

City of Orono 2019 Citizen Budget

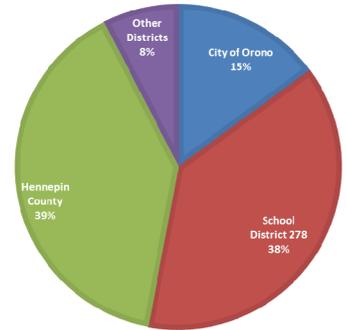
The City of Orono is proud to present the 2019 budget and tax levy; the budget is a 6-month process beginning in May. The City of Orono has officially adopted the 2019 budget and tax levy at the public hearing held on December 10, 2018 at 6:30 pm.

Taxes

The County Assessor provides an annual calculation of the City's tax value based on the annual property valuations. When compared to last year, taxable market value has increased by 4.32% and the tax capacity by 4.68%. As a result of the City's increased tax capacity, the tax capacity rate will decrease from 16.555% in 2018 to 16.378% in 2019. A property's tax is calculated by multiplying its tax capacity by the City's tax capacity rate. The City's tax capacity rate is the 4th lowest (of 45 cities) in Hennepin County and one of the lowest in the state. The average city tax capacity in the Metro area is 29%.

How Property Taxes are Calculated		
<i>(On a \$861,000 Residential Homestead Property)</i>		
1% of first \$500,000		
1.25% of remaining \$463,000	\$10,788	
X	X	
City's Tax Capacity Rate	16.378%	
City's Portion of Tax	\$1,766.78	

2019 PROPERTY TAXES



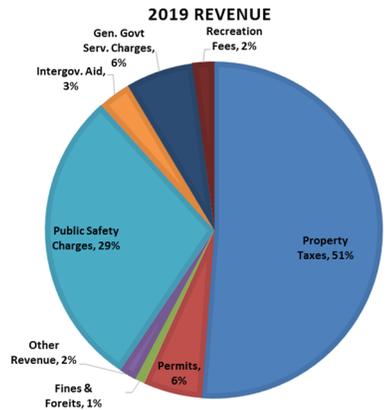
General Fund

The General Fund is the primary source of funding for the City services provided to residents. This includes:

- Police and Fire
- Fire
- Streets and Engineering
- Parks and Golf Course
- Building and Zoning
- Mayor & Council
- Administration, Finance and Legal

The 2019 General Fund budget totals \$8,577,280, an increase of 4.68% over 2018.

As in prior years, the largest portion of General Fund revenue comes from the property tax levy. The total property tax levy required to fund the 2019 General Fund budget is \$4,380,000, an increase of 0.78% over 2018. The remaining funding increases for the General Fund are from non-tax sources.



The largest expenditure in the General Fund is Police Services, at 52.7% of budgeted expenditures. This is offset by revenue earned from Public Safety charges, which is the second largest revenue source at 29%. Public Safety charges are comprised of charges to the cities of Mound, Minnetonka Beach and Spring Park. These charges cover approximately 50% of the police budget.

Special Revenue Funds

In addition to the General Fund, the City adopts the following Special Revenue Fund budgets: the Park Fund, the Drug Forfeiture Fund and the TIF Fund. Special revenue funds by definition have a primary source of revenue and can only be used for specific purposes.

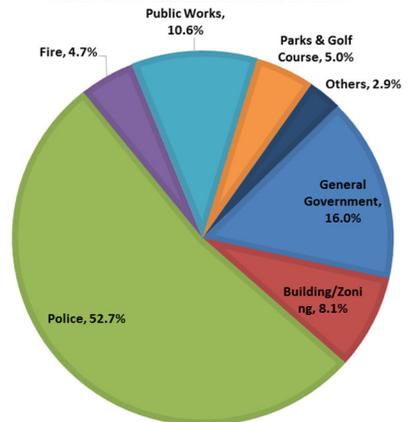
Enterprise Funds

The City of Orono operates the following Enterprise Funds:

- Water (utility rate funded)
- Sewer (utility rate funded)
- Storm Water (utility rate funded)
- Cable
- Recycling (user fee funded)

The Enterprise Funds operate like separate business entities with the minimum goal of breaking even. Therefore, the utility rates and user fees are set to cover the costs of providing these services. These funds do not receive any funding from property taxes.

HOW CITY DOLLARS ARE SPENT



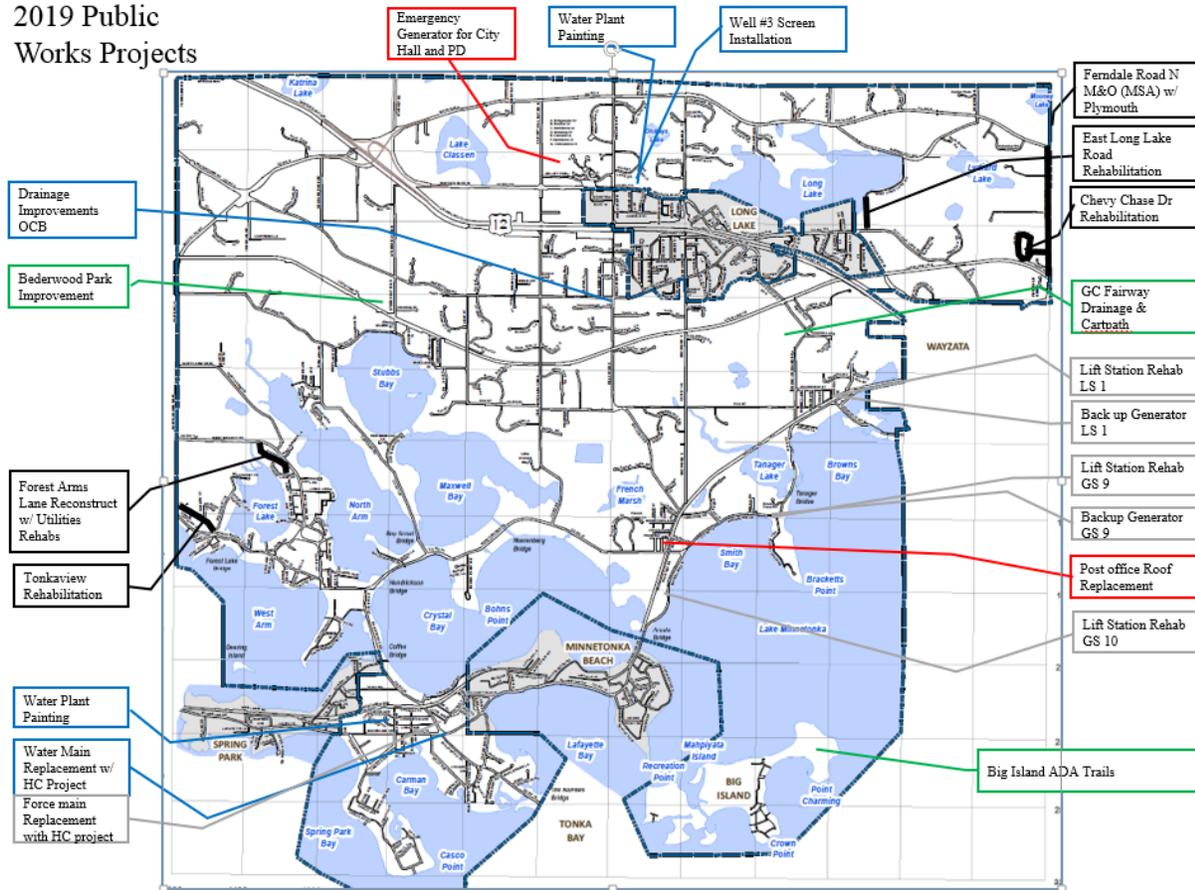
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Capital Improvement Plan

As of 2018, the City of Orono has 44 sewer lift stations; 17 stations are attached to generators to prevent sewage back-ups during power outages. Two additional generators will be added yearly until all the critical lift stations are attached to a generator. Two generators and two lift stations undergo rehabilitation annually. Additionally, the city operates two water towers and four wells to provide residents water service.

The City reviews the condition of its road infrastructure annually and based on road condition and funding availability updates its pavement management plan. Orono does not use special assessments to fund road improvements. Instead, the City spreads the costs across all properties, unlike a number of other cities, Orono homeowners do not deal with special assessments of several thousand dollars for road maintenance. In order to more efficiently use funds, Water, Sewer, and Storm Water projects are undertaken in conjunction with street improvements. The Storm Water projects are designed to protect the roadways, property, water quality, and mitigate flood risks. All capital projects are contingent on available funding. The follow map illustrates planned 2019 projects.

2019 Public Works Projects



The adopted 2019 budget and tax levy will support the continuation of city services in 2019 and will aid in the future development of the City of Orono. If you have any questions regarding the budget or developments set for 2019, please feel free to contact City Hall at (952) 249-4600.