

**AGENDA
HANOVER CITY COUNCIL
MAY 15, 2018**

**MAYOR
CHRIS KAUFFMAN**

**COUNCIL
DOUGLAS HAMMERSENG
KEN WARPULA
JIM ZAJICEK
MARYANN HALLSTEIN**

- 1. Call to Order Regular City Council Work Session: 6:00 p.m.**
- 2. Approval of Agenda**
- 3. Consent Agenda Items:**
 - a. Approve Minutes of May 1, 2018 City Council Meeting *(xx)***
 - b. Approve Minutes of May 9, 2018 Joint City Council and Planning Commission Meeting *(xx)***
 - c. Approve Claims as Presented: *(xx)***

➤ Claims	\$ 99,480.79
➤ Payroll	\$ 9,454.83
➤ P/R taxes & Exp.	\$ 3,390.01
➤ Other Claims	<u>\$ 2,390.03</u>
➤ Total Claims	<u>\$ 114,715.66</u>
 - d. Res No 05-15-18-52 – Approving Hanover EDA Donation to Hanover Harvest Festival *(xx)***
- 4. 2017 Audit Review – Andrew Grice, BerganKDV *(xx)***
- 5. Fire Department Building Expansion**
- 6. Cleaning Contract**
- 7. City Hall Renovation**
- 8. Building Inspection Review *(xx)***
- 9. Cleanup Day Review**
- 10. Reports**
- 11. Adjournment**

To: Mayor Kauffman & Members of the Hanover City Council
From: Brian Hagen, City Administrator
Date: May 11, 2018
Re: Review of May 15, 2018 City Council Work Session Agenda

1. Call to Order Regular City Council Work Session: 6:00 p.m.
2. Approval of Agenda
3. Consent Agenda Items: *See enclosed consent agenda.*
 - a. Approve Minutes of May 1, 2018 City Council Meeting (xx)
 - b. Approve Minutes of May 9, 2018 Joint City Council and Planning Commission Meeting (xx)
 - c. Approve Claims as Presented: (xx)

➤ Claims	\$ 99,480.79
➤ Payroll	\$ 9,454.83
➤ P/R taxes & Exp.	\$ 3,390.01
➤ Other Claims	<u>\$ 2,390.03</u>
➤ Total Claims	<u>\$ 114,715.66</u>
 - d. Res No 05-15-18-52 – Approving Hanover EDA Donation to Hanover Harvest Festival (xx)
4. 2017 Audit Review – Andrew Grice, (xx)
Andrew Grice will be present to review 2017 Financial Statements and answer any questions.
5. Fire Department Building Expansion
Chief Malewicki will be present to discuss a desire for a building expansion of the Fire Department.
6. Cleaning Contract
Chief Malewicki has indicated that the Fire Department is willing to take on regular cleaning duties of the fire hall. Additionally, I would like to discuss a potential RFP for regular and special cleaning duties of City Hall due lack of satisfaction in recent months with the current contracted company.
7. City Hall Renovation
Staff will seek direction on how to proceed forward with how the City would like to utilize the old Public Works garage.
8. Building Inspection Review
Enclosed is a memo addressing the concerns expressed by Councilor Zajicek at the previous meeting. In speaking with Todd Geske, MetroWest, he has indicated that if Hanover desires an adjustment to values, he would be happy to discuss possibilities.

9. Cleanup Day Review

Discussion on the logistics of cleanup day will be held.

10. Reports

11. Adjournment

**CITY OF HANOVER
CITY COUNCIL MEETING
MAY 1, 2018 – DRAFT MINUTES**

Call to Order/Pledge of Allegiance:

Mayor Chris Kauffman called the regular meeting of Tuesday, May 1, 2018 to order at 7:00 p.m. Present were Councilors Ken Warpula, Jim Zajicek and MaryAnn Hallstein. Also present were City Administrator Brian Hagen, Accountant / Deputy Clerk Jackie Heinz and Public Works Supervisor Jason Doboszanski. Other guests included Hanover Fire Chief Dave Malewicki. Councilor Doug Hammerseng was absent.

Approval of Agenda:

MOTION by Warpula to approve the agenda, seconded by Hallstein. **Motion carried unanimously.**

Consent Agenda:

MOTION by Warpula to approve the consent agenda, seconded by Hallstein.

- a. **Approve Minutes of April 17, 2018 City Council Work Session Meeting**
- b. **Approve Claims as Presented:**
 - **Claims** \$ 19,648.95
 - **Payroll** \$ 9,549.80
 - **P/R taxes & Exp** \$ 3,486.62
 - **Other Claims** \$ 2,362.83
 - **Total Claims** \$ 35,048.20
- c. **Res No 05-01-18-46 – Accepting Donation from Hanover Athletic Association**
- d. **Res No 05-01-18-47 – Approving 8th St. NE Road Easement**
- e. **Res No 05-01-18-48 – Approving Contract for 2018 Concert in the Park**
- f. **Res No 05-01-18-49 – Approving Agreement with First Source Solutions**
- g. **Res No 05-01-18-50 – Approving Purchase of Map Files**

Motion carried unanimously.

Citizen’s Forum:

None

Public Hearings:

None

Unfinished Business:

None

New Business:

Res. No. 05-01-18-51 – Approving Purchase of Fire Department Equipment

Zajicek asked about the purchase of two radios and why they cost \$2,500 each. Malewicki explained they are 800 MHz, they are similar to a cell phone and it is recommended each firefighter entering a fire should have one. Hallstein asked if the radios are heat and water proof, Malewicki stated no. Kauffman asked if the radios are Motorola, Malewicki stated yes.

Hagen stated the Fire Department will be applying for both a CenterPoint and DNR grant.

MOTION by Warpula to approve Res. No. 05-01-18-51, seconded by Zajicek. **Motion carried unanimously.**

Reports

Malewicki

- Thanked council for their support.

Doboszanski

- Doing Open House Preparations
- Getting Fields Ready

Hallstein

- She will be attending the Camp MN Cities training in St. Cloud. She is asking to stay at a hotel for the 2 nights of the training. Council gave approval of the hotel stay.

Zajicek

- Requested information regarding Metro West Inspection Services
 - A Breakdown of Inspection Fees
 - Expectations of Inspection Services
 - How to File a Complaint about Services Received
 - How many Homes were sold in 2017 with Improvements the City wasn't aware of
 - Who Determines what happens if a home is sold without permits for work Completed
 - Zajicek stated he is concerned with the possible developments in Hanover and avoiding possible headaches. Kauffman stated there are cities looking to form a coop for inspection services.
 - Hagen stated 35% of permit fee goes to Metro West, a fee schedule from the state determines cost per square foot based on type of work being completed.
- Suggested getting a City of Hanover reader sign on the corner of the Dental Office. Warpula suggested at the Fire Department. Hagen stated an easement from the land owner would be needed, yes it would be possible but concerns with limited control of messages.

Warpula

- EDA breakfast went well, Hagen did a nice job of organizing. Hagen stated roughly 35 were in attendance

Hagen

- Asked if City Hall could close at 3:00 pm on Monday May 7th for the Public Works Open House. A sign would be on the front door stating staff was down the road if needed. Council gave support to close at 3:00 pm.
- Asked if Council would like City Engineer Justin Messner and City Planner Cindy Nash to attend the Public Works Open House. Council Consensus was no.
- Staff has a plan ready for the Public Works Open House. Listed food, equipment will be open but keys removed, asked council be walking around, Facebook posts are scheduled, Chris and Brian will be the greeters.
- Met with Schulte's Greenhouse regarding trees for the ball field on the outside of the outfield fence. Will find trees which like the present soil, will cost around \$10,000 for 40 trees. Will be mindful of electric for the lights.

- Asked if Council would like ball field lights to be installed this year or next. Options include the City paying for a portion up front, finance over 3 years at 3-4% interest, or pay interest for one year then payoff. If the work is not completed this year could be a 4% increase in price next year. Council Consensus to move forward with light installation this year.

Adjournment

MOTION by Warpula to adjourn at 7:52 p.m., seconded by Zajicek. **Motion carried unanimously.**

APPROVED BY:

Chris Kauffman, Mayor

ATTEST:

Brian Hagen, City Administrator

**CITY OF HANOVER
JOINT MEETING OF THE
CITY COUNCIL AND PLANNING COMMISSION
MAY 9, 2018 - DRAFT MINUTES**

Call to Order

Mayor Chris Kauffman called the May 9, 2018, Joint Meeting of the City Council and Planning Commission to order at 6:39 p.m. Council members present were Mayor Chris Kauffman, Doug Hammerseng, and MaryAnn Hallstein. Planning Commission members present were Dean Kuitunen and Mike Christenson. Also present were City Administrator Brian Hagen, City Planner Cindy Nash, and Administrative Assistant Amy Biren. Councilor Ken Warpula arrived at 6:35 p.m. Councilor Jim Zajicek was absent. Planning Commission members Stan Kolasa, Michelle Armstrong, and Jim Schendel were absent.

Approval of Agenda

MOTION by Hallstein to approve agenda, seconded by Hammerseng. **Motion carried unanimously.**

Comprehensive Plan Amendment

Review of Parks and trails Element

Nash reviewed a map of current/future parks and trails. Discussion focused on whether the future parks and trails identified continued to serve Hanover's future growth expectations. The group further discussed potential amenities to add to both current and future parks. Lastly the group discussed future trail placements and provided suggestions that Nash will identify on a revised map for future review with the Hanover Park Board.

Review of Land Use Element

Nash brought the future land use map and a description of allowed uses/densities for each district for an additional review. She stated that recent discussions on proposed developments have provided an opportunity to understand what a range of densities would provide as a result. The consensus of the group was to leave densities and revisit setback requirements to control final layout of developments.

Set Next Meeting Date: June 13, 2018 at 6:00 p.m.

Consensus of the group is to remain meeting on the Wednesday's between Council meeting weeks. The start time should be changed to 6:30 p.m.

Adjournment

MOTION by Hallstein to adjourn at 8:128 p.m., seconded by Warpula. **Motion carried unanimously.**

APPROVED:

Chris Kauffman, Mayor

ATTEST:

Brian Hagen, City Administrator

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Payments

Current Period: May 2018

Batch Name	05/15/18 PAY	Payment	Computer Dollar Amt	\$99,480.79	Posted
Refer	2365 A-1 OUTDOOR POWER, INC.		Ck# 002342E 5/15/2018		
Cash Payment	E 100-42220-221 Equipment Parts		Backpack Blower: Fuel Hose Kit		\$13.49
Invoice	416562	4/26/2018			
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$13.49
Refer	2368 ABM EQUIPMENT & SUPPLY, LLC		Ck# 033442 5/15/2018		
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE		Bucket Truck: Perform Annual Boom Inspection & dielectric Test, Repaired per Inspection Sheet		\$614.92
Invoice	0155707-IN	4/13/2018			
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$614.92
Refer	2383 AFLAC		Ck# 002345E 5/15/2018		
Cash Payment	G 100-21706 Medical/Dental Ins		Supplemental Insurance - May 2018 - Acct. #G1V17		\$249.99
Invoice	559890	5/10/2018			
Transaction Date	5/10/2018	Due 0	Cash	10100	Total \$249.99
Refer	2360 AT&T MOBILITY		Ck# 033443 5/15/2018		
Cash Payment	E 100-43000-321 Telephone		PW Cell Phones - 03/18/18 - 04/17/18		\$374.33
Invoice	X04252018	4/30/2018			
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$374.33
Refer	2346 BEAUDRY OIL & PROPANE		Ck# 033444 5/15/2018		
Cash Payment	E 100-43000-212 Motor Fuels		Gasoline - Initial Fill of 400 Gallons		\$934.00
Invoice	858562	4/19/2018			
Cash Payment	E 100-43000-212 Motor Fuels		Diesel - Intial Fill of 500 Gallons		\$1,169.50
Invoice	858563	4/19/2018			
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$2,103.50
Refer	2356 BERGANKDV		Ck# 033445 5/15/2018		
Cash Payment	E 100-41540-301 Auditing and Acctg Servi		Interim Billing on the Audit of the Financial Statements for the Year Ended December 31, 2017		\$17,500.00
Invoice	998266	4/30/2018			
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$17,500.00
Refer	2374 BOUND TREE MEDICAL, LLC		Ck# 033446 5/15/2018		
Cash Payment	E 100-42220-228 Medical Supplies		Sales Tax Adjustment on Invoice #82768935		-\$11.61
Invoice	70258979	3/13/2018			
Cash Payment	E 100-42220-228 Medical Supplies		Alcohol Prep Pads, Gauze Pads, Lg Gloves, 10 Acoustic Stethoscopes, Glucose Meters, Blood Pressure Kits		\$239.97
Invoice	82833126	4/9/2018			
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$228.36
Refer	2362 CARSON, CLELLAND & SCHREDE		Ck# 033447 5/15/2018		
Cash Payment	E 100-41610-304 Legal Fees		Legal Support / Work - March 2018		\$46.96
Invoice		4/26/2018			
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$46.96
Refer	2344 CENTERPOINT ENERGY		Ck# 033448 5/15/2018		

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Payments

Current Period: May 2018

Cash Payment	E 100-41940-383 Gas Utilities	PW Bldg. Gas Utilities: 03/26/18 - 04/25/18			\$518.16
Invoice	4/27/2018				
Cash Payment	E 100-41940-383 Gas Utilities	City Hall Gas Utilities: 03/26/18 - 04/25/18			\$426.77
Invoice	4/27/2018				
Cash Payment	E 100-42280-383 Gas Utilities	Fire Station Gas Utilities: 03/26/18 - 04/25/18			\$272.51
Invoice	4/27/2018				
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$1,217.44
Refer	2372 CENTURY LINK				
Cash Payment	E 100-42280-321 Telephone	Fire Station Landline - 04/28/18 - 05/27/18			\$35.56
Invoice	4/28/2018				
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$35.56
Refer	2341 CITY OF ST. MICHAEL				
Cash Payment	E 602-49455-310 Other Professional Servi	SAC Fee - 9776 Jasmine Avenue			\$4,712.00
Invoice	5/8/2018				
Cash Payment	E 602-49455-310 Other Professional Servi	SAC Fee - 10721 Settlers Lane			\$4,712.00
Invoice	5/8/2018				
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$9,424.00
Refer	2359 CLASSIC CLEANING COMPANY, LL				
Cash Payment	E 100-41940-310 Other Professional Servi	City Hall Monthly Cleaning - April 2018			\$325.00
Invoice 26500	4/8/2018				
Cash Payment	E 100-41940-310 Other Professional Servi	Fire Department Monthly Cleaning - April 2018			\$155.00
Invoice 26501	4/8/2018				
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$480.00
Refer	2353 COMCAST				
Cash Payment	E 100-41940-321 Telephone	CH: Digital Voice and Internet - May 2018			\$221.26
Invoice	4/25/2018				
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$221.26
Refer	2367 CORE & MAIN LP				
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE	Water Softener: 1" Pipe Corzan, 2x1 CPVC S80 Bush, 1" SOC 90 Degree Ell, 1 CPVC S80 CPLG			\$98.50
Invoice I686298	4/11/2018				
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$98.50
Refer	2345 COTTENS, INC.				
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE	Core Deposit on Battery Return			-\$18.00
Invoice 233-117394	4/2/2018				
Cash Payment	E 100-43000-215 Shop Supplies	Grease			\$42.90
Invoice 233-117823	4/5/2018				
Cash Payment	E 100-42260-220 Repair/Maint Supply (GE	Engine 12: Marl LMP			\$3.69
Invoice 233-118445	4/11/2018				
Cash Payment	E 100-43000-215 Shop Supplies	Oil Dry			\$74.32
Invoice 233-119206	4/17/2018				
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$102.91
Refer	2371 FINKEN WATER SOLUTIONS				
Cash Payment	E 100-42280-220 Repair/Maint Supply (GE	10 Gallons of Drinking Water			\$12.40
Invoice 5030852	4/30/2018				

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Payments

Current Period: May 2018

Cash Payment	E 100-42280-220 Repair/Maint Supply (GE	5 oz. Plastic Cups				\$3.50
Invoice 5030852	4/30/2018					
Cash Payment	E 100-42280-220 Repair/Maint Supply (GE	Cook & Cold Rental Cooler 05/01/18 - 05/31/18				\$9.50
Invoice 1091881	5/1/2018					
Cash Payment	E 100-42280-220 Repair/Maint Supply (GE	Cook & Cold Rental Cooler 05/01/18 - 05/31/18				\$9.50
Invoice 1091883	5/1/2018					
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$34.90
Refer	2339 FS SOLUTIONS				Ck# 033455 5/15/2018	
Cash Payment	E 100-42240-310 Other Professional Servi	FD Background Check - S. Thompson				\$21.25
Invoice FL00213514	5/7/2018					
Transaction Date	5/8/2018	Due 0	Cash	10100	Total	\$21.25
Refer	2370 GO2 PRINT MEDIA GROUP				Ck# 033456 5/15/2018	
Cash Payment	E 100-41435-310 Other Professional Servi	Digitize, Edit Size, Show Proof for Embroidery				\$90.00
Invoice 17158	4/30/2018					
Cash Payment	E 100-43000-260 Uniforms	Public Works: 3 Polo Shirts with Embroidery				\$140.94
Invoice 17158	4/30/2018					
Cash Payment	E 100-41435-260 Uniforms	J. Heinz: Vest, 1/4 Zip and Polo with Embroidery				\$139.96
Invoice 17158	4/30/2018					
Cash Payment	E 100-41435-260 Uniforms	B. Hagen: Polo and 1/4 Zip with Embroidery				\$113.98
Invoice 17158	4/30/2018					
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$484.88
Refer	2343 GUIDANCE POINT TECHNOLOGIE				Ck# 033457 5/15/2018	
Cash Payment	E 100-41600-310 Other Professional Servi	03/30/18 Remote Service: Conncect fuel tanks to Jason's computer, Contacted Scott of Northland Petroleum, City must provide cable				\$168.75
Invoice 11923	5/5/2018					
Cash Payment	E 100-41600-310 Other Professional Servi	04/02/18 On-Site Service: Met with Brian, Jason and Grady, Reviewed cables needed, Added 2 more data drops near Jason's Computer				\$67.50
Invoice 11923	5/5/2018					
Cash Payment	E 100-41600-310 Other Professional Servi	04/02/18 On-Site Service: Trip Fee				\$35.00
Invoice 11923	5/5/2018					
Cash Payment	E 100-41600-310 Other Professional Servi	04/13/18 On-Site Service: Perry Visited PW Bldg, & Reviewed cable install at Computer Desk, Cable is Pulled but Needs End, Mat of Northern Petroleum to Review and be On-Site April 16th to install Software and Attach Adapter				\$135.00
Invoice 11923	5/5/2018					
Cash Payment	E 100-41600-310 Other Professional Servi	04/16/18 On-Site Service: Reviewed Setup with Jesse the Electrician, Cable is Run from Outside Pedestal to Computer in Office, Completed Network Cat5e Cable Ends, Cables Tested Good, Matt will not be by today				\$202.50
Invoice 11923	5/5/2018					
Cash Payment	E 100-41600-310 Other Professional Servi	04/23/18 On-Site Service: Assisted Matt with Identifying Fuel Tank Cable Under Desk, Matt Proceeded to make Connections and Test				\$135.00
Invoice 11923	5/5/2018					
Transaction Date	5/8/2018	Due 0	Cash	10100	Total	\$743.75
Refer	2381 HANOVER HARVEST FESTIVAL				Ck# 033458 5/15/2018	

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Payments

Current Period: May 2018

Cash Payment	E 201-41330-437 Other Miscellaneous	Hanover Harvest Festival 2018 Corporate Sponsorship				\$1,500.00
Invoice	5/10/2018					
Transaction Date	5/10/2018	Due 0	Cash	10100	Total	\$1,500.00
Refer	<u>2348 HARDWARE HANK</u>			<u>Ck# 033459 5/15/2018</u>		
Cash Payment	E 100-43000-240 Small Tools and Minor E	2 Gallon Sprayer Tripoxy				\$49.49
Invoice 1470766	4/2/2018					
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE	Pressure Cap PVC Clip 1-1/2, Coupling DMV Hub1-1/2				\$2.05
Invoice 1471236	4/5/2018					
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE	Bushing Reduce PVC Slip 1-1/2 x 1				\$1.52
Invoice 1471237	4/5/2018					
Cash Payment	E 100-43000-215 Shop Supplies	3" High Density Brush Foam, Polyurethane OBS, Int. Spanish Oak Stain Wood				\$20.67
Invoice 1473164	4/17/2018					
Cash Payment	E 100-41940-220 Repair/Maint Supply (GE	5/8 Bolt Snap Zinc, 100' Nylon Braided Rope for Flag Pole				\$18.87
Invoice 1473437	4/19/2018					
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE	Slip Hook Clevis, Mapp Gas Cylinder for Chipper				\$39.64
Invoice 1473474	4/19/2018					
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE	Threadlock, Misc. Builders Hardware for Sweeper				\$12.02
Invoice 1474487	4/23/2018					
Transaction Date	5/8/2018	Due 0	Cash	10100	Total	\$144.26
Refer	<u>2358 HENNEPIN COUNTY SHERIFF SER</u>			<u>Ck# 033460 5/15/2018</u>		
Cash Payment	E 100-42101-310 Other Professional Servi	HC Sheriff Patrol Services - 1st Quarter 2018				\$20,273.93
Invoice 1000110042	4/26/2018					
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$20,273.93
Refer	<u>2342 JOINT POWERS WATER BOARD</u>			<u>Ck# 033461 5/15/2018</u>		
Cash Payment	E 601-49410-310 Other Professional Servi	WAC Fee - 9776 Jasmine Avenue				\$2,001.00
Invoice	5/8/2018					
Cash Payment	E 601-49410-310 Other Professional Servi	WAC Fee - 10721 Settlers Lane				\$2,001.00
Invoice	5/8/2018					
Transaction Date	5/8/2018	Due 0	Cash	10100	Total	\$4,002.00
Refer	<u>2355 LEAGUE OF MINNESOTA CITIES</u>			<u>Ck# 033462 5/15/2018</u>		
Cash Payment	E 100-41110-208 Training and Instruction	M. Hallstein; 2018 LMC Annual Conference				\$150.00
Invoice 271719	4/30/2018					
Cash Payment	E 100-41110-208 Training and Instruction	K. Warpula; 2018 LMC Annual Conference				\$150.00
Invoice 271723	4/30/2018					
Transaction Date	5/8/2018	Due 0	Cash	10100	Total	\$300.00
Refer	<u>2375 LORETTO FIRE DEPARTMENT</u>			<u>Ck# 033463 5/15/2018</u>		
Cash Payment	E 107-42210-437 Other Miscellaneous	Donation to Loretto Fire for Help with Large Burn				\$500.00
Invoice FD#03	5/9/2018					
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$500.00
Refer	<u>2373 M. MILLER TRUCK & TRAILER</u>			<u>Ck# 002343E 5/15/2018</u>		
Cash Payment	E 100-42260-220 Repair/Maint Supply (GE	Engine 11: Remove Fuel Filler Neck Assembly, Clean & Thread Seal All Connections, Reinstall Filler Neck Assembly				\$240.00
Invoice R3551	4/24/2018					

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Payments

Current Period: May 2018

Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$240.00
Refer	2376 <u>MAGNUSSEN, JOHN</u>		<u>Ck# 033464 5/15/2018</u>			
Cash Payment	E 100-41110-437 Other Miscellaneous		Reimbursement for Moving Head Stone from One Foundation to Another			\$500.00
Invoice	5/5/2018					
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$500.00
Refer	2382 <u>MAOSC</u>		<u>Ck# 033465 5/15/2018</u>			
Cash Payment	E 100-41110-306 Dues & Subscriptions		MAOSC Dues - Membership Base			\$200.00
Invoice	5/10/2018					
Cash Payment	E 100-41110-306 Dues & Subscriptions		MAOSC Dues - Population 3,011 x 0.45 per Capita			\$1,354.95
Invoice	5/10/2018					
Transaction Date	5/10/2018	Due 0	Cash	10100	Total	\$1,554.95
Refer	2349 <u>MCFOA</u>		<u>Ck# 033466 5/15/2018</u>			
Cash Payment	E 100-41430-306 Dues & Subscriptions		J. Heinz - MCFOA Dues: 07/01/18 - 12/31/18			\$22.50
Invoice						
Cash Payment	G 100-15500 Prepaid Items		J. Heinz - MCFOA Dues: 01/01/19 - 06/30/19			\$22.50
Invoice						
Transaction Date	5/8/2018	Due 0	Cash	10100	Total	\$45.00
Refer	2364 <u>MENARDS - BUFFALO</u>		<u>Ck# 033467 5/15/2018</u>			
Cash Payment	E 100-43000-240 Small Tools and Minor E		16T Bow Rake, 75' Garden Hose			\$84.93
Invoice 68263	4/23/2018					
Cash Payment	E 100-43000-215 Shop Supplies		14" Metal Cutting Wheel, Gray Primer Spray, Yellow Enamel Spray			\$51.14
Invoice 68263	4/23/2018					
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE		Grass Seed, 1" Brass Ball Valve, 1" Black Steel Pipe Nipple, 1"x2" Galv. Nipple, Male Hose Adapter, 1" Galv. Elbow, 1" Galv. Bushing, Concrete Mix			\$150.57
Invoice 68263	4/23/2018					
Cash Payment	E 100-43000-215 Shop Supplies		Wedge Anchor, 2x10-14' Framing Lumber			\$149.40
Invoice 68972	5/1/2018					
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$436.04
Refer	2363 <u>METRO WEST INSPECTION SERVI</u>		<u>Ck# 033468 5/15/2018</u>			
Cash Payment	E 100-42401-310 Other Professional Servi		Pmt 08-16 @ 10745 Ginseng Lane			\$29.75
Invoice 1499	4/27/2018					
Cash Payment	E 100-42401-310 Other Professional Servi		Pmt 10-16 @ 130 Mill Pond Road			\$17.50
Invoice 1499	4/27/2018					
Cash Payment	E 100-42401-310 Other Professional Servi		Pmt 21-16 @ 719 Kayla Lane			\$188.22
Invoice 1499	4/27/2018					
Cash Payment	E 100-42401-310 Other Professional Servi		Pmt 26-16 @ 566 Kayla Lane			\$242.22
Invoice 1499	4/27/2018					
Cash Payment	E 100-42401-310 Other Professional Servi		Pmt 33-16 @ 10587 108th Avenue North			\$17.50
Invoice 1499	4/27/2018					
Cash Payment	E 100-42401-310 Other Professional Servi		Pmt 43-16 @ 11673 Riverview Road NE			\$48.08
Invoice 1499	4/27/2018					
Cash Payment	E 100-42401-310 Other Professional Servi		Pmt 55-16 @ 547 Kayla Lane			\$112.76
Invoice 1499	4/27/2018					

CITY OF HANOVER

Payments

Current Period: May 2018

Cash Payment	E 100-42401-310 Other Professional Servi	Pmt 192-16 @ 11574 8th Street NE			\$261.54
Invoice 1499	4/27/2018				
Cash Payment	E 100-42401-310 Other Professional Servi	Pmt 10-18 @ 369 LaBeaux Avenue			\$25.90
Invoice 1499	4/27/2018				
Cash Payment	E 100-42401-310 Other Professional Servi	Pmt 15-18 @ 646 Kayla Lane			\$35.00
Invoice 1499	4/27/2018				
Cash Payment	E 100-42401-310 Other Professional Servi	Pmt 16-18 @ 30058 107th Avenue North			\$33.25
Invoice 1499	4/27/2018				
Cash Payment	E 100-42401-310 Other Professional Servi	Pmt 17-18 @ 9505 Jandel Court			\$35.00
Invoice 1499	4/27/2018				
Cash Payment	E 100-42401-310 Other Professional Servi	Pmt 20-18 @ 11240 12th Street NE			\$17.50
Invoice 1499	4/27/2018				
Cash Payment	E 100-42401-310 Other Professional Servi	Pmt 23-18 @ 1031 Emerald Street NE			\$64.25
Invoice 1499	4/27/2018				
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$1,128.47
Refer	2377 MN CITY/COUNTY MANAGAMENT		Ck# 033469 5/15/2018		
Cash Payment	E 100-41400-306 Dues & Subscriptions	B. Hagen: MCMA Dues 05/01/18 - 12/31/18			\$66.72
Invoice					
Cash Payment	G 100-15500 Prepaid Items	B. Hagen: MCMA Dues 01/01/19 - 04/30/19			\$33.28
Invoice					
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$100.00
Refer	2369 PINNACLE PRINTING INCORPORA		Ck# 033470 5/15/2018		
Cash Payment	E 100-41570-200 Office Supplies (GENER	250 - 12x18 Gloss 130# Stock Paper			\$55.00
Invoice 16366	5/3/2018				
Transaction Date	5/9/2018	Due 0	Cash	10100	Total \$55.00
Refer	2352 PLUNKETTS		Ck# 033471 5/15/2018		
Cash Payment	E 100-41940-310 Other Professional Servi	General Pest Control			\$142.72
Invoice 5917993	4/27/2018				
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$142.72
Refer	2354 RIVER INN		Ck# 002340E 5/15/2018		
Cash Payment	E 201-41330-437 Other Miscellaneous	EDA Social 2018: 30 Guests at \$7.50 per Person + Tax			\$241.59
Invoice	5/1/2018				
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$241.59
Refer	2340 ROCKFORD STRIVE		Ck# 033472 5/15/2018		
Cash Payment	G 100-22000 Deposits	Hall Damage Deposit Release - 06/11/18 Event - Cancelled			\$200.00
Invoice	5/8/2018				
Cash Payment	R 100-34101 City Hall Rent Revenue	Hall Rental Fee Returned - 06/11/18 Event - Cancelled			\$50.00
Invoice	5/8/2018				
Transaction Date	5/8/2018	Due 0	Cash	10100	Total \$250.00
Refer	2379 RUSSELL SECURITY RESOURCE I		Ck# 002344E 5/15/2018		
Cash Payment	E 100-43000-220 Repair/Maint Supply (GE	PW Bldg: 2 Single Cut Keys for File Cabinet			\$5.30
Invoice A32013	4/26/2018				
Transaction Date	5/10/2018	Due 0	Cash	10100	Total \$5.30
Refer	2380 SITE ONE LANDSCAPE SUPPLY		Ck# 033473 5/15/2018		

Payments

Current Period: May 2018

Cash Payment	E 418-43121-310 Other Professional Servi	2018 Pavement Improvement Project - Phase 2 Design - Specifications & Bidding: March 2018				\$4,395.00
Invoice	05 - 04/26/18	4/26/2018				
Cash Payment	E 418-43121-310 Other Professional Servi	2018 Pavement Improvement Project - Phase 2 Design - Cost Take-Off: March 2018				\$1,701.00
Invoice	05 - 04/26/18	4/26/2018				
Cash Payment	E 603-41910-310 Other Professional Servi	Greenhouse Berm Design Review and Corresondance with Developer: March 2018				\$56.00
Invoice	03 - 04/26/18	4/26/2018				
Cash Payment	E 100-41910-310 Other Professional Servi	General Engineering Services: March 2018				\$910.75
Invoice	03 - 04/26/18	4/26/2018				
Cash Payment	G 818-20200 Accounts Payable	Hanover Dental: March 2018				\$1,481.25
Invoice	11692-1-04/18	4/26/2018			Project 208244	
Cash Payment	E 201-41330-310 Other Professional Servi	Downtown Parking Lot: March 2018				\$147.00
Invoice	11753-1-04/18	4/26/2018				
Cash Payment	G 825-20200 Accounts Payable	CRH Future West PUD/Prelim Plat: March 2018				\$489.00
Invoice	11855-1-04/18	4/26/2018				
Cash Payment	G 824-20200 Accounts Payable	CRHW 3rd Add. Phase 2 EAW: March 2018				\$407.50
Invoice	11855-1-04/18	4/26/2018				
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$15,711.00
Refer	2378 XCEL ENERGY					
Cash Payment	E 100-43160-381 Electric Utilities	Xcel Owned Street Lighting 04/03/18 - 05/02/18				\$829.85
Invoice						
Cash Payment	E 100-43160-381 Electric Utilities	City Owned Street Lighting 04/03/18 - 05/02/18				\$966.49
Invoice	590557695	5/3/2018				
Transaction Date	5/9/2018	Due 0	Cash	10100	Total	\$1,796.34

Fund Summary

	10100 Cash	
825 CROW RVR HTS FUT WEST PLAT/PUD	\$489.00	
824 CROW RVR HTS WEST 3RD PH2 EAW	\$407.50	
823 CROW RVR HTS WEST 3RD / BACKES	\$1,456.00	
818 MISC ESCROWS FUND	\$1,481.25	
603 STORM WATER ENTERPRISE FUND	\$728.00	
602 SEWER ENTERPRISE FUND	\$13,672.50	
601 WATER ENTERPRISE FUND	\$7,078.50	
418 STREET CAPITAL PROJ FUND	\$10,091.50	
201 EDA SPECIAL REVENUE FUND	\$1,888.59	
107 FIRE DEPT DONATIONS FUND	\$500.00	
100 GENERAL FUND	\$61,687.95	
	<u>\$99,480.79</u>	

Pre-Written Check	\$99,480.79
Checks to be Generated by the Computer	\$0.00
Total	\$99,480.79

CITY OF HANOVER

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*Check Summary Register©

Cks 5/15/2018 - 5/15/2018

Name	Check Date	Check Amt	
10100 Cash			
Paid Chk# 002339E CITY OF ST. MICHAEL	5/15/2018	\$9,424.00	SAC Fee - 9776 Jasmine Avenue
Paid Chk# 002340E RIVER INN	5/15/2018	\$241.59	EDA Social 2018: 30 Guests at
Paid Chk# 002341E WSB & ASSOCIATES, INC.	5/15/2018	\$15,711.00	CRHW 3rd Add - Phase 2 Constru
Paid Chk# 002342E A-1 OUTDOOR POWER, INC.	5/15/2018	\$13.49	Backpack Blower: Fuel Hose Kit
Paid Chk# 002343E M. MILLER TRUCK & TRAILER	5/15/2018	\$240.00	Engine 11: Remove Fuel Filler
Paid Chk# 002344E RUSSELL SECURITY RESOURC	5/15/2018	\$5.30	PW Bldg: 2 Single Cut Keys for
Paid Chk# 002345E AFLAC	5/15/2018	\$249.99	Supplemental Insurance - May 2
Paid Chk# 033442 ABM EQUIPMENT & SUPPLY, LL	5/15/2018	\$614.92	Bucket Truck: Perform Annual B
Paid Chk# 033443 AT&T MOBILITY	5/15/2018	\$374.33	PW Cell Phones - 03/18/18 - 04
Paid Chk# 033444 BEAUDRY OIL & PROPANE	5/15/2018	\$2,103.50	Gasoline - Initial Fill of 400
Paid Chk# 033445 BERGAN KDV	5/15/2018	\$17,500.00	Interim Billing on the Audit o
Paid Chk# 033446 BOUND TREE MEDICAL, LLC	5/15/2018	\$228.36	Alcohol Prep Pads, Gauze Pads,
Paid Chk# 033447 CARSON, CLELLAND & SCHRED	5/15/2018	\$46.96	Legal Support / Work - March 2
Paid Chk# 033448 CENTERPOINT ENERGY	5/15/2018	\$1,217.44	PW Bldg. Gas Utilities: 03/26/
Paid Chk# 033449 CENTURY LINK	5/15/2018	\$35.56	Fire Station Landline - 04/28/
Paid Chk# 033450 CLASSIC CLEANING COMPANY	5/15/2018	\$480.00	City Hall Monthly Cleaning - A
Paid Chk# 033451 COMCAST	5/15/2018	\$221.26	CH: Digital Voice and Internet
Paid Chk# 033452 CORE & MAIN LP	5/15/2018	\$98.50	Water Softener: 1" Pipe Corzan
Paid Chk# 033453 COTTENS, INC	5/15/2018	\$102.91	Core Deposit on Battery Return
Paid Chk# 033454 FINKEN WATER SOLUTIONS	5/15/2018	\$34.90	10 Gallons of Drinking Water
Paid Chk# 033455 FS SOLUTIONS	5/15/2018	\$21.25	FD Background Check - S. Thomp
Paid Chk# 033456 GO2 PRINT MEDIA GROUP	5/15/2018	\$484.88	Digitize, Edit Size, Show Proo
Paid Chk# 033457 Guidance Point Technologies	5/15/2018	\$743.75	04/02/18 On-Site Service: Trip
Paid Chk# 033458 HANOVER HARVEST FESTIVAL	5/15/2018	\$1,500.00	Hanover Harvest Festival 2018
Paid Chk# 033459 HARDWARE HANK	5/15/2018	\$144.26	Threadlock, Misc. Builders Har
Paid Chk# 033460 HENNEPIN COUNTY SHERIFF S	5/15/2018	\$20,273.93	HC Sheriff Patrol Services - 1
Paid Chk# 033461 JOINT POWERS WATER BOARD	5/15/2018	\$4,002.00	WAC Fee - 10721 Settlers Lane
Paid Chk# 033462 LEAGUE OF MINNESOTA CITIES	5/15/2018	\$300.00	M. Hallstein; 2018 LMC Annual
Paid Chk# 033463 LORETTO FIRE DEPARTMENT	5/15/2018	\$500.00	Donation to Loretto Fire for H
Paid Chk# 033464 MAGNUSSEN, JOHN	5/15/2018	\$500.00	Reimbursement for Moving Head
Paid Chk# 033465 MAOSC	5/15/2018	\$1,554.95	MAOSC Dues - Population 3,011
Paid Chk# 033466 MCFOA	5/15/2018	\$45.00	J. Heinz - MCFOA Dues: 01/01/1
Paid Chk# 033467 MENARDS - BUFFALO	5/15/2018	\$436.04	14" Metal Cutting Wheel, Gray
Paid Chk# 033468 METRO WEST INSPECTION SER	5/15/2018	\$1,128.47	Pmt 16-18 @ 30058 107th Avenue
Paid Chk# 033469 MN CITY/COUNTY MANAGAMEN	5/15/2018	\$100.00	B. Hagen: MCMA Dues 05/01/18 -
Paid Chk# 033470 PINNACLE PRINTING INCORPOR	5/15/2018	\$55.00	250 - 12x18 Gloss 130# Stock P
Paid Chk# 033471 PLUNKETTS	5/15/2018	\$142.72	General Pest Control
Paid Chk# 033472 ROCKFORD STRIVE	5/15/2018	\$250.00	Hall Rental Fee Returned - 06/
Paid Chk# 033473 SITE ONE LANDSCAPE SUPPLY	5/15/2018	\$111.24	50 lb. Bag of Lesco Sun & Shad
Paid Chk# 033474 TIREWIZ LLC	5/15/2018	\$132.00	20" Michelin Stealth Wipers, 8
Paid Chk# 033475 TOVAR, DIANA	5/15/2018	\$200.00	Hall Damage Deposit Release -
Paid Chk# 033476 Veolia Water North America	5/15/2018	\$7,325.00	Sewer Services - June 2018
Paid Chk# 033477 WRIGHT COUNTY AUDITOR-TRE	5/15/2018	\$8,760.00	WC Patrol Services - May 2018
Paid Chk# 033478 WRIGHT COUNTY JOURNAL PR	5/15/2018	\$29.95	Legal Notice: Notice of Availa
Paid Chk# 033479 XCEL ENERGY	5/15/2018	\$1,796.34	City Owned Street Lighting 04/
Total Checks		\$99,480.79	

CITY OF HANOVER

05/10/18 3:20 PM

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***Check Summary Register©**

Cks 5/15/2018 - 5/15/2018

Name

Check Date

Check Amt

FILTER: None



**Carson, Clelland
& Schreder**

ATTORNEYS AT LAW
6300 SHINGLE CREEK PARKWAY STE 305
MINNEAPOLIS, MN 55430-2190
(763)-561-2800

April 25, 2018

CITY OF HANOVER
CITY ADMINISTRATOR
11250 5TH STREET NE
HANOVER, MN 55341

Professional Services

March 2018

Amount

Criminal

3/29/2018	Review and update files from 3/28 afternoon court calendar	8.13
	Phone call with reporting party in criminal matter regarding possible case resolution and input	16.25
	Review and update files from 3/27 court calendar	8.13

SUBTOTAL: [32.51]

For professional services rendered \$32.51

Client Expense Charges :

Criminal Expenses:

Monthly support fee *for March* 14.45

SUBTOTAL: [14.45]

Total Client Expense Charges \$14.45

Total amount of this bill *gt* \$46.96

Previous balance \$85.71

4/25/2018 Payment - thank you (\$85.71)

Total payments and adjustments (\$85.71)

Balance due \$46.96

APR 30 2018

I hereby declare under the penalties of perjury that the foregoing statement for legal services is just and correct and that no part thereof has been paid.



John J. Thames, City Attorney

E# 100-41610-304

City Attorney

↳ Legal Fees



April 26, 2018

2341

Mr. Brian Hagen
City of Hanover
11250 5th Street NE
Hanover, MN 55341

Re: March 2018 Invoices

Dear Mr. Hagen:

Enclosed please find a list of the current invoices for professional engineering services during the month of March for the City of Hanover.

If you have any questions, please contact me at 651-286-8465.

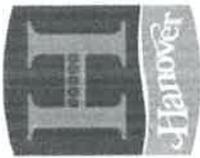
Sincerely,

WSB & Associates, Inc.

Justin Messner
Associate

Enclosures

nf



Project Budget Tracking

For the period 3/1/2018 - 3/31/2018

Project Name	WSB Project #	Project Manager	Current Invoice	Fee Type	JTD Billed	Comments	Client Invoice Reviewer
HANO - 2018 General Engineering Services	R-011288-000	Messner, Justin	\$ 966.75	Hourly	\$ 2,452.00		Hagen, Brian
HANO - 2018 MS4 Services	R-011009-000	Hildebrand, Jennifer	\$ 672.00	Hourly	\$ 2,606.00		Hagen, Brian
HANO - 2018 Pavement Improvement Project	R-011186-000	Messner, Justin	\$ 10,091.50	Hourly	\$ 54,498.25		Hagen, Brian
HANO - Crow River Heights West 4th Addition	R-011855-000	Messner, Justin	\$ 896.50	Hourly	\$ 896.50		Hagen, Brian
HANO - Downtown Parking Lot	R-011753-000	Messner, Justin	\$ 147.00	Hourly	\$ 147.00		Hagen, Brian
HANO - Hanover Dental Plan Review	R-011692-000	Messner, Justin	\$ 1,481.25	Hourly	\$ 1,481.25		Hagen, Brian
HANO - Crow River Heights West 3rd Addition	R-010287-000	Messner, Justin	\$ 1,456.00	Hourly	\$ 54,158.25		Hagen, Brian
Final Totals			\$ 15,711.00				

Handwritten signature/initials





701 Xenia Avenue South, Suite 300 | Minneapolis, MN 55416 | (763) 541-4800

City of Hanover
 Attn: Brian Hagen
 11250 5th Street NE
 Hanover, MN 55341

April 26, 2018
 Project No: R-010287-000
 Invoice No: 11-04/26/18

Crow River Heights West 3rd Addition Phase I
Professional Services from March 1, 2018 to March 31, 2018

Phase 002 Construction
 Construction Observation

		Hours	Rate	Amount
Johnson, Paul	3/7/2018	1.50	112.00	168.00
Erosion Control				
Johnson, Paul	3/8/2018	1.50	112.00	168.00
Erosion Control				
Johnson, Paul	3/15/2018	1.50	112.00	168.00
Erosion Control				
Johnson, Paul	3/16/2018	2.00	112.00	224.00
Erosion Control				
Johnson, Paul	3/20/2018	1.50	112.00	168.00
Erosion Control				
Johnson, Paul	3/21/2018	1.50	112.00	168.00
Erosion Control				
Johnson, Paul	3/22/2018	.50	112.00	56.00
correspondance				
Johnson, Paul	3/23/2018	.50	112.00	56.00
correspondance with Todd McCouth/Buck				
Johnson, Paul	3/27/2018	1.00	112.00	112.00
Erosion Control				
Johnson, Paul	3/29/2018	1.50	112.00	168.00
Erosion Control				
Totals		13.00		1,456.00

Total Labor 1,456.00

G# 823-20200
 CRHW 3rd Add.
 ↳ AIP

Developers
 Escrow

Total this Task \$1,456.00
Total this Phase \$1,456.00
Total this Invoice \$1,456.00

Billings to Date

	Current	Prior	Total
Labor	1,456.00	52,702.25	54,158.25
Totals	1,456.00	52,702.25	54,158.25

Comments:

Approved by: Walee Jang

Reviewed by: Andrew Brotzler
Project Manager: Justin Messner



701 Xenia Avenue South, Suite 300 | Minneapolis, MN 55416 | (763) 541-4800

City of Hanover
Attn: Brian Hagen
11250 5th Street NE
Hanover, MN 55341

April 26, 2018
Project No: R-011009-000
Invoice No: 06-04/26/18

2018 MS4 Services

Professional Services from March 1, 2018 to March 31, 2018

Phase 001 2018 MS4 Services
Project Management

		Hours	Rate	Amount
Johnson, Paul	3/6/2018	1.00	112.00	112.00
MS4 Education				
Johnson, Paul	3/12/2018	3.00	112.00	336.00
SWPPP Services/Ordinance Review for Part II Application				
Johnson, Paul	3/23/2018	.50	112.00	56.00
Training Development				
Totals		4.50		504.00
Total Labor				504.00
Total this Task				\$504.00

Reports

		Hours	Rate	Amount
Johnson, Paul	3/30/2018	.50	112.00	56.00
Annual Report				
Totals		.50		56.00
Total Labor				56.00
Total this Task				\$56.00

Administrative

		Hours	Rate	Amount
Johnson, Paul	3/1/2018	1.00	112.00	112.00
SWPPP				
Totals		1.00		112.00
Total Labor				112.00
Total this Task				\$112.00

Total this Phase **\$672.00**

Billing Limits

	Current	Prior	To-Date
Total Billings	672.00	1,934.00	2,606.00
Limit			7,700.00
Remaining			5,094.00

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Equal Opportunity Employer | wsbeng.com

E # 603-41910-310
Storm Water Ent. Fund
↳ Planning & Zoning
↳ Other Prof. Svs.

Project R-011009-000 HANO - 2018 MS4 Services Invoice 6

Total this Invoice \$672.00

Comments: _____

Approved by: *Wally Jung*

Reviewed by: Justin Messner
Project Manager: Jennifer Hildebrand



City of Hanover
Attn: Brian Hagen
11250 5th Street NE
Hanover, MN 55341

April 26, 2018
Project No: R-011186-000
Invoice No: 05-04/26/18

2018 Pavement Improvement Project
Professional Services from March 1, 2018 to March 31, 2018

Phase	002	Design			
Project Management					
			Hours	Rate	Amount
Messner, Justin		3/1/2018	2.50	163.00	407.50
Project Management					
Messner, Justin		3/6/2018	5.00	163.00	815.00
Final Plans & Specs					
Pederson, Karla		3/1/2018	.50	90.00	45.00
Open Quest listing					
Totals			8.00		1,267.50
Total Labor					1,267.50
Total this Task					\$1,267.50
Design					
			Hours	Rate	Amount
Koscielak, Katie		3/7/2018	.50	112.00	56.00
Earthwork Tab Overview with Ben					
Totals			.50		56.00
Total Labor					56.00
Total this Task					\$56.00
Drawings & Layouts					
			Hours	Rate	Amount
Horejsi, Daniel		3/7/2018	2.00	104.00	208.00
QUANTITIES					
Horejsi, Daniel		3/9/2018	1.50	104.00	156.00
Earthwork					
Horejsi, Daniel		3/12/2018	2.00	104.00	208.00
Earthwork					
Perkey, Benjamin		3/5/2018	4.00	105.00	420.00
Plans					
Perkey, Benjamin		3/6/2018	4.00	105.00	420.00
Plans					
Perkey, Benjamin		3/7/2018	4.00	105.00	420.00
Plans					

Project	R-011186-000	HANO - 2018 Pavement Improvement Project	Invoice	5		
Perkey, Benjamin Plans		3/9/2018	2.00	105.00	210.00	
Perkey, Benjamin addendum plans		3/12/2018	4.00	105.00	420.00	
Perkey, Benjamin addendum plans		3/13/2018	2.00	105.00	210.00	
Totals			25.50		2,672.00	
Total Labor						2,672.00
				Total this Task		\$2,672.00

Specifications & Bidding

			Hours	Rate	Amount	
Pederson, Karla Spec work		3/6/2018	1.50	90.00	135.00	
Pederson, Karla Spec, final PDF and Upload		3/7/2018	2.00	90.00	180.00	
Pederson, Karla Start Addendum		3/12/2018	.50	90.00	45.00	
Pederson, Karla addendum		3/13/2018	.50	90.00	45.00	
Pederson, Karla Start invite revision for mailing		3/14/2018	.50	90.00	45.00	
Pederson, Karla Mailing for invite date change.		3/15/2018	2.00	90.00	180.00	
Pederson, Karla addendum to change bid date and change quest bid date.		3/16/2018	1.00	90.00	90.00	
Perkey, Benjamin City Spec, project manual updates		3/1/2018	8.00	105.00	840.00	
Perkey, Benjamin project manual updates, city detail updates, finalize estimate		3/2/2018	8.00	105.00	840.00	
Perkey, Benjamin Spec		3/5/2018	4.00	105.00	420.00	
Perkey, Benjamin Spec		3/6/2018	2.00	105.00	210.00	
Perkey, Benjamin Addendum		3/8/2018	4.00	105.00	420.00	
Perkey, Benjamin Addendum		3/9/2018	3.00	105.00	315.00	
Perkey, Benjamin addendum write up		3/12/2018	4.00	105.00	420.00	
Perkey, Benjamin addendum write up		3/13/2018	2.00	105.00	210.00	
Totals			43.00		4,395.00	
Total Labor						4,395.00
				Total this Task		\$4,395.00

Cost Take-off

		Hours	Rate	Amount
Ekdorn, Dane	3/1/2018	4.00	98.00	392.00
Second take-off for Ben.				
Ekdorn, Dane	3/2/2018	.50	98.00	49.00
Second take-off for Ben.				
Perkey, Benjamin	3/6/2018	2.00	105.00	210.00
Final Estiamte				
Perkey, Benjamin	3/7/2018	4.00	105.00	420.00
Final Estiamte				
Perkey, Benjamin	3/8/2018	4.00	105.00	420.00
Addendum Quantities				
Perkey, Benjamin	3/9/2018	2.00	105.00	210.00
Addendum Quantities				
Totals		16.50		1,701.00
Total Labor				1,701.00
			Total this Task	\$1,701.00
			Total this Phase	\$10,091.50

Billing Limits	Current	Prior	To-Date
Total Billings	10,091.50	44,406.75	54,498.25
Limit			94,600.00
Remaining			40,101.75
		Total this Invoice	\$10,091.50

Comments: _____

Approved by: Wally Jung

Reviewed by: Andrew Brotzler
 Project Manager: Justin Messner

E # 418 - 43121 - 310
 Street Capital
 ↳ Other Prof. Svcs.
 ↳ Other Prof. Svcs.



701 Xenia Avenue South, Suite 300 | Minneapolis, MN 55416 | (763) 541-4800

City of Hanover
Attn: Brian Hagen
11250 5th Street NE
Hanover, MN 55341

April 26, 2018
Project No: R-011288-000
Invoice No: 03 - 04/26/18

2018 General Engineering Services
Professional Services from March 1, 2018 to March 31, 2018

Phase 001 General Engineering Services
Project Management

		Hours	Rate	Amount
Johnson, Paul	3/30/2018	.50	112.00	56.00
Green House berm design review and corespondance with developer				
Messner, Justin	3/20/2018	.25	163.00	40.75
9776 Jasmine Permit Review				
Nguyen, Alison	3/1/2018	.25	80.00	20.00
2018 City Spec Update				
Pederson, Karla	3/1/2018	3.00	90.00	270.00
2018 City Spec Update				
Pederson, Karla	3/5/2018	.50	90.00	45.00
2018 City Spec Update				
Pederson, Karla	3/6/2018	4.50	90.00	405.00
2018 City Spec Update				
Pederson, Karla	3/7/2018	1.00	90.00	90.00
2018 City Spec Update				
Totals		10.00		926.75
Total Labor				926.75

E# 603-41910-310
Storm Water Ent. Fund
↳ Planning + Zoning
↳ Other Prof. Svcs.

Total this Task \$926.75

Council Meetings
Field Services Billing

Council Mtg and/or Planning Commission

Total Field Services

1.0 Meeting @ 40.00 40.00
40.00 40.00

Total this Task \$40.00

Total this Phase \$966.75

Total this Invoice \$966.75

Billings to Date

	Current	Prior	Total
Labor	926.75	1,445.25	2,372.00
Field Services	40.00	40.00	80.00
Totals	966.75	1,485.25	2,452.00

910.75
JH

Comments:

E# 100-41910-310

Planning + Zoning
↳ Other Prof. Svcs.

Approved by:



Reviewed by: Andrew Brotzler
Project Manager: Justin Messner



701 Xenia Avenue South, Suite 300 | Minneapolis, MN 55416 | (763) 541-4800

City of Hanover
Attn: Brian Hagen
11250 5th Street NE
Hanover, MN 55341

April 26, 2018
Project No: R-011692-000
Invoice No: 11692-1-04/18

Hanover Dental Plan Review

Professional Services from March 1, 2018 to March 31, 2018

Phase 001 Hanover Dental Plan Review
Project Management

		Hours	Rate	Amount	
Harrington, Jean	3/14/2018	.25	97.00	24.25	
Project Planning and Scheduling					
Messner, Justin	3/30/2018	1.50	163.00	244.50	
SAC/WAC determination					
Totals		1.75		268.75	
Total Labor					268.75
				Total this Task	\$268.75

Plan Review

		Hours	Rate	Amount	
Alms, William	3/13/2018	.50	128.00	64.00	
Plan Review					
Alms, William	3/19/2018	.50	128.00	64.00	
Plan Review					
Fallon, Kendra	3/13/2018	2.50	91.00	227.50	
Plan Review					
Fallon, Kendra	3/15/2018	4.00	91.00	364.00	
Plan Review					
Keller, Kris	3/16/2018	1.00	120.00	120.00	
Plan Review					
Keller, Kris	3/19/2018	1.00	120.00	120.00	
Plan Review					
Keller, Kris	3/20/2018	.75	120.00	90.00	
Plan Review					
Messner, Justin	3/19/2018	1.00	163.00	163.00	
Plan Review					
Totals		11.25		1,212.50	
Total Labor					1,212.50
				Total this Task	\$1,212.50
				Total this Phase	\$1,481.25
				Total this Invoice	\$1,481.25

G# 818-20200
Misc. Escrow
↳ AIP

Project # 208244

JPH



City of Hanover
Attn: Brian Hagen
11250 5th Street NE
Hanover, MN 55341

April 26, 2018
Project No: R-011753-000
Invoice No: 11753-1-04/18

Downtown Parking Lot
Professional Services from March 1, 2018 to March 31, 2018

Phase 001 Final Design
Project Management

	Hours	Rate	Amount
Ekdorn, Dane Budget.	3/23/2018 1.00	98.00	98.00
Ekdorn, Dane Survey request	3/26/2018 .50	98.00	49.00
Totals	1.50		147.00
Total Labor			147.00
		Total this Task	\$147.00
		Total this Phase	\$147.00
		Total this Invoice	\$147.00

Billings to Date

	Current	Prior	Total
Labor	147.00	0.00	147.00
Totals	147.00	0.00	147.00

Comments:

Approved by: Walter Jung

Reviewed by: Andrew Brotzler
Project Manager: Justin Messner

201-41330-310
EDA Special Revenue Fund
↳ Boards & Commissions
↳ Other Prof. Svcs.



701 Xenia Avenue South, Suite 300 | Minneapolis, MN 55416 | (763) 541-4800

City of Hanover
Attn: Brian Hagen
11250 5th Street NE
Hanover, MN 55341

April 26, 2018
Project No: R-011855-000
Invoice No: 11855-1-04/18

Crow River Heights West 4th Addition
Professional Services from March 1, 2018 to March 31, 2018

Phase	001	Plan Review				
Meetings						
						G # 825-20200 CRH Future West ↳ AIP
			<i>Future West - PUD / Preliminary Plat</i>	Hours	Rate	Amount
			Messner, Justin 3/2/2018	3.00	163.00	489.00
			CRH West 4th TEP Meeting			
			Totals	3.00		489.00
			Total Labor			489.00
					Total this Task	\$489.00
Plan Review						
				Hours	Rate	Amount
			<i>EAW Escrow</i>			
			Messner, Justin 3/13/2018	1.50	163.00	244.50
			Wetland Buffer			
			Messner, Justin 3/21/2018	1.00	163.00	163.00
			EAW Review			
			Totals	2.50		407.50
			Total Labor			407.50
					Total this Task	\$407.50
					Total this Phase	\$896.50
					Total this Invoice	\$896.50

Billings to Date

	Current	Prior	Total
Labor	896.50	0.00	896.50
Totals	896.50	0.00	896.50

Comments:

Approved by:

Nalle Jany

Project	R-011855-000	HANO - Crow River Heights West 4th Addit	Invoice	1
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Reviewed by: Andrew Brotzler
Project Manager: Justin Messner

CITY OF HANOVER

Cash Balances

May 2018

Fund	Begin Month	GL Debits Month	GL Credits Month	Balance
100 GENERAL FUND	\$311,698.34	\$26,969.69	\$92,482.38	\$246,185.65
107 FIRE DEPT DONATIONS FUND	\$19,269.28	\$0.00	\$500.00	\$18,769.28
201 EDA SPECIAL REVENUE FUND	\$63,198.08	\$23.58	\$3,628.59	\$59,593.07
205 EDA BUSINESS INCENTIVE FUND	\$248,434.83	\$633.53	\$0.00	\$249,068.36
311 2008A GO CIP REFUNDING BOND	\$45,006.28	\$0.00	\$0.00	\$45,006.28
312 2009A GO IMP REFUNDING BOND	\$5,242.50	\$0.00	\$0.00	\$5,242.50
313 2010 GO EQUIPMENT CERTIFICATES	\$0.00	\$0.00	\$0.00	\$0.00
314 2011A GO IMP CROSSOVER REF BD	\$428,550.03	\$0.00	\$0.00	\$428,550.03
315 2016A GO CIP BOND	\$5,422.25	\$0.00	\$0.00	\$5,422.25
401 GENERAL CAPITAL PROJECTS	\$1,343,879.87	\$0.00	\$0.00	\$1,343,879.87
402 PARKS CAPITAL PROJECTS	\$62,902.02	\$50,000.00	\$0.00	\$112,902.02
403 FIRE DEPT CAPITAL FUND	\$238,011.97	\$0.00	\$0.00	\$238,011.97
404 HISTORICAL CAPITAL PROJ FUND	\$0.00	\$0.00	\$0.00	\$0.00
405 PARK DEDICATION FEE	\$2,740.00	\$0.00	\$0.00	\$2,740.00
407 TIF REDEV DIST #1	\$7,068.92	\$0.00	\$0.00	\$7,068.92
409 MAHLER PIT - 15TH ST IMP FUND	\$10,230.12	\$0.00	\$0.00	\$10,230.12
411 FACILITIES CAPITAL PROJ FUND	-\$436,978.06	\$0.00	\$997.45	-\$437,975.51
417 EQUIPMENT CAPITAL FUND	\$114,335.90	\$0.00	\$0.00	\$114,335.90
418 STREET CAPITAL PROJ FUND	\$700,806.26	\$0.00	\$10,091.50	\$690,714.76
601 WATER ENTERPRISE FUND	\$856,245.08	\$10,127.31	\$7,078.50	\$859,293.89
602 SEWER ENTERPRISE FUND	\$354,854.46	\$37,761.33	\$13,672.50	\$378,943.29
603 STORM WATER ENTERPRISE FUND	\$112,758.09	\$6,269.68	\$738.00	\$118,289.77
611 WATER CAPITAL IMP FUND	\$137,857.92	\$0.00	\$0.00	\$137,857.92
612 SEWER CAPITAL IMP FUND	\$1,850,168.31	\$0.00	\$0.00	\$1,850,168.31
613 STORM WATER CAPITAL IMP FUND	\$552,929.07	\$0.00	\$0.00	\$552,929.07
804 SCHENDELS FIELD ESC FUND	\$0.00	\$0.00	\$0.00	\$0.00
809 BRIDGES AT HANOVER ESC FUND	\$0.00	\$0.00	\$0.00	\$0.00
811 EROSION CONTROL ESCROW FUND	\$31,000.00	\$4,000.00	\$0.00	\$35,000.00
815 LANDSCAPE ESCROW FUND	\$30,000.00	\$4,000.00	\$0.00	\$34,000.00
817 INFRASTRUCTURE ESCROW FUND	\$18,000.00	\$2,000.00	\$0.00	\$20,000.00
818 MISC ESCROWS FUND	\$10,228.11	\$5,920.50	\$3,168.50	\$12,980.11
820 BRIDGES TOWNHOMES ESC FUND	\$3,606.78	\$0.00	\$0.00	\$3,606.78
821 QUAIL PASS 2ND ADD ESCROW FD	\$0.00	\$0.00	\$0.00	\$0.00
823 CROW RVR HTS WEST 3RD / BACKES	\$149,969.17	\$0.00	\$1,456.00	\$148,513.17
824 CROW RVR HTS WEST 3RD PH2 EAW	\$9,563.63	\$479.75	\$1,089.25	\$8,954.13
825 CROW RVR HTS FUT WEST PLAT/PUD	\$41,300.00	\$0.00	\$968.75	\$40,331.25
900 INTEREST	\$0.00	\$0.00	\$0.00	\$0.00
	\$7,328,299.21	\$148,185.37	\$135,871.42	\$7,340,613.16

Revenue Budget by Source - General Fund

Source Alt Code	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
Fund 100 GENERAL FUND						
TAXES	R 100-31000 Property Taxes - General	\$0.00	\$0.00	\$881,449.00	\$881,449.00	0.00%
TAXES	R 100-31020 Property Taxes - Fire	\$0.00	\$0.00	\$129,904.00	\$129,904.00	0.00%
TAXES	R 100-31800 Franchise Fees	\$3,738.97	\$3,738.97	\$15,000.00	\$11,261.03	24.93%
Source Alt Code TAXES		\$3,738.97	\$3,738.97	\$1,026,353.00	\$1,022,614.03	0.36%
SERVICE	R 100-34000 Charges for Services	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SERVICE	R 100-34101 City Hall Rent Revenue	\$625.00	\$3,825.00	\$10,000.00	\$6,175.00	38.25%
SERVICE	R 100-34107 Assessment Search Fees	\$0.00	\$300.00	\$400.00	\$100.00	75.00%
SERVICE	R 100-34108 Administrative Fees	\$0.00	\$3,150.00	\$2,000.00	-\$1,150.00	157.50%
SERVICE	R 100-34109 Copies/Faxes	\$0.00	\$16.00	\$75.00	\$59.00	21.33%
SERVICE	R 100-34206 Other Public Safety Charges	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
SERVICE	R 100-34207 Fire Protection Services	\$9,889.41	\$9,889.41	\$140,661.00	\$130,771.59	7.03%
SERVICE	R 100-34403 Recycling Rev/Reimb	\$1,111.60	\$1,111.60	\$6,000.00	\$4,888.40	18.53%
SERVICE	R 100-34780 Park Rental Fees	\$250.00	\$1,000.00	\$3,000.00	\$2,000.00	33.33%
SERVICE	R 100-34940 Cemetery Revenues	\$0.00	\$1,500.00	\$2,000.00	\$500.00	75.00%
Source Alt Code SERVICE		\$11,876.01	\$20,792.01	\$164,136.00	\$143,343.99	12.67%
MISC	R 100-36100 Special Assessments	\$0.00	\$0.00	\$500.00	\$500.00	0.00%
MISC	R 100-36200 Miscellaneous Revenues	\$10.00	\$322.53	\$900.00	\$577.47	35.84%
MISC	R 100-36210 Interest Earnings	\$0.00	\$1,509.11	\$3,000.00	\$1,490.89	50.30%
MISC	R 100-36215 Investment Income/Loss	\$0.00	-\$2,574.41	\$6,000.00	\$8,574.41	-42.91%
MISC	R 100-36230 Contributions and Donations	\$0.00	\$375.00	\$2,000.00	\$1,625.00	18.75%
MISC	R 100-36235 Insurance Dividends	\$0.00	\$0.00	\$8,000.00	\$8,000.00	0.00%
MISC	R 100-36250 Damage Deposits	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 100-36260 Refunds or Reimbursements	\$0.00	\$29.38	\$0.00	-\$29.38	0.00%
MISC	R 100-36290 Sale of Vehicles/Equipment	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 100-39101 Sales of General Fixed Asset	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 100-39203 Transfer from Other Fund	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code MISC		\$10.00	-\$338.39	\$20,400.00	\$20,738.39	-1.66%
LIC PERM	R 100-32110 Alcoholic Beverages	\$50.00	\$3,620.00	\$10,370.00	\$6,750.00	34.91%
LIC PERM	R 100-32180 Other Bus. Licenses/Permits	\$0.00	\$1,140.00	\$400.00	-\$740.00	285.00%
LIC PERM	R 100-32210 Building Permits	\$10,396.68	\$31,044.85	\$140,000.00	\$108,955.15	22.17%
LIC PERM	R 100-32240 Animal Licenses	\$0.00	\$0.00	\$100.00	\$100.00	0.00%
LIC PERM	R 100-32260 Solid Waste Hauler Licenses	\$0.00	\$1,250.00	\$1,500.00	\$250.00	83.33%
LIC PERM	R 100-32270 Rental Dwelling Licenses	\$0.00	\$0.00	\$800.00	\$800.00	0.00%
LIC PERM	R 100-32280 Other Non-Business Lic/Per	\$0.00	\$1.00	\$50.00	\$49.00	2.00%
Source Alt Code LIC PERM		\$10,446.68	\$37,055.85	\$153,220.00	\$116,164.15	24.18%
INTGOVT	R 100-33400 State Grants and Aids	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
INTGOVT	R 100-33401 Local Government Aid	\$0.00	\$0.00	\$117,651.00	\$117,651.00	0.00%
INTGOVT	R 100-33410 MV Credit	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
INTGOVT	R 100-33420 PERA Aid	\$0.00	\$0.00	\$339.00	\$339.00	0.00%
INTGOVT	R 100-33422 State Fire Aid	\$0.00	\$0.00	\$39,000.00	\$39,000.00	0.00%
INTGOVT	R 100-33426 State Police Aid	\$0.00	\$0.00	\$5,500.00	\$5,500.00	0.00%
INTGOVT	R 100-33610 County Grants/Aid for Roads	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code INTGOVT		\$0.00	\$0.00	\$162,490.00	\$162,490.00	0.00%
FINES	R 100-35100 Court Fines	\$0.00	\$1,888.47	\$2,000.00	\$111.53	94.42%
Source Alt Code FINES		\$0.00	\$1,888.47	\$2,000.00	\$111.53	94.42%
Fund 100 GENERAL FUND		\$26,071.66	\$63,136.91	\$1,528,599.00	\$1,465,462.09	4.13%

Revenue Budget by Source - General Fund

Source Alt Code	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
		\$26,071.66	\$63,136.91	\$1,528,599.00	\$1,465,462.09	4.13%

CITY OF HANOVER
Expenditure Budget Report - General Fund

Dept Abbrev	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
Fund 100 GENERAL FUND						
Dept 41110 Council						
COUNCIL	E 100-41110-111 Committee Wages/Mee	\$0.00	\$0.00	\$13,000.00	\$13,000.00	0.00%
COUNCIL	E 100-41110-122 FICA	\$0.00	\$0.00	\$806.00	\$806.00	0.00%
COUNCIL	E 100-41110-123 Medicare	\$0.00	\$0.00	\$189.00	\$189.00	0.00%
COUNCIL	E 100-41110-208 Training and Instructio	\$300.00	\$300.00	\$400.00	\$100.00	75.00%
COUNCIL	E 100-41110-306 Dues & Subscriptions	\$1,554.95	\$2,653.85	\$7,500.00	\$4,846.15	35.38%
COUNCIL	E 100-41110-331 Travel Expenses	\$0.00	\$0.00	\$500.00	\$500.00	0.00%
COUNCIL	E 100-41110-437 Other Miscellaneous	\$500.00	\$525.00	\$17,503.00	\$16,978.00	3.00%
Dept 41110 Council		\$2,354.95	\$3,478.85	\$39,898.00	\$36,419.15	8.72%
Dept 41330 Boards and Commissions						
BRDCOMM	E 100-41330-111 Committee Wages/Mee	\$0.00	\$0.00	\$4,000.00	\$4,000.00	0.00%
BRDCOMM	E 100-41330-208 Training and Instructio	\$0.00	\$0.00	\$500.00	\$500.00	0.00%
BRDCOMM	E 100-41330-331 Travel Expenses	\$0.00	\$0.00	\$100.00	\$100.00	0.00%
Dept 41330 Boards and Commissions		\$0.00	\$0.00	\$4,600.00	\$4,600.00	0.00%
Dept 41400 City Administrator						
CITYADM	E 100-41400-101 Full-Time Employees R	\$2,770.76	\$23,321.57	\$72,040.00	\$48,718.43	32.37%
CITYADM	E 100-41400-121 PERA	\$207.81	\$1,866.75	\$5,403.00	\$3,536.25	34.55%
CITYADM	E 100-41400-122 FICA	\$171.79	\$1,543.18	\$4,466.00	\$2,922.82	34.55%
CITYADM	E 100-41400-123 Medicare	\$40.18	\$360.93	\$1,045.00	\$684.07	34.54%
CITYADM	E 100-41400-134 Employer Paid Life	\$15.69	\$141.21	\$400.00	\$258.79	35.30%
CITYADM	E 100-41400-151 Med/Dental Insurance	\$345.70	\$3,111.30	\$8,400.00	\$5,288.70	37.04%
CITYADM	E 100-41400-208 Training and Instructio	\$0.00	\$1,161.04	\$1,500.00	\$338.96	77.40%
CITYADM	E 100-41400-306 Dues & Subscriptions	\$66.72	\$91.72	\$500.00	\$408.28	18.34%
Dept 41400 City Administrator		\$3,618.65	\$31,597.70	\$93,754.00	\$62,156.30	33.70%
Dept 41410 Elections						
ELECTION	E 100-41410-200 Office Supplies (GENER	\$0.00	\$0.00	\$5,000.00	\$5,000.00	0.00%
ELECTION	E 100-41410-310 Other Professional Serv	\$0.00	\$0.00	\$5,000.00	\$5,000.00	0.00%
ELECTION	E 100-41410-351 Legal Notices Publishin	\$0.00	\$0.00	\$300.00	\$300.00	0.00%
ELECTION	E 100-41410-400 Repairs & Maint Cont (\$0.00	\$0.00	\$1,500.00	\$1,500.00	0.00%
Dept 41410 Elections		\$0.00	\$0.00	\$11,800.00	\$11,800.00	0.00%
Dept 41430 Clerical Staff						
CLERICAL	E 100-41430-101 Full-Time Employees R	\$1,758.40	\$14,846.56	\$45,718.00	\$30,871.44	32.47%
CLERICAL	E 100-41430-121 PERA	\$131.88	\$1,187.78	\$3,429.00	\$2,241.22	34.64%
CLERICAL	E 100-41430-122 FICA	\$109.02	\$981.89	\$2,835.00	\$1,853.11	34.63%
CLERICAL	E 100-41430-123 Medicare	\$25.50	\$229.66	\$663.00	\$433.34	34.64%
CLERICAL	E 100-41430-134 Employer Paid Life	\$62.95	\$566.53	\$1,600.00	\$1,033.47	35.41%
CLERICAL	E 100-41430-142 Unemployment Benefit	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
CLERICAL	E 100-41430-151 Med/Dental Insurance	\$350.01	\$3,150.09	\$8,400.00	\$5,249.91	37.50%
CLERICAL	E 100-41430-208 Training and Instructio	\$0.00	\$0.00	\$500.00	\$500.00	0.00%
CLERICAL	E 100-41430-306 Dues & Subscriptions	\$22.50	\$22.50	\$250.00	\$227.50	9.00%
Dept 41430 Clerical Staff		\$2,460.26	\$20,985.01	\$63,395.00	\$42,409.99	33.10%
Dept 41435 Staff Expenses						
STAFFEXP	E 100-41435-260 Uniforms	\$253.94	\$253.94	\$300.00	\$46.06	84.65%
STAFFEXP	E 100-41435-310 Other Professional Serv	\$90.00	\$240.00	\$500.00	\$260.00	48.00%
STAFFEXP	E 100-41435-331 Travel Expenses	\$0.00	\$44.91	\$2,000.00	\$1,955.09	2.25%
Dept 41435 Staff Expenses		\$343.94	\$538.85	\$2,800.00	\$2,261.15	19.24%
Dept 41530 Accounting						
ACCTING	E 100-41530-101 Full-Time Employees R	\$2,040.00	\$17,185.47	\$53,040.00	\$35,854.53	32.40%
ACCTING	E 100-41530-121 PERA	\$153.00	\$1,377.00	\$3,978.00	\$2,601.00	34.62%

CITY OF HANOVER
Expenditure Budget Report - General Fund

Dept Abbrev	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
ACCTING	E 100-41530-122 FICA	\$125.82	\$1,132.38	\$3,288.00	\$2,155.62	34.44%
ACCTING	E 100-41530-123 Medicare	\$29.42	\$264.78	\$769.00	\$504.22	34.43%
ACCTING	E 100-41530-134 Employer Paid Life	\$43.18	\$388.62	\$1,100.00	\$711.38	35.33%
ACCTING	E 100-41530-151 Med/Dental Insurance	\$350.00	\$3,150.00	\$8,400.00	\$5,250.00	37.50%
ACCTING	E 100-41530-208 Training and Instructio	\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
ACCTING	E 100-41530-306 Dues & Subscriptions	\$0.00	\$41.66	\$250.00	\$208.34	16.66%
ACCTING	E 100-41530-310 Other Professional Serv	\$0.00	\$0.00	\$5,000.00	\$5,000.00	0.00%
Dept 41530 Accounting		\$2,741.42	\$23,539.91	\$76,825.00	\$53,285.09	30.64%
Dept 41540 Auditing						
AUDITING	E 100-41540-301 Auditing and Acctg Ser	\$17,500.00	\$17,650.00	\$21,050.00	\$3,400.00	83.85%
Dept 41540 Auditing		\$17,500.00	\$17,650.00	\$21,050.00	\$3,400.00	83.85%
Dept 41550 Assessing						
ASSESS G	E 100-41550-310 Other Professional Serv	\$11.00	\$11.00	\$20,000.00	\$19,989.00	0.06%
Dept 41550 Assessing		\$11.00	\$11.00	\$20,000.00	\$19,989.00	0.06%
Dept 41570 Purchasing						
PURCHASE	E 100-41570-200 Office Supplies (GENER	\$817.65	\$1,992.95	\$3,500.00	\$1,507.05	56.94%
PURCHASE	E 100-41570-205 Bank Fees	\$0.00	-\$103.87	\$200.00	\$303.87	-51.94%
PURCHASE	E 100-41570-207 Computer Supplies	\$366.64	\$2,141.63	\$8,000.00	\$5,858.37	26.77%
PURCHASE	E 100-41570-220 Repair/Maint Supply (G	\$176.05	\$1,720.43	\$4,000.00	\$2,279.57	43.01%
PURCHASE	E 100-41570-322 Postage	\$271.00	\$522.85	\$2,500.00	\$1,977.15	20.91%
PURCHASE	E 100-41570-570 Office Equip and Furnis	\$600.00	\$1,122.00	\$6,000.00	\$4,878.00	18.70%
Dept 41570 Purchasing		\$2,231.34	\$7,395.99	\$24,200.00	\$16,804.01	30.56%
Dept 41600 Computer						
COMPUTER	E 100-41600-310 Other Professional Serv	\$1,392.33	\$5,585.80	\$8,500.00	\$2,914.20	65.72%
Dept 41600 Computer		\$1,392.33	\$5,585.80	\$8,500.00	\$2,914.20	65.72%
Dept 41610 City Attorney						
CITYATNY	E 100-41610-304 Legal Fees	\$46.96	\$4,663.17	\$23,500.00	\$18,836.83	19.84%
Dept 41610 City Attorney		\$46.96	\$4,663.17	\$23,500.00	\$18,836.83	19.84%
Dept 41910 Planning and Zoning						
PLANZONG	E 100-41910-310 Other Professional Serv	\$2,047.00	\$5,366.00	\$25,000.00	\$19,634.00	21.46%
Dept 41910 Planning and Zoning		\$2,047.00	\$5,366.00	\$25,000.00	\$19,634.00	21.46%
Dept 41940 General Govt Buildings/Plant						
GOVTBLDG	E 100-41940-210 Operating Supplies (GE	\$0.00	\$0.00	\$1,500.00	\$1,500.00	0.00%
GOVTBLDG	E 100-41940-220 Repair/Maint Supply (G	\$189.06	\$1,044.40	\$7,000.00	\$5,955.60	14.92%
GOVTBLDG	E 100-41940-306 Dues & Subscriptions	\$0.00	\$620.00	\$250.00	-\$370.00	248.00%
GOVTBLDG	E 100-41940-310 Other Professional Serv	\$669.62	\$3,043.06	\$9,000.00	\$5,956.94	33.81%
GOVTBLDG	E 100-41940-321 Telephone	\$671.05	\$2,848.18	\$4,200.00	\$1,351.82	67.81%
GOVTBLDG	E 100-41940-325 Taxes	\$0.00	\$262.00	\$300.00	\$38.00	87.33%
GOVTBLDG	E 100-41940-381 Electric Utilities	\$1,051.59	\$3,969.22	\$14,000.00	\$10,030.78	28.35%
GOVTBLDG	E 100-41940-383 Gas Utilities	\$944.93	\$6,310.15	\$8,000.00	\$1,689.85	78.88%
GOVTBLDG	E 100-41940-384 Refuse/Garbage Dispos	\$233.84	\$1,161.58	\$3,500.00	\$2,338.42	33.19%
GOVTBLDG	E 100-41940-415 Other Equipment Renta	\$0.00	\$0.00	\$500.00	\$500.00	0.00%
GOVTBLDG	E 100-41940-520 Buildings and Structure	\$0.00	\$471.15	\$4,500.00	\$4,028.85	10.47%
GOVTBLDG	E 100-41940-560 Furniture and Fixtures	\$0.00	\$0.00	\$2,500.00	\$2,500.00	0.00%
GOVTBLDG	E 100-41940-580 Other Equipment	\$0.00	\$0.00	\$500.00	\$500.00	0.00%
Dept 41940 General Govt Buildings/Plant		\$3,760.09	\$19,729.74	\$55,750.00	\$36,020.26	35.39%
Dept 41950 Engineer						
ENGINEER	E 100-41950-303 Engineering Fees	\$0.00	\$0.00	\$25,000.00	\$25,000.00	0.00%
Dept 41950 Engineer		\$0.00	\$0.00	\$25,000.00	\$25,000.00	0.00%

CITY OF HANOVER
Expenditure Budget Report - General Fund

Dept Abbrev	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
Dept 41960 Insurance						
INSURANCE	E 100-41960-150 Worker s Comp (GENE	\$0.00	\$0.00	\$9,500.00	\$9,500.00	0.00%
INSURANCE	E 100-41960-152 Worker s Comp Benefit	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
INSURANCE	E 100-41960-361 General Liability Ins	\$0.00	\$0.00	\$22,000.00	\$22,000.00	0.00%
Dept 41960 Insurance		\$0.00	\$0.00	\$31,500.00	\$31,500.00	0.00%
Dept 41970 Legal Publications						
LEGALPUB	E 100-41970-341 Employment	\$0.00	\$0.00	\$300.00	\$300.00	0.00%
LEGALPUB	E 100-41970-343 Other Advertising	\$0.00	\$0.00	\$50.00	\$50.00	0.00%
LEGALPUB	E 100-41970-351 Legal Notices Publishin	\$29.95	\$140.78	\$2,000.00	\$1,859.22	7.04%
LEGALPUB	E 100-41970-354 Recording Fees	\$0.00	\$165.95	\$500.00	\$334.05	33.19%
Dept 41970 Legal Publications		\$29.95	\$306.73	\$2,850.00	\$2,543.27	10.76%
Dept 42101 Hennepin County Sheriff						
HCSHERIFF	E 100-42101-310 Other Professional Serv	\$20,273.93	\$20,273.93	\$81,096.00	\$60,822.07	25.00%
Dept 42101 Hennepin County Sheriff		\$20,273.93	\$20,273.93	\$81,096.00	\$60,822.07	25.00%
Dept 42102 Wright County Sheriff						
WCSHERIFF	E 100-42102-310 Other Professional Serv	\$8,760.00	\$43,800.00	\$105,120.00	\$61,320.00	41.67%
Dept 42102 Wright County Sheriff		\$8,760.00	\$43,800.00	\$105,120.00	\$61,320.00	41.67%
Dept 42210 Fire Dept Administration						
FIREADMIN	E 100-42210-103 Part-Time Employees	\$0.00	-\$1,628.62	\$59,000.00	\$60,628.62	-2.76%
FIREADMIN	E 100-42210-122 FICA	\$0.00	\$1,319.96	\$3,658.00	\$2,338.04	36.08%
FIREADMIN	E 100-42210-123 Medicare	\$0.00	\$308.69	\$856.00	\$547.31	36.06%
FIREADMIN	E 100-42210-142 Unemployment Benefit	\$0.00	\$167.88	\$0.00	-\$167.88	0.00%
FIREADMIN	E 100-42210-150 Worker s Comp (GENE	\$0.00	\$0.00	\$8,500.00	\$8,500.00	0.00%
FIREADMIN	E 100-42210-200 Office Supplies (GENER	\$0.00	\$0.00	\$350.00	\$350.00	0.00%
FIREADMIN	E 100-42210-305 Medical and Dental Fee	\$0.00	\$575.00	\$4,000.00	\$3,425.00	14.38%
FIREADMIN	E 100-42210-306 Dues & Subscriptions	\$0.00	\$100.00	\$1,000.00	\$900.00	10.00%
FIREADMIN	E 100-42210-361 General Liability Ins	\$0.00	\$0.00	\$5,000.00	\$5,000.00	0.00%
Dept 42210 Fire Dept Administration		\$0.00	\$842.91	\$82,364.00	\$81,521.09	1.02%
Dept 42220 Fire Dept Equipment						
FIREEQUIP	E 100-42220-221 Equipment Parts	\$156.24	\$3,363.03	\$15,500.00	\$12,136.97	21.70%
FIREEQUIP	E 100-42220-228 Medical Supplies	\$228.36	\$588.97	\$1,500.00	\$911.03	39.26%
FIREEQUIP	E 100-42220-240 Small Tools and Minor	\$0.00	\$34.07	\$850.00	\$815.93	4.01%
FIREEQUIP	E 100-42220-260 Uniforms	\$635.00	\$1,690.92	\$28,500.00	\$26,809.08	5.93%
FIREEQUIP	E 100-42220-580 Other Equipment	\$332.63	\$332.63	\$5,000.00	\$4,667.37	6.65%
Dept 42220 Fire Dept Equipment		\$1,352.23	\$6,009.62	\$51,350.00	\$45,340.38	11.70%
Dept 42240 Fire Dept Training						
FIRETRNG	E 100-42240-208 Training and Instructio	\$0.00	\$974.00	\$12,500.00	\$11,526.00	7.79%
FIRETRNG	E 100-42240-310 Other Professional Serv	\$21.25	\$819.48	\$3,210.00	\$2,390.52	25.53%
FIRETRNG	E 100-42240-331 Travel Expenses	\$0.00	\$1,397.06	\$1,500.00	\$102.94	93.14%
Dept 42240 Fire Dept Training		\$21.25	\$3,190.54	\$17,210.00	\$14,019.46	18.54%
Dept 42260 Fire Vehicles						
FIREVEH	E 100-42260-212 Motor Fuels	\$252.15	\$869.08	\$4,500.00	\$3,630.92	19.31%
FIREVEH	E 100-42260-220 Repair/Maint Supply (G	\$243.69	\$888.77	\$9,000.00	\$8,111.23	9.88%
FIREVEH	E 100-42260-240 Small Tools and Minor	\$0.00	\$147.04	\$2,000.00	\$1,852.96	7.35%
FIREVEH	E 100-42260-323 Radio Units	\$0.00	\$3,307.25	\$7,805.00	\$4,497.75	42.37%
Dept 42260 Fire Vehicles		\$495.84	\$5,212.14	\$23,305.00	\$18,092.86	22.36%
Dept 42280 Fire Stations and Bldgs						
FIREBLDG	E 100-42280-215 Shop Supplies	\$0.00	\$113.31	\$1,650.00	\$1,536.69	6.87%
FIREBLDG	E 100-42280-220 Repair/Maint Supply (G	\$142.22	\$1,813.42	\$7,500.00	\$5,686.58	24.11%

CITY OF HANOVER
Expenditure Budget Report - General Fund

Dept Abbrev	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
FIREBLDG	E 100-42280-321 Telephone	\$35.56	\$324.25	\$1,000.00	\$675.75	32.43%
FIREBLDG	E 100-42280-325 Taxes	\$0.00	\$0.00	\$175.00	\$175.00	0.00%
FIREBLDG	E 100-42280-381 Electric Utilities	\$275.34	\$923.34	\$4,500.00	\$3,576.66	20.52%
FIREBLDG	E 100-42280-383 Gas Utilities	\$272.51	\$1,978.01	\$3,000.00	\$1,021.99	65.93%
FIREBLDG	E 100-42280-520 Buildings and Structure	\$146.93	\$932.35	\$0.00	-\$932.35	0.00%
Dept 42280	Fire Stations and Bldgs	\$872.56	\$6,084.68	\$17,825.00	\$11,740.32	34.14%
Dept 42290	Fire Relief Association					
FIRERELIEF	E 100-42290-124 Fire Pension Contributi	\$0.00	\$0.00	\$39,000.00	\$39,000.00	0.00%
FIRERELIEF	E 100-42290-125 Other Retirement Contr	\$0.00	\$0.00	\$12,011.00	\$12,011.00	0.00%
FIRERELIEF	E 100-42290-301 Auditing and Acctg Ser	\$0.00	\$0.00	\$6,500.00	\$6,500.00	0.00%
Dept 42290	Fire Relief Association	\$0.00	\$0.00	\$57,511.00	\$57,511.00	0.00%
Dept 42401	Building Inspection Admin					
INSPADMN	E 100-42401-310 Other Professional Serv	\$1,128.47	\$17,934.67	\$50,000.00	\$32,065.33	35.87%
Dept 42401	Building Inspection Admin	\$1,128.47	\$17,934.67	\$50,000.00	\$32,065.33	35.87%
Dept 42700	Animal Control					
ANIMCTRL	E 100-42700-310 Other Professional Serv	\$0.00	\$250.00	\$500.00	\$250.00	50.00%
Dept 42700	Animal Control	\$0.00	\$250.00	\$500.00	\$250.00	50.00%
Dept 42800	Cemetery					
CEMETERY	E 100-42800-310 Other Professional Serv	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 42800	Cemetery	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 43000	Public Works (GENERAL)					
PUBWRKS	E 100-43000-101 Full-Time Employees R	\$6,007.20	\$49,453.90	\$131,192.00	\$81,738.10	37.70%
PUBWRKS	E 100-43000-102 Full-Time Employees O	\$0.00	\$566.28	\$2,000.00	\$1,433.72	28.31%
PUBWRKS	E 100-43000-103 Part-Time Employees	\$375.00	\$1,580.00	\$13,740.00	\$12,160.00	11.50%
PUBWRKS	E 100-43000-121 PERA	\$450.54	\$4,009.07	\$11,714.00	\$7,704.93	34.22%
PUBWRKS	E 100-43000-122 FICA	\$380.24	\$3,249.60	\$10,536.00	\$7,286.40	30.84%
PUBWRKS	E 100-43000-123 Medicare	\$88.94	\$760.00	\$2,464.00	\$1,704.00	30.84%
PUBWRKS	E 100-43000-134 Employer Paid Life	\$106.21	\$809.22	\$2,100.00	\$1,290.78	38.53%
PUBWRKS	E 100-43000-142 Unemployment Benefit	\$0.00	\$5,200.44	\$250.00	-\$4,950.44	080.18%
PUBWRKS	E 100-43000-151 Med/Dental Insurance	\$1,407.82	\$11,313.03	\$30,000.00	\$18,686.97	37.71%
PUBWRKS	E 100-43000-208 Training and Instructio	\$375.00	\$1,824.00	\$2,500.00	\$676.00	72.96%
PUBWRKS	E 100-43000-212 Motor Fuels	\$2,789.25	\$6,010.64	\$7,000.00	\$989.36	85.87%
PUBWRKS	E 100-43000-215 Shop Supplies	\$519.63	\$5,670.76	\$5,500.00	-\$170.76	103.10%
PUBWRKS	E 100-43000-220 Repair/Maint Supply (G	\$1,038.52	\$6,314.14	\$9,000.00	\$2,685.86	70.16%
PUBWRKS	E 100-43000-226 Sign Repair Materials	\$0.00	\$0.00	\$1,500.00	\$1,500.00	0.00%
PUBWRKS	E 100-43000-240 Small Tools and Minor	\$202.44	\$963.58	\$5,000.00	\$4,036.42	19.27%
PUBWRKS	E 100-43000-260 Uniforms	\$204.86	\$584.76	\$3,000.00	\$2,415.24	19.49%
PUBWRKS	E 100-43000-310 Other Professional Serv	\$0.00	\$1,250.00	\$17,000.00	\$15,750.00	7.35%
PUBWRKS	E 100-43000-321 Telephone	\$374.33	\$1,215.06	\$2,800.00	\$1,584.94	43.40%
PUBWRKS	E 100-43000-325 Taxes	\$0.00	\$118.00	\$200.00	\$82.00	59.00%
Dept 43000	Public Works (GENERAL)	\$14,319.98	\$100,892.48	\$257,496.00	\$156,603.52	39.18%
Dept 43121	Paved Streets					
PAVSTRTS	E 100-43121-224 Street Maint Materials	\$0.00	\$0.00	\$100,000.00	\$100,000.00	0.00%
Dept 43121	Paved Streets	\$0.00	\$0.00	\$100,000.00	\$100,000.00	0.00%
Dept 43122	Unpaved Streets					
UNPAVSTS	E 100-43122-224 Street Maint Materials	\$0.00	\$0.00	\$15,000.00	\$15,000.00	0.00%
Dept 43122	Unpaved Streets	\$0.00	\$0.00	\$15,000.00	\$15,000.00	0.00%
Dept 43125	Ice & Snow Removal					
SNOWREMO	E 100-43125-224 Street Maint Materials	\$0.00	\$6,624.48	\$15,000.00	\$8,375.52	44.16%

CITY OF HANOVER
Expenditure Budget Report - General Fund

Dept Abbrev	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
Dept 43125	Ice & Snow Removal	\$0.00	\$6,624.48	\$15,000.00	\$8,375.52	44.16%
Dept 43160	Street Lighting					
	STLGHTG E 100-43160-381 Electric Utilities	\$1,900.94	\$7,702.22	\$25,000.00	\$17,297.78	30.81%
Dept 43160	Street Lighting	\$1,900.94	\$7,702.22	\$25,000.00	\$17,297.78	30.81%
Dept 43240	Waste (refuse) Disposal					
	REFDISPO E 100-43240-384 Refuse/Garbage Dispos	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 43240	Waste (refuse) Disposal	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 43245	Recycling: Refuse					
	RECYCLING E 100-43245-384 Refuse/Garbage Dispos	\$3,362.94	\$13,451.76	\$38,500.00	\$25,048.24	34.94%
Dept 43245	Recycling: Refuse	\$3,362.94	\$13,451.76	\$38,500.00	\$25,048.24	34.94%
Dept 45186	Senior Center					
	SRCENTER E 100-45186-437 Other Miscellaneous	\$0.00	\$1,887.00	\$8,700.00	\$6,813.00	21.69%
Dept 45186	Senior Center	\$0.00	\$1,887.00	\$8,700.00	\$6,813.00	21.69%
Dept 45200	Parks (GENERAL)					
	PARKS E 100-45200-212 Motor Fuels	\$0.00	\$0.00	\$2,000.00	\$2,000.00	0.00%
	PARKS E 100-45200-220 Repair/Maint Supply (G	\$0.00	\$61.05	\$5,000.00	\$4,938.95	1.22%
	PARKS E 100-45200-225 Landscaping Materials	\$111.24	\$111.24	\$8,000.00	\$7,888.76	1.39%
	PARKS E 100-45200-310 Other Professional Serv	\$0.00	\$6,800.00	\$6,800.00	\$0.00	100.00%
	PARKS E 100-45200-381 Electric Utilities	\$138.44	\$566.19	\$2,200.00	\$1,633.81	25.74%
	PARKS E 100-45200-400 Repairs & Maint Cont (\$0.00	\$0.00	\$1,500.00	\$1,500.00	0.00%
	PARKS E 100-45200-440 Programs	\$1,600.00	\$2,142.31	\$2,200.00	\$57.69	97.38%
	PARKS E 100-45200-580 Other Equipment	\$0.00	\$0.00	\$8,000.00	\$8,000.00	0.00%
Dept 45200	Parks (GENERAL)	\$1,849.68	\$9,680.79	\$35,700.00	\$26,019.21	27.12%
Dept 45500	Libraries (GENERAL)					
	LIBRARY E 100-45500-437 Other Miscellaneous	\$0.00	\$4,188.19	\$11,500.00	\$7,311.81	36.42%
Dept 45500	Libraries (GENERAL)	\$0.00	\$4,188.19	\$11,500.00	\$7,311.81	36.42%
Dept 48205	Damage Deposit Refunds					
	DMGDEPRF E 100-48205-810 Refunds & Reimburse	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 48205	Damage Deposit Refunds	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 49360	Transfers Out					
	TRANSFERS E 100-49360-700 Transfers (GENERAL)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 49360	Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 49800	Transit (GENERAL)					
	TRANSIT E 100-49800-310 Other Professional Serv	\$0.00	\$0.00	\$5,000.00	\$5,000.00	0.00%
Dept 49800	Transit (GENERAL)	\$0.00	\$0.00	\$5,000.00	\$5,000.00	0.00%
Fund 100	GENERAL FUND	\$92,875.71	\$388,874.16	\$1,528,599.00	\$1,139,724.84	25.44%

CITY OF HANOVER
Expenditure Budget Report - General Fund

Dept Abbrev	Account Descr	May 2018 Amt	2018 YTD Amt	2018 YTD Budget	2018 YTD Balance	%YTD Budget
		\$92,875.71	\$388,874.16	\$1,528,599.00	\$1,139,724.84	25.44%

**CITY OF HANOVER
COUNTIES OF WRIGHT AND HENNEPIN
STATE OF MINNESOTA**

A regular meeting of the City Council of the City of Hanover, Minnesota, was called to order by Mayor Chris Kauffman at 6:00 p.m. in the Council Chambers of the City Hall, in the City of Hanover, Minnesota, on the 15th day of May, 2018.

The following Council Members were present:

The following Council Members were absent:

A motion to adopt the following resolution was made by _____ and seconded by _____.



RESOLUTION NO 05-15-18-52

**A RESOLUTION APPROVING DONATION FROM THE
HANOVER ECONOMIC DEVELOPMENT AUTHORITY TO THE
HANOVER HARVEST FESTIVAL**

WHEREAS, the Hanover Economic Development Authority (EDA) passed a motion to donate \$1,500.00 at their May 10, 2018 meeting as part of their annual contribution to the Hanover Harvest Festival.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Hanover, Minnesota, hereby approves the donation from the Hanover EDA to the Hanover Harvest Festival of \$1,500.00.

Council members voting in favor:

Opposed or abstained:

Adopted by the city Council this 15th day of May, 2018.

APPROVED BY:

ATTEST:

Chris Kauffman, Mayor

Brian Hagen, City Administrator

City of Hanover
Communications Letter
December 31, 2017



**City of Hanover
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**Report on Matters Identified as a Result of
the Audit of the Financial Statements**

Honorable Mayor, Members
of the City Council and Management
City of Hanover
Hanover, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit(s), each major fund, and the aggregate remaining fund information of the City of Hanover, Minnesota, as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiency identified is stated within this letter.



The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated May 7, 2018, on such statements.

This communication is intended solely for the information and use of the City Council and management and others within the City and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

BerganKDV, Ltd.

St. Cloud, Minnesota
May 7, 2018

**City of Hanover
Significant Deficiency**

LACK OF SEGREGATION OF ACCOUNTING DUTIES

The City had a lack of segregation of accounting duties due to a limited number of office employees. In order to have appropriate segregation of accounting duties, the performance of the following duties would need to be completed by a different employee: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions, and financial information and custody of assets.

Management and the City Council are aware of this condition and have taken certain steps to compensate for the lack of segregation, but due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the City Council must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

City of Hanover
Required Communication

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2017, and have issued our report dated May 7, 2018. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the City's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplement(s) the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

**City of Hanover
Required Communication**

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2017. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – The City is currently allocating certain costs among the programs and supporting services benefited. The costs are allocated based on management's estimates.

**City of Hanover
Required Communication**

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES (CONTINUED)

Net Pension Liability Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions – These balances are based on allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We requested certain representations from management that are included in the management representation letter.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**City of Hanover
Required Communication**

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

City of Hanover Financial Analysis

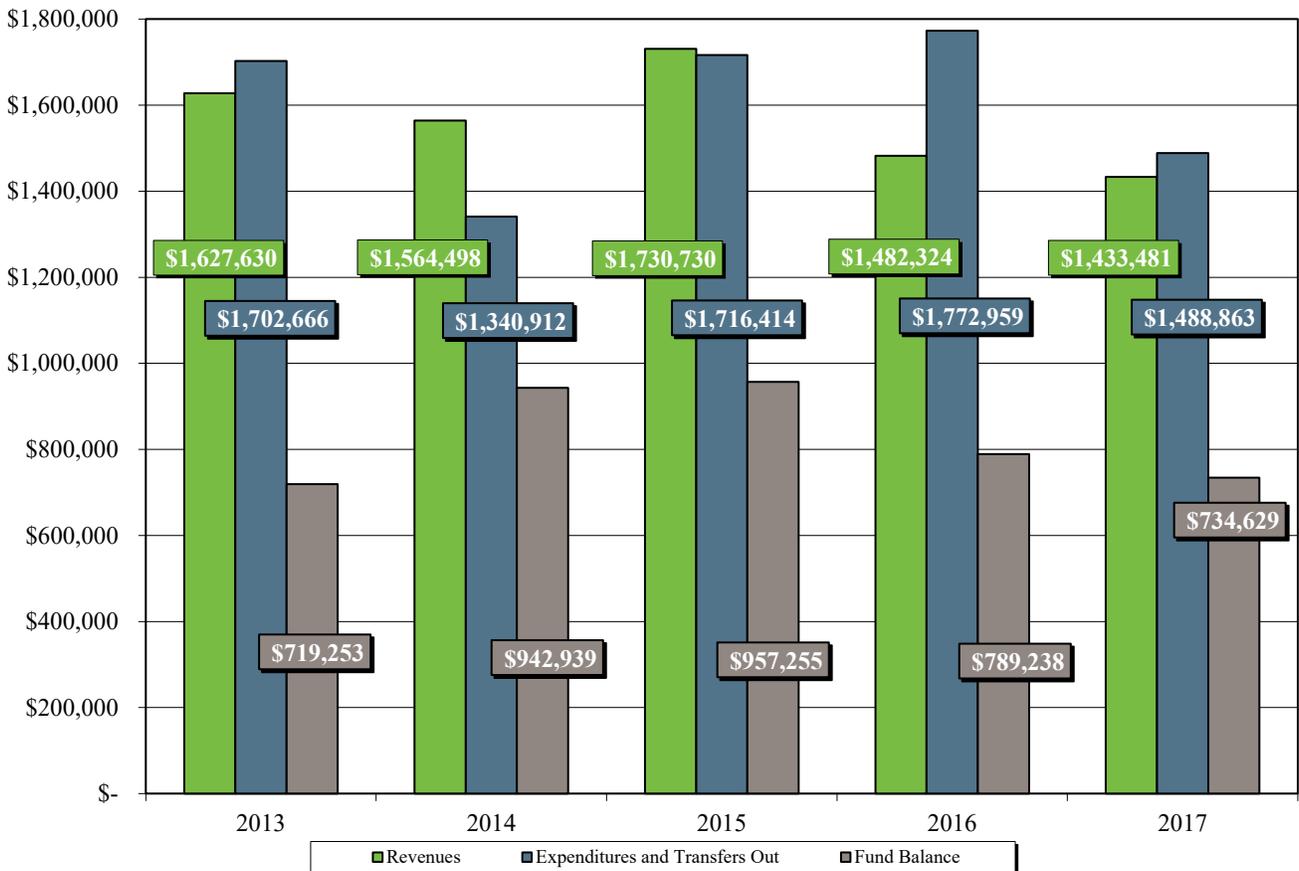
The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

GENERAL FUND

At year-end, fund balance decreased by approximately \$55,000. Fund balance represented 58%, or approximately seven months' worth of expenditures at the 2017 levels, or 49% of combined expenditures and transfers. The Office of the State Auditor recommends a level of between four and six months, or 35% to 50% of annual expenditures.

Details of operations are explained further on the following pages.

General Fund Operating Analysis

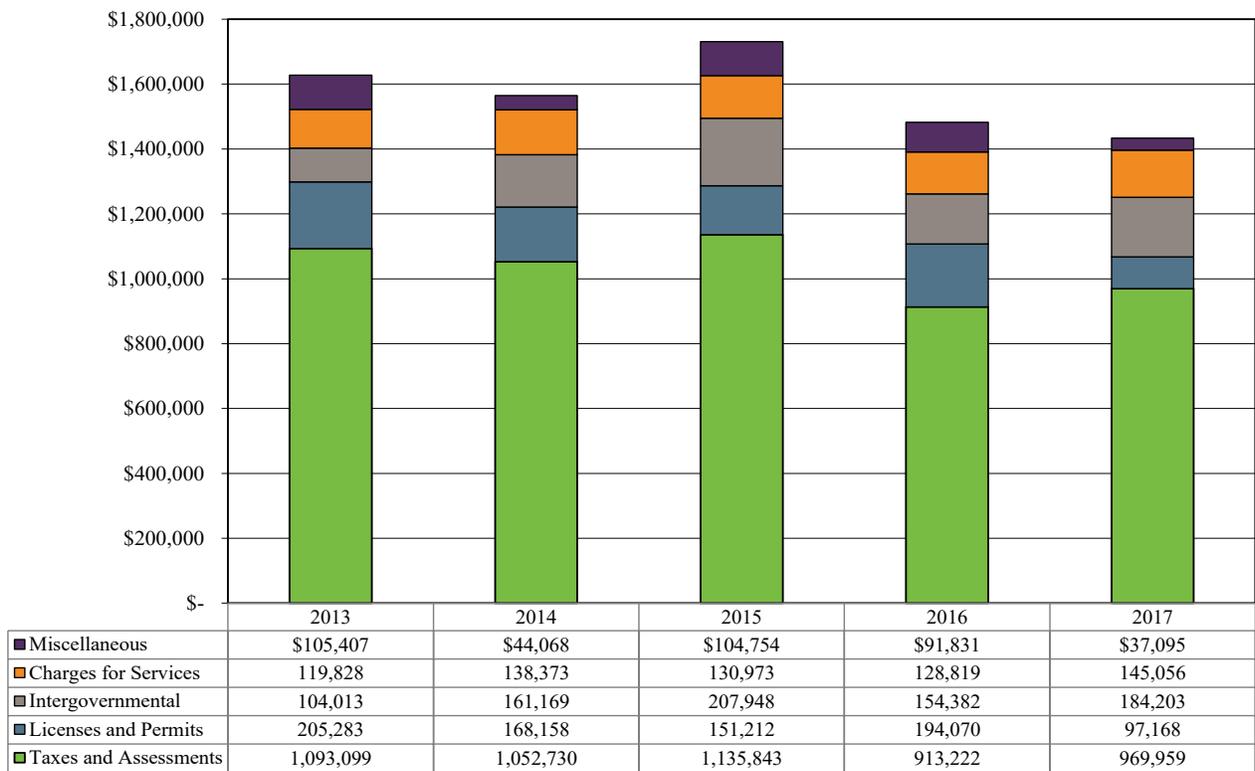


City of Hanover Financial Analysis

GENERAL FUND REVENUES

This graph presents the sources of revenue for the past five years. The main source of revenue has consistently remained property taxes, which was 67% of total revenues for year 2013 and has stayed consistent at approximately 67% in 2017. In total, General Fund revenues decreased \$48,843, from \$1,482,324 in 2016, to \$1,433,481 in 2017. The largest variance occurred in licenses and permits revenue, which decreased \$96,902 due to a decrease in permits as there were fewer new homes constructed in 2017.

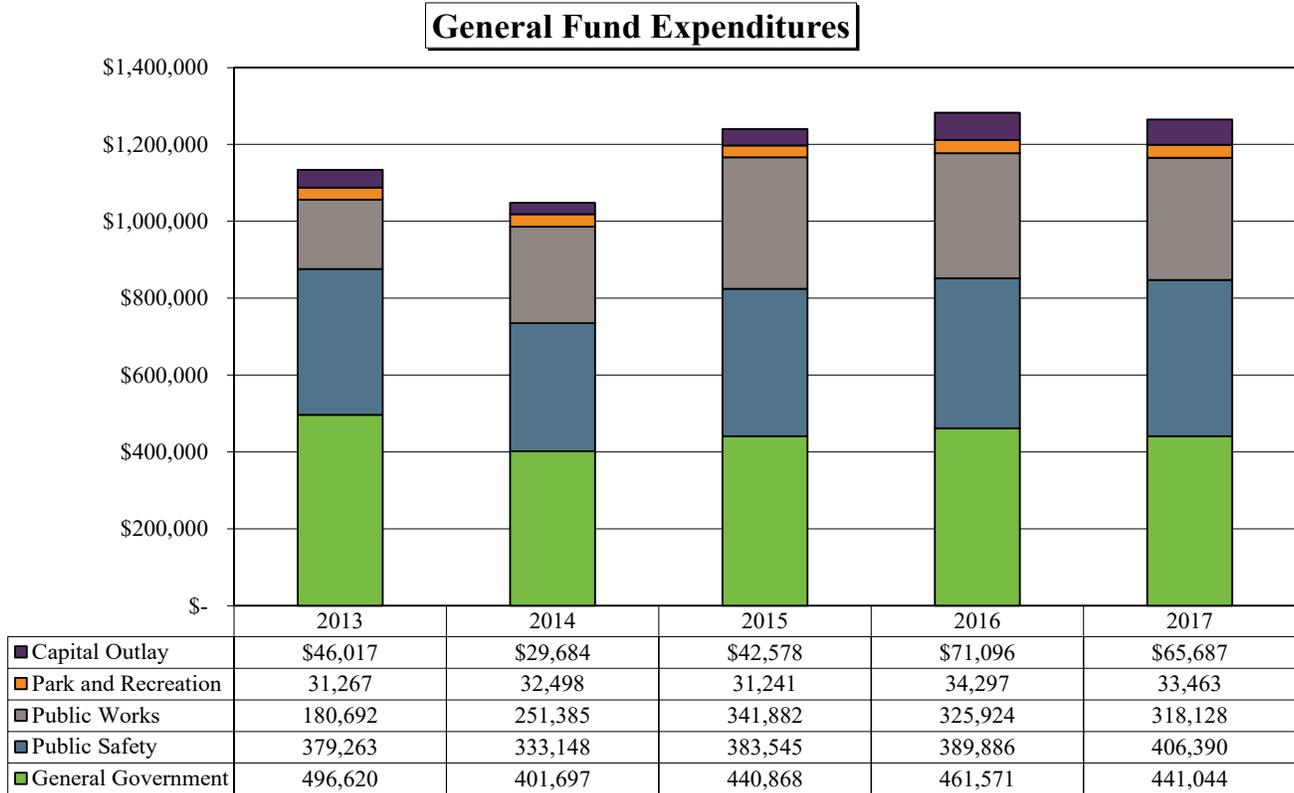
General Fund Revenues



**City of Hanover
Financial Analysis**

GENERAL FUND EXPENDITURES

The graph below shows General Fund expenditures by function for each of the last five years. As revenues decreased 3.4% in 2017, expenditures decreased 1.4%, or from \$1,282,774 to \$1,264,712. The majority of the decrease occurred in general government, which decreased \$20,527 from 2016 to 2017, due primarily to having higher planning and zoning costs in 2016 than in 2017.



The general government function accounted for the largest portion of the General Fund expenditures at 34.9%. General government expenditures consist of disbursements related to the general operations of the City, including office employees' salaries and supplies, planning and zoning, accounting and auditing, and legal and engineering fees. Public safety accounted for the second largest portion of the General Fund disbursements at 32.1%. This function consists of police, fire, and building inspection expenditures. Public works accounted for the third largest portion of the General Fund disbursements at 25.2% and consists primarily of street maintenance expenditures.

**City of Hanover
Financial Analysis**

GENERAL FUND BUDGET AND ACTUAL

The City budgeted for a decrease in fund balance in the General Fund with expenditures and transfers out anticipated to exceed revenues and transfers in by \$51,617. Revenues and expenditures were over the final budget.

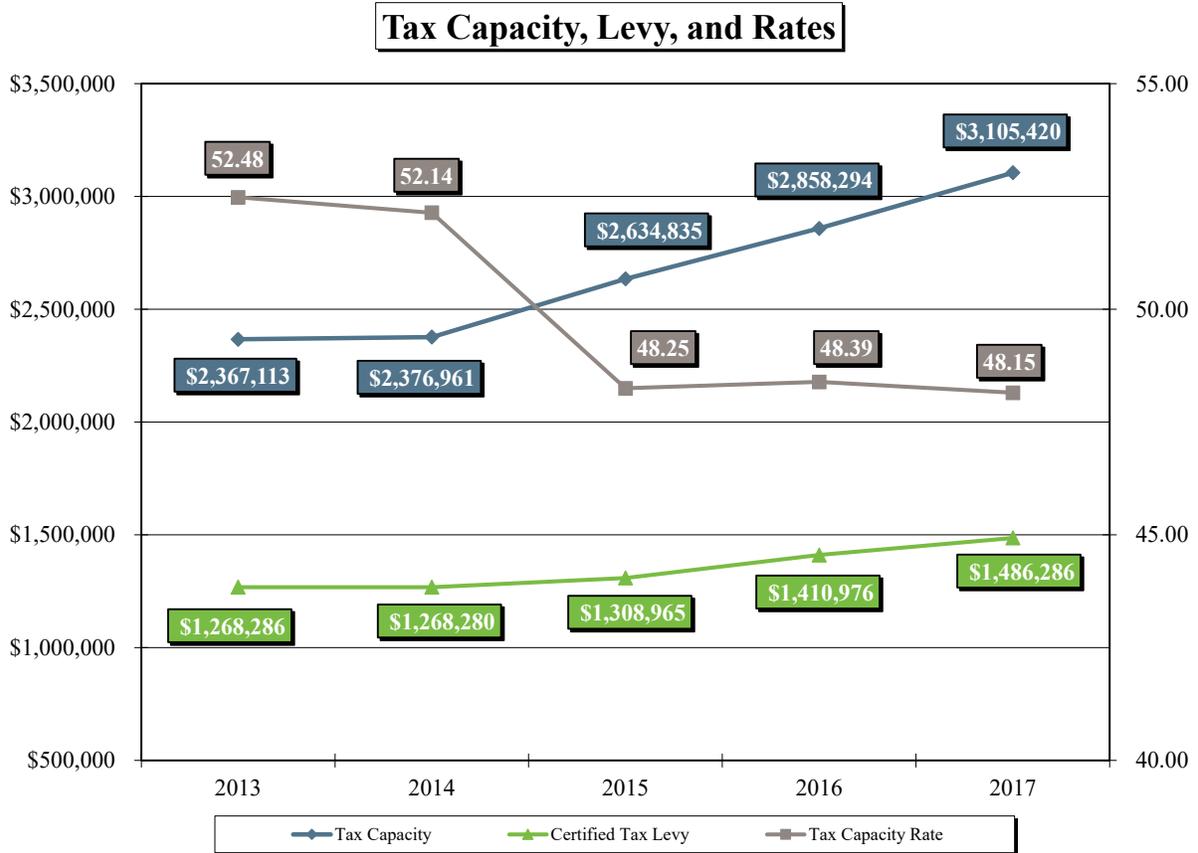
Revenues were over budget by \$31,531, or 2.2%, in total for the General Fund. The largest variance occurred in investment income due to being conservative on investment performance.

In total, the General Fund expenditures were 2.8%, or \$34,523, over budget. The largest variance was in public safety. This area was over budget by \$27,415 primarily due to not budgeting for the purchases of a vehicle, firefighter masks, and tank upgrades.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes and assessments	\$ 954,464	\$ 959,728	\$ 969,959	\$ 10,231
Licenses and permits	62,120	97,168	97,168	-
Intergovernmental	150,007	184,203	184,203	-
Charges for services	136,450	143,865	145,056	1,191
Fines and forfeitures	2,000	5,167	5,167	-
Investment income	9,000	4,371	16,441	12,070
Other revenue	12,500	7,448	15,487	8,039
Total revenues	<u>1,326,541</u>	<u>1,401,950</u>	<u>1,433,481</u>	<u>31,531</u>
Expenditures				
General government	491,083	467,297	470,971	3,674
Public safety	408,357	404,165	431,580	27,415
Public works	372,101	314,694	318,128	3,434
Park and recreation	55,000	44,033	44,033	-
Total expenditures	<u>1,326,541</u>	<u>1,230,189</u>	<u>1,264,712</u>	<u>34,523</u>
Excess of revenues over expenditures	-	171,761	168,769	(2,992)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	773	773	-
Transfers in	-	-	-	-
Transfers out	-	(224,151)	(224,151)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (51,617)</u>	<u>\$ (54,609)</u>	<u>\$ (2,992)</u>

City of Hanover Financial Analysis

TAX CAPACITY, LEVY, AND RATES



The chart above graphs the tax capacity, certified tax levy, and City tax rate for 2013 through 2017. The tax capacity is based on total tax capacity, prior to adjustments for captured Tax Increment Financing (TIF) and fiscal disparities. The certified tax levy amount is also prior to fiscal disparity adjustments.

Comparing 2013 through 2017, the City's tax capacity increased \$738,307, or 31.2%. This increase is attributable to valuation increases due to the effects of a recovering economy. The City's certified levy over this same time frame increased \$218,000, or 17.2%.

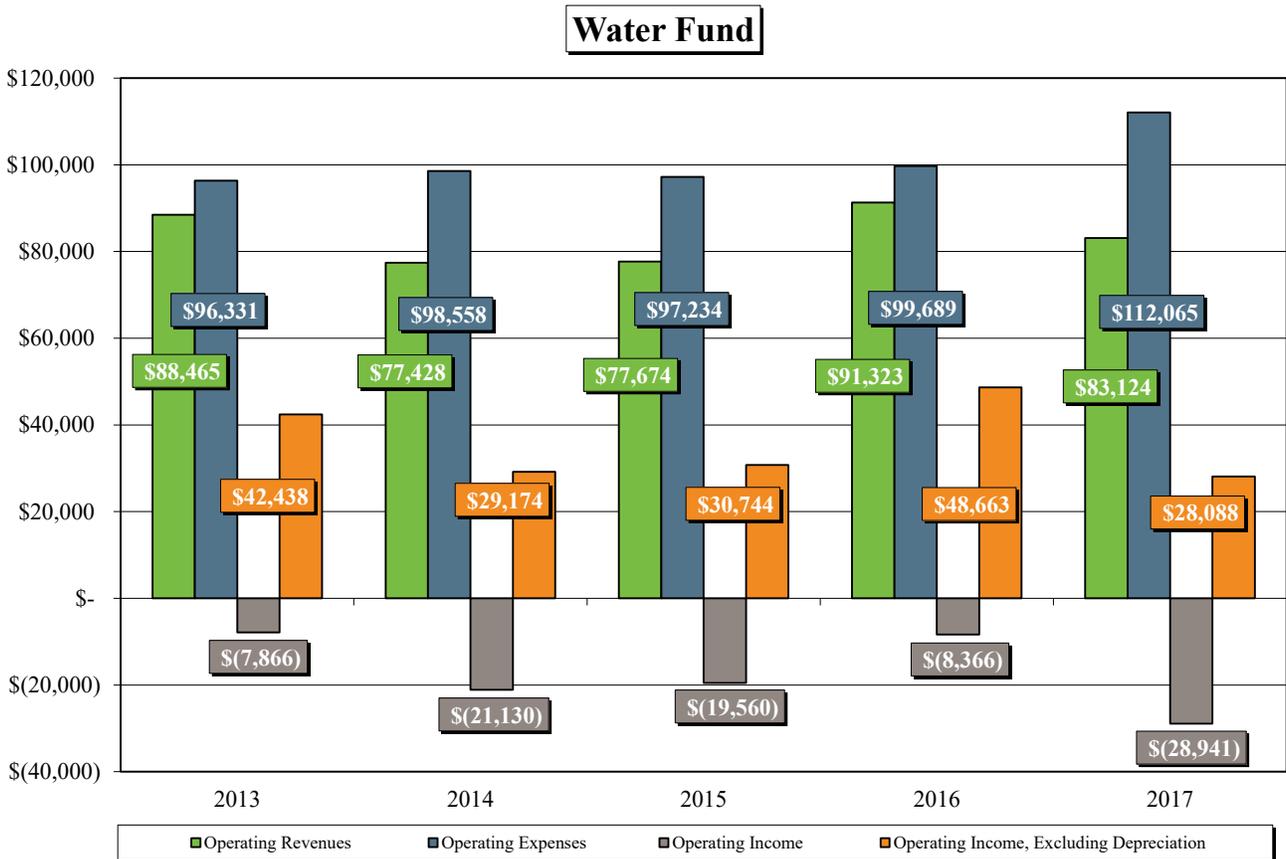
This graph provides a simplified viewpoint of the amounts. More information can be obtained from the League of Minnesota Cities *Property Tax Data Tables for 2012-2017* (www.lmnc.org).

City of Hanover Financial Analysis

ENTERPRISE FUNDS

Since 1999, the City has been responsible for the distribution of water and the Joint Powers Board is responsible for the supply of water. The graphs below and on the next page show the results of the Water and Sewer Funds for the past five years.

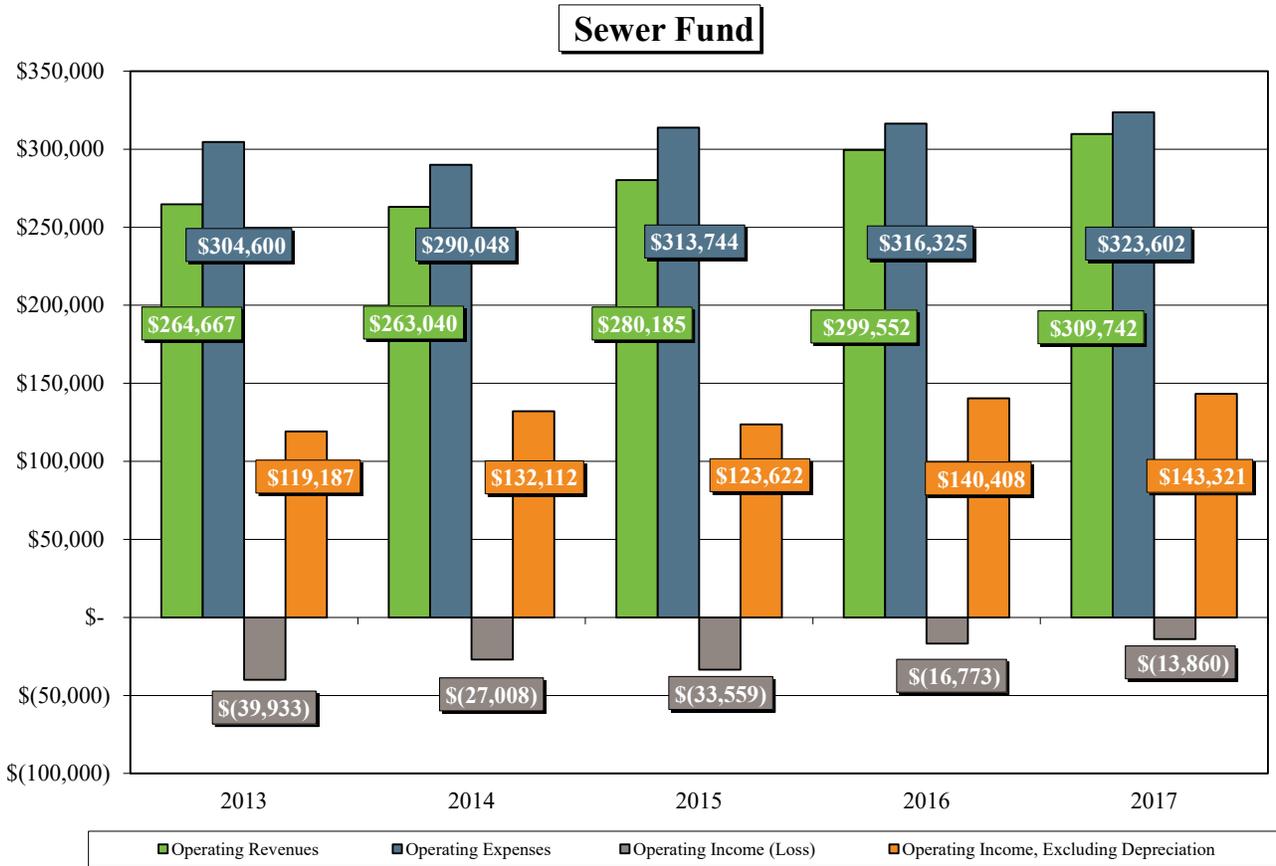
Operating income decreased \$20,575 in 2017, as operating revenue decreased \$8,199 while operating expenses increased \$12,376.



City of Hanover Financial Analysis

ENTERPRISE FUNDS (CONTINUED)

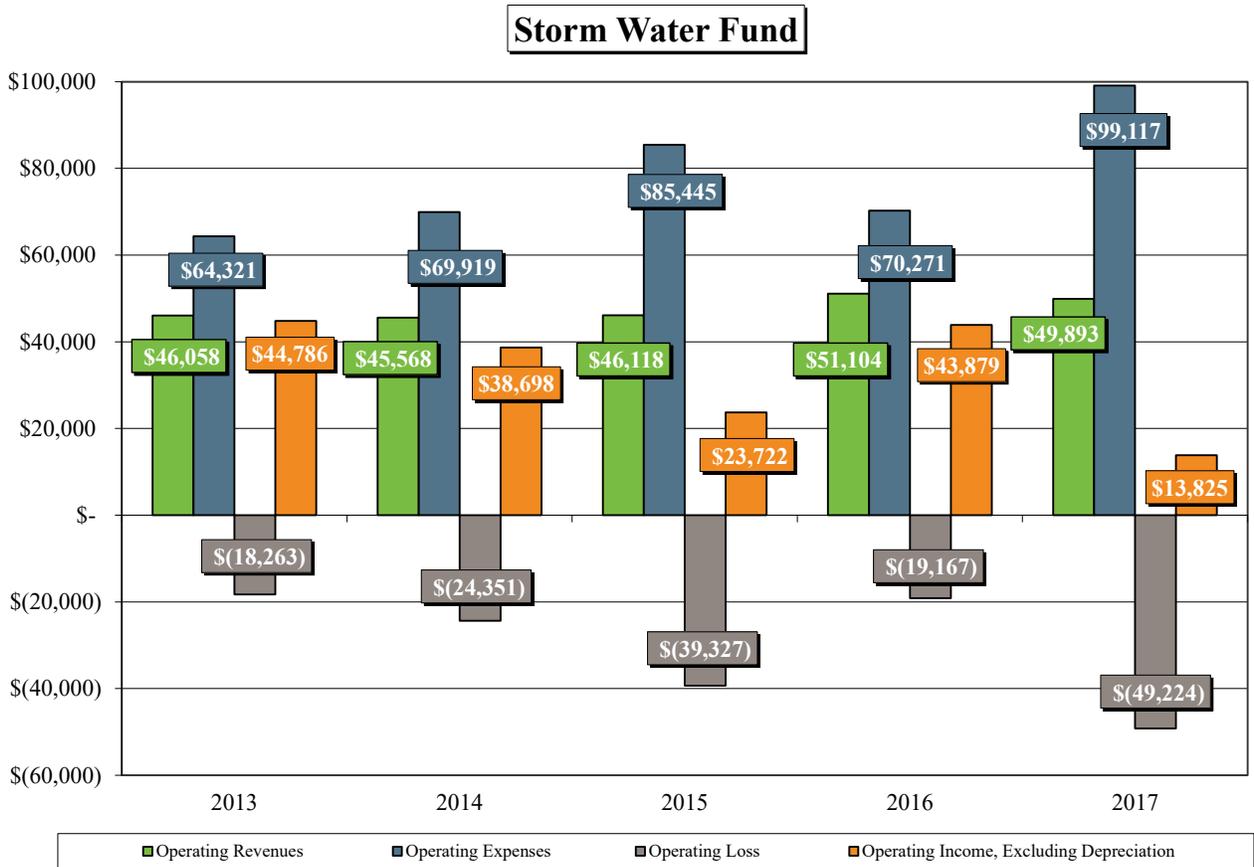
For all of the years shown, the City's Sewer Fund had operating losses; however, excluding depreciation, the Fund was able to cover all of its operating costs and cash flow positively from operations. The Sewer Fund saw an overall increase in operating revenue as a result of an increase in customers and usage.



City of Hanover Financial Analysis

ENTERPRISE FUNDS (CONTINUED)

The Storm Water Enterprise Fund was established in 2009. In 2010, the City initiated a charge for storm water services for residents. With depreciation factored in, the fund has consistently posted operating losses, but has cash flowed positively from operations and built a \$201,239 unrestricted net position over its brief time in operation. Operating expenses increased \$28,846 due to an increase in repairs and maintenance costs and an increase in professional service costs for a new swamp program.



City of Hanover Emerging Issues

Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- **Accounting Standard Update – GASB Statement No. 84 – Fiduciary Activities** – GASB has issued GASB Statement No. 84 relating to accounting and financial reporting for fiduciary activities. This new statement establishes clarity to determine when a government has fiduciary responsibility for a certain activity.
- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

**City of Hanover
Emerging Issues**

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES* (CONTINUED)

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – *LEASES*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

**City of Hanover
Emerging Issues**

**ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES
(CONTINUED)**

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

**City of Hanover
Hennepin County and
Wright County, Minnesota**

Financial Statements

December 31, 2017



**City of Hanover
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**City of Hanover
Elected Officials and Administration
December 31, 2017**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Chris Kauffman	Mayor	December 31, 2020
Jim Zajicek	Council Member	December 31, 2018
MaryAnn Hallstein	Council Member	December 31, 2020
Ken Warpula	Council Member	December 31, 2018
Doug Hammerseng	Council Member	December 31, 2020
<u>Administration</u>		
Brian Hagen	City Administrator/Clerk/Treasurer	Appointed
Jackie Heinz	Accountant/Deputy Clerk	Appointed



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Hanover
Hanover, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Hanover, Minnesota, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the City'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.

Auditor's 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 auditor's 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 City'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 City'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.



Auditor's Responsibility (Continued)

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

Basis for Qualified Opinion

The City has not adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting, and Financial Reporting for Pensions* as it relates to the Hanover Fire Relief Association pension plan. Accounting principles generally accepted in the United States of America require the recognition of net pension assets or liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for pension plans that meet certain criteria. The Hanover Fire Relief Association pension plan meets the criteria to be reported in the Governmental Activities of the City. The amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, and change in net position of the Governmental Activities has not been determined.

Qualified Opinions

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities of the City of Hanover, Minnesota, as of December 31, 2017, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hanover, Minnesota, as of December 31, 2017, and the respective changes in the financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 which follows this report letter and Required Supplementary Information 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 (GASB) 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.



Other Matters (Continued)

Required Supplementary Information (Continued)

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 Hanover's basic financial statements. The combining and individual fund financial statements/schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements/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 combining and individual fund financial statements/schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2018, on our consideration of the City of Hanover'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the City of Hanover's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BergankDV, Ltd." in a cursive, slightly slanted script.

St. Cloud, Minnesota
May 7, 2018



Management's Discussion and Analysis December 31, 2017

As management of the City of Hanover (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,046,518 (net position). Of this amount, \$3,972,526 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$42,586.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$3,556,065, a decrease of \$1,547,285 in comparison with the prior year. Approximately 18% of this total amount, \$639,937 is available in the General Fund for spending at the City's discretion (unassigned fund balance).
- At the end of the current year, unassigned fund balance for the General Fund was \$639,937, or approximately 51%, of 2017 expenditures, excluding transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental 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 a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases 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 year. All changes in 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., uncollected taxes and earned but unused vacation leave).

City of Hanover Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by 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 of the City include general government, public safety, public works, parks and recreation and economic development. The business-type activities of the City include water, sewer, and storm water operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also an Economic Development Authority (EDA) for which the City is financially accountable. Financial information for this component unit is discretely presented in the financial information presented for the primary government.

The government-wide financial statements can be found on pages 18 and 19 of this report.

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 government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported 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 on balances of spendable resources available at the end of the 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 by the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 14 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, G.O. Crossover Refunding Bonds of 2011A, City Hall Fund, and the Capital Improvement Fund. Other 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.

City of Hanover Management's Discussion and Analysis

FUND FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (Continued)

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 to 24 of this report.

Proprietary Fund

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and storm water operations.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Storm Water Funds, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 25 to 27 of this report.

Fiduciary Funds

The City is the trustee, or fiduciary, for resources collected to make payment to developers for qualified improvements made to certain districts within the City. The resources held in a fiduciary capacity are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in the Developer Escrow Fund are used for their intended purpose.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows or resources exceeded liabilities and deferred inflows of resources by \$20,046,518 at the close of the most recent year.

A significant portion of the City's net position (62%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Hanover
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Net Position					
	Governmental Activities		Business-Type Transactions		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 4,105,168	\$ 5,590,035	\$ 4,071,859	\$ 4,010,060	\$ 8,177,027	\$ 9,600,095
Capital assets	8,015,258	6,509,867	7,122,727	7,399,986	15,137,985	13,909,853
Total assets	<u>\$ 12,120,426</u>	<u>\$ 12,099,902</u>	<u>\$ 11,194,586</u>	<u>\$ 11,410,046</u>	<u>\$ 23,315,012</u>	<u>\$ 23,509,948</u>
Deferred Outflows of Resources	<u>\$ 73,465</u>	<u>\$ 157,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,465</u>	<u>\$ 157,995</u>
Liabilities						
Long-term liabilities outstanding	\$ 2,354,863	\$ 2,781,479	\$ 197,000	\$ 297,000	\$ 2,551,863	\$ 3,078,479
Other liabilities	640,898	443,690	105,068	114,138	745,966	557,828
Total liabilities	<u>\$ 2,995,761</u>	<u>\$ 3,225,169</u>	<u>\$ 302,068</u>	<u>\$ 411,138</u>	<u>\$ 3,297,829</u>	<u>\$ 3,636,307</u>
Deferred Inflows of Resources	<u>\$ 44,130</u>	<u>\$ 27,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,130</u>	<u>\$ 27,704</u>
Net Position						
Net investment in capital assets	\$ 5,690,258	\$ 5,416,017	\$ 6,825,727	\$ 7,004,986	\$ 12,515,985	\$ 12,421,003
Restricted	808,224	773,383	2,749,783	2,679,764	3,558,007	3,453,147
Unrestricted	2,655,518	2,815,624	1,317,008	1,314,158	3,972,526	4,129,782
Total net position	<u>\$ 9,154,000</u>	<u>\$ 9,005,024</u>	<u>\$ 10,892,518</u>	<u>\$ 10,998,908</u>	<u>\$ 20,046,518</u>	<u>\$ 20,003,932</u>

At the end of the current year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's net position by \$148,976.

**City of Hanover
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

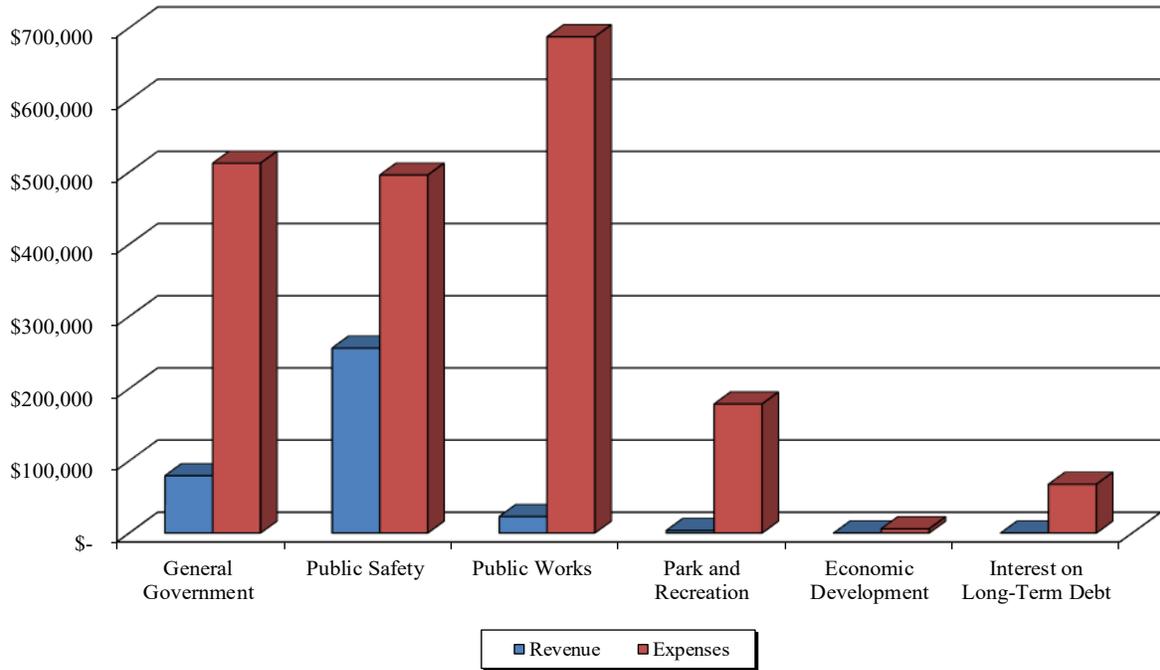
	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 259,068	\$ 353,004	\$ 509,382	\$ 705,140	\$ 768,450	\$ 1,058,144
Operating grants and contributions	89,417	100,081	-	-	89,417	100,081
Capital grants and contributions	13,623	29,978	3,374	38,320	16,997	68,298
General revenues						
Property taxes	1,487,852	1,413,743	-	-	1,487,852	1,413,743
State aid	110,092	109,532	-	-	110,092	109,532
Unrestricted investment earnings	114,897	47,982	30,139	50,870	145,036	98,852
Franchise tax	15,759	14,500	-	-	15,759	14,500
Tax increments	6,560	6,952	-	-	6,560	6,952
Gain on sale	-	46,824	-	-	-	46,824
Total revenues	<u>\$ 2,097,268</u>	<u>\$ 2,122,596</u>	<u>\$ 542,895</u>	<u>\$ 794,330</u>	<u>\$ 2,640,163</u>	<u>\$ 2,916,926</u>
Expenses						
General government	\$512,433	\$ 642,171	\$ -	\$ -	\$ 512,433	\$ 642,171
Public safety	495,979	459,466	-	-	495,979	459,466
Public works	687,582	651,052	-	-	687,582	651,052
Parks and recreation	178,795	346,760	-	-	178,795	346,760
Economic	5,904	6,256	-	-	5,904	6,256
Interest on long-term debt	67,599	68,885	-	-	67,599	68,885
Water utility	-	-	141,691	175,727	141,691	175,727
Sewer utility	-	-	408,477	505,696	408,477	505,696
Storm water utility	-	-	99,117	70,271	99,117	70,271
Total expenses	<u>1,948,292</u>	<u>2,174,590</u>	<u>649,285</u>	<u>751,694</u>	<u>2,597,577</u>	<u>2,926,284</u>
Net change	<u>148,976</u>	<u>(51,994)</u>	<u>(106,390)</u>	<u>42,636</u>	<u>42,586</u>	<u>(9,358)</u>
Net position - beginning of year	<u>9,005,024</u>	<u>9,057,018</u>	<u>10,998,908</u>	<u>10,956,272</u>	<u>20,003,932</u>	<u>20,013,290</u>
Net position - end of year	<u>\$ 9,154,000</u>	<u>\$ 9,005,024</u>	<u>\$ 10,892,518</u>	<u>\$ 10,998,908</u>	<u>\$ 20,046,518</u>	<u>\$ 20,003,932</u>

The financial position of business-type activities decreased during the year by \$106,390. The City's total net position increased by \$42,586.

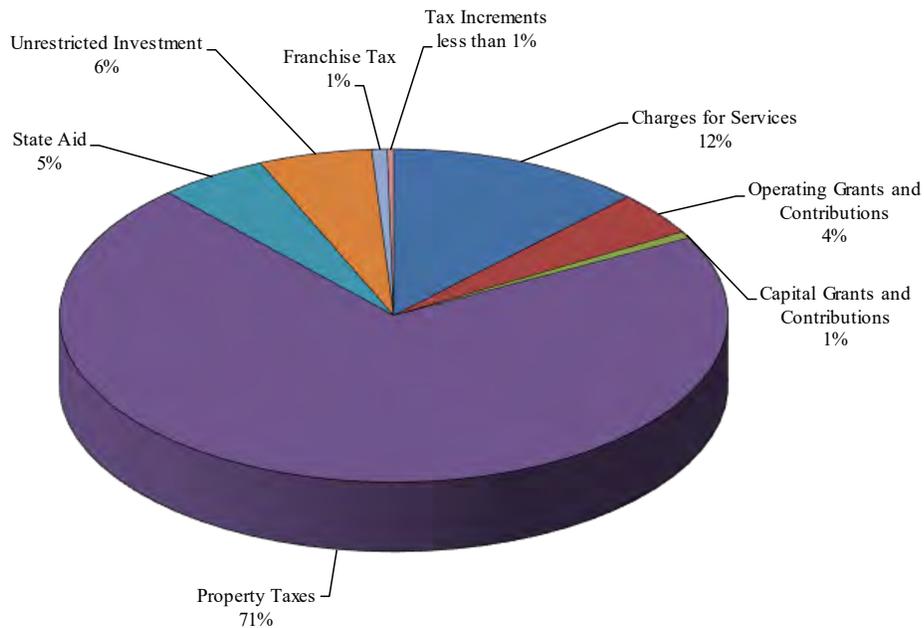
**City of Hanover
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Program Revenue and Expenses - Governmental Activities



Revenue By Source - Governmental Activities



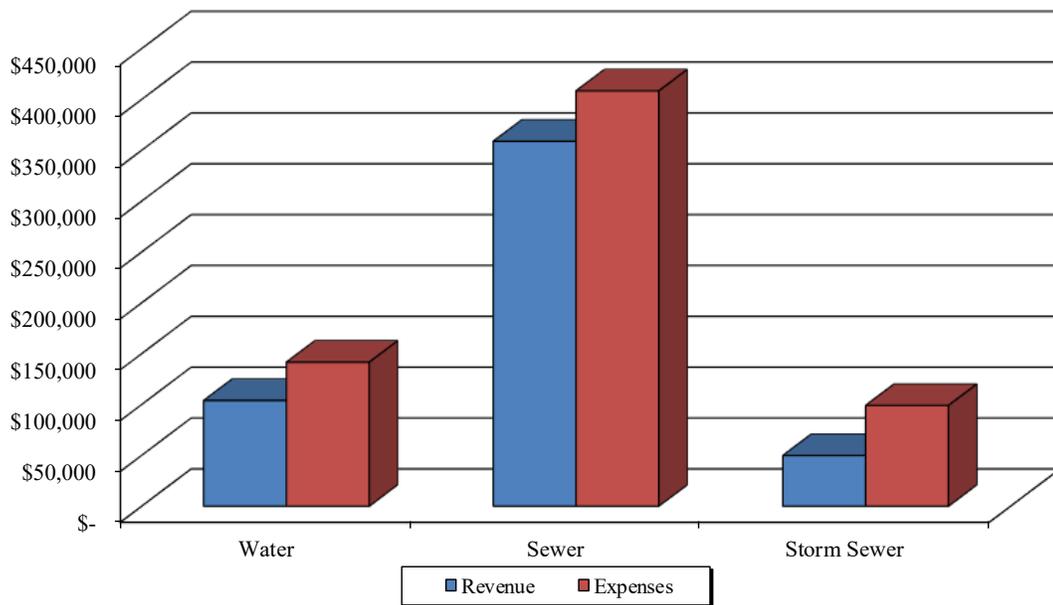
**City of Hanover
Management's Discussion And Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

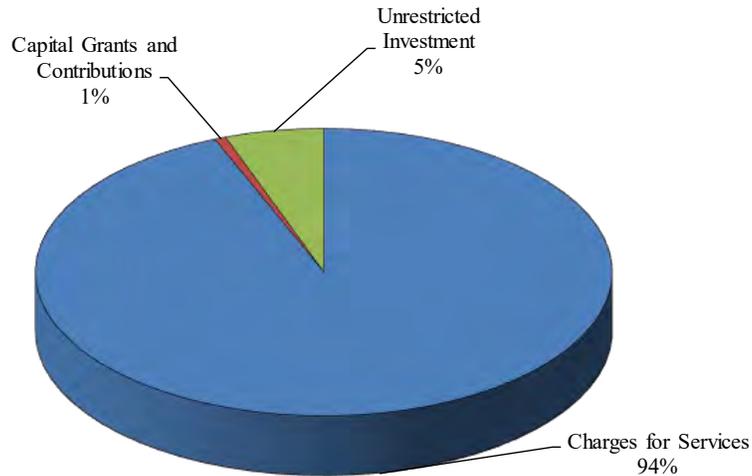
Business-Type Activities

Business-type activities decreased the City's net position by \$106,390.

**Expenses and Program Revenue -
Business-Type Activities**



Revenue By Source - Business-Type Activities



City of Hanover Management's Discussion And Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$3,556,065 a decrease of \$1,547,285 in comparison with the prior year. Of this total amount, 18% (\$639,937) constitutes the unassigned fund balance in the General Fund, which is available for spending at the City's discretion. The remainder of fund balance is nonspendable in the form of prepaid items (\$25,650) and long term receivables (\$72,042), restricted for debt service (\$607,208), restricted for park dedication (\$63,950), restricted for capital projects (\$17,333), and assigned to fund capital projects (\$2,470,285).

The General Fund is the chief operating fund of the City. At the end of the current year, fund balance of the General Fund was \$734,629. \$94,692 was nonspendable for prepaid items and long term receivable and the remainder is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$54,609 during the current year. This decrease is the result of the City budgeting for a negative change in fund balance resulting from transfers out.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue and expenditure budgets were approved by the City Council in December 2016. Revenues were \$31,531 over budget, due mainly because of budgeting conservatively for contributions and investment income. Expenditures were over budget by \$34,523, due to lower expenditures in several departments in both operating and capital type expenditures. These variances, less budgeted transfers of \$224,151 from the General Fund to the City's Capital Improvement Fund and other nonmajor governmental funds, plus proceeds of \$773 from the sale of capital assets resulted in a net decrease in fund balance of \$54,609.

**City of Hanover
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$15,137,985 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads and bridges.

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 700,929	\$ 700,929	\$ 26,781	\$ 26,781	\$ 727,710	\$ 727,710
Construction in progress	2,121,018	266,124	-	-	2,121,018	266,124
Improvements other than building	2,177,617	2,230,829	7,095,946	7,371,720	9,273,563	9,602,549
Buildings and systems	522,811	558,934	-	-	522,811	558,934
Vehicles	421,720	392,920	-	1,485	421,720	394,405
Machinery and equipment	97,551	98,755	-	-	97,551	98,755
Infrastructure	1,973,612	2,261,376	-	-	1,973,612	2,261,376
Total	\$ 8,015,258	\$ 6,509,867	\$ 7,122,727	\$ 7,399,986	\$15,137,985	\$13,909,853

Long Term Debt

At the end of the current year, the City had total long-term liabilities outstanding of \$2,924,652. Of this amount, \$2,150,000 is special assessment G.O. debt for which the City is liable in the event of default by the property owners subject to the assessment. The outstanding balance on the City's G.O. CIP Refunding Bonds, is \$175,000, which was issued to refinance previously issued EDA Revenue Bonds. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. Sewer Improvement Bonds) and compensated absences.

City Outstanding Debt G.O. and Revenue Bonds

	2017	2016
Special Assessment Debt With Governmental Commitment	\$ 2,150,000	\$ 2,408,000
PFA Water Revenue Bonds	297,000	395,000
G.O. CIP Refunding Bonds	175,000	205,000
Compensated Absences	34,527	41,453
Net Pension Liability	268,125	341,019
Total	\$ 2,924,652	\$ 3,390,472

The City's total debt decreased by \$465,820 during 2017.

City of Hanover Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As predicted in 2017, the City of Hanover saw minimal new residential construction starts. The City did however, approve a preliminary/final plat of 30 new single family lots. The plat is an extension of an existing neighborhood, Crow River Heights. This new plat was completed by Backes Development LLC, with the developer anticipating the remaining 72 acres with 159 new lots to be preliminarily platted in 2018.

Another developer received concept plan approval from the City on an approximate 85 acre parcel. This developer, Paxmar Land Development, anticipates a preliminary plat approval of approximately 286 single family lots in 2018 as well. Between the 2017 final platting of 30 lots, the proposed preliminary plats from Backes Development LLC and Paxmar Land Development, the City could see approval of approximately 475 new single family lots. These developments are the first developments discussed by the City since the mid 2000's.

The City of Hanover also saw two industrial developments in 2017. JS Stewart Companies constructed an approximate 8,500 sq. ft. building and the City completed its new Public Works Facility. These two buildings are located on two adjacent 5 acre parcels which redeveloped a previous mine/dumping area on 5th St. NE. The City will also see the construction of a dental office in 2018 and may see an industrial business expansion.

In recent years the City has adjusted the budgeting process in order to better plan for future expenses. These expenses are related to capital improvement projects like the Public Works Facility and large road maintenance projects. The goal of the new budgeting process was to follow a funding plan, which in turn, would result in zero assessments on road maintenance projects and reduced debt. To date, the city has been able to fund approximately \$1.2 million in road projects without issuing new debt. This includes a \$500,000 project in 2016 and a \$700,000 project in 2018. Additionally, the City was able to fund \$1 million of the \$2.4 million Public Works facility with existing funds.

This adjustment to the budgeting process has required an increase in tax levy, however, by following the funding plan and seeing added property values, the City has witnessed a drop in tax rate for the first time in several years. The 2018 tax rate has been reduced to approximately 46%, down from its high of 53% in 2013 and 2014.

The City Council continues to work to control costs in the City. This fiscal restraint has resulted in maintaining a flat or reduced tax rate for several years. The City has worked with its neighboring cities and host Counties on the following cost savings service collaborations, which benefit all the participating parties:

1. St. Michael, Albertville and Hanover share a joint water system.
2. Hanover contracts with St. Michael for wastewater treatment services.
3. Hanover contracts with St. Michael for use of their Compost Facility
4. Hanover contracts with St. Michael for Library and Senior Services.
5. Hanover has informal equipment sharing agreements with its neighboring cities
6. Hanover contracts with both Hennepin and Wright Counties to provide police services.
7. Hanover contracts with both Hennepin and Wright Counties to provide assessing services.
8. Hanover is an entity included in the Wright County Area Transpiration Jt. Powers Agreement.

**City of Hanover
Management's Discussion and Analysis**

REQUESTS FOR INFORMATION

The City's EDA Fund is a component of the City. The statements for the EDA are found in this audit report. Separate statements are not issued.

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Hanover, 11250 5th Street NE, Hanover, Minnesota 55341.

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BASIC FINANCIAL STATEMENTS

City of Hanover
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and investments (including cash equivalents)	\$ 3,738,204	\$ 3,895,986	\$ 7,634,190	\$ 318,897
Taxes receivable	20,394	-	20,394	518
Accounts receivable	77,834	-	77,834	-
Interest receivable	49,084	-	49,084	-
Due from other governments	8,981	32,547	41,528	-
Other receivables	-	-	-	14,812
Special assessments receivable				
Delinquent	404	1,370	1,774	-
Deferred	187,617	141,014	328,631	-
Prepaid items	22,650	942	23,592	-
Capital assets not being depreciated				
Land	700,929	26,781	727,710	-
Construction in progress	2,121,018	-	2,121,018	-
Capital assets being depreciated				
Infrastructure	1,973,612	-	1,973,612	-
Buildings	522,811	-	522,811	-
Improvements	2,177,617	7,095,946	9,273,563	-
Vehicles	421,720	-	421,720	-
Machinery and equipment	97,551	-	97,551	-
Total assets	12,120,426	11,194,586	23,315,012	334,227
Deferred Outflows of Resources				
Deferred outflows of resources related to City pensions	73,465	-	73,465	-
Total assets and deferred outflows of resources	\$ 12,193,891	\$ 11,194,586	\$ 23,388,477	\$ 334,227
Liabilities				
Accounts payable	\$ 229,959	\$ 2,234	\$ 232,193	\$ 8,172
Contracts payable	62,380	-	62,380	-
Due to other governments	24,212	-	24,212	-
Salaries and benefits payable	30,376	-	30,376	-
Interest payable	21,182	2,834	24,016	-
Unearned revenues	-	-	-	313
Bond and note principal payable				
Payable within one year	240,000	100,000	340,000	-
Payable after one year	2,085,000	197,000	2,282,000	-
Net pension liability	268,125	-	268,125	-
Compensated absences payable				
Payable within one year	32,789	-	32,789	-
Payable after one year	1,738	-	1,738	-
Total liabilities	2,995,761	302,068	3,297,829	8,485
Deferred Inflows of Resources				
Deferred inflows related to City pensions	44,130	-	44,130	-
Net Position				
Net investment in capital assets	5,690,258	6,825,727	12,515,985	-
Restricted for				
Capital projects	74,198	2,749,783	2,823,981	-
Debt service	726,941	-	726,941	-
Tax increment	7,085	-	7,085	-
Other projects	-	-	-	261,118
Unrestricted	2,655,518	1,317,008	3,972,526	64,624
Total net position	9,154,000	10,892,518	20,046,518	325,742
Total liabilities and net position	\$ 12,193,891	\$ 11,194,586	\$ 23,388,477	\$ 334,227

See notes to financial statements.

**City of Hanover
Statement of Activities
December 31, 2017**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Governmental activities								
General government	\$ 512,433	\$ 32,468	\$ 46,078	\$ 856	\$ (433,031)	\$ -	\$ (433,031)	\$ -
Public safety	495,979	212,884	43,339	-	(239,756)	-	(239,756)	-
Public works	687,582	11,496	-	11,397	(664,689)	-	(664,689)	-
Parks and recreation	178,795	2,220	-	1,370	(175,205)	-	(175,205)	-
Economic development	5,904	-	-	-	(5,904)	-	(5,904)	-
Interest on long-term debt	67,599	-	-	-	(67,599)	-	(67,599)	-
Total governmental activities	<u>1,948,292</u>	<u>259,068</u>	<u>89,417</u>	<u>13,623</u>	<u>(1,586,184)</u>	<u>-</u>	<u>(1,586,184)</u>	<u>-</u>
Business-type activities								
Water	141,691	103,127	-	841	-	(37,723)	(37,723)	-
Sewer	408,477	357,476	-	1,419	-	(49,582)	(49,582)	-
Storm water	99,117	48,779	-	1,114	-	(49,224)	(49,224)	-
Total business-type activities	<u>649,285</u>	<u>509,382</u>	<u>-</u>	<u>3,374</u>	<u>-</u>	<u>(136,529)</u>	<u>(136,529)</u>	<u>-</u>
Total governmental and Business-type activities	<u>\$ 2,597,577</u>	<u>\$ 768,450</u>	<u>\$ 89,417</u>	<u>\$ 16,997</u>	<u>(1,586,184)</u>	<u>(136,529)</u>	<u>(1,722,713)</u>	<u>-</u>
Component unit								
Economic development authority	<u>\$ 129,198</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,146)</u>
		General revenues						
					1,487,852	-	1,487,852	49,306
					15,759	-	15,759	-
					6,560	-	6,560	-
					110,092	-	110,092	-
					114,897	30,139	145,036	3,134
					<u>1,735,160</u>	<u>30,139</u>	<u>1,765,299</u>	<u>52,440</u>
					148,976	(106,390)	42,586	(76,706)
					<u>9,005,024</u>	<u>10,998,908</u>	<u>20,003,932</u>	<u>402,448</u>
					<u>\$ 9,154,000</u>	<u>\$ 10,892,518</u>	<u>\$ 20,046,518</u>	<u>\$ 325,742</u>

City of Hanover
Balance Sheet - Governmental Funds
December 31, 2017

	Debt Service		Capital Projects			Total Governmental Funds
	General Fund (100-110)	G.O. Crossover Refunding Bonds 2011A (314)	Capital Improvement Fund (401)	City Hall (411)	Other Governmental Funds	
Assets						
Cash and investments	\$ 679,556	\$ 437,636	\$ 1,224,193	\$ -	\$ 1,396,819	\$ 3,738,204
Taxes receivable						
Current	6,239	-	-	-	-	6,239
Delinquent	14,155	-	-	-	-	14,155
Accounts receivable	76,035	-	-	-	1,799	77,834
Interest receivable	49,084	-	-	-	-	49,084
Due from other governments	1,192	-	-	-	7,789	8,981
Special assessments receivable						
Delinquent	-	-	-	-	404	404
Deferred	-	128,112	47,106	-	12,399	187,617
Due from other funds	-	-	122,781	-	-	122,781
Prepaid items	22,650	-	-	-	-	22,650
Total assets	<u>\$ 848,911</u>	<u>\$ 565,748</u>	<u>\$ 1,394,080</u>	<u>\$ -</u>	<u>\$ 1,419,210</u>	<u>\$ 4,227,949</u>
Liabilities						
Accounts payable	\$ 45,539	\$ -	\$ -	\$ 152,179	\$ 32,241	\$ 229,959
Contracts payable	-	-	-	62,380	-	62,380
Due to other funds	-	-	-	122,781	-	122,781
Due to other governments	24,212	-	-	-	-	24,212
Salaries and benefits payable	30,376	-	-	-	-	30,376
Total liabilities	<u>100,127</u>	<u>-</u>	<u>-</u>	<u>337,340</u>	<u>32,241</u>	<u>469,708</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	14,155	-	-	-	-	14,155
Unavailable revenue - special assessments	-	128,112	47,106	-	12,803	188,021
Total deferred inflows of resources	<u>14,155</u>	<u>128,112</u>	<u>47,106</u>	<u>-</u>	<u>12,803</u>	<u>202,176</u>
Fund Balances						
Nonspendable	94,692	-	-	-	-	94,692
Restricted	-	437,636	-	-	250,855	688,491
Assigned	-	-	1,346,974	-	1,123,311	2,470,285
Unassigned	639,937	-	-	(337,340)	-	302,597
Total fund balances	<u>734,629</u>	<u>437,636</u>	<u>1,346,974</u>	<u>(337,340)</u>	<u>1,374,166</u>	<u>3,556,065</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 848,911</u>	<u>\$ 565,748</u>	<u>\$ 1,394,080</u>	<u>\$ -</u>	<u>\$ 1,419,210</u>	<u>\$ 4,227,949</u>

City of Hanover
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2017

Total fund balances - governmental funds \$ 3,556,065

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	16,232,704
Less accumulated depreciation	(8,217,446)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Bond principal payable	(2,325,000)
Compensated absences payable	(34,527)
Net pension liability	(268,125)

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Delinquent property taxes	14,155
Delinquent special assessments	404

Deferred receivables are not available to pay for current expenditures and, therefore, are deferred in the funds.

Deferred special assessments receivable	187,617
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Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(44,130)
Deferred outflows of resources related to pensions	73,465

Governmental funds do not report a liability for accrued interest until due and payable.

(21,182)

Total net position - governmental activities

\$ 9,154,000

City of Hanover
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
December 31, 2017

	Debt Service		Capital Projects			Total Governmental Funds
	General Fund (100-110)	G.O. Crossover Refunding Bonds 2011A (314)	Capital Improvement Fund (401)	City Hall (411)	Other Governmental Funds	
Revenues						
Property taxes	\$ 953,344	\$ 124,490	\$ -	\$ -	\$ 420,072	\$ 1,497,906
Tax increments	-	-	-	-	6,560	6,560
Miscellaneous taxes	15,759	-	-	-	-	15,759
Special assessments	856	43,450	14,160	-	5,242	63,708
Licenses and permits	97,168	-	-	-	-	97,168
Intergovernmental	184,203	-	-	-	-	184,203
Charges for services	145,056	-	1,250	-	10,246	156,552
Fines and forfeitures	5,167	-	-	-	-	5,167
Miscellaneous						
Investment income	16,441	3,549	10,400	8,761	7,660	46,811
Contributions and donations	10,464	-	-	-	68,086	78,550
Refunds and reimbursements	181	-	-	-	-	181
Other	4,842	-	-	-	1,370	6,212
Total revenues	<u>1,433,481</u>	<u>171,489</u>	<u>25,810</u>	<u>8,761</u>	<u>519,236</u>	<u>2,158,777</u>
Expenditures						
Current						
General government	441,044	-	-	-	-	441,044
Public safety	406,390	-	-	-	-	406,390
Public works	318,128	-	-	-	-	318,128
Parks and recreation	33,463	-	-	-	4,412	37,875
Economic development	-	-	-	-	5,904	5,904
Debt service						
Principal	-	140,000	-	-	148,000	288,000
Interest and other charges	-	18,470	-	-	34,644	53,114
Capital outlay						
General government	29,927	-	-	-	-	29,927
Public safety	25,190	-	-	-	91,237	116,427
Public works	-	-	350	1,865,251	58,658	1,924,259
Parks and recreation	10,570	-	-	-	75,197	85,767
Total expenditures	<u>1,264,712</u>	<u>158,470</u>	<u>350</u>	<u>1,865,251</u>	<u>418,052</u>	<u>3,706,835</u>
Excess of revenues over (under) expenditures	168,769	13,019	25,460	(1,856,490)	101,184	(1,548,058)
Other Financing Sources (Uses)						
Proceeds from sale of capital asset	773	-	-	-	-	773
Transfers in	-	-	-	-	299,424	299,424
Transfers out	(224,151)	-	(75,273)	-	-	(299,424)
Total other financing sources (uses)	<u>(223,378)</u>	<u>-</u>	<u>(75,273)</u>	<u>-</u>	<u>299,424</u>	<u>773</u>
Net change in fund balances	(54,609)	13,019	(49,813)	(1,856,490)	400,608	(1,547,285)
Fund Balances						
Beginning of year	<u>789,238</u>	<u>424,617</u>	<u>1,396,787</u>	<u>1,519,150</u>	<u>973,558</u>	<u>5,103,350</u>
End of year	<u>\$ 734,629</u>	<u>\$ 437,636</u>	<u>\$ 1,346,974</u>	<u>\$ (337,340)</u>	<u>\$ 1,374,166</u>	<u>\$ 3,556,065</u>

City of Hanover
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
December 31, 2017

Net change in fund balances - governmental funds \$ (1,547,285)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	2,081,248
Depreciation expense	(549,746)
Disposal of capital assets	(26,111)

Principal payments on long-term debt are recognized as expenditures in the governmental funds, but have no impact on net position in the Statement of Activities. 288,000

Compensated absences are recognized as paid in the governmental funds, but recognized as the expense is incurred in the Statement of Activities. 6,926

Interest payments on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus requires the use of current resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (14,485)

Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	(28,062)
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Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds.

Delinquent special assessments	196
Delinquent property taxes	(10,054)

Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments and grants	<u>(51,651)</u>
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Change in net position - governmental activities \$ 148,976

See notes to financial statements.

City of Hanover
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 941,724	\$ 947,106	\$ 953,344	\$ 6,238
Miscellaneous taxes	12,000	11,766	15,759	3,993
Special assessments	740	856	856	-
Licenses and permits	62,120	97,168	97,168	-
Intergovernmental	150,007	184,203	184,203	-
Charges for services	136,450	143,865	145,056	1,191
Fines and forfeitures	2,000	5,167	5,167	-
Miscellaneous revenues				
Investment income	9,000	4,371	16,441	12,070
Contributions and donations	3,600	2,425	10,464	8,039
Refunds and reimbursements	-	181	181	-
Other	8,900	4,842	4,842	-
Total revenues	<u>1,326,541</u>	<u>1,401,950</u>	<u>1,433,481</u>	<u>31,531</u>
Expenditures				
Current				
General government	451,083	437,370	441,044	3,674
Public safety	403,357	403,435	406,390	2,955
Public works	372,101	314,694	318,128	3,434
Parks and recreation	41,200	33,463	33,463	-
Capital outlay				
General government	40,000	29,927	29,927	-
Public safety	5,000	730	25,190	24,460
Parks and recreation	13,800	10,570	10,570	-
Total expenditures	<u>1,326,541</u>	<u>1,230,189</u>	<u>1,264,712</u>	<u>34,523</u>
Excess of revenues over (under) expenditures	-	171,761	168,769	(2,992)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	773	773	-
Transfers out	-	(224,151)	(224,151)	-
Total other financing sources (uses)	<u>-</u>	<u>(223,378)</u>	<u>(223,378)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (51,617)</u>	<u>(54,609)</u>	<u>\$ (2,992)</u>
Fund Balance				
Beginning of year			<u>789,238</u>	
End of year			<u>\$ 734,629</u>	

City of Hanover
Statement of Net Position - Proprietary Funds
December 31, 2017

	Water (601, 611)	Sewer (602, 612)	Storm Water (603, 613)	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 991,698	\$ 2,150,328	\$ 753,960	\$ 3,895,986
Special assessments receivable				
Delinquent	41	1,316	13	1,370
Deferred	32,856	107,480	678	141,014
Due from other governments	4,588	24,938	3,021	32,547
Prepaid items	104	838	-	942
Total current assets	<u>1,029,287</u>	<u>2,284,900</u>	<u>757,672</u>	<u>4,071,859</u>
Noncurrent assets				
Capital assets				
Land	-	-	26,781	26,781
Improvements	2,281,145	6,287,257	2,447,634	11,016,036
Vehicles and equipment	-	29,080	10,387	39,467
Total capital assets	<u>2,281,145</u>	<u>6,316,337</u>	<u>2,484,802</u>	<u>11,082,284</u>
Less accumulated depreciation	<u>(659,145)</u>	<u>(2,591,733)</u>	<u>(708,679)</u>	<u>(3,959,557)</u>
Net capital assets	<u>1,622,000</u>	<u>3,724,604</u>	<u>1,776,123</u>	<u>7,122,727</u>
Total assets	<u>\$ 2,651,287</u>	<u>\$ 6,009,504</u>	<u>\$ 2,533,795</u>	<u>\$ 11,194,586</u>
Liabilities and Net Position				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ 2,234	\$ 2,234
Interest payable	-	2,834	-	2,834
Notes payable - current	-	100,000	-	100,000
Total current liabilities	<u>-</u>	<u>102,834</u>	<u>2,234</u>	<u>105,068</u>
Noncurrent liabilities				
Notes payable	-	197,000	-	197,000
Total liabilities	<u>-</u>	<u>299,834</u>	<u>2,234</u>	<u>302,068</u>
Net Position				
Net investment in capital assets	1,622,000	3,427,604	1,776,123	6,825,727
Restricted	170,483	2,025,101	554,199	2,749,783
Unrestricted	858,804	256,965	201,239	1,317,008
Total net position	<u>2,651,287</u>	<u>5,709,670</u>	<u>2,531,561</u>	<u>10,892,518</u>
Total liabilities and net position	<u>\$ 2,651,287</u>	<u>\$ 6,009,504</u>	<u>\$ 2,533,795</u>	<u>\$ 11,194,586</u>

See notes to financial statements.

City of Hanover
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
December 31, 2017

	Water (601, 611)	Sewer (602, 612)	Storm Water (603, 613)	Total
Operating Revenues				
Charges for services	\$ 80,165	\$ 305,242	\$ 49,893	\$ 435,300
Permits, hookup fees and penalties	2,680	4,500	-	7,180
Miscellaneous	279	-	-	279
Total operating revenues	<u>83,124</u>	<u>309,742</u>	<u>49,893</u>	<u>442,759</u>
Operating Expenses				
Wages and Salaries	-	-	4,835	4,835
Repairs and maintenance	9,731	-	12,262	21,993
Professional services	45,019	164,160	18,056	227,235
Depreciation	57,029	157,181	63,049	277,259
Miscellaneous	286	2,261	915	3,462
Total operating expenses	<u>112,065</u>	<u>323,602</u>	<u>99,117</u>	<u>534,784</u>
Operating income (loss)	(28,941)	(13,860)	(49,224)	(92,025)
Nonoperating				
Revenues (expenses)				
Sale of water meters	3,700	-	-	3,700
Investment income	7,666	16,623	5,850	30,139
Special assessments	-	1,419	-	1,419
Payment to other governments	(29,626)	(76,765)	-	(106,391)
Connection charges	17,144	47,734	-	64,878
Interest expense	-	(8,110)	-	(8,110)
Total nonoperating revenues (expenses)	<u>(1,116)</u>	<u>(19,099)</u>	<u>5,850</u>	<u>(14,365)</u>
Income (loss) before capital contributions and transfers	(30,057)	(32,959)	(43,374)	(106,390)
Net Position				
Beginning of year	<u>2,681,344</u>	<u>5,742,629</u>	<u>2,574,935</u>	<u>10,998,908</u>
End of year	<u>\$ 2,651,287</u>	<u>\$ 5,709,670</u>	<u>\$ 2,531,561</u>	<u>\$ 10,892,518</u>

City of Hanover
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2017

	Water (601, 611)	Sewer (602, 612)	Storm Water (603, 613)	Total
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 108,465	\$ 378,856	\$ 55,741	\$ 543,062
Payments to suppliers	(84,919)	(242,937)	(28,999)	(356,855)
Payments to employees	-	-	(4,835)	(4,835)
Net cash flows - operating activities	<u>23,546</u>	<u>135,919</u>	<u>21,907</u>	<u>181,372</u>
Cash Flows - Capital and Related Financing Activities				
Special assessments	4,156	40,118	-	44,274
Interest paid on capital debt	-	(9,045)	-	(9,045)
Principal paid on capital debt	-	(98,000)	-	(98,000)
Acquisition of capital assets	(12,075)	-	-	(12,075)
Net cash flows - capital and related financing activities	<u>(7,919)</u>	<u>(66,927)</u>	<u>-</u>	<u>(74,846)</u>
Cash Flows - Investing Activities				
Interest and dividends received	<u>7,666</u>	<u>16,623</u>	<u>5,850</u>	<u>30,139</u>
Net Change in Cash and Cash Equivalents	23,293	85,615	27,757	136,665
Cash and Cash Equivalents				
Beginning of year	<u>968,405</u>	<u>2,064,713</u>	<u>726,203</u>	<u>3,759,321</u>
End of year	<u>\$ 991,698</u>	<u>\$ 2,150,328</u>	<u>\$ 753,960</u>	<u>\$ 3,895,986</u>
Reconciliation of Operating Loss to Net Cash Flows - Operating Activities				
Operating loss	\$ (28,941)	\$ (13,860)	\$ (49,224)	\$ (92,025)
Adjustments to reconcile operating loss To net cash flows - operating activities				
Other operating income (expense)	(8,782)	(29,031)	-	(37,813)
Depreciation expense	57,029	157,181	63,049	277,259
Delinquent special assessment receivable	(41)	(688)	2,544	1,815
Due from other governments	4,538	22,068	3,304	29,910
Accounts payable	(294)	-	2,234	1,940
Prepaid items	37	249	-	286
Total adjustments	<u>52,487</u>	<u>149,779</u>	<u>71,131</u>	<u>273,397</u>
Net cash flows - operating activities	<u>\$ 23,546</u>	<u>\$ 135,919</u>	<u>\$ 21,907</u>	<u>\$ 181,372</u>

City of Hanover
Statement of Fiduciary Net Position
December 31, 2017

	<u>Developer Escrow Agency Fund</u>
Assets	
Current	
Cash and investments	<u>\$ 239,300</u>
 Liabilities	
Due to developers	
Erosion control escrow	\$ 25,000
Landscape escrow	24,000
Infrastructure escrow	15,000
Miscellaneous escrows	<u>175,300</u>
Total liabilities	<u>\$ 239,300</u>

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Hanover is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Discretely Presented Component Unit – Entails reporting the component unit financial data in statements separate from the financial date of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

1. Discretely Presented Component Unit

The Hanover EDA is governed by a seven member board consisting of two members of the City Council and five members of the general public. Separate financial statements are included in this report for the Hanover EDA to emphasize that it is legally separate from the City. The EDA is presented as a governmental fund type. The EDA does not issue separate finance statements.

2. Joint Ventures and Jointly Governed Organizations

The Joint Powers Water Board of Albertville, Hanover, and St. Michael (the "JPWB") was established under a joint powers agreement among the Cities of Albertville, Hanover, and St. Michael to provide water service to the local area. The JPWB operates as an enterprise and provides water service to the general public, with the majority of its costs being paid by various fees and charges to users of the water system. The governing body consists of a six member Board of Commissioners (the "Board"). Two individuals, the Mayor and another Council Member from each City, are appointed by their respective City Council to serve on the Board. The JPWB does not have any component units.

**City of Hanover
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures and Jointly Governed Organizations (Continued)

The JPWB's agreement states that charges billed and collected for water supply remain with the JPWB, while the charges for distribution are billed by the JPWB but the collections are owned by each Member City and will be remitted to them upon collection.

Financial statements for the JPWB Water Fund may be obtained at the City Hall.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the Statement of Fiduciary Net Position at the fund financial statement level.

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 fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Developer Escrow Agency Fund is presented in the Fiduciary Fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (private parties) and cannot be used to address activities or obligations of the City, this Fund is not incorporated into the government-wide statements.

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Description of Funds

General Fund – This Fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

General Obligation (G.O.) Crossover Refunding Bonds, 2011A, Debt Service Fund – This Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Improvement Capital Projects Fund – This Fund accounts for the costs associated with the City's capital improvement projects.

City Hall Capital Projects Fund – This Fund accounts for the costs associated with City building improvements.

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds (Continued)

Proprietary Funds:

Water Fund – This Fund accounts for the operations of the City's water utility.

Sewer Fund – This Fund accounts for the operations of the City's sewer utility.

Storm Water Fund – This Fund accounts for the operations of the City's storm water utility.

Fiduciary Fund:

Developer Escrow Agency Fund – This Fund accounts for the activity related to developer escrow deposits.

Component Unit:

Economic Development Authority – This Fund accounts for the activities related to business incentive activity and development of the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 Water, Sewer, and Storm Water Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first then unrestricted resources as they are needed.

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, deposits, and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, share of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 2. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from this fund.

2. Receivables and Payables

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditors for collection the following year.

Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Hennepin County and Wright County are the collecting agencies for the levy and remit the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

**City of Hanover
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflow, and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

The County Auditors prepare the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditors also collect all special assessments, except for certain prepayments paid directly to the City.

The County Auditors submit the list of taxes and special assessments to be collected on each parcel of property to the County Treasurers in January of each year.

3. 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. Prepaid items are recorded as an expenditure at the time of consumption.

4. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure, and intangible assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the enterprise fund statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Additionally, intangible assets are reported with land.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the City, meeting the capitalization threshold, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20-40
Building and land improvements	10-20
Vehicles	5-20
Machinery and equipment	5-10
Infrastructure	10-40

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflow, and Net Position or Equity (Continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement 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 one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position, and fund financial statements 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

6. Compensated Absences

The City compensates employees, who either retire or terminate, for 100% of their accumulated vacation, compensatory time, and unused sick pay. City employees earn vacation based on years of City service. The maximum amount of vacation or compensatory time an employee may carry is 200 hours. Sick leave may accumulate up to a maximum of 240 hours.

Vacation and sick pay are considered expenditures in the year due.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflow, and Net Position or Equity (Continued)

8. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City's Administrator/Clerk/Treasurer based on the City Council's direction.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflow, and Net Position or Equity (Continued)

9. Fund Equity (Continued)

b. Minimum Fund Balance

It is the City's policy that at the end of each year, the City will maintain the unassigned portion of the fund balance for cash flow in a range equal to 35% to 55% of the General Fund operating expenditures.

10. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements and the 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. Net position is reported as restricted in the government-wide financial statement and the proprietary fund financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

11. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expense during the reporting period. Actual results could differ from those estimates.

12. Statement of Cash Flows

For purpose of the Statement of Cash Flows, 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 fund's equity in the government-wide cash and investment management pool is considered to be cash equivalents.

13. Budgetary Information

1. Budget requests are submitted by department heads to the City Administrator/Clerk/Treasurer. The City Administrator/Clerk/Treasurer compiles the budget requests into an overall preliminary City budget. The City Administrator/Clerk/Treasurer presents the proposed budget to the City Council.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments. The budget resolution adopted by the City Council sets forth the budgets at the function level for the General Fund.
4. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

City of Hanover
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Budgetary Information (Continued)

5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund.
6. Annual appropriated budgets are adopted during the year for the General Fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances

The City Hall Capital Projects Fund had a deficit fund balance of \$(337,340) as of December 31, 2017.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and investments (including cash equivalents)." For purposes of identifying risk of investing public funds, the balances, and related restrictions are summarized as follows.

A. Deposits

In accordance with applicable *Minnesota Statutes*, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned. The City has adopted a deposit policy to address custodial credit risk for deposits that is consistent with the *Minnesota Statutes* requirement that deposits are collateralized at 110% in excess of FDIC insurance. As of December 31, 2017, the City's bank balance was not exposed to custodial credit risk because it was fully insured through FDIC and collateral pledged.

City of Hanover
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

As of December 31, 2017, the City's deposits and petty cash had a book balance as follows:

Checking	\$ 1,090,396
Certificates of deposit	639,944
Money market and savings accounts	663,336
UBS cash	190
Petty cash	200
	200
Total deposits and cash on hand	\$ 2,394,066

B. Investments

As of December 31, 2017, the City had the following investments:

Investment Type	Fair Value	Current	Less Than 1 Year	1-3 Year	3-5 years	Over 5 years
Brokered CDs	\$ 3,605,336	\$ -	\$ 409,969	\$ 2,335,217	\$ 860,150	\$ -
Municipal Securities	1,905,820	-	116,133	327,384	1,312,979	149,324
Money Market	287,165	287,165	-	-	-	-
	\$ 5,798,321	\$ 287,165	\$ 526,102	\$ 2,662,601	\$ 2,173,129	\$ 149,324

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy places no limit on the amount the City may invest in any one issuer. However, it does discuss the need to diversify investments so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. There are currently three securities that sit over the 5% threshold for concentration of credit risk including the: Louisiana State Municipal Security (5.2%), the New York City Transit Municipal Security (7.2%), and the Alabama State Port Authority Docks Municipal Security (9.8%).

City of Hanover
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. City's investment policy refers to *Minnesota Statutes* 118A. State statutes limit investments to be in the top two ratings issued by nationally recognized statistical rating organizations. The following security ratings are from Moody's and/or S&P, the remaining securities were not rated.

<u>Investment</u>	<u>Type</u>	<u>Credit Rating</u>
Lexington-Fayette Urban	Municipal	Aa2/AA
Bemidji MN ISD #31	Municipal	AA+
Louisiana St.	Municipal	Aa3/AA
Florida St. Brd. Admin Fin.	Municipal	Aa3/AA
New York NY City Transit	Municipal	Aa1/AAA
Alabama St. Port Authority Docks	Municipal	AA
Industry CA	Municipal	Aa2

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City should manage its interest rates based on liquidity, safety and the overall return on the investment. It also states the City shall invest in securities that can generally be held until maturity and the core of investments should be limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Finally, extended maturities may be utilized to take advantages of higher yield; however, no more than 15% of the total should extend beyond five years and the City shall not invest in investments with a maturity exceeding ten years.

Custodial Credit Risk – Investments: The City's investments held by the broker-dealer were insured by Securities Investor Protection Corporation (SIPC) or other supplemental insurance as of December 31, 2017. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts the risk due to the controls in place at the broker-dealer.

The City has the following recurring fair value measurements as of December 31, 2017:

- \$5,798,321 of investments are valued using a matrix pricing model (Level 2 inputs)

C. Deposits and Investments

Summary of deposits and investments as of December 31, 2017:

Deposits and cash on hand (Note 3. A.)	\$ 2,394,066
Investments (Note 3. B.)	<u>5,798,321</u>
Total deposits and investments	<u><u>\$ 8,192,387</u></u>

**City of Hanover
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Deposits and investments are presented as cash and investments in the December 31, 2017, basic financial statements as follows:

Statement of Net Position	
Cash and investments	
Primary government	\$ 7,634,190
Component unit	318,897
Statement of Fiduciary Net Position	<u>239,300</u>
Total cash and investments	<u><u>\$ 8,192,387</u></u>

NOTE 4 – INTERFUND ACTIVITY

A. Interfund Transfers

Transfers during the year ended December 31, 2017, were as follows:

	<u>Transfer In</u>
	Other
	Nonmajor
	Governmental
	<u>Funds</u>
Transfer out	
General	\$ 224,151
Capital improvements	<u>75,273</u>
Total transfers	<u><u>\$ 299,424</u></u>

The purposes of the transfers were to provide funding for capital improvements and other operational purposes.

B. Interfund Balances

At December 31, 2017, the Capital Improvement Fund had an amount due from the City Hall Capital Project Fund of \$122,781 for negative cash balances.

City of Hanover
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 700,929	\$ -	\$ -	\$ 700,929
Construction in progress	266,124	1,940,447	85,553	2,121,018
Total capital assets not being depreciated	<u>967,053</u>	<u>1,940,447</u>	<u>85,553</u>	<u>2,821,947</u>
Capital assets being depreciated				
Infrastructure	7,340,326	-	-	7,340,326
Buildings	1,092,945	-	-	1,092,945
Improvements	2,790,007	85,553	-	2,875,560
Vehicles	1,482,503	91,237	-	1,573,740
Machinery and equipment	502,857	49,564	30,128	522,293
Furniture and fixtures	5,893	-	-	5,893
Total capital assets being depreciated	<u>13,214,531</u>	<u>226,354</u>	<u>30,128</u>	<u>13,410,757</u>
Less accumulated depreciation for				
Infrastructure	5,078,950	287,764	-	5,366,714
Buildings	534,011	36,123	-	570,134
Improvements	559,178	138,765	-	697,943
Vehicles	1,089,583	62,437	-	1,152,020
Machinery and equipment	404,102	24,657	4,017	424,742
Furniture and fixtures	5,893	-	-	5,893
Total accumulated depreciation	<u>7,671,717</u>	<u>549,746</u>	<u>4,017</u>	<u>8,217,446</u>
Total capital assets being depreciated, net	<u>5,542,814</u>	<u>(323,392)</u>	<u>26,111</u>	<u>5,193,311</u>
Governmental activities capital assets, net	<u>\$ 6,509,867</u>	<u>\$ 1,617,055</u>	<u>\$ 111,664</u>	<u>\$ 8,015,258</u>

City of Hanover
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental activities	
General government	\$ 14,761
Public safety	64,399
Public works	340,236
Parks and recreation	<u>130,350</u>
Total depreciation expense - governmental activities	<u><u>\$ 549,746</u></u>

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	<u>\$ 26,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,781</u>
Capital assets being depreciated				
Improvements	11,016,036	-	-	11,016,036
Machinery and equipment	29,080	-	-	29,080
Vehicles	<u>10,387</u>	<u>-</u>	<u>-</u>	<u>10,387</u>
Total capital assets being depreciated	<u>11,055,503</u>	<u>-</u>	<u>-</u>	<u>11,055,503</u>
Less accumulated depreciation for				
Improvements	3,644,316	275,774	-	3,920,090
Machinery and equipment	29,080	-	-	29,080
Vehicles	<u>8,902</u>	<u>1,485</u>	<u>-</u>	<u>10,387</u>
Total accumulated depreciation	<u>3,682,298</u>	<u>277,259</u>	<u>-</u>	<u>3,959,557</u>
Total capital assets being depreciated, net	<u>7,373,205</u>	<u>(277,259)</u>	<u>-</u>	<u>7,095,946</u>
Business-type activities capital assets, net	<u><u>\$ 7,399,986</u></u>	<u><u>\$ (277,259)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,122,727</u></u>

City of Hanover
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions of the City as follows:

Business-type activities	
Water	\$ 57,029
Sewer	157,181
Storm water	<u>63,049</u>
Total depreciation expense - business-type activities	<u><u>\$ 277,259</u></u>

NOTE 6 – LONG-TERM DEBT

A. G.O. Bonds

The City issues G.O. bonds to provide financing for street improvements and facility construction. Debt service is covered respectively by special assessments and property taxes against benefited properties with any shortfalls being paid from general taxes.

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
G.O. Improvement Bonds	\$ 2,613,000	\$ -	\$ 288,000	\$ 2,325,000	\$ 240,000
Compensated absences	<u>41,453</u>	<u>27,055</u>	<u>33,981</u>	<u>34,527</u>	<u>32,789</u>
Total governmental activities	<u>2,654,453</u>	<u>27,055</u>	<u>321,981</u>	<u>2,359,527</u>	<u>272,789</u>
 Business-Type Activities					
G.O. PFA Wastewater Revenue Notes	<u>395,000</u>	<u>-</u>	<u>98,000</u>	<u>297,000</u>	<u>100,000</u>
Total long-term liabilities	<u><u>\$ 3,049,453</u></u>	<u><u>\$ 27,055</u></u>	<u><u>\$ 419,981</u></u>	<u><u>\$ 2,656,527</u></u>	<u><u>\$ 372,789</u></u>

City of Hanover
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT (CONTINUED)

C. Components of Long-Term Bonded Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
Governmental activities						
G.O. Bonds, Including						
Refunding bonds						
G.O. C.I.P. Refunding						
Bond, Series 2008A	06/13/08	2.50%-3.90%	\$ 660,000	02/01/22	\$ 175,000	\$ 30,000
G.O. Improvement Refunding						
Bond, Series 2011A	08/11/11	2.00%-2.75%	1,225,000	12/01/21	615,000	150,000
G.O. Capital Improvement						
Bond, Series 2016A	12/28/16	1.35%-3.30%	1,535,000	02/01/37	<u>1,535,000</u>	<u>60,000</u>
Total Bonds					<u>2,325,000</u>	<u>240,000</u>
Compensated absences					<u>34,527</u>	<u>32,789</u>
Total governmental					<u>2,359,527</u>	<u>272,789</u>
Activities						
Business-type activities						
G.O. Revenue Bonds						
PFA Wastewater Revenue Note	08/18/99	2.29%	1,909,275	08/20/20	<u>297,000</u>	<u>100,000</u>
Total all long-term					<u>\$ 2,656,527</u>	<u>\$ 372,789</u>
liabilities						

Long-term bonded indebtedness listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond and other debt issues. The General Fund typically liquidates the liability related to compensated absences.

D. Maturity Schedules

Annual debt service requirements to maturity for all bonded debt outstanding are detailed below.

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	G.O. Improvement Bonds		G.O. Revenue Notes	
	Principal	Interest	Principal	Interest
2018	\$ 240,000	\$ 62,015	\$ 100,000	\$ 6,801
2019	245,000	56,818	102,000	4,511
2020	255,000	50,762	95,000	2,175
2021	260,000	44,448	-	-
2022	105,000	37,400	-	-
2023-2027	350,000	159,575	-	-
2028-2032	400,000	104,700	-	-
2033-2037	<u>470,000</u>	<u>38,408</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,325,000</u>	<u>\$ 554,126</u>	<u>\$ 297,000</u>	<u>\$ 13,487</u>

City of Hanover
Notes to Financial Statements

NOTE 7 – EQUITY

	General	G.O. Crossover Refunding Bonds 2011A	Capital Improvement Fund	City Hall Fund	Nonmajor Governmental Fund	Total
Nonspendable						
Prepaid items	\$ 22,650	\$ -	\$ -	\$ -	\$ -	\$ 22,650
Long term receivable	72,042	-	-	-	-	72,042
Total nonspendable	<u>94,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,692</u>
Restricted						
Debt service	-	437,636	-	-	169,572	607,208
Capital projects	-	-	-	-	17,333	17,333
Park dedication	-	-	-	-	63,950	63,950
Total restricted	<u>-</u>	<u>437,636</u>	<u>-</u>	<u>-</u>	<u>250,855</u>	<u>688,491</u>
Assigned						
Capital projects	-	-	1,346,974	-	1,123,311	2,470,285
Unassigned	<u>639,937</u>	<u>-</u>	<u>-</u>	<u>(337,340)</u>	<u>-</u>	<u>302,597</u>
Total	<u>\$ 734,629</u>	<u>\$ 437,636</u>	<u>\$ 1,346,974</u>	<u>\$ (337,340)</u>	<u>\$ 1,374,166</u>	<u>\$ 3,556,065</u>

NOTE 8 – RESTRICTED NET POSITION

A portion of net position in the Water and Sewer Funds are restricted for capital improvements. As of December 31, 2017, these restrictions for the Water, Sewer, and Storm Water Funds were \$170,483, \$1,966,089 and \$554,199, respectively. The Sewer Fund also had an amount restricted of \$59,012 as municipalities receiving Water Infrastructure Fund (WIF) resources must annually deposit a minimum of 50 cents per 1,000 gallons of flow for major rehabilitation, expansion or replacement of the treatment system at the end of its useful life.

NOTE 9 – PENSION PLANS

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by 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 Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

City of Hanover
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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.

General Employees Plan Benefits

General Employees Plan 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 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 Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 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.

B. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in calendar year 2017. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the General Employees Fund for the year ended December 31, 2017, were \$20,320. The City's contributions were equal to the required contributions as set by state statute.

City of Hanover
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Pension Costs

General Employees Fund Pension Costs

At December 31, 2017, the City reported a liability of \$268,125 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$3,334. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion share was 0.0042%, which was equal to its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$48,478 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$96 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 8,838	\$ 17,250
Changes in actuarial assumptions	44,514	26,880
Difference between projected and actual investment earnings	1,732	-
Changes in proportion	8,221	-
Contributions paid to PERA subsequent to the measurement date	<u>10,160</u>	<u>-</u>
	<u><u>\$ 73,465</u></u>	<u><u>\$ 44,130</u></u>

**City of Hanover
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

\$10,160 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2018	\$ 20,098
2019	15,535
2020	(5,077)
2021	(11,381)
Total	\$ 19,175

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and 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 all plans 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% per year for the General Employees plan through 2044 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

**City of Hanover
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability, and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the 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 weighting 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 in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39 %	5.10 %
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Cash	2	0.00
Total	<u>100 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on those assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Hanover
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following table 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase in Discount Rate <u>(8.5%)</u>
City's proportionate share of the PERA net pension liability	\$ 415,882	\$ 268,125	\$ 147,159

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.

NOTE 10 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2017 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2017, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

City of Hanover
Notes to Financial Statements

NOTE 11 – COMMITMENT – SEWER CONNECTION AND USE AGREEMENT

The Cities of Hanover and St. Michael are parties to a Sewer Connection and Use Agreement (the "Agreement") dated October 2000. The Agreement details the terms, covenants, and operations between the two Cities and the sewer operations. The purpose of the Agreement is for the City to contract with the City of St. Michael to treat wastewater. The City agrees to provide an interceptor sewer line from the City boundary to the City of St. Michael's Wastewater Treatment Plant. The City of St. Michael agrees to treat the discharged wastewater pursuant to the terms and conditions of the Agreement and approved addendums.

NOTE 12 – TAX INCREMENT FINANCING

The City has entered into a Tax Increment Financing agreement which meets the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into the agreement for the purpose of economic development.

Under the agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

TIF District No. 1 was established in 2007 for the purpose of assisting Bankwest in the development of a building within the City. Under the agreement, up to \$196,523 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2017, the City generated \$6,560 in tax increment revenue and made \$5,904 in payments to developers.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hanover
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

<u>For Fiscal Year Ended June 30,</u>	<u>City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)</u>	<u>City's Proportionate Share (Amount) of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City</u>	<u>City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2017	0.0042%	\$ 268,125	\$ 3,334	\$ 271,459	\$ 267,600	100.20%	75.90%
2016	0.0042%	341,019	4,396	345,415	259,067	131.63%	68.91%
2015	0.0042%	217,666	-	217,666	241,240	90.23%	78.19%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Hanover
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 20,320	\$ 20,320	\$ -	\$ 270,933	7.5%
2016	20,070	20,070	-	267,600	7.5%
2015	19,197	19,197	-	255,960	7.5%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

City of Hanover
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

City of Hanover
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
December 31, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 941,724	\$ 947,106	\$ 953,344	\$ 6,238
Miscellaneous taxes	12,000	11,766	15,759	3,993
Special assessments	740	856	856	-
Licenses and permits	62,120	97,168	97,168	-
Intergovernmental revenues				
Local government aid	108,168	138,941	138,941	-
Market value credit	-	1,584	1,584	-
Pera aid	339	339	339	-
Fire aid	36,000	37,428	37,428	-
Police aid	5,500	5,911	5,911	-
Total intergovernmental revenues	<u>150,007</u>	<u>184,203</u>	<u>184,203</u>	<u>-</u>
Charges for services				
General government	17,125	20,520	21,711	1,191
Public safety	114,325	115,075	115,075	-
Parks and recreation	5,000	8,270	8,270	-
Total charges for services	<u>136,450</u>	<u>143,865</u>	<u>145,056</u>	<u>1,191</u>
Fines and forfeitures	2,000	5,167	5,167	-
Miscellaneous revenues				
Investment income	9,000	4,371	16,441	12,070
Contributions and donations	3,600	2,425	10,464	8,039
Refunds and reimbursements	-	181	181	-
Other	8,900	4,842	4,842	-
Total miscellaneous revenues	<u>21,500</u>	<u>11,819</u>	<u>31,928</u>	<u>20,109</u>
Total revenues	<u>\$ 1,326,541</u>	<u>\$ 1,401,950</u>	<u>\$ 1,433,481</u>	<u>\$ 31,531</u>
Expenditures				
General government				
Mayor and council	28,642	30,516	30,511	(5)
Administrative and finance	228,442	222,119	225,796	3,677
Other general government	193,999	184,735	184,737	2
Capital outlay	40,000	29,927	29,927	-
Total general government	<u>491,083</u>	<u>467,297</u>	<u>470,971</u>	<u>3,674</u>
Public safety				
Police				
Current	180,479	184,439	184,439	-

City of Hanover
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
December 31, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Over (Under)
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Public safety (continued)				
Fire				
Current	\$ 204,828	\$ 179,207	\$ 182,162	\$ 2,955
Capital outlay	5,000	730	25,190	24,460
Total fire	<u>209,828</u>	<u>179,937</u>	<u>207,352</u>	<u>27,415</u>
Other				
Current	<u>18,050</u>	<u>39,789</u>	<u>39,789</u>	<u>-</u>
Total public safety	<u>408,357</u>	<u>404,165</u>	<u>431,580</u>	<u>27,415</u>
Public Works				
Streets and highways				
Street maintenance and storm sewers	294,101	233,349	236,783	3,434
Snow and ice removal	15,000	19,171	19,171	-
Street lighting	<u>27,000</u>	<u>23,876</u>	<u>23,876</u>	<u>-</u>
Total streets and highways	<u>336,101</u>	<u>276,396</u>	<u>279,830</u>	<u>3,434</u>
Sanitation				
Collection and disposal	<u>36,000</u>	<u>38,298</u>	<u>38,298</u>	<u>-</u>
Total public works	<u>372,101</u>	<u>314,694</u>	<u>318,128</u>	<u>3,434</u>
Parks and Recreation				
Libraries current expenditures				
Total libraries	<u>10,500</u>	<u>11,240</u>	<u>11,240</u>	<u>-</u>
Parks and recreation				
Current	30,700	22,223	22,223	-
Capital outlay	<u>13,800</u>	<u>10,570</u>	<u>10,570</u>	<u>-</u>
Total parks and recreation	<u>55,000</u>	<u>44,033</u>	<u>44,033</u>	<u>-</u>
Total expenditures	<u>1,326,541</u>	<u>1,230,189</u>	<u>1,264,712</u>	<u>34,523</u>
Excess of revenues over expenditures	-	171,761	168,769	(2,992)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	773	773	-
Transfers out	<u>-</u>	<u>(224,151)</u>	<u>(224,151)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(223,378)</u>	<u>(223,378)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (51,617)</u>	(54,609)	<u>\$ (2,992)</u>
Fund Balance				
Beginning of year			<u>789,238</u>	
End of year			<u>\$ 734,629</u>	

**City of Hanover
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2017**

	Debt Service			Capital Projects	
	G.O. C.I.P. Refunding Bond 2008A (311)	G.O. Improvement Refunding Bonds, Series 2009A (312)	G.O. C.I.P. Bonds, Series (315)	Total	Park (402)
Assets					
Cash and investments	\$ 78,389	\$ 5,243	\$ 85,940	\$ 169,572	\$ 64,362
Special assessments receivable					
Delinquent	-	404	-	404	-
Deferred	-	12,399	-	12,399	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
	<u>78,389</u>	<u>18,046</u>	<u>85,940</u>	<u>182,375</u>	<u>64,362</u>
Total assets	<u>\$ 78,389</u>	<u>\$ 18,046</u>	<u>\$ 85,940</u>	<u>\$ 182,375</u>	<u>\$ 64,362</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 412
Deferred Inflows of Resources					
Unavailable revenue - special assessments	\$ -	\$ 12,803	-	\$ 12,803	\$ -
Fund Balances					
Restricted	78,389	5,243	85,940	169,572	63,950
Assigned	-	-	-	-	-
Total fund balances	<u>78,389</u>	<u>5,243</u>	<u>85,940</u>	<u>169,572</u>	<u>63,950</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 78,389</u>	<u>\$ 18,046</u>	<u>\$ 85,940</u>	<u>\$ 182,375</u>	<u>\$ 64,362</u>

Capital Projects

Fire Department Fund (403)	Park Dedication (405)	TIF District 1-1 (407)	Mahler Pit/15th Street Improvement Fund (409)	Equipment (417)	Streets (418)	Total	Total Governmental Funds
\$ 238,559	\$ 2,740	\$ 12,989	\$ 660	\$ 159,995	\$ 747,942	\$ 1,227,247	\$ 1,396,819
-	-	-	-	-	-	-	404
-	-	-	1,799	-	-	1,799	12,399
-	-	-	7,789	-	-	7,789	1,799
<u>\$ 238,559</u>	<u>\$ 2,740</u>	<u>\$ 12,989</u>	<u>\$ 10,248</u>	<u>\$ 159,995</u>	<u>\$ 747,942</u>	<u>\$ 1,236,835</u>	<u>\$ 1,419,210</u>
\$ -	\$ -	\$ 5,904	\$ -	\$ 2,000	\$ 23,925	\$ 32,241	\$ 32,241
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,803
-	-	7,085	10,248	-	-	81,283	250,855
238,559	2,740	-	-	157,995	724,017	1,123,311	1,123,311
<u>238,559</u>	<u>2,740</u>	<u>7,085</u>	<u>10,248</u>	<u>157,995</u>	<u>724,017</u>	<u>1,204,594</u>	<u>1,374,166</u>
<u>\$ 238,559</u>	<u>\$ 2,740</u>	<u>\$ 12,989</u>	<u>\$ 10,248</u>	<u>\$ 159,995</u>	<u>\$ 747,942</u>	<u>\$ 1,236,835</u>	<u>\$ 1,419,210</u>

City of Hanover
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
December 31, 2017

	Debt Service			Total	Capital Projects
	G.O.				Park (402)
	G.O. C.I.P. Refunding Bond 2008A (311)	Improvement Refunding Bonds, Series 2009A (312)	G.O. C.I.P. Bonds, Series (315)		
Revenues					
Property taxes	\$ 42,688	\$ -	\$ 110,036	\$ 152,724	\$ 25,000
Tax increments	-	-	-	-	-
Special assessments	-	5,242	-	5,242	-
Charges for services	-	-	-	-	-
Miscellaneous					
Investment income	405	-	183	588	473
Contributions and donations	-	-	-	-	68,086
Other	-	-	-	-	-
Total revenues	<u>43,093</u>	<u>5,242</u>	<u>110,219</u>	<u>158,554</u>	<u>93,559</u>
Expenditures					
Current					
Parks and recreation	-	-	-	-	4,412
Economic development	-	-	-	-	-
Debt service					
Principal	30,000	118,000	-	148,000	-
Interest and other charges	7,815	2,550	24,279	34,644	-
Capital outlay					
Public safety	-	-	-	-	-
62	-	-	-	-	-
Parks and recreation	-	-	-	-	75,197
Total expenditures	<u>37,815</u>	<u>120,550</u>	<u>24,279</u>	<u>182,644</u>	<u>79,609</u>
Excess of revenues over (under) expenditures	5,278	(115,308)	85,940	(24,090)	13,950
Other Financing Sources					
Transfers in	-	75,273	-	75,273	-
Net change in fund balances	5,278	(40,035)	85,940	51,183	13,950
Fund Balances					
Beginning of year	<u>73,111</u>	<u>45,278</u>	<u>-</u>	<u>118,389</u>	<u>50,000</u>
End of year	<u>\$ 78,389</u>	<u>\$ 5,243</u>	<u>\$ 85,940</u>	<u>\$ 169,572</u>	<u>\$ 63,950</u>

Capital Projects

Fire Department Fund (403)	Park Dedication (405)	TIF District 1-1 (407)	Mahler Pit/15th Street Improvement Fund (409)	Equipment (417)	Streets (418)	Total	Total Other Governmental Funds
\$ 30,000	\$ -	\$ -	\$ -	\$ 52,348	\$ 160,000	\$ 267,348	\$ 420,072
-	-	6,560	-	-	-	6,560	6,560
-	-	-	-	-	-	-	5,242
-	-	-	10,246	-	-	10,246	10,246
1,546	-	56	2	978	4,017	7,072	7,660
-	-	-	-	-	-	68,086	68,086
-	1,370	-	-	-	-	1,370	1,370
<u>31,546</u>	<u>1,370</u>	<u>6,616</u>	<u>10,248</u>	<u>53,326</u>	<u>164,017</u>	<u>360,682</u>	<u>519,236</u>
-	-	-	-	-	-	4,412	4,412
-	-	5,904	-	-	-	5,904	5,904
-	-	-	-	-	-	-	148,000
-	-	-	-	-	-	-	34,644
91,237	-	-	-	-	-	91,237	91,237
-	-	-	-	4,000	54,658	58,658	58,658
-	-	-	-	-	-	75,197	75,197
<u>91,237</u>	<u>-</u>	<u>5,904</u>	<u>-</u>	<u>4,000</u>	<u>54,658</u>	<u>235,408</u>	<u>418,052</u>
(59,691)	1,370	712	10,248	49,326	109,359	125,274	101,184
<u>74,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>224,151</u>	<u>299,424</u>
14,460	1,370	712	10,248	49,326	259,359	349,425	400,608
<u>224,099</u>	<u>1,370</u>	<u>6,373</u>	<u>-</u>	<u>108,669</u>	<u>464,658</u>	<u>855,169</u>	<u>973,558</u>
<u>\$ 238,559</u>	<u>\$ 2,740</u>	<u>\$ 7,085</u>	<u>\$ 10,248</u>	<u>\$ 157,995</u>	<u>\$ 724,017</u>	<u>\$ 1,204,594</u>	<u>\$ 1,374,166</u>

City of Hanover
Statement of Changes in Agency
Fund Assets and Liabilities - Developer Escrow Agency Fund
December 31, 2017

	December 31, 2016	Additions	Deductions	December 31, 2017
Assets				
Current				
Cash and investments	\$ 249,332	\$ 273,056	\$ 283,088	\$ 239,300
Total assets	\$ 249,332	\$ 273,056	\$ 283,088	\$ 239,300
Liabilities				
Due to developers				
Quail pass second addition escrow	\$ 11,906	\$ 30	\$ 11,936	\$ -
Erosion control escrow	31,000	19,000	25,000	25,000
Landscape escrow	31,000	18,000	25,000	24,000
Infrastructure escrow	15,000	12,000	12,000	15,000
Miscellaneous escrows	160,426	224,026	209,152	175,300
Total liabilities	\$ 249,332	\$ 273,056	\$ 283,088	\$ 239,300

**City of Hanover
Combining Balance Sheet -
Component Unit
December 31, 2017**

	<u>Economic Development Authority (201)</u>	<u>Business Incentive (205)</u>	<u>Total</u>
Assets			
Cash and investments	\$ 71,825	\$ 247,072	\$ 318,897
Taxes receivable - delinquent	518	-	518
Other receivables	-	14,812	14,812
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 72,343</u>	<u>\$ 261,884</u>	<u>\$ 334,227</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 7,406	\$ 766	\$ 8,172
Unearned revenue	313	-	313
Total liabilities	<u>7,719</u>	<u>766</u>	<u>8,485</u>
Fund balances			
Restricted	-	261,118	261,118
Unassigned	64,624	-	64,624
Total fund balances	<u>64,624</u>	<u>261,118</u>	<u>325,742</u>
Total liabilities and fund balances	<u>\$ 72,343</u>	<u>\$ 261,884</u>	<u>\$ 334,227</u>

City of Hanover
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Component Unit
December 31, 2017

	Economic Development Authority (201)	Business Incentive (205)	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Property taxes	\$ 49,306	\$ -	\$ 49,306
Intergovernmental	52	-	52
Miscellaneous			
Investment income	810	2,324	3,134
Total revenues	<u>50,168</u>	<u>2,324</u>	<u>52,492</u>
 Expenditures			
Current			
Economic development	<u>122,065</u>	<u>7,133</u>	<u>129,198</u>
Excess of revenues under expenditures	(71,897)	(4,809)	(76,706)
 Fund Balances			
Beginning of year	<u>136,521</u>	<u>265,927</u>	<u>402,448</u>
End of year	<u>\$ 64,624</u>	<u>\$ 261,118</u>	<u>\$ 325,742</u>

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Hanover
Hanover, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hanover, Minnesota, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses on Internal Control and Legal Compliance as audit finding 2017-001 to be a significant deficiency.

Compliance and Other Matters

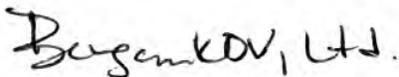
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

The City's response to the finding identified in our audit is described in the Schedule of Findings and Responses on Internal Control and Legal Compliance. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



St. Cloud, Minnesota
May 7, 2018

Report on Legal Compliance

Independent Auditor's Report

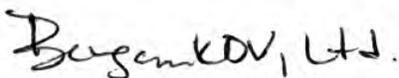
Honorable Mayor and Members
of the City Council
City of Hanover
Hanover, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund and the aggregate remaining fund information of the City of Hanover, Minnesota as of and for the year ended December 31, 2017, and the related notes to financial statements, and have issued our report thereon dated May 7, 2018.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Hanover failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, except as described in the accompanying Schedule of Findings and Responses on Internal Control and Legal Compliance. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



St. Cloud, Minnesota
May 7, 2018

City of Hanover
Schedule of Findings and Responses
on Internal Control and Legal Compliance

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING:

Significant Deficiency:

Audit Finding 2017-001 – Lack of Segregation

During the year ended December 31, 2017, the City had a lack of segregation of accounting duties due to a limited number of office employees.

Management is aware of this condition and has taken certain steps to compensate for the lack of segregation. However, due to the small accounting staff needed to handle all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct. However, management, along with the City Council, must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

City's Response:

Management of the City takes its responsibility for internal controls very seriously and has weighed the costs and benefits of an additional office employee to eliminate this risk and has determined the benefit does not exceed the cost. The City's management team diligently follows the City's internal control policies to ensure the protection of public funds.

CURRENT YEAR LEGAL COMPLIANCE FINDING:

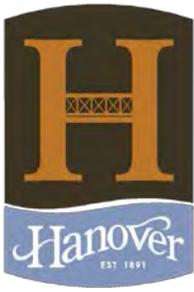
Audit Finding 2017-002 – Obtain Sufficient Performance and Payment Bonds for Service Contracts

Minnesota Statute 574.26 requires that contractors doing public work pledge a performance and payment bond in an amount not less than the contract price if the contract is in excess of \$100,000.

During our audit as of December 31, 2017, the City failed to obtain a payment bond for the public works facility project. The City also failed to obtain a sufficient amount for the performance bond for the public works facility project.

City's Response:

The City will ensure payment and performance bonds are obtained for future projects as required.



To: Mayor Kauffman & Members of the Hanover City Council

From: Brian Hagen, City Administrator

Re: Zajicek's Concerns Pertaining to Building Permit Inspection Services

Date: May 11, 2018

The purpose of this memo is to formally address the concerns Councilor Zajicek has expressed regarding the services provided to the City of Hanover by MetroWest Inspection.

Some general information related to building permits is as follows:

- The City's contract with MetroWest Inspection began in 2010
- MetroWest is paid a fee equal to 35% of the 1997 Uniform Building Code Fee Schedule plus 35% of the plan check fee established in the 1997 Uniform Building Code Fee Schedule
- No additional fees are charged for employee training/certifications, mileage, etc.
- Minor construction projects like window replacement, door replacement, reroof, siding, etc. are charged a flat permit fee with no plan check fee and require only a final inspection. They are also issued over the counter by City Hall staff.
- Other construction projects require a full plan review and multiple inspections throughout the process.

Below I have identified the concerns expressed at the May1, 2018 Council Meeting and a response.

How are fees for building permits established?

All commercial permits require a plan review and fees charged based on value.

For minor residential construction projects, a set fee is identified in the City's Fee Schedule. These permits are also issued over the counter and do not require prior review by the building inspector. The MetroWest is then paid 35% of the charged fee.

i.e. Reroof is \$95. MetroWest is paid \$33.25 to complete a final inspection. The City retains \$61.75.

For other residential construction projects, the applicant is required to set an estimated value to include cost of materials and labor (established in state statute). MetroWest then compares the provided estimate against values researched from local builders, recent new home sales, and valuation data provided by MN Dept. of Labor and Industries. MetroWest has the authority to adjust the stated value if they feel it is necessary. This value is then used to determine the permit fee and plan check fee established in the 1997 Uniform Building Code Fee Schedule. Other additions to the permit fees include plumbing, fireplace, furnace, water heater, etc.

Below are valuations based on type of residential construction project:

	Hanover	Maple Grove	St. Michael
New Construction (1 st & 2 nd Floors)	\$115 1 st /\$100 2 nd	\$95.50	\$95.00
NC – Finished Basement	\$70.00	\$31.50	
NC – Unfinished Basement	\$52.00	\$16.50	\$20.00
Basement Finish – Existing Home	\$18.00	\$15.00	\$12.00
Addition			\$85.00
Attached Garage	\$40.00	\$40.40	\$35.00
Detached Garage	\$35.00	\$27.50	\$25.00
Screened Porch	\$56.00	\$53.50	\$45.00
Deck	\$40.00	\$15.00	\$25.00

The following scenario will be used as a comparison example for fees charged by Hanover, Maple Grove, and St. Michael. Please note that the other two cities provide in house inspection services.

The home was built with an unfinished basement and a later homeowner completed the basement build out as a relative do it yourself project. A permit is pulled to finish off an approximate 869 sq. ft. basement with a main living area, bedroom, and full bathroom to include toilet, shower, and sink.

	Hanover	Maple Grove	St. Michael
Valuation of Project	\$24,075	\$13,035	\$10,428
Permit Fee	\$377	\$398	\$215
Plan Check Fee	\$245	\$154	\$140
Plumbing Fee	\$77	\$76	\$66
Total	\$699	\$628	\$421
<i>*state surcharge fees were excluded due to amount being passed onto the state</i>			

What are the expectations of the Building Inspector

The City contracts with MetroWest to provide building inspection services. The first expectation is for MetroWest to maintain a licensed building official. Second, MetroWest provides the City with licensed building inspectors who understand both the residential codes and commercial codes. Third, MetroWest reviews permit applications in a timely manner (typically 1-3 business days). Fourth, applicable state and local laws are enforced as it pertains to building inspection regulations. Fifth, to provide clarification on general compliance questions residents may have when they are preparing plans/completing work.

The City does not expect MetroWest to educate residents on the building code or local ordinances, how to complete their project, design their project, or any other extensive questions. However, the inspectors often do provide insight on methods to use should they have the available time to spend with residents.

Where is a complaint against the building inspector filed?

Residents may file a formal complaint about the services received with City Hall staff. Staff can then review with Todd Geske, owner of MetroWest, and then follow up with the resident. Should the resident desire, Mr. Geske, would welcome concerns about inspectors directly to him.

A complaint against MetroWest as a company or building official can be filed with the State of Minnesota Department of Labor and Industry: Construction Codes and Licensing Division.

Who determines whether investigation fees are charged for work completed prior to permit issuance?

MN State Statute 1300.0160 establishes regulations on determining fees associated with building permits. Subp. 8. states

“Work commencing before permit issuance. If work for which a permit is required by the code has been commenced without first obtaining a permit, a special investigation shall be made before a permit may be issued for the work. An investigation fee established by the municipality shall be collected whether or not a permit is issued and is in addition to the required permit fees, but it may not exceed the permit fee.”

This additional charge has not generally been enforced. Instead, the resident is educated on when permits are needed.

In some cases, residents submit plans for review but never pick up the permit for the work. The resident then comes back with different plans or so much time has passed that a second review of the project is required. In these cases, a second plan check fee is charged to compensate for the first permit that was never paid for.

How many homes are sold with work completed where no building permit was issued?

This is difficult to know for certain. Staff has seen in recent years that home buyers are requesting confirmation that permits were issued for recently completed work. However, unless the questions are brought to staff, we have no reason to actively watch real estate listings to try and determine whether there has been work completed without permits.

There are some cities within the State of Minnesota that require a point of sale inspection which allows the city to order work done to bring code violations into compliance, or to put potential buyers on notice of work that failed to receive proper permits.