 12,980,188	\$ 7,459,290	\$ 1,775,870	\$ 827,565	(3,153,963)	236,500	(2,917,463)
GENERAL REVENUES							
					5,510,133	-	5,510,133
					132,799	51,588	184,387
					-	2,733	2,733
					193,279	76,950	270,229
					(41,000)	41,000	-
					5,795,211	172,271	5,967,482
CHANGE IN NET POSITION							
					2,641,248	408,771	3,050,019
					23,613,262	22,628,017	46,241,279
					(289,328)	(32,627)	(321,955)
					23,323,934	22,595,390	45,919,324
NET POSITION - ENDING OF YEAR							
					\$ 25,965,182	\$ 23,004,161	\$ 48,969,343

See accompanying Notes to Basic Financial Statements.

**CITY OF ORONO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	General Fund	Municipal State Aid Street	Pavement Management Plan	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 3,544,098	\$ -	\$ 259,972	\$ 5,995,026	\$ 9,799,096
Receivables:					
Miscellaneous Receivables	65,375	-	-	-	65,375
Accrued Interest	39,787	-	176	6,944	46,907
Delinquent Taxes	50,349	-	4,423	17,400	72,172
Deferred Special Assessments	-	-	-	26,867	26,867
Prepays	114,676	-	-	-	114,676
Inventory	3,494	-	-	-	3,494
Due from Other Funds	2,675,998	-	-	-	2,675,998
Due from Other Governmental Units	49,996	778,477	3,300	6,813	838,586
Other Assets	3,812	-	-	-	3,812
Total Assets	\$ 6,547,585	\$ 778,477	\$ 267,871	\$ 6,053,050	\$ 13,646,983
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ 163,491	\$ 161,075	\$ 165,011	\$ 9,516	\$ 499,093
Accrued Salaries Payable	212,231	-	-	-	212,231
Due to Other Funds	-	2,536,494	139,504	-	2,675,998
Due to Other Governmental Units	114,874	1,038	-	100,733	216,645
Deposits	1,552,074	-	-	-	1,552,074
Unearned Revenue	-	-	20,056	-	20,056
Total Liabilities	2,042,670	2,698,607	324,571	110,249	5,176,097
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes	50,349	-	4,423	17,400	72,172
Unavailable Revenue - Special Assessments	-	-	-	26,867	26,867
Unavailable Revenue - Other	-	778,477	-	-	778,477
Total Deferred Inflows of Resources	50,349	778,477	4,423	44,267	877,516
FUND BALANCE					
Nonspendable:					
Prepays	114,676	-	-	-	114,676
Inventory	3,494	-	-	-	3,494
Restricted:					
Debt Service	-	-	-	2,154,301	2,154,301
Parkland Acquisitions and Improvement	-	-	-	695,544	695,544
Drug and Alcohol Law Enforcement	-	-	-	334,700	334,700
Home Buyer Purchase Assistance	-	-	-	133,585	133,585
Lurton Park Development and Maintenance	-	-	-	17,640	17,640
Senior Housing	-	-	-	152,971	152,971
Golf Course Improvements	-	-	-	270	270
Big Island Improvements	-	-	-	6,000	6,000
Other Improvements	-	-	-	165	165
Assigned:					
Long Lake Fire Equipment	-	-	-	316,138	316,138
Capital Equipment Purchases	-	-	-	213,307	213,307
Police Equipment Purchases	-	-	-	299,383	299,383
Future Construction Projects	-	-	-	959,044	959,044
Community-Wide Projects	-	-	-	544,894	544,894
Debt Service	-	-	-	45,709	45,709
Police Garage Project	-	-	-	24,883	24,883
Unassigned	4,336,396	(2,698,607)	(61,123)	-	1,576,666
Total Fund Balance	4,454,566	(2,698,607)	(61,123)	5,898,534	7,593,370
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 6,547,585	\$ 778,477	\$ 267,871	\$ 6,053,050	\$ 13,646,983

See accompanying Notes to Basic Financial Statements.

**CITY OF ORONO
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018**

Total Fund Balances for Governmental Funds \$ 7,593,370

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 7,337,435	
Construction in Progress	3,946,328	
Buildings and Building Improvements	9,160,345	
Improvements Other than Buildings	2,633,048	
Streets and Infrastructure	10,362,353	
Equipment and Furniture	<u>4,643,003</u>	
Total Capital Assets	38,082,512	
Less: Accumulated Depreciation	<u>(7,881,325)</u>	30,201,187

Some of the City's receivables, including property taxes, special assessments, and certain amounts due from other governments, will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 877,516

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position. (73,036)

The City's net pension liability and related deferred inflows and deferred outflows are recorded only on the statement of net position. Balances at year end are:

Net Pension Liability	(3,390,436)	
Deferred Inflows of Resources - Pensions	(4,899,916)	
Deferred Outflows of Resources - Pensions	<u>3,419,531</u>	(4,870,821)

The City's other postemployment benefits liability and related deferred inflows and deferred outflows are recorded only on the statement of net position. Balances at year end are:

Other Postemployment Benefits Liability	(759,500)	
Deferred Outflows of Resources - OPEB	<u>18,834</u>	(740,666)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long term - are reported in the statement of net position.

Bonds Payable	(7,000,000)	
Unamortized Premiums	(169,801)	
Compensated Absence Payable	<u>(538,319)</u>	(7,708,120)

Internal service funds are used by management to charge the costs of employee benefits and vehicle maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 685,752

Total Net Position of Governmental Activities \$ 25,965,182

CITY OF ORONO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General Fund	Municipal State Aid Street	Pavement Management Plan	Other Governmental Funds	Totals
REVENUE					
Property Taxes	\$ 4,288,106	\$ -	\$ 380,336	\$ 779,796	\$ 5,448,238
Special Assessments	-	-	-	22,935	22,935
Licenses and Permits	746,043	-	-	208,235	954,278
Intergovernmental Revenue	411,648	1,041,802	-	163,133	1,616,583
Fines and Forfeitures	83,875	-	-	40,185	124,060
Other Revenue:					
Investment Earnings	70,155	-	4,012	48,492	122,659
User Fees	3,211,749	-	-	-	3,211,749
Rents and Refunds	5,400	-	-	-	5,400
Miscellaneous Revenue	47,429	-	117,160	1,230	165,819
Total Revenue	<u>8,864,405</u>	<u>1,041,802</u>	<u>501,508</u>	<u>1,264,006</u>	<u>11,671,721</u>
EXPENDITURES					
Current:					
General Government	1,429,086	-	-	3,990	1,433,076
Public Safety	5,625,892	-	-	2,194	5,628,086
Streets	595,740	-	-	-	595,740
Parks and Recreation	401,351	-	-	20,645	421,996
Capital Outlay:					
Other	-	2,689,450	1,700,231	1,382,138	5,771,819
Debt Service:					
Principal Retirement	-	-	-	660,000	660,000
Interest and Fiscal Charges	-	-	-	187,404	187,404
Total Expenditures	<u>8,052,069</u>	<u>2,689,450</u>	<u>1,700,231</u>	<u>2,256,371</u>	<u>14,698,121</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	812,336	(1,647,648)	(1,198,723)	(992,365)	(3,026,400)
OTHER FINANCE SOURCES (USES)					
Transfers In	-	-	760,005	726,302	1,486,307
Transfers Out	(837,703)	-	-	(379,604)	(1,217,307)
Proceeds from Sale of Capital Assets	33,097	-	-	-	33,097
Total Other Finance Sources (Uses)	<u>(804,606)</u>	<u>-</u>	<u>760,005</u>	<u>346,698</u>	<u>302,097</u>
NET CHANGE IN FUND BALANCES	7,730	(1,647,648)	(438,718)	(645,667)	(2,724,303)
FUND BALANCES					
Beginning of Year	4,446,836	(1,050,959)	377,595	6,544,201	10,317,673
End of Year	<u>\$ 4,454,566</u>	<u>\$ (2,698,607)</u>	<u>\$ (61,123)</u>	<u>\$ 5,898,534</u>	<u>\$ 7,593,370</u>

See accompanying Notes to Basic Financial Statements.

CITY OF ORONO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balances-Total Governmental Funds \$ (2,724,303)

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

Governmental funds report capital outlays as expenditures and proceeds from sale of capital assets as revenues. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays - Improvement Costs (Net of Proceeds)	\$ 4,827,981	
Gain (Loss) on Disposal of Capital Assets	(831)	
Proceeds from the Sale of Capital Assets	(33,097)	
Depreciation Expense	<u>(874,099)</u>	3,919,954

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Amortization of Bond Premium	25,950	
Repayment of Bond Principal	660,000	
Change in Accrued Interest Expense	<u>6,332</u>	692,282

Delinquent and certain other property taxes and special assessments receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources and excluded from revenues in the governmental funds.

Deferred Inflows of Resources - December 31, 2017	18,391	
Deferred Inflows of Resources - December 31, 2018	<u>877,516</u>	859,125

In the statement of activities compensated absences and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (113,722)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources. 212,352

Internal service funds are used by the City to charge the costs of insurance to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities. (204,440)

Change in Net Position of Governmental Activities \$ 2,641,248

**CITY OF ORONO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018**

	Business-Type Activities				Totals	Governmental
	Water Operating	Sewer Operating	Storm Water	Other Business-Type Activities		Internal Service
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 610,690	\$ 2,578,240	\$ 1,293,814	\$ 217,423	\$ 4,700,167	\$ 796,622
Receivables:						
Accounts Receivables (Net of Allowance)	152,014	383,853	61,052	42,956	639,875	-
Accrued Interest	664	5,017	2,507	301	8,489	1,475
Delinquent Special Assessments	1,968	21,860	-	-	23,828	-
Special Assessments	49,248	223,494	-	-	272,742	-
Prepays	583	46,405	-	-	46,988	6,348
Inventory	6,566	-	-	-	6,566	-
Due from Other Governmental Units	-	7,498	-	-	7,498	-
Total Current Assets	<u>821,733</u>	<u>3,266,367</u>	<u>1,357,373</u>	<u>260,680</u>	<u>5,706,153</u>	<u>804,445</u>
CAPITAL ASSETS						
Land and Land Improvements	62,195	24,654	6,368	-	93,217	-
Construction in Progress	323,128	211,160	592,911	-	1,127,199	-
Buildings and Improvements	1,572,243	32,968	-	-	1,605,211	-
Equipment	100,444	538,304	245,870	78,674	963,292	-
Distribution/Collection System	5,622,425	18,518,437	1,598,940	-	25,739,802	-
Total	7,680,435	19,325,523	2,444,089	78,674	29,528,721	-
Less: Accumulated Depreciation	(2,728,464)	(7,629,541)	(254,835)	(17,830)	(10,630,670)	-
Net Capital Assets	<u>4,951,971</u>	<u>11,695,982</u>	<u>2,189,254</u>	<u>60,844</u>	<u>18,898,051</u>	<u>-</u>
Total Assets	5,773,704	14,962,349	3,546,627	321,524	24,604,204	804,445
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pensions	20,490	32,629	5,027	2,691	60,837	-
Deferred Outflows - OPEB	850	903	173	-	1,926	-
Total Deferred Outflows of Resources	<u>21,340</u>	<u>33,532</u>	<u>5,200</u>	<u>2,691</u>	<u>62,763</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts and Contracts Payable	30,108	41,166	85,202	-	156,476	20,720
Accrued Salaries Payable	9,413	9,067	1,792	-	20,272	-
Due to Other Governmental Units	10,222	12,782	-	-	23,004	-
Deposits	7,000	-	-	-	7,000	-
Compensated Absences Payable	8,029	13,966	-	-	21,995	-
Unearned Revenue	-	15,770	-	-	15,770	-
Accrued Interest Payable	9,513	-	-	-	9,513	-
Current Maturities of Long-Term Debt	81,485	-	-	-	81,485	-
Total Current Liabilities	<u>155,770</u>	<u>92,751</u>	<u>86,994</u>	<u>-</u>	<u>335,515</u>	<u>20,720</u>
NONCURRENT LIABILITIES						
Bonds Payable	899,101	-	-	-	899,101	-
Other Postemployment Benefits	34,276	36,419	6,992	-	77,687	-
Net Pension Liability	115,440	183,824	28,321	15,159	342,744	-
Compensated Absences Payable	6,166	10,834	-	-	17,000	-
Total Noncurrent Liabilities	<u>1,054,983</u>	<u>231,077</u>	<u>35,313</u>	<u>15,159</u>	<u>1,336,532</u>	<u>-</u>
Total Liabilities	1,210,753	323,828	122,307	15,159	1,672,047	20,720
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pensions	29,885	47,590	7,332	3,925	88,732	-
NET POSITION						
Net Investment in Capital Assets	3,971,385	11,695,982	2,189,254	60,844	17,917,465	-
Unrestricted	583,021	2,928,481	1,232,934	244,287	4,988,723	783,725
Total Net Position	<u>\$ 4,554,406</u>	<u>\$ 14,624,463</u>	<u>\$ 3,422,188</u>	<u>\$ 305,131</u>	<u>22,906,188</u>	<u>\$ 783,725</u>
Total Liabilities and Balance	<u>\$ 5,795,044</u>	<u>\$ 14,995,881</u>	<u>\$ 3,551,827</u>	<u>\$ 324,215</u>	<u>24,666,967</u>	<u>\$ 804,445</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities

97,973
\$ 23,004,161

See accompanying Notes to Basic Financial Statements.

CITY OF ORONO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities					Governmental Activities
	Water Operating	Sewer Operating	Storm Water	Other Business-Type Activities	Totals	Internal Service
OPERATING REVENUE						
Sales and User Fees	\$ 688,671	\$ 1,472,125	\$ 320,948	\$ 190,165	\$ 2,671,909	\$ 335,071
Other	-	25,845	-	1,586	27,431	166,716
Total Operating Revenue	<u>688,671</u>	<u>1,497,970</u>	<u>320,948</u>	<u>191,751</u>	<u>2,699,340</u>	<u>501,787</u>
OPERATING EXPENSES						
Personnel Services	234,282	271,498	46,374	20,796	572,950	12,120
Professional Services	22,910	13,494	16,936	140,620	193,960	-
Operating and Maintenance Supplies	46,301	12,753	1,262	-	60,316	-
Utilities	86,814	33,737	-	-	120,551	-
Depreciation	186,566	315,278	46,257	4,890	552,991	-
Maintenance and Repairs	158,917	132,760	9,136	2,830	303,643	131,926
Administrative Charges from the General Fund	16,000	32,000	16,000	-	64,000	-
Insurance	10,280	18,930	720	-	29,930	338,241
Other Expenses	56,260	551,302	6,509	9,851	623,922	-
Total Operating Expenses	<u>818,330</u>	<u>1,381,752</u>	<u>143,194</u>	<u>178,987</u>	<u>2,522,263</u>	<u>482,287</u>
OPERATING INCOME (LOSS)	(129,659)	116,218	177,754	12,764	177,077	19,500
NONOPERATING REVENUE (EXPENSES)						
Water Tower Rental Fee	19,370	-	-	-	19,370	-
Connection Fee	-	5,100	100,890	-	105,990	-
Investment Earnings	6,932	25,794	16,843	2,019	51,588	10,140
Interest Expense	(21,480)	-	-	-	(21,480)	-
State Grant	-	-	34,500	23,887	58,387	-
Miscellaneous Revenue	30,573	8,635	1,763	4,388	45,359	-
Total Nonoperating Revenue	<u>35,395</u>	<u>39,529</u>	<u>153,996</u>	<u>30,294</u>	<u>259,214</u>	<u>10,140</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(94,264)	155,747	331,750	43,058	436,291	29,640
Capital Contributions	5,315	2,085	-	-	7,400	-
Transfers In	206,000	-	-	-	206,000	-
Transfers Out	(55,000)	(110,000)	-	-	(165,000)	(310,000)
Total Contributions and Transfers	<u>156,315</u>	<u>(107,915)</u>	<u>-</u>	<u>-</u>	<u>48,400</u>	<u>(310,000)</u>
CHANGES IN NET POSITION	62,051	47,832	331,750	43,058	484,691	(280,360)
NET POSITION						
Beginning of Year	4,509,873	14,589,840	3,092,338	262,073		1,064,085
Prior Period Restatement, See Note 11	(17,518)	(13,209)	(1,900)	-		-
Beginning of Year, as Restated	<u>4,492,355</u>	<u>14,576,631</u>	<u>3,090,438</u>	<u>262,073</u>		<u>1,064,085</u>
End of Year	<u>\$ 4,554,406</u>	<u>\$ 14,624,463</u>	<u>\$ 3,422,188</u>	<u>\$ 305,131</u>		<u>\$ 783,725</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(73,131)	
Change in Net Position of Business-Type Activities (page 20)					<u>\$ 411,560</u>	

See accompanying Notes to Basic Financial Statements.

CITY OF ORONO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

OPERATING INCOME	Business-Type Activities - Enterprise Funds					Governmental
	Water	Sewer	Storm Water	Other	Total	Internal Service
				Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Receipts from Customers	\$ 637,583	\$ 1,509,329	\$ 316,098	\$ 187,666	\$ 2,650,676	\$ 335,071
Cash Paid to Suppliers	(487,395)	(1,062,786)	9,591	(154,091)	(1,694,681)	(461,078)
Cash Paid to Employees	(232,394)	(275,552)	(46,638)	(21,425)	(576,009)	(12,120)
Other Receipts	30,573	34,480	1,763	5,974	72,790	174,396
Net Cash Provided (Used) by Operating Activities	(51,633)	205,471	280,814	18,124	452,776	36,269
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Water Tower Rental Fees	19,370	-	-	-	19,370	-
Connection Fees Received	-	5,100	100,890	-	105,990	-
Special Assessments for Capital Purposes	5,315	2,085	-	-	7,400	-
Acquisition of Capital Assets	(314,754)	(326,004)	(778,104)	(29,776)	(1,448,638)	-
Interest Paid on Bonds	(23,631)	-	-	-	(23,631)	-
Principal Payments on Bonds	(80,000)	-	-	-	(80,000)	-
Net Cash Used by Capital and Related Financing Activities	(393,700)	(318,819)	(677,214)	(29,776)	(1,419,509)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	6,932	22,744	15,449	1,838	46,963	9,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net Transfers	151,000	(110,000)	-	-	41,000	(310,000)
State Grant Received	-	-	34,500	23,887	58,387	-
Net Cash Provided (Used) by Noncapital Financing Activities	151,000	(110,000)	34,500	23,887	99,387	(310,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(287,401)	(200,604)	(346,451)	14,073	(820,383)	(264,426)
Cash and Cash Equivalents - Beginning of Year	898,091	2,778,844	1,640,265	203,350	5,520,550	1,061,048
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 610,690</u>	<u>\$ 2,578,240</u>	<u>\$ 1,293,814</u>	<u>\$ 217,423</u>	<u>\$ 4,700,167</u>	<u>\$ 796,622</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (129,659)	\$ 116,218	\$ 177,754	\$ 12,764	\$ 177,077	\$ 19,500
Miscellaneous Other Receipts Added to Operating Income	30,573	8,635	1,763	4,388	45,359	-
Noncash Expenses Included in Net Income:						
Depreciation	186,566	315,278	46,257	4,890	552,991	-
Change in Assets and Liabilities:						
(Increase) Decrease in:						
Accounts Receivable	(14,808)	40,380	(4,850)	(2,499)	18,223	7,680
Prepaid Items	(461)	(46,283)	-	-	(46,744)	(6,348)
Inventory	3,402	-	-	-	3,402	-
Due from Other Governmental Units	103	(3,176)	-	-	(3,073)	-
Deferred Outflows of Resources	11,003	17,970	2,735	1,555	33,263	-
Increase (Decrease) in:						
Accounts Payable	(72,795)	(215,610)	60,527	(790)	(228,668)	15,437
Accrued Salaries Payable	2,972	(518)	238	-	2,692	-
Due to Other Governmental Units	(20,059)	(5,917)	(373)	-	(26,349)	-
Compensated Absences Payable	411	583	-	-	994	-
Other Postemployment Benefits	4,134	4,392	843	-	9,369	-
Net Pension Liability	(17,852)	(28,426)	(4,380)	(2,344)	(53,002)	-
Deferred Inflows of Resources	1,220	1,945	300	160	3,625	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (51,633)</u>	<u>\$ 205,471</u>	<u>\$ 280,814</u>	<u>\$ 18,124</u>	<u>\$ 452,776</u>	<u>\$ 36,269</u>

See accompanying Notes to Basic Financial Statements.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Orono, Minnesota (the City) operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. Under this plan, the City Council, composed of an elected mayor and four elected trustees or council members, exercises legislative authority and determines all matters of policy. The City Administrator, appointed by the City Council, is responsible for the proper administering of all affairs relating to the City.

The financial statements and the accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component unit. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

The Orono Housing and Redevelopment Authority (Orono HRA) is a legally separate organization created in accordance with Minnesota Statute § 469.003. Its purpose is to clear and redevelop blighted areas within the City and to provide adequate housing for low and moderate income residents. The Orono HRA is fiscally dependent upon the City, and its governing board consists of the City’s mayor and council members. Therefore, the Orono HRA has been reported as a blended component unit of the City, with its funds reported as though they are funds of the City. The financial activity at this time is limited to debt payments within the Orono HRA debt service funds, namely the public facilities and project revenue bonds.

There are no other organizations that, when considered, would be included in the financial statements as a component unit.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and special assessments are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense can be specifically identified by function (see Note 4). Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days after year-end.

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and the Internal Service Funds are charges to customers for sales and services. The operating expenses for the enterprise funds and Internal Service 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.

The Internal Service Funds are reported in the proprietary fund financial statements. Because the principal user of internal services is the City's governmental activities, the financial statements of the Internal Service Funds are consolidated into both the governmental activities and business-type activities columns when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Description of Funds

The City reports the following major governmental funds:

General Fund – This is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Municipal State Aid Street – This fund is used to collect and spend resources on the various projects related to state aid streets and highways.

Pavement Management Plan – This fund is used to collect and spend resources on the various road construction projects of the City.

The City reports the following major enterprise funds:

Water Operating Fund – This fund is used to account for the provision of water services to the residents of the City who have water service available.

Sewer Operating Fund – This fund is used to account for the provision of sewer services to the residents of the City who have sanitary sewer service available.

Storm Water Fund – This fund is used to account for the charges for and the costs of maintaining the City's storm water system.

The City's proprietary funds also include the following:

Internal Service Funds – Insurance, Compensated Absences, Fleet Management, and IT Services – These funds are used to account for the insurance costs incurred by the City for general liability, property, vehicle, workers' compensation, and other insurance and deductibles, the accrual of sick and vacation days that are earned by the City's employees, repairs and maintenance costs of the City's vehicles, and IT services provided to various City functions. These funds are reimbursed through charges to the various participating departments of the City.

E. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in short-term investments. Earnings from the pooled investments are allocated to the individual funds based on the average monthly cash and investment balances of the respective funds. The City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

Cash and investments held by trustee reflect balances held in segregated accounts for specific purposes. Interest earned on these investments is allocated directly to those accounts.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

All miscellaneous accounts receivable are shown at net of an allowance for doubtful accounts. Since the City is generally able to certify delinquent utility bills to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on those receivables. The only receivables not expected to be fully collected within one year are property taxes and special assessments receivable.

G. Property Taxes

Property tax levies are set by the City Council by December of each year, and certified to the County Auditor for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

A portion of the property taxes levied may be paid by the state of Minnesota through various tax credits, which are included in intergovernmental revenue in the financial statements.

The county spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts several times a year. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable.

H. Special Assessments

Special assessments represent the financing for public improvements paid for by the benefiting property owners. These assessments are recorded as delinquent (levied but unremitted) or deferred (certified but not yet levied) special assessments receivable.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City utilizes the consumption method when recording prepaid items.

J. Inventories

The City's governmental funds utilize the consumption method for accounting for inventory and all inventories of the City are stated at the lower of cost or market on the first-in, first-out basis.

K. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements is reported as either "due to/from other funds" (current portion) or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets, which include property, buildings, improvements, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$5,000 or more for government-wide and \$5,000 for proprietary funds with an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. As allowed by accounting principles generally accepted in the United States of America, the City has elected not to retroactively capitalize the infrastructure of its governmental activities acquired prior to January 1, 2004.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. Useful lives vary from 15 to 50 years for land improvements, buildings, and other improvements; 5 to 10 years for equipment; and 20 to 50 years for collection and distribution systems and other infrastructure.

M. Compensated Absences Payable

Certain City employees earn personal time off, vacation, compensation time, and sick leave at various rates based on longevity. These compensated absences are paid to an employee leaving in good standing, at their current rate of pay, with the exception of sick leave in which one-half is paid to the departing employee. Compensated absences payable are accounted for as long-term liabilities as described in the following section.

N. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

In the governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two types of items, deferred outflows related to pensions and deferred outflows related to OPEB, which qualify for reporting in this category. See Note 6 and Note 8 for additional details.

In addition to liabilities, the statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category. The first, unavailable revenue, arises under a modified accrual basis of accounting and is therefore reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and amounts due from other governments not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The City reports deferred inflows related to taxes collected in advance of levy, which are simply taxes prepaid to the City prior to being due by the citizens and businesses within the City. The City also reports deferred inflows related to pensions on its statements of net position. See Note 8 for additional detail.

P. Net Position/Fund Balance

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Portions of net position are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the fund financial statements, governmental funds report fund balances in the classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – portion of fund balances related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the City Council.

Assigned – consists of internally imposed constraints approved by the City Finance Director. The City adopted a formal fund balance policy which gives authority to assign fund balances to the Finance Director.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position/Fund Balance (Continued)

Unassigned – is the residual classification for the General Fund and also reflects the negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the City's policy to use committed first, then assigned, and finally unassigned amounts.

The City formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target unassigned fund balance of 45% of the fund's annual operating budget. Unassigned fund balance in excess of 50% will be transferred to the Community Investment Construction Fund pursuant to Council approval.

Q. Budgets and Budgetary Accounting

Each fall, after holding a meeting to obtain public comments, the City Council legally adopts the General Fund and any major special revenue funds. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City has established budgetary control at the department level. City management must request City Council approval before exceeding the budget at that level. City management may transfer appropriations within the department level without City Council approval. Appropriations lapse at year-end; however, the City Council may approve the carryover of specific amounts. Encumbrance accounting is not used.

R. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in 2018.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consisted of the following:

Deposits	\$ 48,892
Investments	15,245,834
Cash on Hand	1,160
Total	<u>\$ 15,295,886</u>

Cash and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	<u>\$ 15,295,885</u>
--	----------------------

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The City’s investment policies further limit depositories to those located in the state of Minnesota, and must have a minimum capital and surplus of \$10,000,000 and a net worth to asset ratio minimum of 5%, except for the City’s main checking account at the First National Bank of the Lakes, Navarre.

At year-end, the carrying amount of the City’s deposits was \$48,892 while the balance on the bank records was \$194,698. At December 31, 2018, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

<u>Investments Measured at Fair Value</u>	<u>Fair Value</u>
Negotiable Certificates of Deposit with Maturity at Purchase of Greater Than one Year	\$ 9,462,478
Federal Home Loan Bank	1,875,131
Federal Home Loan Mortgage Corp.	1,239,645
Federal National Mortgage Association	252,738
Municipal Bonds	814,717
Total Investments Measured at Fair Value	<u>\$ 13,644,709</u>
	Amortized
<u>Investments Measured at Amortized Cost</u>	<u>Cost</u>
Minnesota Municipal Money Market (4M) Fund	\$ 1,477,023
Other Money Markets	124,102
Total Assets Measured at Amortized Cost	<u>\$ 1,601,125</u>
Total Investments	<u>\$ 15,245,834</u>

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities. City investment policies require that security/broker/dealers be restricted to those regulated by the Securities and Exchange Commission, have a minimum capital of \$40,000,000 and may include “primary” dealers or regional dealers, and are located in Minnesota. The City limits the amount of investments with a specific dealer to 30% of the investment portfolio.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City’s investment policies do not allow investing in the following instruments:

1. Reverse repurchase agreements
2. Mortgage-backed securities, as defined in Minnesota Statute § 118A.04, Subd. 6
3. Future contracts
4. Options
5. Guaranteed investment contracts

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy also provides a guideline that generally limits the duration of investments to a maturity of eight years, and 20% of the portfolio to a specific maturity.

A schedule of the maturities and ratings of the City’s investments as of December 31, 2018 is as follows:

	Total Value	Interest - Risk: Maturity in Years				No Maturity	Rating
		Less than 1	1 to 2	2 to 5	5+		
Negotiable Certificates of Deposit with Maturity at Time of Purchase of More Than One Year	\$ 9,462,478	\$ 2,338,993	\$ 3,529,500	\$ 3,593,985	\$ -	\$ -	AAA
Federal Home Loan Bank	1,875,131	-	-	1,875,131	-	-	AA+
Federal Home Loan Mortgage Corporation	1,239,645	-	-	1,239,645	-	-	AA+
Federal National Mortgage Association	252,738	-	-	252,738	-	-	AA+
Municipal Bonds	814,717	-	-	496,105	318,612	-	NR
Money Markets	1,601,125	-	-	-	-	1,601,125	NR
Total	\$ 15,245,834	\$ 2,338,993	\$ 3,529,500	\$ 7,457,604	\$ 318,612	\$ 1,601,125	
Deposits Held At Bank	50,052	-	-	-	-	-	
Total	\$ 15,295,886						

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5% or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies provide a guideline of limiting investments to 35% of a specific type.

At December 31, 2018, the following is a list of investments which individually comprise more than 5% of the City’s total investments:

		Percent of Total Value
MN Municipal Money Markets (4M)	\$ 1,601,125	10.5%

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard which defines fair value, establishes framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes and prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted process for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Below is a categorization of the City's investments at December 31, 2018.

Investment Type	Level 1	Level 2	Level 3	Total
Negotiable Certificates of Deposit with Maturity at Purchase of Greater Than One Year	\$ -	\$ 9,462,478	\$ -	\$ 9,462,478
Federal Home Loan Bank	-	1,875,131	-	1,875,131
Federal Home Loan Mortgage Corp.	-	1,239,645	-	1,239,645
Federal National Mortgage Association	-	252,738	-	252,738
Municipal Bonds	-	814,717	-	814,717
Total	<u>\$ -</u>	<u>\$ 13,644,709</u>	<u>\$ -</u>	<u>13,644,709</u>
Amortized Cost				1,601,125
Total Investments				<u>\$ 15,245,834</u>

NOTE 3 INTERFUND TRANSFERS

A. Interfund Transfers

From Fund	To Fund	Amount	Purpose
General Fund	Improvement and Equipment Capital Outlay	\$ 255,000	Budgeted operating transfer for capital equipment purchases
General Fund	2014 Improvement Bonds	125,000	Budgeted transfer for debt service of
Water Operating	2016 GO Refunding Bond	55,000	2014 Improvement Bonds Annual operating transfer for Water
	Debt Service		Fund portion of the Casco Point Road Project
Sewer Operating	2016 GO Refunding Bond	110,000	Annual operating transfer for Sewer
	Debt Service		Fund portion of the Casco Point Road Project
General Fund	Pavement Management	450,000	2018 Fund Balance Transfer due to Excess over cap in the general fund.
General Fund	Lurton	7,703	Reimburse Lurton Park Fund for General Fund Purchases
Park Fund	Lurton	17,250	Reimburse Lurton Park Fund for Parking Lot
Park Fund	Lurton	24,098	Reimburse Lurton Park Fund for Saga Hill Work
2004 G.O. Imp Refunding Bond	Pavement Management	3	Close Fund 317 to Fund 435
2005 Hra Public Proj Rev	2005 Big Island Public Proj Fd	44,448	Close Fund 318 to Fund 430
2008 St Reconstruction Bond	2016 GO Refunding Bond	87,803	Close Fund 319 to Fund 323
2009 Refunding Bond	Debt Service		
2000 Improvement Bonds	Pavement Management	2	Close Fund 320 to Fund 435
Insurance Fund	Water Fund	206,000	
Insurance Fund	Pavement Management	310,000	Insurance Fund Balance cap set \$300,000. Transfer excess over cap to Pavement Management Fund for street projects.
Total		<u>\$ 1,692,307</u>	

Transfers are used to move resources from the funds in which they are collected to the funds where they are to be spent in accordance with statutory, budgetary, or contractual requirements. Transfers to the nonmajor governmental funds include funding for debt service, capital acquisitions, and improvements.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,337,435	\$ -	\$ -	\$ 7,337,435
Construction in Progress	3,255,918	4,809,980	4,119,570	3,946,328
Total Capital Assets, Not Being Depreciated	10,593,353	4,809,980	4,119,570	11,283,763
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	9,160,345	-	-	9,160,345
Improvements Other than Buildings	2,373,988	259,060	-	2,633,048
Equipment and Furniture	4,256,047	680,517	293,561	4,643,003
Streets and Infrastructure	7,164,359	3,197,994	-	10,362,353
Total Capital Assets, Being Depreciated	22,954,739	4,137,571	293,561	26,798,749
Accumulated Depreciation for:				
Buildings and Building Improvements	2,604,256	186,870	-	2,791,126
Improvements Other than Buildings	1,083,939	74,468	-	1,158,407
Equipment and Furniture	2,428,534	387,411	259,633	2,556,312
Streets and Infrastructure	1,150,130	225,350	-	1,375,480
Total Accumulated Depreciation	7,266,859	874,099	259,633	7,881,325
Total Capital Assets, Being Depreciated, Net	15,687,880	3,263,472	33,928	18,917,424
Governmental Activities Capital Assets, Net	<u>\$ 26,281,233</u>	<u>\$ 8,073,452</u>	<u>\$ 4,153,498</u>	<u>\$ 30,201,187</u>

B. Changes in Capital Assets Used in Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 79,706	\$ -	\$ -	\$ 79,706
Construction in Progress	607,731	1,240,320	720,852	1,127,199
Total Capital Assets, Not Being Depreciated	687,437	1,240,320	720,852	1,206,905
Capital Assets, Being Depreciated:				
Land Improvements	13,511	-	-	13,511
Buildings and Building Improvements	1,605,211	-	-	1,605,211
Equipment and Furniture	924,164	39,128	-	963,292
Distribution/Collection System	24,849,760	890,042	-	25,739,802
Total Capital Assets, Being Depreciated	27,392,646	929,170	-	28,321,816
Accumulated Depreciation for:				
Land Improvements	5,622	253	-	5,875
Buildings and Building Improvements	427,512	64,314	-	491,826
Equipment and Furniture	488,172	41,853	-	530,025
Distribution/Collection System	9,156,373	446,571	-	9,602,944
Total Accumulated Depreciation	10,077,679	552,991	-	10,630,670
Total Capital Assets, Being Depreciated, Net	17,314,967	376,179	-	17,691,146
Business-Type Activities Capital Assets, Net	<u>\$ 18,002,404</u>	<u>\$ 1,616,499</u>	<u>\$ 720,852</u>	<u>\$ 18,898,051</u>

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental Activities:

General Government	\$ 252,492
Public Safety	236,186
Streets	331,668
Parks and Recreation	<u>53,753</u>
Total Depreciation Expense, Governmental Activities	<u><u>\$ 874,099</u></u>

Business-Type Activities:

Water Operating	\$ 186,566
Sewer Operating	315,278
Storm Water	46,257
Cable Television	<u>4,890</u>
Total Depreciation Expense, Business-Type Activities	<u><u>\$ 552,991</u></u>

NOTE 5 LONG-TERM LIABILITIES

A. Components of, and Changes in Long-Term Liabilities

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 7,660,000	\$ -	\$ (660,000)	\$ 7,000,000	\$ 885,000
Unamortized Bond Premiums	<u>195,751</u>	<u>-</u>	<u>(25,950)</u>	<u>169,801</u>	<u>25,950</u>
Total Bonds Payable	7,855,751	-	(685,950)	7,169,801	910,950
Compensated Absences	<u>497,359</u>	<u>363,044</u>	<u>(322,084)</u>	<u>538,319</u>	<u>315,000</u>
Total Governmental Activities	8,353,110	363,044	(1,008,034)	7,708,120	1,225,950
Business-Type Activities:					
General Obligation Bonds	1,045,000	-	(80,000)	965,000	80,000
Unamortized Bond Premiums	17,072	-	(1,486)	15,586	1,485
Compensated Absences	<u>38,001</u>	<u>19,781</u>	<u>(18,787)</u>	<u>38,995</u>	<u>17,000</u>
Total Business-Type Activities	<u>1,100,073</u>	<u>19,781</u>	<u>(100,273)</u>	<u>1,019,581</u>	<u>98,485</u>
Total Debt	<u><u>\$ 9,453,183</u></u>	<u><u>\$ 382,825</u></u>	<u><u>\$ (1,108,307)</u></u>	<u><u>\$ 8,727,701</u></u>	<u><u>\$ 1,324,435</u></u>

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Bonds Payable

Description	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance - End of Year
Governmental Activities:					
General Obligation Bonds Payable:					
General Obligation Bonds of 2010A	\$ 4,315,000	3.00-3.75%	12/30/10	02/01/26	\$ 1,845,000
General Obligation Bonds of 2014A	5,275,000	2.00-3.00%	06/19/14	02/01/29	2,685,000
Street Reconstruction Refunding Bonds of 2016A	2,680,000	2.00%	11/17/16	02/01/23	2,470,000
Total General Obligation Bonds Payable					<u>7,000,000</u>
Unamortized Bond Premium					<u>169,801</u>
Total Governmental Activities Bonds Payable					<u><u>\$ 7,169,801</u></u>
Business-Type Activities:					
General Obligation Revenue Bonds:					
General Obligation Bonds of 2014A	\$ 5,275,000	2.00-3.00%	06/19/14	02/01/29	\$ 965,000
Unamortized Bond Premium					<u>15,586</u>
Total Business-Type Activities Bonds Payable					<u><u>\$ 980,586</u></u>

General Obligation Bonds – These bonds were issued to finance various improvements and will be repaid from taxes and special assessments.

Minimum annual principal and interest payments required to retire general obligation bonds are as follows:

Years	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2019	\$ 890,000	\$ 165,363
2020	925,000	145,113
2021	945,000	124,238
2022	960,000	102,822
2023	990,000	78,394
2024-2028	2,015,000	169,269
2029-2033	275,000	4,125
Totals	<u>\$ 7,000,000</u>	<u>\$ 789,324</u>

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Bonds Payable (Continued)

Business-Type Activities		
Years	Bonds Payable	
	Principal	Interest
2019	\$ 80,000	\$ 22,031
2020	80,000	20,431
2021	80,000	18,831
2022	85,000	17,181
2023	85,000	15,428
2024-2028	455,000	45,688
2029-2033	100,000	1,500
Totals	\$ 965,000	\$ 141,090

C. Compensated Absences

Liabilities for personal time off, vacation, compensation time, and sick leave will be paid by the General Fund and proprietary funds as appropriate.

D. Ultimate Responsibility for Debt

General obligation bonds are backed by the full faith and credit of the City except for the project revenue bonds.

E. Conduit Debt Obligations

At times, the City has issued various types of revenue bonds to provide financial assistance to private sector, nonprofit, or governmental entities to finance the acquisition or construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the City's financial statements. Original obligations totaled \$800,000. It is not practical to determine the outstanding balance of the conduit debt at year-end.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

At December 31, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2018.

A. Plan Description

The City provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. Active employees, who retire from the City when over age 50 and with 20 years of service, may continue coverage with respect to both themselves and their eligible dependent(s) under the City's health benefits program until age 65. Pursuant to the provisions of the plan, retirees are required to pay the total premium cost. The Retiree Health Plan does not issue a publicly available financial report.

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	6
Active Plan Members	53
Total	59

B. Contributions and Funding Policy

The City funds its OPEB obligation on a pay as you go basis. The City contributes amounts for claims and administration costs less deductibles, coinsurance, and contributions for inactive participants during the fiscal year. For fiscal year 2018, the City contributed \$35,472 to the plan. For governmental activities, other postemployment benefits are generally liquidated through the General Fund.

C. Total OPEB Liability

The City's total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Total OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date: January 1, 2018
Measurement Date: December 31, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Pay, Closed
Amortization Period	Investment gains/losses are amortized over 5 years, liability gains/losses are amortized over Average Working Lifetime, and Plan changes are recognized immediately.
Inflation	3.44%
Healthcare Cost Trend Rate	8.33% for 2018, decreasing 0.33% per year to an ultimate rate of 5.00%.
Salary Increases	3.50%
Discount Rate	3.44%
Retirement Age	Age 55 for Police & Fire, Age 63 for all others (based on PERA average rates)
Mortality	RP-2014 employer generational mortality table projected with mortality improvement scale MP-2016 for Police & Fire and RP-2014, adjusted for white collar and mortality improvements using projection scale MP-2015

Discount Rate

The City's OPEB plan is not funded by a trust and, therefore, the City uses the 20-year municipal bond index rate to develop its long-term rate of return and discount rate. This rate was 4.09% in the current actuarial valuation, which was updated from the 4.00% used in the prior actuarial valuation.

D. Changes in the Total OPEB Liability

The details of the changes in the City's total OPEB liability were as follows for 2018:

	Increase (Decrease) in Total OPEB Liability (a)
Balance at 12/31/17	<u>\$ 736,222</u>
Changes for the Year:	
Service Cost	82,950
Interest	30,294
Changes of Assumptions	23,193
Benefit Payments	<u>(35,472)</u>
Net Changes	100,965
Balance at 12/31/18	<u><u>\$ 837,187</u></u>

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in the Total OPEB Liability (Continued)

The following changes in assumptions occurred between the current and prior actuarial valuations:

- The actuarial cost method was updated along with the implementation of GASB Statement No. 75 to the Entry Age normal level percent of pay method, with investment gains/losses being amortized over 5 years, liability gains/losses amortized over the assumed average working lifetime, and plan changes recognized immediately. Previously, under GASB Statement No. 45, the Entry Age Normal actuarial cost method was used and the unfunded actuarial accrued liability was being amortized as a level percent of payroll over a 30-year period.

E. Sensitivity of Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB Liability (Asset)	\$ 908,320	\$ 837,187	\$ 770,500

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1 percentage point lower (7.33% decreasing to 4.00%) or 1 percentage point higher (9.33% decreasing to 6.00%) than the current healthcare trend rates:

	1% Decrease (7.33% Decreasing to 4.00%)	Healthcare Cost Trend Rates (8.33% Decreasing to 5.00%)	1% Increase (9.33% Decreasing to 6.00%)
Total OPEB Liability (Asset)	\$ 732,900	\$ 837,187	\$ 961,499

F. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended December 31, 2018, the City recognized pension expense of \$72,762. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 20,760	\$ -

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

F. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
(Continued)

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

Year Ending December 31,	Amount
2019	\$ 2,432
2020	2,432
2021	2,432
2022	2,432
2023	2,432
Thereafter	8,600

NOTE 7 FLEXIBLE BENEFIT PLAN

The City offers a flexible benefit plan (the Plan). The Plan is a “cafeteria plan” under §125 of the Internal Revenue Code (IRC). All employees who meet the eligibility requirements may participate in the Plan. To be eligible, an employee must be at least 20 years of age and be regularly scheduled to work more than 20 hours per week.

Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

All assets of the Plan are held and administered by an independent contract administrator for child care and medical expense reimbursements, and by the City for health insurance premiums. All activity of the Plan is included in the financial statements as part of the General Fund and enterprise funds as employee benefits.

All property of the Plan and income attributable to that property is solely the property of the City, subject to the claims of the City’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The City believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

The City of Orono participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined-benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined-benefit pension plans are tax qualified plans under Section 401 (a) of the IRC.

1. General Employees Retirement Plan (General Employees Plan)

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Plan (Police and Fire Plan)

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

2. Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after 5 years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2018. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2018. The City contributions to the GERP for the year ended December 31, 2018, were \$129,021. The City contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2018. The City was required to contribute 16.20% of pay for members in calendar year 2018. The City contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$370,490. The City contributions were equal to the required contributions as set by state statute.

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$1,420,183 for its proportionate share of the General Employees Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was .0256%, an increase from the prior year's proportion of .0254%.

For the year ended December 31, 2018, the City recognized pension expense of \$97,529 for its proportionate share of the General Employees Plan's pension expense. Also, the City recognized an additional \$12,526 as pension expense, (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF during the City's fiscal year ended December 31, 2018.

At December 31, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 37,590	\$ 41,421
Changes in Actuarial Assumptions	135,663	159,573
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	145,120
Changes in Proportion and Differences Between		
City Contributions and Proportionate		
Share of Contributions	9,185	21,550
City Contributions Subsequent to the		
Measurement Date	69,646	-
Total	<u>\$ 252,084</u>	<u>\$ 367,664</u>

A total of \$69,646 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expenses Amount
2019	\$ 37,401
2020	(80,811)
2021	(112,174)
2022	(29,642)
2023	-
Thereafter	-

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2018, the City reported a liability of \$2,312,997 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was .217%, an increase from the prior year proportionate share of .213%.

For the year ended December 31, 2018, the City recognized pension expense of \$216,502 for its proportionate share of the Police and Fire Fund's pension expense. The City also recognized \$19,530 for the year ended December 31, 2018, as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the state of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

At December 31, 2018, the City reported its proportionate share of the Police and fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 93,226	\$ 567,437
Changes in Actuarial Assumptions	2,875,630	3,405,034
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	484,464
Changes in Proportion and Differences Between		
City Contributions and Proportionate		
Share of Contributions	60,379	164,049
City Contributions Subsequent to the		
Measurement Date	199,049	-
Total	<u>\$ 3,228,284</u>	<u>\$ 4,620,984</u>

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

A total of \$199,049 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 30,</u>	<u>Pension Expenses Amount</u>
2019	\$ (100,142)
2020	(207,541)
2021	(361,270)
2022	(927,245)
2023	4,449
Thereafter	-

For the year ended December 31, 2018, the City recognized total pension expenses of \$314,013 for their proportionate shares of the pension expense for all of the plans in which it participates.

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per Year
Active Member Payroll Growth	3.25% per Year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25% per year for the General Employees Plan, 1.0% per year for the Police and Fire Plan, and 2.0% per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Police and Fire Fund

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed postretirement benefit increase was changed from 1.0% per year through 2064 and 2.50% per year thereafter to 1.0% for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighted the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	5.10 %
International Equity	17	5.30 %
Bonds	20	0.75 %
Alternative Assets	25	5.90 %
Cash	2	- %
Totals	<u>100 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of pension plan investments was applied to all periods of projected benefit payments determine the total pension liability.

**CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
GERF PENSION LIABILITY			
City's Proportionate Share of the GERF Net Pension Liability	\$ 2,307,979	\$ 1,420,183	\$ 687,333
PEPFF PENSION LIABILITY			
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 4,959,210	\$ 2,312,997	\$ 124,688

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026. That report may be obtained on the internet at www.mnpera.org.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 FUND BALANCES

Certain portions of fund balance are restricted to provide for funding on certain long-term liabilities or as required by other outside parties. Restricted, Committed and Assigned fund balances at December 31, 2018 are as follows:

- A. Restricted for Debt Service** – This represents amounts which are restricted for future debt payments.
- B. Restricted for Parkland Acquisitions and Improvements** – Represents amounts which are received through park dedication fees and are restricted for parkland acquisitions and improvements.
- C. Restricted for Drug and Alcohol Law Enforcement** – Represents amounts received from the State of Minnesota’s Drug and Alcohol Task Force which are restricted for drug and alcohol related law enforcement.
- D. Restricted for Home Buyer Purchase Assistance** – Represents amounts assigned for various home buyer assistance programs.
- E. Restricted for Lurton Park Development and Maintenance** – Represents amounts restricted for the development and maintenance of Lurton Park as a stipulation of the land donation to the City.
- F. Restricted for Senior Housing** – Represents amounts related to Tax Increment Financing District 1-1 and which are restricted to provide housing opportunities for seniors within the City. Its funding source is the property taxes on the captured value.
- G. Restricted for Golf Course Improvements** – Represents amounts which are restricted for future golf course improvements.
- H. Restricted for Big Island** – Represents amounts which are restricted for the improvement of the Big Island Nature Park
- I. Restricted for Other Improvements** – Represents amounts which are restricted for other improvement projects of the City.
- J. Assigned for Long Lake Fire Equipment** – Represents amounts which are assigned by the City for the purchase of fire equipment.
- K. Assigned for Capital Equipment Purchases** – Represents amounts which are assigned by the City to finance future capital equipment purchases.
- L. Assigned for Police Equipment Purchases** – Represents amounts which are assigned by the City to finance future police equipment purchases.
- M. Assigned for Future Construction Projects** – Represents amounts which are assigned by the City to finance future construction projects.
- N. Assigned for Community-wide Projects** – Represents amounts which are assigned by the City for community-wide projects.

CITY OF ORONO
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 FUND BALANCES (CONTINUED)

- O. Assigned for Debt Service** – Represents amounts which are assigned by the City for future debt service payments.
- P. Assigned for Police Garage** – Represents amounts assigned for future expenditures related to the City's Police Garage.

NOTE 10 COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

Amounts recorded or receivable from state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

B. Conditional State Grant

In 2005, as a part of the City's acquisition of Big Island Park, the City was awarded a grant from the state of Minnesota in the amount of \$2,000,000. The grant is repayable to the state if the property is not maintained for low-impact recreation and conservation use.

C. Litigation

The City attorney has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

D. Police Services Contracts

As of December 31, 2018, the City of Orono had several contracts to provide police services to neighboring cities. The most significant of those was a contract with the city of Mound, which the City entered into as of January 1, 2013 and which extends 10 years to December 31, 2022. The contract also included annual payments from the city of Mound starting at \$1,545,000 in 2013 and increasing between 1%-5% each year through the end of the contract.

The City also has a contract with the cities of Minnetonka Beach and Spring Park to furnish law enforcement services to each respective city. The original contract term ended December 31, 2012 and includes the option to verbally extend it each year for an additional one-year period. The contract has been extended each year through 2019.

E. Fire Services Contract

As of year-end, the City had committed to purchasing fire protection services from the city of Wayzata for fiscal year 2017. The annual fee is determined by the percentage of total calls which are in the Orono service area for the preceding three years and is expected to be similar to the 2018 fee of \$389,365.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORONO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
REVENUE				
Property Taxes	\$ 4,355,050	\$ 4,355,050	\$ 4,288,106	\$ (66,944)
Licenses and Permits	466,650	466,650	746,043	279,393
Intergovernmental Revenue	240,220	240,220	411,648	171,428
Fines and Forfeits	79,700	79,700	83,875	4,175
Other Revenue:				
Investment Earnings	54,500	54,500	70,155	15,655
User Fees	2,979,480	2,979,480	3,211,749	232,269
Rents and Refunds	5,400	5,400	5,400	-
Miscellaneous Revenue	23,500	23,500	47,429	23,929
Total Revenue	<u>8,204,500</u>	<u>8,204,500</u>	<u>8,864,405</u>	<u>659,905</u>
EXPENDITURES				
General Government:				
Administration	424,349	424,349	453,286	28,937
Elections	25,552	25,552	20,037	(5,515)
Assessing	182,000	182,000	185,750	3,750
Finance	331,926	331,926	315,215	(16,711)
Legal	112,000	112,000	114,340	2,340
Human Services	12,400	12,400	12,125	(275)
Central Services	273,245	273,245	328,333	55,088
Total General Government	<u>1,361,472</u>	<u>1,361,472</u>	<u>1,429,086</u>	<u>67,614</u>
Public Safety:				
Police	4,464,785	4,464,785	4,530,201	65,416
Fire	390,000	390,000	389,365	(635)
Inspection and Zoning	719,129	719,129	706,326	(12,803)
Total Public Safety	<u>5,573,914</u>	<u>5,573,914</u>	<u>5,625,892</u>	<u>51,978</u>
Streets:				
Other	525,893	525,893	595,740	69,847
Parks and Recreation:				
Golf Course	172,831	172,831	213,492	40,661
Other	173,136	173,136	187,859	14,723
Total Parks and Recreation	<u>345,967</u>	<u>345,967</u>	<u>401,351</u>	<u>55,384</u>
Debt Service				
Principal Retirement	6,024	6,024	-	(6,024)
Interest and Fiscal Charges	131	131	-	(131)
Total Debt Service	<u>6,155</u>	<u>6,155</u>	<u>-</u>	<u>(6,155)</u>
Total Expenditures	<u>7,813,401</u>	<u>7,813,401</u>	<u>8,052,069</u>	<u>238,668</u>
EXCESS OF REVENUE OVER EXPENDITURES	391,099	391,099	812,336	421,237
OTHER FINANCE SOURCES (USES)				
Transfers Out	(380,000)	(380,000)	(837,703)	(457,703)
Proceeds from Sale of Capital Assets	15,000	15,000	33,097	18,097
Total Other Finance Sources (Uses)	<u>(365,000)</u>	<u>(365,000)</u>	<u>(804,606)</u>	<u>(439,606)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 26,099</u>	<u>\$ 26,099</u>	7,730	<u>\$ (18,369)</u>
FUND BALANCES				
Beginning of Year			4,446,836	
End of Year			<u>\$ 4,454,566</u>	

**CITY OF ORONO
GENERAL FUND BUDGET TO ACTUAL COMPARISON
DECEMBER 31, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual in Excess of Budget</u>
General Fund:			
General Government:			
Administration	\$ 424,349	\$ 453,286	\$ 28,937
Assessing	182,000	185,750	3,750
Legal	112,000	114,340	2,340
Central Services	<u>273,245</u>	<u>328,333</u>	<u>55,088</u>
Total General Government	809,594	895,959	86,365
Public Safety:			
Police	4,464,785	4,530,201	65,416
Streets:			
Other	525,893	595,740	69,847
Parks and Recreation:			
Golf Course	172,831	213,492	40,661
Other	<u>173,136</u>	<u>187,859</u>	<u>14,723</u>
Total Parks and Recreation	345,967	401,351	55,384

The overall expenditure budget was over budget for the year.

CITY OF ORONO
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 82,950
Interest	30,294
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	23,193
Benefit Payments	(35,472)
Net Change in Total OPEB Liability	100,965
Total OPEB Liability - Beginning	736,222
Total OPEB Liability - Ending	\$ 837,187
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
 Covered Employee Payroll	3,900,000
 City's Total OPEB Liability as a Percentage of the Covered Employee Payroll	21.47%

*Additional data will be presented as it become available and eventually 10 years of data will be presented.

Notes to Schedule:

Changes in Assumptions:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 4.00% to 4.09%.
- The actuarial cost method was updated along with the implementation of GASB Statement No. 74 to the Entry Age Normal Level Percent of Pay method, with investment gains/losses being amortized over 5 years, liability gains/losses are amortized over the average working lifetime, and plan changes are recognized immediately. Previously, under GASB Statement No. 45, the Entry Age Normal actuarial cost method was used, and the unfunded actuarial accrued liability was being amortized as a level percent of payroll over a 30-year period.

CITY OF ORONO
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DECEMBER 31, 2018

GERF Schedule of the City's Proportionate Share of the Net Pension Liability
Last Four Fiscal Years*

	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015
City's Proportion of the Net Pension Liability	0.0256%	0.0254%	0.0259%	0.0265%
City's Proportionate Share of the Net Pension Liability	\$ 1,420,183	\$ 1,621,519	\$ 2,102,952	\$ 1,373,368
City's Covered Payroll	\$ 1,726,285	\$ 1,639,281	\$ 1,615,476	\$ 1,572,141
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	82.27%	98.92%	130.18%	87.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.53%	75.90%	68.91%	78.20%

PEPFF Schedule of the City's Proportionate Share of the Net Pension Liability
Last Four Fiscal Years*

	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015
City's Proportion of the Net Pension Liability	0.2170%	0.2130%	0.2180%	0.2310%
City's Proportionate Share of the Net Pension Liability	\$ 2,312,997	\$ 2,875,753	\$ 8,748,719	\$ 2,624,701
City's Covered Payroll	\$ 2,282,909	\$ 2,186,712	\$ 2,107,585	\$ 2,138,417
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	101.32%	131.51%	415.11%	122.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.80%	85.40%	63.88%	86.61%

Additional years' information will be presented as it becomes available until the above tables present ten years of information.

CITY OF ORONO
PERA SCHEDULE OF CITY CONTRIBUTIONS
DECEMBER 31, 2018

GERF Schedule of City Contributions
Last Four Fiscal Years

	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 129,021	\$ 122,479	\$ 122,115	\$ 119,404	\$ 112,270
Contributions in Relation to the Statutorily Required Contribution	(129,021)	(122,479)	(122,115)	(119,404)	(112,270)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,720,280	\$ 1,633,053	\$ 1,628,200	\$ 1,592,053	\$ 1,548,552
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.25%

PEPF Schedule of City Contributions
Last Four Fiscal Years

	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 370,490	\$ 358,655	\$ 349,003	\$ 342,006	\$ 324,565
Contributions in Relation to the Statutorily Required Contribution	(370,490)	(358,655)	(349,003)	(342,006)	(324,565)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,286,975	\$ 2,213,920	\$ 2,154,340	\$ 2,111,148	\$ 2,003,488
Contributions as a Percentage of Covered Payroll	16.20%	16.20%	16.20%	16.20%	16.20%

Additional years' information will be presented as it becomes available until the above tables present ten years of information.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF ORONO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018**

ASSETS	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Totals</u>
Cash and Investments	\$ 1,344,077	\$ 2,145,737	\$ 2,505,212	\$ 5,995,026
Receivables:				
Accrued Interest	862	1,892	4,190	6,944
Delinquent Taxes	-	17,400	-	17,400
Deferred Special Assessments	20,400	-	6,467	26,867
Due from Other Governmental Units	141	6,672	-	6,813
 Total Assets	 <u>\$ 1,365,480</u>	 <u>\$ 2,171,701</u>	 <u>\$ 2,515,869</u>	 <u>\$ 6,053,050</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 4,205	\$ -	\$ 5,311	\$ 9,516
Due to Other Governmental Units	-	-	100,733	100,733
Total Liabilities	<u>4,205</u>	<u>-</u>	<u>106,044</u>	<u>110,249</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes	-	17,400	-	17,400
Unavailable Revenue - Special Assessments	20,400	-	6,467	26,867
Total Deferred Inflows of Resources	<u>20,400</u>	<u>17,400</u>	<u>6,467</u>	<u>44,267</u>
 FUND BALANCE				
Restricted:				
Debt Service	-	2,154,301	-	2,154,301
Parkland Acquisitions and Improvement	695,544	-	-	695,544
Drug and Alcohol Law Enforcement	334,700	-	-	334,700
Home Buyer Purchase Assistance	133,585	-	-	133,585
Lurton Park Development and Maintenance	17,640	-	-	17,640
Senior Housing	152,971	-	-	152,971
Golf Course Improvements	270	-	-	270
Big Island	6,000	-	-	6,000
Other Improvements	165	-	-	165
Assigned:				
Long Lake Fire Equipment	-	-	316,138	316,138
Capital Equipment Purchases	-	-	213,307	213,307
Police Equipment Purchases	-	-	299,383	299,383
Future Construction Projects	-	-	959,044	959,044
Community-Wide Projects	-	-	544,894	544,894
Debt Service	-	-	45,709	45,709
Police Garage Project	-	-	24,883	24,883
Total Fund Balance	<u>1,340,875</u>	<u>2,154,301</u>	<u>2,403,358</u>	<u>5,898,534</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,365,480</u>	<u>\$ 2,171,701</u>	<u>\$ 2,515,869</u>	<u>\$ 6,053,050</u>

**CITY OF ORONO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
DECEMBER 31, 2018**

	Special Revenue	Debt Service	Capital Project	Totals
REVENUE				
Property Taxes	\$ 77,876	\$ 701,916	\$ 4	\$ 779,796
Special Assessments	20,810	-	2,125	22,935
Intergovernmental Revenue	19,995	143,138	-	163,133
Fines and Forfeitures	40,185	-	-	40,185
Other Revenue:				
Interest Income	10,833	11,986	25,673	48,492
Total Revenue	<u>373,879</u>	<u>857,040</u>	<u>33,087</u>	<u>1,264,006</u>
EXPENDITURES				
Current:				
General Government:				
Administration	1,851	-	-	1,851
Legal	2,139	-	-	2,139
Total General Government	<u>3,990</u>	<u>-</u>	<u>-</u>	<u>3,990</u>
Public Safety:				
Police	2,194	-	-	2,194
Parks and Recreation				
Other	20,645	-	-	20,645
Capital Outlay:				
Other	304,113	-	1,078,025	1,382,138
Debt Service:				
Principal Retirement	-	660,000	-	660,000
Interest and Fiscal Charges	-	187,404	-	187,404
Total Debt Service	<u>-</u>	<u>847,404</u>	<u>-</u>	<u>847,404</u>
Total Expenditures	<u>330,942</u>	<u>847,404</u>	<u>1,078,025</u>	<u>2,256,371</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	42,937	9,636	(1,044,938)	(992,365)
OTHER FINANCE SOURCES (USES)				
Transfers In	49,051	377,803	299,448	726,302
Transfers Out	(41,348)	(338,256)	-	(379,604)
Total Other Finance Sources (Uses)	<u>7,703</u>	<u>39,547</u>	<u>299,448</u>	<u>346,698</u>
NET CHANGE IN FUND BALANCES	50,640	49,183	(745,490)	(645,667)
FUND BALANCES				
Beginning of Year	<u>1,290,235</u>	<u>2,105,118</u>	<u>3,148,848</u>	<u>6,544,201</u>
End of Year	<u>\$ 1,340,875</u>	<u>\$ 2,154,301</u>	<u>\$ 2,403,358</u>	<u>\$ 5,898,534</u>

NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds are used to account for revenue derived from specific revenue sources that are legally restricted to expenditures for specific purposes.

Park Fund – Used to account for received park dedication fees to be used for land acquisition and park development.

Drug and Felony Forfeiture Fund – Used to account for proceeds received from seizures relating to drug and felony criminal activity, donations received for the police department, other appropriate revenues authorized by the City Council, and all authorized related expenditures.

Affordable Housing Fund – Used to account for revenues and expenditures related to financial assistance packages provided to several low income households to make new town home units affordable.

Lurton Park Fund – Used to account for revenues and expenditures related to the maintenance and trails within Lurton Park property.

Senior Housing TIF Fund – Used to account for revenues and expenditures related to the senior housing property.

Golf Course Improvement Fund – Used to account for revenues and expenditures related to the improvement of the City's golf course.

Big Island Fund – Used to account for revenues and expenditures related to the improvement of the Big Island Nature Park.

Carmen Bay Lake Improvement Fund – Used to account for revenues and expenditures related to the improvement of Carmen Bay.

**CITY OF ORONO
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018**

ASSETS	Park	Drug and Felony Forfeiture	Affordable Housing	Lurton Park	Senior Housing TIF	Golf Course Improvement	Big Island	Carmen Bay Lake Improvement	Totals
Cash and Investments	\$ 698,902	\$ 334,841	\$ 133,497	\$ 17,598	\$ 152,946	\$ 269	\$ 6,000	\$ 24	\$ 1,344,077
Receivables:									
Accrued Interest	520	186	88	42	25	1	-	-	862
Deferred Special Assessments	-	-	-	-	-	-	-	20,400	20,400
Due from Other Governmental Units	-	-	-	-	-	-	-	141	141
Total Assets	\$ 699,422	\$ 335,027	\$ 133,585	\$ 17,640	\$ 152,971	\$ 270	\$ 6,000	\$ 20,565	\$ 1,365,480
LIABILITIES AND FUND BALANCE RESOURCES, AND FUND BALANCE									
LIABILITIES									
Accounts and Contracts Payable	\$ 3,878	\$ 327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,205
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Special Assessments	-	-	-	-	-	-	-	20,400	20,400
FUND BALANCE									
Restricted:									
Parkland Acquisitions and Improvement	695,544	-	-	-	-	-	-	-	695,544
Drug and Alcohol Law Enforcement	-	334,700	-	-	-	-	-	-	334,700
Home Buyer Purchase Assistance	-	-	133,585	-	-	-	-	-	133,585
Lurton Park Development and Maintenance	-	-	-	17,640	-	-	-	-	17,640
Senior Housing	-	-	-	-	152,971	-	-	-	152,971
Golf Course Improvements	-	-	-	-	-	270	-	-	270
Big Island Improvements	-	-	-	-	-	-	6,000	-	6,000
Other Improvements	-	-	-	-	-	-	-	165	165
Total Fund Balance	695,544	334,700	133,585	17,640	152,971	270	6,000	165	1,340,875
Total Liabilities and Fund Balance	\$ 699,422	\$ 335,027	\$ 133,585	\$ 17,640	\$ 152,971	\$ 270	\$ 6,000	\$ 20,565	\$ 1,365,480

CITY OF ORONO
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	Park	Drug and Felony Forfeiture	Affordable Housing	Lurton Park	Senior Housing TIF	Golf Course Improvement	Big Island	Carmen Bay Lake Improvement	Totals
REVENUE									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 77,876	\$ -	\$ -	\$ -	\$ 77,876
Special Assessments	-	-	-	-	-	-	-	20,810	20,810
Licenses and Permits	203,650	-	-	-	-	-	-	-	203,650
Intergovernmental Revenue	19,995	-	-	-	-	-	-	-	19,995
Fines and Forfeitures	-	40,185	-	-	-	-	-	-	40,185
Other Revenue:									
Investment Earnings	6,710	2,492	1,118	16	494	3	-	-	10,833
Miscellaneous Revenue	-	530	-	-	-	-	-	-	530
Total Revenue	230,355	43,207	1,118	16	78,370	3	-	20,810	373,879
EXPENDITURES									
Current:									
General Government:									
Administration	-	-	-	-	1,851	-	-	-	1,851
Legal	-	2,139	-	-	-	-	-	-	2,139
Total General Government	-	2,139	-	-	1,851	-	-	-	3,990
Public Safety:									
Police	-	2,194	-	-	-	-	-	-	2,194
Parks and Recreation:									
Other	-	-	-	-	-	-	-	20,645	20,645
Capital Outlay:									
Parks and Recreation	255,519	-	-	48,594	-	-	-	-	304,113
Total Expenditures	255,519	4,333	-	48,594	1,851	-	-	20,645	330,942
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(25,164)	38,874	1,118	(48,578)	76,519	3	-	165	42,937
OTHER FINANCE SOURCES (USES)									
Transfers In	-	-	-	49,051	-	-	-	-	49,051
Transfers Out	(41,348)	-	-	-	-	-	-	-	(41,348)
Total Other Finance Sources (Uses)	(41,348)	-	-	49,051	-	-	-	-	7,703
NET CHANGE IN FUND BALANCES	(66,512)	38,874	1,118	473	76,519	3	-	165	50,640
FUND BALANCES									
Beginning of Year	762,056	295,826	132,467	17,167	76,452	267	6,000	-	1,290,235
End of Year	\$ 695,544	\$ 334,700	\$ 133,585	\$ 17,640	\$ 152,971	\$ 270	\$ 6,000	\$ 165	\$ 1,340,875

NONMAJOR DEBT SERVICE FUNDS

Nonmajor debt service funds are used to account for the accumulation of resources used for the payment of principal, interest, and fiscal charges on various City bond issues.

**CITY OF ORONO
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018**

	2004 Improvement Refunding Bonds	HRA 2005 Public Project Revenue Bonds	2008 Street Reconstruction	2009 Refunding Bonds	2010 General Obligation Bonds	2000 Improvement Bonds	2016 Refunding Bonds	Totals
ASSETS								
Cash and Investments	\$ -	\$ 461	\$ 910	\$ -	\$ 686,396	\$ 757,839	\$ 700,131	\$ 2,145,737
Receivables:								
Accrued Interest	-	35	68	-	727	837	225	1,892
Delinquent Taxes	-	-	-	-	10,308	2,444	4,648	17,400
Due from Other Governmental Units	-	-	-	-	1,670	1,499	3,503	6,672
Total Assets	\$ -	\$ 496	\$ 978	\$ -	\$ 699,101	\$ 762,619	\$ 708,507	\$ 2,171,701
DEFERRED INFLOWS AND FUND BALANCE								
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Delinquent Taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,308	\$ 2,444	\$ 4,648	\$ 17,400
FUND BALANCE								
Restricted:								
Debt Service	-	496	978	-	688,793	760,175	703,859	2,154,301
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ -	\$ 496	\$ 978	\$ -	\$ 699,101	\$ 762,619	\$ 708,507	\$ 2,171,701

**CITY OF ORONO
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018**

	2004 Improvement Refunding Bonds	HRA 2005 Public Project Revenue Bonds	2008 Street Reconstruction	2009 Refunding Bonds	2010 General Obligation Bonds	2000 Improvement Bonds	2016 Refunding Bonds	Totals
REVENUE								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 123,827	\$ 174,811	\$ 403,278	\$ 701,916
Intergovernmental Revenue	-	-	-	-	143,138	-	-	143,138
Other Revenue:								
Investment Earnings	-	496	978	-	4,097	5,897	518	11,986
Total Revenue	-	496	978	-	271,062	180,708	403,796	857,040
EXPENDITURES								
Debt Service:								
Principal Retirement	-	-	-	-	200,000	250,000	210,000	660,000
Interest and Fiscal Charges	-	-	-	-	66,886	67,503	53,015	187,404
Total Debt Service	-	-	-	-	266,886	317,503	263,015	847,404
Total Expenditures	-	-	-	-	266,886	317,503	263,015	847,404
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES								
	-	496	978	-	4,176	(136,795)	140,781	9,636
OTHER FINANCE SOURCES								
Transfers In	-	-	-	-	-	125,000	252,803	377,803
Transfers Out	(3)	(44,448)	(87,803)	(2)	-	(206,000)	-	(338,256)
Total Other Finance Sources	(3)	(44,448)	(87,803)	(2)	-	(81,000)	252,803	39,547
NET CHANGE IN FUND BALANCES								
	(3)	(43,952)	(86,825)	(2)	4,176	(217,795)	393,584	49,183
FUND BALANCES								
Beginning of Year	3	44,448	87,803	2	684,617	977,970	310,275	2,105,118
End of Year	\$ -	\$ 496	\$ 978	\$ -	\$ 688,793	\$ 760,175	\$ 703,859	\$ 2,154,301

NONMAJOR CAPITAL PROJECT FUNDS

Nonmajor capital project funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Improvement Equipment Outlay Fund – Used to account for the capital outlay costs of obtaining new equipment for various functions.

Permanent Revolving Improvement Fund – Used to account for the construction costs prior to obtaining permanent financing.

Community Investment Construction – This fund is used to collect and spend resources on the various community assets of the City.

Navarre Fire Station Construction Fund – Used to account for the construction costs of a new fire station in the Navarre area of the City.

Big Island Public Project Fund – Used to account for the improvement of the Big Island Nature Park.

Police Garage Fund – This fund is used to collect and spend resources for the City's police garage project.

**CITY OF ORONO
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018**

ASSETS	Improvement Equipment Outlay	Permanent Revolving Improvement	Community Investment Construction	Navarre Fire Station Construction	Big Island Public Project	Police Garage	Totals
Cash and Investments	\$ 631,513	\$ 1,256,546	\$ 546,570	\$ 896	\$ 44,804	\$ 24,883	\$ 2,505,212
Receivables:							
Accrued Interest	1,359	1,881	941	7	2	-	4,190
Deferred Special Assessments	-	6,467	-	-	-	-	6,467
Total Assets	\$ 632,872	\$ 1,264,894	\$ 547,511	\$ 903	\$ 44,806	\$ 24,883	\$ 2,515,869
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts and Contracts Payable	\$ 2,694	\$ -	\$ 2,617	\$ -	\$ -	\$ -	\$ 5,311
Due to Other Governmental Units	100,733	-	-	-	-	-	100,733
Total Liabilities	103,427	-	2,617	-	-	-	106,044
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Special Assessments	-	6,467	-	-	-	-	6,467
FUND BALANCE							
Assigned:							
Long Lake Fire Equipment	316,138	-	-	-	-	-	316,138
Capital Equipment Purchases	213,307	-	-	-	-	-	213,307
Police Equipment Purchases	-	299,383	-	-	-	-	299,383
Future Construction Projects	-	959,044	-	-	-	-	959,044
Community-Wide Projects	-	-	544,894	-	-	-	544,894
Debt Service	-	-	-	903	44,806	-	45,709
Police Garage Project	-	-	-	-	-	24,883	24,883
Unassigned	-	-	-	-	-	-	-
Total Fund Balance	529,445	1,258,427	544,894	903	44,806	24,883	2,403,358
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 632,872	\$ 1,264,894	\$ 547,511	\$ 903	\$ 44,806	\$ 24,883	\$ 2,515,869

**CITY OF ORONO
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018**

	Improvement Equipment Outlay	Permanent Revolving Improvement	Community Investment Construction	Navarre Fire Station Construction	Big Island Public Project	Pavement Management Plan	Police Garage	Totals
REVENUE								
Property Taxes	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 380,336	\$ -	\$ 4
Special Assessments	-	2,125	-	-	-	-	-	2,125
Licenses and Permits	4,585	-	-	-	-	-	-	4,585
Other Revenue:								
Investment Earnings	8,314	11,584	5,765	7	3	4,012	-	25,673
Miscellaneous Revenue	-	325	375	-	-	117,160	-	700
Total Revenue	<u>12,899</u>	<u>14,038</u>	<u>6,140</u>	<u>7</u>	<u>3</u>	<u>501,508</u>	<u>-</u>	<u>33,087</u>
EXPENDITURES								
Capital Outlay:								
Other	<u>916,938</u>	<u>40,532</u>	<u>120,555</u>	<u>-</u>	<u>-</u>	<u>1,700,231</u>	<u>-</u>	<u>1,078,025</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(904,039)	(26,494)	(114,415)	7	3	(1,198,723)	-	(1,044,938)
OTHER FINANCE SOURCES (USES)								
Transfers In	<u>255,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,448</u>	<u>760,005</u>	<u>-</u>	<u>299,448</u>
NET CHANGE IN FUND BALANCES	(649,039)	(26,494)	(114,415)	7	44,451	(438,718)	-	(745,490)
FUND BALANCES								
Beginning of Year	<u>1,178,484</u>	<u>1,284,921</u>	<u>659,309</u>	<u>896</u>	<u>355</u>	<u>377,595</u>	<u>24,883</u>	<u>3,148,848</u>
End of Year	<u>\$ 529,445</u>	<u>\$ 1,258,427</u>	<u>\$ 544,894</u>	<u>\$ 903</u>	<u>\$ 44,806</u>	<u>\$ (61,123)</u>	<u>\$ 24,883</u>	<u>\$ 2,403,358</u>

NONMAJOR PROPRIETARY FUNDS

Nonmajor proprietary funds are used to account for the financial resources that are produced and used by the business-type funds that are not significant enough to be presented individually.

Recycling Fund – Used to account for the revenues and expenses related to the City's recycling program.

Cable Television Fund – Used to account for the revenues and expenses created from the cable franchise agreements that the City is a part of.

**CITY OF ORONO
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2018**

ASSETS	Business-Type Activities		
	Recycling	Cable Television	Totals
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 65,123	\$ 152,300	\$ 217,423
Receivables:			
Accounts Receivables (Net of Allowance)	21,705	21,251	42,956
Accrued Interest	72	229	301
Total Current Assets	86,900	173,780	260,680
CAPITAL ASSETS			
Equipment	-	78,674	78,674
Less: Accumulated Depreciation	-	(17,830)	(17,830)
Net Capital Assets	-	60,844	60,844
 Total Assets	 86,900	 234,624	 321,524
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	900	1,791	2,691
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
NONCURRENT LIABILITIES			
Net Pension Liability	5,068	10,091	15,159
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	1,312	2,613	3,925
NET POSITION			
Net Investment in Capital Assets	-	60,844	60,844
Unrestricted	81,420	162,867	244,287
Total Net Position	81,420	223,711	305,131
 Total Liabilities and Balance	 \$ 87,800	 \$ 236,415	 \$ 324,215

**CITY OF ORONO
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

	Business-Type Activities		
	Cable		
	Recycling	Television	Totals
OPERATING REVENUE			
Sales and User Fees	\$ 111,449	\$ 78,716	\$ 190,165
Other	1,586	-	1,586
Total Operating Revenue	<u>113,035</u>	<u>78,716</u>	<u>191,751</u>
OPERATING EXPENSES			
Personnel Services	6,770	14,026	20,796
Professional Services	110,423	30,197	140,620
Depreciation	-	4,890	4,890
Maintenance and Repairs	-	2,830	2,830
Other Expenses	9,851	-	9,851
Total Operating Expenses	<u>127,044</u>	<u>51,943</u>	<u>178,987</u>
OPERATING INCOME (LOSS)	(14,009)	26,773	12,764
NONOPERATING REVENUE (EXPENSES)			
Investment Earnings	477	1,542	2,019
State Grant	23,887	-	23,887
Miscellaneous Revenue	4,388	-	4,388
Total Nonoperating Revenue (Expenses)	<u>28,752</u>	<u>1,542</u>	<u>30,294</u>
CHANGES IN NET POSITION	14,743	28,315	43,058
NET POSITION			
Beginning of Year	66,677	195,396	262,073
End of Year	<u>\$ 81,420</u>	<u>\$ 223,711</u>	<u>\$ 305,131</u>

INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods or services by one department to other departments of the City, or to other governmental units, on a cost-reimbursement basis.

Insurance Fund – Used to account for the insurance costs incurred by the City for general liability, property, vehicle, workers' compensation, and other insurance and deductibles.

Compensated Absences Fund – Used to account for the accrual of sick and vacation days that are earned by the City's employees.

Fleet Management Fund- Used to account for the costs of repairs, maintenance, and supplies for the City's various vehicles.

IT Services- Used to account for the cost of IT services to the various City functions and departments.

**CITY OF ORONO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	<u>Insurance Fund</u>	<u>Compensated Absences</u>	<u>Fleet Management</u>	<u>IT Services</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 266,919	\$ 520,906	\$ 15,145	\$ (6,348)	\$ 796,622
Receivables:					
Accrued Interest	791	684	-	-	1,475
Prepays	-	-	-	6,348	6,348
Total Assets	<u>267,710</u>	<u>521,590</u>	<u>15,145</u>	<u>-</u>	<u>804,445</u>
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accounts and Contracts Payable	-	-	20,720	-	20,720
NET POSITION					
Unrestricted	<u>\$ 267,710</u>	<u>\$ 521,590</u>	<u>\$ (5,575)</u>	<u>\$ -</u>	<u>\$ 783,725</u>
Total Liabilities and Net Position	<u>\$ 267,710</u>	<u>\$ 521,590</u>	<u>\$ 15,145</u>	<u>\$ -</u>	<u>\$ 804,445</u>

**CITY OF ORONO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

	Insurance Fund	Compensated Absences	Fleet Management	IT Services	Total
OPERATING REVENUE					
Sales and User Fees	\$ 335,071	\$ -	\$ -	\$ -	\$ 335,071
Other	2,475	37,890	126,351	-	166,716
Total Operating Revenue	<u>337,546</u>	<u>37,890</u>	<u>126,351</u>	<u>-</u>	<u>501,787</u>
OPERATING EXPENSES					
Personnel Services	12,120	-	-	-	12,120
Maintenance and Repairs	-	-	131,926	-	131,926
Insurance	338,241	-	-	-	338,241
Total Operating Expenses	<u>350,361</u>	<u>-</u>	<u>131,926</u>	<u>-</u>	<u>482,287</u>
OPERATING INCOME (LOSS)	(12,815)	37,890	(5,575)	-	19,500
NONOPERATING REVENUE					
Investment Earnings	5,777	4,363	-	-	10,140
INCOME BEFORE TRANSFERS	(7,038)	42,253	(5,575)	-	29,640
Transfers Out	<u>(310,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310,000)</u>
CHANGES IN NET POSITION	(317,038)	42,253	(5,575)	-	(280,360)
NET POSITION					
Beginning of Year	584,748	479,337	-	-	1,064,085
End of Year	<u>\$ 267,710</u>	<u>\$ 521,590</u>	<u>\$ (5,575)</u>	<u>\$ -</u>	<u>\$ 783,725</u>

**CITY OF ORONO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

	Insurance Fund	Compensated Absences	Fleet Management	IT Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Receipts from Customers	\$ 335,071	\$ -	\$ -	\$ -	\$ 335,071
Cash Paid to Suppliers	(343,524)	-	(111,206)	(6,348)	(461,078)
Other Receipts	10,155	37,890	126,351	-	174,396
Net Cash Provided (Used) by Operating Activities	<u>(10,418)</u>	<u>37,890</u>	<u>15,145</u>	<u>(6,348)</u>	<u>36,269</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received on Investment	5,335	3,970	-	-	9,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers Out	(310,000)	-	-	-	(310,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(315,083)	41,860	15,145	(6,348)	(264,426)
Cash and Cash Equivalents - Beginning of Year	582,002	479,046	-	-	1,061,048
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 266,919</u>	<u>\$ 520,906</u>	<u>\$ 15,145</u>	<u>\$ (6,348)</u>	<u>\$ 796,622</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (12,815)	\$ 37,890	\$ (5,575)	\$ -	\$ 19,500
Change in Assets and Liabilities:					
(Increase) Decrease in:					
Accounts Receivable	7,680	-	-	-	7,680
Prepaid Items	-	-	-	(6,348)	(6,348)
Increase (Decrease) in:					
Accounts Payable	(5,283)	-	20,720	-	15,437
Net Cash Provided (Used) by Operating Activities	<u>\$ (10,418)</u>	<u>\$ 37,890</u>	<u>\$ 15,145</u>	<u>\$ (6,348)</u>	<u>\$ 36,269</u>

STATISTICAL SECTION (UNAUDITED)

This part of Orono's Minnesota's Comprehensive Annual Financial Report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the City which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the Township provides and activities it performs.

**CITY OF ORONO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,456,522	\$ 11,535,032	\$ 12,059,075	\$ 11,373,668	\$ 10,855,727	\$ 10,720,258	\$ 14,269,848	\$ 16,660,990	\$ 19,020,035	\$ 23,370,988
Restricted	2,724,688	2,118,273	3,283,445	3,279,963	3,596,762	3,535,595	3,835,852	9,046,977	3,699,095	3,434,418
Unrestricted	10,321,261	6,207,780	5,995,237	7,159,290	7,777,232	9,616,862	3,740,883	(3,794,950)	894,132	(840,224)
Total Governmental Activities Net Position	\$ 20,502,471	\$ 19,861,085	\$ 21,337,757	\$ 21,812,921	\$ 22,229,721	\$ 23,872,715	\$ 21,846,583	\$ 21,913,017	\$ 23,613,262	\$ 25,965,182
Business-Type Activities:										
Net Investment in Capital Assets	\$ 15,251,329	\$ 15,144,730	\$ 15,027,930	\$ 15,393,009	\$ 15,586,266	\$ 16,042,333	\$ 15,505,885	\$ 16,427,467	\$ 16,940,333	\$ 17,917,465
Unrestricted	4,072,009	5,885,807	6,375,719	6,196,614	6,105,512	5,946,733	6,411,818	6,001,307	5,687,684	5,086,696
Total Business-Type Activities Net Position	\$ 19,323,338	\$ 21,030,537	\$ 21,403,649	\$ 21,589,623	\$ 21,691,778	\$ 21,989,066	\$ 21,917,703	\$ 22,428,774	\$ 22,628,017	\$ 23,004,161
Primary Government:										
Net Investment in Capital Assets	\$ 22,707,851	\$ 26,679,762	\$ 27,087,005	\$ 26,766,677	\$ 26,441,993	\$ 26,762,591	\$ 29,775,733	\$ 33,088,457	\$ 35,960,368	\$ 41,288,453
Restricted	2,724,688	2,118,273	3,283,445	3,279,963	3,596,762	3,535,595	3,835,852	9,046,977	3,699,095	3,434,418
Unrestricted	14,393,270	12,093,587	12,370,956	13,355,904	13,882,744	15,563,595	10,152,701	2,206,357	6,581,816	4,246,472
Total Primary Government Net Position	\$ 39,825,809	\$ 40,891,622	\$ 42,741,406	\$ 43,402,544	\$ 43,921,499	\$ 45,861,781	\$ 43,764,286	\$ 44,341,791	\$ 46,241,279	\$ 48,969,343

**CITY OF ORONO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
General Government	\$ 1,941,927	\$ 1,899,808	\$ 1,951,621	\$ 1,836,682	\$ 1,931,772	\$ 1,719,267	\$ 1,864,543	\$ 2,314,539	\$ 2,722,779	\$ 1,947,411
Public Safety	3,840,633	3,557,976	3,382,389	3,317,261	4,526,574	4,984,389	5,107,619	6,263,133	5,486,330	5,661,624
Streets	605,719	579,551	1,060,426	1,194,986	1,610,302	854,079	999,097	752,976	393,354	2,131,198
Parks and Recreation	106,379	100,731	285,897	270,356	279,796	254,177	324,731	413,797	420,410	465,170
Recycling	97,920	100,352	106,649	104,046	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	350,111	317,525	341,008	324,633	413,935	287,181	283,146	258,874	173,552	155,122
Total Governmental Activities Expenses	<u>6,942,689</u>	<u>6,555,943</u>	<u>7,127,990</u>	<u>7,047,964</u>	<u>8,762,379</u>	<u>8,099,093</u>	<u>8,579,136</u>	<u>10,003,319</u>	<u>9,196,425</u>	<u>10,360,525</u>
Business-Type Activities:										
Water	468,540	480,513	417,843	473,191	514,522	556,766	581,758	634,562	680,595	915,730
Sewer	1,084,959	1,046,396	1,088,467	1,161,273	1,136,040	1,184,629	1,332,617	1,401,278	1,429,209	1,381,752
Storm Water	136,527	94,247	108,399	126,294	145,907	186,719	163,747	225,113	190,935	143,194
Recycling	215,343	206,702	-	-	114,837	114,983	116,642	118,054	126,333	127,044
Cable Television	-	-	-	-	-	12,675	31,802	31,724	48,684	51,943
Interest and Fiscal Charges	-	7,604	5,705	1,900	899	-	-	-	-	-
Total Business-Type Activities Expenses	<u>1,905,369</u>	<u>1,835,462</u>	<u>1,620,414</u>	<u>1,762,658</u>	<u>1,912,205</u>	<u>2,055,772</u>	<u>2,226,566</u>	<u>2,410,731</u>	<u>2,475,756</u>	<u>2,619,663</u>
Total Primary Government Expenses	<u>\$ 8,848,058</u>	<u>\$ 8,391,405</u>	<u>\$ 8,748,404</u>	<u>\$ 8,810,622</u>	<u>\$ 10,674,584</u>	<u>\$ 10,154,865</u>	<u>\$ 10,805,702</u>	<u>\$ 12,414,050</u>	<u>\$ 11,672,181</u>	<u>\$ 12,980,188</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 349,569	\$ 549,384	\$ 551,026	\$ 482,883	\$ 646,284	\$ 692,254	\$ 736,643	\$ 770,750	\$ 947,851	\$ 1,147,449
Public Safety	1,253,416	1,183,879	1,035,105	909,170	2,544,587	2,570,751	2,737,342	2,720,584	2,947,439	3,102,546
Streets	2,368	3,495	18,149	165,503	128,402	2,998	3,933	5,108	385	5,826
Parks and Recreation	-	38,850	258,250	129,918	149,994	207,977	499,083	420,184	195,449	389,206
Recycling	75,073	75,272	77,455	81,224	-	-	-	-	-	-
Operating Grants and Contributions	451,329	486,881	715,225	586,891	627,650	925,968	732,114	671,059	1,174,782	1,741,370
Capital Grants and Contributions	-	77,478	721,962	18,806	11,187	22,060	13,549	1,070	609	820,165
Total Governmental Activities Program Revenues	<u>2,131,755</u>	<u>2,415,239</u>	<u>3,377,172</u>	<u>2,374,395</u>	<u>4,108,104</u>	<u>4,422,008</u>	<u>4,722,664</u>	<u>4,588,755</u>	<u>5,266,515</u>	<u>7,206,562</u>
Business-Type Activities:										
Charges for Services:										
Water	420,963	382,864	401,765	502,864	436,770	452,429	492,947	594,198	629,736	699,562
Sewer	980,619	1,055,620	1,085,540	1,107,357	1,206,926	1,200,043	1,297,786	1,505,467	1,408,480	1,477,225
Storm Water	143,621	240,258	250,197	242,563	314,415	318,787	527,255	538,870	289,643	421,838
Recycling	166,084	140,891	-	-	110,912	113,501	128,387	142,470	140,218	136,922
Cable Television	-	-	-	-	-	71,412	99,632	77,511	76,352	78,716
Operating Grants and Contributions	-	-	-	-	-	34,500	34,500	34,500	-	34,500
Capital Grants and Contributions	-	60,000	165,316	19,133	495	178,371	16,765	-	45,218	7,400
Total Business-Type Activities Program Revenues	<u>1,711,287</u>	<u>1,879,633</u>	<u>1,902,818</u>	<u>1,871,917</u>	<u>2,069,518</u>	<u>2,369,043</u>	<u>2,597,272</u>	<u>2,893,016</u>	<u>2,589,647</u>	<u>2,856,163</u>
Total Primary Government Program Revenues	<u>\$ 3,843,042</u>	<u>\$ 4,294,872</u>	<u>\$ 5,279,990</u>	<u>\$ 4,246,312</u>	<u>\$ 6,177,622</u>	<u>\$ 6,791,051</u>	<u>\$ 7,319,936</u>	<u>\$ 7,481,771</u>	<u>\$ 7,856,162</u>	<u>\$ 10,062,725</u>

**CITY OF ORONO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Revenue (Expense):										
Governmental Activities	\$ (4,810,934)	\$ (4,140,704)	\$ (3,750,818)	\$ (4,673,569)	\$ (4,654,275)	\$ (3,677,085)	\$ (3,856,472)	\$ (5,414,564)	\$ (3,929,910)	\$ (3,153,963)
Business-Type Activities	228,492	44,171	282,404	109,259	157,313	313,271	370,706	482,285	113,891	236,500
Total Primary Government Net Expense	\$ (4,582,442)	\$ (4,096,533)	\$ (3,468,414)	\$ (4,564,310)	\$ (4,496,962)	\$ (3,363,814)	\$ (3,485,766)	\$ (4,932,279)	\$ (3,816,019)	\$ (2,917,463)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 4,546,038	\$ 4,364,416	\$ 4,728,470	\$ 4,716,941	\$ 4,746,856	\$ 4,809,875	\$ 4,819,345	\$ 5,021,340	\$ 5,268,854	\$ 5,510,133
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Other General Revenues	526,115	293,916	186,397	139,494	214,876	17,337	44,051	149,388	53,207	193,279
Investment Earnings	219,268	215,289	121,403	126,298	(81,067)	215,606	144,252	109,752	114,356	132,799
Gain (Loss) on Sale of Capital Assets	11,592	22,369	20,813	-	24,410	7,961	6,466	45,518	38,738	-
Transfers	11,300	(1,396,672)	170,407	166,000	166,000	269,300	320,209	155,000	155,000	(41,000)
Total Governmental Activities	5,314,313	3,499,318	5,227,490	5,148,733	5,071,075	5,320,079	5,334,323	5,480,998	5,630,155	5,795,211
Business-Type Activities:										
Other General Revenues	85,531	203,874	201,462	183,619	130,550	163,719	141,546	160,967	185,909	79,683
Investment Earnings	165,563	62,482	59,653	59,096	(19,708)	124,098	67,076	57,319	54,443	51,588
Transfers	(11,300)	1,396,672	(170,407)	(166,000)	(166,000)	(269,300)	(320,209)	(155,000)	(155,000)	41,000
Total Business-Type Activities	239,794	1,663,028	90,708	76,715	(55,158)	18,517	(111,587)	63,286	85,352	172,271
Total Primary Government	\$ 5,554,107	\$ 5,162,346	\$ 5,318,198	\$ 5,225,448	\$ 5,015,917	\$ 5,338,596	\$ 5,222,736	\$ 5,544,284	\$ 5,715,507	\$ 5,967,482
Change in Net Position:										
Governmental Activities	\$ 503,379	\$ (641,386)	\$ 1,476,672	\$ 475,164	\$ 416,800	\$ 1,642,994	\$ 1,477,851	\$ 66,434	\$ 1,700,245	\$ 2,641,248
Business-Type Activities	468,286	1,707,199	373,112	185,974	102,155	331,788	259,119	545,571	199,243	408,771
Total Primary Government	\$ 971,665	\$ 1,065,813	\$ 1,849,784	\$ 661,138	\$ 518,955	\$ 1,974,782	\$ 1,736,970	\$ 612,005	\$ 1,899,488	\$ 3,050,019

CITY OF ORONO
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 29,134	\$ 19,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,288,032	3,250,931	-	-	-	-	-	-	-	-
Nonspendable	-	-	31,213	66,296	30,909	40,532	74,800	25,376	13,277	118,170
Unassigned	-	-	3,509,254	3,133,691	3,354,809	3,886,128	4,233,687	4,400,222	4,433,559	4,336,396
Total General Fund	<u>\$ 3,317,166</u>	<u>\$ 3,270,517</u>	<u>\$ 3,540,467</u>	<u>\$ 3,199,987</u>	<u>\$ 3,385,718</u>	<u>\$ 3,926,660</u>	<u>\$ 4,308,487</u>	<u>\$ 4,425,598</u>	<u>\$ 4,446,836</u>	<u>\$ 4,454,566</u>
All Other Governmental Funds:										
Reserved	\$ 2,193,401	\$ 3,362,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	3,444,473	989,749	-	-	-	-	-	-	-	-
Capital Projects Funds	2,946,403	6,682,480	-	-	-	-	-	-	-	-
Debt Service Funds	-	(4,407)	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	1,189	-	-	-	-	-	-
Restricted	-	-	5,924,524	4,912,412	3,455,223	3,625,599	3,957,346	6,383,149	3,685,145	3,495,176
Assigned	-	-	3,646,933	3,888,083	4,133,893	4,029,776	2,951,616	3,358,915	3,148,848	2,403,358
Unassigned	-	-	-	-	-	-	(178,573)	(872,147)	(1,050,959)	(2,759,730)
Total All Other Governmental Funds	<u>\$ 8,584,277</u>	<u>\$ 11,030,125</u>	<u>\$ 9,571,457</u>	<u>\$ 8,801,684</u>	<u>\$ 7,589,116</u>	<u>\$ 7,655,375</u>	<u>\$ 6,730,389</u>	<u>\$ 8,869,917</u>	<u>\$ 5,783,034</u>	<u>\$ 3,138,804</u>

Source: City's financial records.

Note: The City began to use new categories when it implemented GASB 54 in fiscal year 2011. Prior years were not retroactively reclassified.

CITY OF ORONO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 4,557,765	\$ 4,742,169	\$ 4,761,488	\$ 4,724,264	\$ 4,785,052	\$ 4,840,777	\$ 4,839,722	\$ 5,057,941	5,258,546	\$ 5,448,238
Licenses and Permits	394,069	411,155	592,111	509,300	613,184	675,204	846,343	715,281	613,218	954,278
Intergovernmental	260,254	472,366	542,711	393,148	421,485	745,062	545,236	496,497	1,025,044	1,616,583
Charges for Services	1,349,988	1,212,527	1,029,515	979,122	2,474,211	2,569,831	2,896,458	2,973,534	3,165,196	3,211,749
Fines	140,621	182,719	141,304	159,673	175,321	153,821	134,754	133,354	101,824	124,060
Investment Earnings	219,268	199,131	110,215	114,624	61,335	195,862	133,204	97,843	105,079	122,659
Special Assessments	160,615	193,865	272,772	115,518	68,413	62,632	70,349	8,537	2,226	22,935
Miscellaneous	84,143	66,063	74,676	255,633	205,078	58,012	64,867	143,976	66,122	171,219
Total Revenues	7,166,723	7,479,995	7,524,792	7,251,282	8,804,079	9,301,201	9,530,933	9,626,963	10,337,255	11,671,721
Expenditures:										
General Government	1,456,632	1,441,065	1,294,803	1,263,916	1,242,028	1,282,487	1,285,064	1,362,293	1,474,265	1,433,076
Public Safety	3,548,678	3,501,180	3,402,270	3,248,071	4,734,635	4,906,572	4,906,117	5,073,430	5,298,939	5,628,086
Streets	496,787	450,403	458,040	425,192	508,544	454,964	496,239	480,765	486,138	595,740
Parks and Recreation	65,991	58,498	241,789	238,424	255,395	231,356	268,831	281,340	304,333	421,996
Recycling	97,920	100,352	106,649	104,046	-	4,572	-	-	1,590	-
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	2,225,166	810,071	758,654	1,795,760	1,683,159	3,973,460	2,114,343	1,721,077	2,150,260	5,771,819
Debt Service:										
Principal	801,953	925,000	2,285,000	1,110,000	1,145,000	1,900,000	1,010,000	1,085,788	3,556,024	660,000
Interest	413,303	321,682	357,525	362,629	328,633	302,728	331,317	344,562	237,286	187,404
Total Expenditures	9,106,430	7,608,251	8,904,730	8,548,038	9,897,394	13,056,139	10,411,911	10,349,255	13,508,835	14,698,121
Excess of Revenues Over (Under) Expenditures	(1,939,707)	(128,256)	(1,379,938)	(1,296,756)	(1,093,315)	(3,754,938)	(880,978)	(722,292)	(3,171,580)	(3,026,400)
Other Financing Sources (Uses):										
Transfers In	1,299,776	3,063,840	530,407	1,752,437	866,000	905,848	1,451,397	1,565,385	1,262,405	1,486,307
Transfers Out	(1,288,476)	(4,998,351)	(360,000)	(1,586,437)	(700,000)	(636,548)	(1,131,188)	(1,410,385)	(1,107,405)	(1,217,307)
Refunding Bonds Issued	-	1,195,000	-	-	-	-	-	2,680,000	-	-
Bonds Issued	1,120,000	3,120,000	-	-	-	4,070,177	-	-	-	-
Premium on Bonds Issued	12,946	110,597	-	-	-	-	-	94,956	-	-
Discount on Issued Debt	-	-	-	-	-	-	-	-	-	-
Payment of Refunded Bonds	(1,095,000)	-	-	-	-	-	-	-	-	-
Capital Lease Proceeds	-	14,000	-	-	-	-	-	-	-	-
Sales of Capital Assets	11,592	22,369	20,813	20,503	30,110	22,662	17,610	48,975	38,738	33,097
Total Other Financing Sources (Uses)	60,838	2,527,455	191,220	186,503	196,110	4,362,139	337,819	2,978,931	193,738	302,097
Net Change in Fund Balances	\$ (1,878,869)	\$ 2,399,199	\$ (1,188,718)	\$ (1,110,253)	\$ (897,205)	\$ 607,201	\$ (543,159)	\$ 2,256,639	\$ (2,977,842)	\$ (2,724,303)
Debt Service as a Percentage of Noncapital Expenditures	17.0%	18.3%	31.2%	20.1%	16.5%	24.2%	15.8%	16.4%	33.7%	8.6%

CITY OF ORONO
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Total Market Value</u>	<u>Taxable Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2009	\$ 2,917,611,900	\$ 66,468,700	\$ 8,308,300	\$ 2,992,388,900	\$ 34,342,939	13.183	1.15 %
2010	2,694,887,700	60,108,100	7,692,800	2,762,688,600	31,561,399	13.677	1.14
2011	2,504,169,400	56,939,100	7,672,400	2,568,780,900	29,065,900	14.991	1.14
2012	2,319,999,400	54,284,700	7,771,200	2,382,055,300	26,790,406	16.283	1.12
2013	2,353,751,300	53,032,100	9,618,500	2,416,401,900	26,531,505	17.667	1.10
2014	2,367,078,691	52,385,700	11,937,300	2,431,401,691	27,566,309	17.815	1.13
2015	2,468,589,098	50,003,300	12,831,100	2,531,423,498	28,749,183	17.387	1.14
2016	2,664,593,042	51,885,300	14,602,600	2,731,080,942	28,351,935	17.325	1.04
2017	2,810,505,878	53,590,300	15,428,800	2,879,524,978	32,961,379	16.759	1.14
2018	2,932,517,796	49,881,300	20,720,700	3,003,119,796	34,422,178	16.555	1.15

Source: Hennepin County Assessing Department

**CITY OF ORONO
DIRECT AND OVERLAPPING TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City of Orono			Overlapping Rates			Total Direct and Overlapping Rates
	Operating	Debt Service	Total City	ISD No. 278	Hennepin County	Special Districts	
2009	11.153	2.030	13.183	17.492	40.413	8.643	79.731
2010	11.415	2.262	13.677	17.013	42.640	9.649	82.979
2011	12.552	2.439	14.991	19.380	45.840	10.841	91.052
2012	13.634	2.649	16.283	19.939	48.231	11.228	95.681
2013	14.826	2.841	17.667	22.325	49.461	11.858	101.311
2014	14.951	2.864	17.815	22.802	49.959	12.367	102.943
2015	14.633	2.754	17.387	22.601	46.398	9.785	96.171
2016	14.685	2.640	17.325	23.166	45.356	9.520	95.367
2017	14.328	2.431	16.759	23.352	44.087	11.057	95.255
2018	14.391	2.164	16.555	24.024	42.808	10.667	94.054

Source: Hennepin County Assessing Department

**CITY OF ORONO
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2018			2009		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
Private Residence	\$ 223,500	1	0.65 %	\$ 187,438	1	0.55 %
Private Residence	140,925	2	0.41	182,132	2	0.53
Private Residence	116,013	3	0.34	176,060	3	0.51
Private Residence	115,903	4	0.34	147,741	4	0.43
TonkaHome Holdings LLC	106,625	5	0.31	-	-	
Private Residence	104,438	6	0.30	145,507	5	0.42
Private Residence	101,938	7	0.30	132,935	6	0.39
WJM Properties LLC	99,990	8	0.29	116,090	9	0.34
Private Residence	92,638	9	0.27	121,763	8	0.35
Private Residence	91,258	10	0.27	107,500	10	0.31
Wayzata County Club				124,630	7	0.36
Total	\$ 1,193,228		3.47 %	\$ 1,441,796		4.19 %

Source: Hennepin County Assessor's Office

**CITY OF ORONO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 4,564,687	\$ 4,415,151	96.72	\$ 149,536	\$ 4,564,687	100.00 %
2010	4,665,880	4,518,619	96.84	147,261	4,665,880	100.00
2011	4,702,558	4,599,372	97.81	103,186	4,702,558	100.00
2012	4,702,558	4,632,847	98.52	69,711	4,702,558	100.00
2013	4,701,760	4,677,698	99.49	24,062	4,701,760	100.00
2014	4,743,144	4,701,760	99.13	40,176	4,741,936	99.97
2015	4,772,000	4,748,327	99.50	22,221	4,770,548	99.97
2016	4,954,480	4,968,026 *	100.27	(17,500)	4,950,526	99.92
2017	5,205,230	5,235,100 *	100.57	(42,359)	5,192,741	99.76
2018	5,439,951	5,379,375	98.89	-	5,379,375	98.89

* In 2016 and 2017 the City collected slightly more taxes than they levied for as some residents chose to prepay their property taxes

CITY OF ORONO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Public Facility Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds			
2009	\$ 6,015,000	\$ 3,660,000	\$ -	\$ -	\$ -	\$ 9,675,000	1.87 %	1,204
2010	9,850,000	3,215,000	13,398	-	-	13,078,398	2.52	1,759
2011	9,365,000	1,415,000	10,928	-	-	10,790,928	2.32	1,451
2012	8,430,000	1,240,000	8,357	-	-	9,678,357	2.08	1,303
2013	7,470,000	1,055,000	5,682	-	-	8,530,682	1.46	1,125
2014	10,620,000	-	17,374	-	1,280,000	11,917,374	1.99	1,566
2015	9,610,000	-	11,812	-	1,195,000	10,816,812	2.14	1,389
2016	11,431,701	-	6,024	-	1,138,557	12,576,282	1.84	1,635
2017	7,660,000	-	-	-	1,045,000	8,705,000	1.20	1,068
2018	7,000,000	-	-	-	965,000	7,965,000	1.03	983

CITY OF ORONO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Governmental Activities General Obligation Bonds</u>	<u>Business-Type Activities General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2009	9,675,000	-	2,193,401	7,481,599	0.25	938
2010	13,065,000	-	3,262,816	9,802,184	0.36	1,318
2011	10,780,000	-	1,972,796	8,807,204	0.34	1,184
2012	8,430,000	-	1,898,787	6,531,213	0.28	879
2013	7,470,000	-	1,571,736	5,898,264	0.24	778
2014	10,620,000	-	1,189,565	9,430,435	0.39	1,239
2015	9,610,000	1,195,000	2,209,951	8,595,049	0.34	1,104
2016	11,431,701	1,138,557	7,550,955	5,019,303	0.18	653
2017	7,660,000	1,045,000	1,854,112	6,850,888	0.24	841
2018	7,000,000	965,000	2,080,923	5,884,077	0.20	726

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

CITY OF ORONO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2018

Governmental Unit	Total Debt Outstanding	Sinking Funds	Net Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:					
City of Orono	\$ 7,000,000	\$ 2,080,923	\$ 4,919,077	100.00 %	\$ 4,919,077
Overlapping Debt:					
School Districts:					
ISD No. 278 (Orono)	73,125,000	1,062,337	72,062,663	51.53	37,133,890
ISD No. 276 (Minnetonka)	109,525,000	6,937,047	102,587,953	0.20	205,176
ISD No. 277 (Westonka)	43,065,000	631,657	42,433,343	27.13	11,512,166
ISD No. 284 (Wayzata)	220,160,000	10,823,806	209,336,194	0.97	2,030,561
Hennepin County	1,058,135,000	1,244,202	1,056,890,798	1.93	20,397,992
Hennepin Suburban Park	59,085,000	15,509,292	43,575,708	2.70	1,176,544
Hennepin Regional RR Authority	29,865,000	5,264,620	24,600,380	2.70	664,210
Metropolitan Council	189,310,976	113,408,287	75,902,689	0.99	751,437
Total Overlapping Debt	1,782,270,976	154,881,248	1,627,389,728		73,871,977
Total Direct and Overlapping Debt					\$ 78,791,054

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

Source 1: Hennepin County

Source 2: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

**CITY OF ORONO
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 90,720,357	\$ 82,824,237	\$ 77,063,427	\$ 71,461,659	\$ 72,492,057	\$ 72,942,051	\$ 75,942,705	\$ 81,932,428	\$ 86,385,749	\$ 90,093,594
Total Net Debt Applicable to Limit	7,481,599	9,802,184	9,014,895	6,898,136	6,319,308	10,660,892	8,714,780	8,062,670	8,705,000	5,884,077
Legal Debt Margin	<u>\$ 83,238,758</u>	<u>\$ 73,022,053</u>	<u>\$ 68,048,532</u>	<u>\$ 64,563,523</u>	<u>\$ 66,172,749</u>	<u>\$ 62,281,159</u>	<u>\$ 67,227,925</u>	<u>\$ 73,869,758</u>	<u>\$ 77,680,749</u>	<u>\$ 84,209,517</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.25%	11.83%	11.70%	9.65%	8.72%	14.62%	11.48%	9.84%	10.08%	6.53%

Legal Debt Margin Calculation for Fiscal Year 2018

Market Value	\$ 3,003,119,796
Debt Limit (3% of Market Value) ⁽¹⁾	90,093,594
Debt Applicable to Limit:	
General Obligation Bonds	7,965,000
Less Amount Set Aside for Repayment of General Obligation Debt	<u>2,080,923</u>
Total Net Debt Applicable to Limit	<u>5,884,077</u>
Legal Debt Margin	<u>\$ 84,209,517</u>

**CITY OF ORONO
PLEGGED REVENUE
LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds					
	Gross Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ -	\$ -	\$ -	\$ -	\$ -	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	615,569	577,320	38,249	85,000	31,680	0.33
2016	706,460	624,253	82,207	75,000	74,044	0.55
2017	746,514	643,048	103,466	75,000	25,181	1.03
2018	714,159	818,330	(104,171)	80,000	21,480	(1.03)

**CITY OF ORONO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (1)	Estimated Personal Income	Per Capita Personal Income	Median Age (2)	Education Level in Years of Formal Schooling	School Enrollment (3)	Unemployment Rate (4)
2009	7,980	516,313,980	64,701	41	-	2,708	6.7
2010	7,437	518,009,361	69,653	45	15	2,765	2.9
2011	7,437	464,396,028	62,444	35	-	2,706	5.3
2012	7,428	572,416,536	77,062	45	-	2,711	4.8
2013	7,584	584,726,400	77,100	46	-	2,760	4.6
2014	7,611	597,463,500	78,500	46	-	2,757	2.9
2015	7,785	506,281,905	65,033	46	-	2,808	2.8
2016	7,691	685,014,271	89,067	43	-	2,790	3.3
2017	8,147	724,455,244	88,923	47	-	2,807	2.6
2018	8,102	77,019,234	95,062	47	-	2,820	2.5

Note: Information on education level was only available in 2010 census data.

Data sources

- (1) Metropolitan Council Estimate in non-census years. 2010 based on census data. 2017 based on U.s. Census Estimate
- (2) Hennepin County average/median for non-census years. 2010 based on census data.
- (3) Minnesota Department of Education, as reported by ISD No. 278 (Orono).
- (4) Minnesota Department of Economic Security; Hennepin County average for non-census years. 2010 based on census data.

**CITY OF ORONO
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2018			2009	
	Employees	Rank	Percentage of Total City Employment	Rank	Percentage of Total City Employment
ISD No. 278 (Orono)	346	1	19.22 %	1	22.67 %
Wayzata Country Club	248	2	13.78	2	14.27
Woodhill Country Club	180	3	10.00	4	6.67
Jem Technical	104	4	5.78	-	-
Otten Brothers	98	5	5.44	3	6.67
Lunds	75	6	4.17	5	4.33
Culver's	60	7	3.33	8	3.73
City of Orono	54	8	3.00	6	2.27
Springhill Country Club	45	9	2.50	7	3.00
Morries' Automotive	28	10	1.56	-	-
Service 800	-	-	-	9	2.00
Snyders	-	-	-	10	1.46
Total	1,238		68.78 %		67.07 %

Source: City of Orono and State Department of Commerce

CITY OF ORONO
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	7.0	7.0	7.0	7.0	7.0	6.8	7.8	8.0	8.0	8.0
Public Safety:										
Police:										
Officers	18.5	18.0	16.5	16.5	30.0	28.0	27.0	27.0	27.0	30.0
Civilians	3.7	3.7	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Code Enforcement	6.6	6.6	5.6	5.6	5.6	6.0	6.0	5.0	4.0	5.0
Public Works	3.5	3.5	3.5	4.5	4.5	4.5	4.5	4.5	4.5	5.0
Parks (1)	-	-	-	-	-	-	-	-	-	0.5
Water	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.5
Sewer	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Storm Water	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Golf	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0	5.0	3.0
Total	46.8	46.3	43.1	44.1	58.6	58.8	58.8	58.0	57.0	61.0

Note: This table shows 61 employees while the Principal Employers schedule shows 54 due to part time employees included within the table above.

Source: City Budget Office

(1): Separated Parks department in 2018 due to hiring Park Supervisor at the end of 2017

**CITY OF ORONO
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Police:										
Initial Reports	6,217	6,573	5,728	6,688	12,128	10,990	10,056	9,320	6,462	5,875
Citations	2,572	2,543	2,086	1,982	3,228	2,437	1,495	1,929	1,509	1,675
Building/Zoning:										
Building Permits Issued	343	549	858	441	449	485	470	466	518	535
Land Use Applications	40	38	35	48	24	56	63	59	110	81
Water:										
Connections	984	1,005	998	1,003	1,036	1,036	1,023	1,036	1,041	1,087
Radio Read Meters – Start 2004	573	720	808	927	1,001	1,036	1,010	1,024	1,029	1,072
Annual Water Pumped (Thousands of Gallons)	129,277	107,831	116,370	125,005	108,486	96,066	95,701	96,936	108,627	108,923
Wastewater:										
Connections	2,189	2,173	2,215	2,231	2,225	2,218	2,238	2,243	2,256	2,287
Annual Sewer Flow (Thousands of Gallons) (2)	172,300	172,780	173,649	177,360	186,310	190,710	201,000	211,900	173,840	195,420
Storm Water:										
Sweeping (Centerline Miles) (1)	46	46	46	46	46	46	46	46	92	46
Drainage Projects	1	-	2	1	1	1	1	3	3	7
Golf:										
Rounds Played	14,771	13,927	12,041	10,607	6,990	10,890	14,334	11,976	11,387	7,007

Sources: Various City departments

- (1) Historical data is based on the miles of roads that was included in each sweeping. 2017 data is based on the miles of road that was swept in total.
- (2) 2017 data received from Metropolitan Council.

**CITY OF ORONO
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	11	11	11	14	14	14	14	14	14
Fire Stations	1	1	1	1	1	1	1	1	1	1
Streets:										
Streets (Miles)	46	46	46	46	46	46	46	46	46	46
Streetlights (1)	135	135	135	135	135	135	135	135	135	135
Parks:										
Parks Acreage (2)	197	197	228	228	228	228	228	228	228	228
Parks	21	21	22	22	22	22	22	22	22	22
Beaches	4	4	4	4	4	4	4	4	4	4
Water:										
Water Mains (Miles)	18	18	18	18	18	18	18	18	23	23
Water Plants	2	2	2	2	2	2	2	2	2	2
Wells	3	3	3	3	3	3	3	4	4	4
Maximum Daily Capacity (Thousands of Gallons)	2,160	2,160	2,160	2,160	2,160	2,160	2,160	3,800	3,800	3,800
Sewer:										
Sanitary Sewers (Miles)	47	47	47	47	47	47	47	47	61	61
Pumping Stations	45	46	46	46	46	46	46	46	46	45
Golf:										
Clubhouse	1	1	1	1	1	1	1	1	1	1
Holes	9	9	9	9	9	9	9	9	9	9

(1) Historical streetlights was adjusted to reflect updated information

(2) Historical park acreage was adjusted to reflect updated information

Note: No capital asset indicators are available for the general government functions.

Sources: Various City departments