

## **NOTICE TO PUBLIC ATTENDEES**

Due to the temporary format change of the Hanover City Council meeting we first and foremost want to ensure that public comments are received and addressed by either the city council or staff. Please refer to the instructions that can be found on the Hanover City Council Agendas webpage for how to attend and interact during the meeting.

We feel it's best to email your comments to staff ahead of the meeting and during the meeting. Staff will read aloud those comments. Any public body joining the meeting will have their microphone muted in order to reduce background noise from those in attendance.

If you would like to speak during citizen's forum please email your comments or questions to [brianh@ci.hanover.mn.us](mailto:brianh@ci.hanover.mn.us) and [jackieh@ci.hanover.mn.us](mailto:jackieh@ci.hanover.mn.us). Please include your name, address and a form of contact information so staff can provide follow-up if needed.

**AGENDA  
HANOVER CITY COUNCIL  
MAY 19, 2020**

**MAYOR  
CHRIS KAUFFMAN**

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

- 1. Call to Order Regular City Council Work Session: 7:00 p.m.**
- 2. Approval of Agenda**
- 3. Consent Agenda Items:**
  - a. Approve Minutes of May 5, 2020 City Council Meeting (4)**
  - b. Approve Claims as Presented: (8)**

➤ Claims	<b>\$ 62,587.48</b>
➤ Payroll	<b>\$ 9,785.06</b>
➤ P/R taxes & Exp.	<b>\$ 4,046.76</b>
➤ Other Claims	<b><u>\$ 2,640.94</u></b>
➤ Total Claims	<b><u>\$ 79,060.24</u></b>
  - c. Res No 05-05-20-50 – Approving Quote for Road Patches (35)**
- 4. Review: 2019 Audit (40)**
- 5. Res No 05-19-20-51 – Approving Development Agreement River Town Villas of Hanover (140)**
- 6. Discussion: Liquor License Ordinance (159)**
- 7. River Rd Speed Limit (177)**
- 8. Discussion: Sample Resolutions Adopted by Other Local Entities (178)**
- 9. Reports**
- 10. Adjournment**

**To:** Mayor Kauffman & Members of the Hanover City Council  
**From:** Brian Hagen, City Administrator  
**Date:** May 14, 2020  
**Re:** Review of May 19, 2020 City Council Agenda

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1. **Call to Order/Pledge of Allegiance: 7:00 p.m.**
2. **Approval of Agenda**
3. **Consent Agenda Items: *See enclosed consent agenda.***
  - a. **Approve Minutes of May 5, 2020 City Council Meeting (4)**
  - b. **Approve Claims as Presented: (8)**

➤ Claims	\$ 62,587.48
➤ Payroll	\$ 9,785.06
➤ P/R taxes & Exp.	\$ 4,046.76
➤ Other Claims	<u>\$ 2,640.94</u>
➤ Total Claims	<u>\$ 79,060.24</u>
  - c. **Res No 05-05-20-50 – Approving Quote for Road Patches (35)**
4. **Review: 2019 Audit (40)**

*Bergan KDV will join the meeting to review the 2019 Audit of the City’s Financial Statements. Enclosed is a copy of the final audit documents.*
5. **Res No 05-19-20-51 – Approving Development Agreement River Town Villas of Hanover (140)**

*Enclosed a resolution approving the development agreement for River Town Villas. City Planner Nash will be present to answer any questions.*
6. **Discussion: Liquor License Ordinance (159)**

*In reviewing the Liquor License ordinance in relation to the Temporary Patio Agreement adopted May 5, 2020, I have provided some comments to parts of the ordinance for consideration. In summary, I believe our ordinance is contradicting to the generally acceptable use of patios as designated food and beverage serving areas. I suggest we discuss amending the language to better identify when and how patios are acceptable. Discussion on outdoor music at food and beverage establishments will also be held.*

**7. River Rd NE Speed Limit (177)**

*Enclosed is a memo outlining a request I received from a resident. In reviewing statutes and information provided by the League of Minnesota Cities, I am not sure we can change the speed limit of River Rd NE with just local authority. I will have the definite answer on the process we would be required to follow in time for the Council meeting.*

**8. Discussion: Sample Resolutions Adopted by Other Entities (178)**

*Mayor Kauffman requested these resolutions be considered by Hanover. Discussion will be held, and if Council desires, we will work on preparing a resolution for Hanover. It is worth noting, that at the time of packet delivery, the City of Albertville had not passed this resolution. Nor was the enclosed resolution prepared by the City Staff.*

**9. Reports**

**10. Adjournment**

**CITY OF HANOVER  
CITY COUNCIL MEETING  
MAY 5, 2020 – DRAFT MINUTES**

**Call to Order/Pledge of Allegiance:**

Mayor Chris Kauffman called the regular meeting of Tuesday, May 5, 2020 to order at 7:00 p.m. Present were Mayor Chris Kauffman, Councilors Doug Hammerseng, Ken Warpula, Jim Zajicek and MaryAnn Hallstein. Also present were City Attorney Jay Squires, City Planner Cindy Nash, City Administrator Brian Hagen and Accountant Jackie Heinz. Guests included Kristal Sneen and Doug Voerding from the Wright County Journal Press.

**Approval of Agenda:**

Hagen noted Res No 05-05-20-49 – Rescinding the Local Emergency was not required and such decision could be done via a motion. Kauffman added a Resolution Urging Governor Walz to Reopen Businesses as Item 7d.

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

**Consent Agenda:**

Hammerseng stated Resolution 05-05-20-44 has the incorrect heading on it, should read Approving 2020 Liquor Licenses.

**MOTION** by Hammerseng to approve the amended consent agenda, seconded by Warpula.

**a. Approve Minutes of April 21, 2020 City Council Work Session Meeting**

**b. Approve Claims as Presented:**

➤ Claims	\$ 49,516.12
➤ Payroll	\$ 9,369.83
➤ P/R taxes & Exp	\$ 3,923.74
➤ Other Claims	\$ <u>2,640.94</u>
➤ Total Claims	\$ <u>65,450.63</u>

**c. Res No 05-05-20-44 – Approving Annual Liquor License Renewals**

**d. Res No 05-05-20-45 – Approving Payment to Snowplow Driver**

**e. Res No 05-05-20-46 – Approving Purchase of Fire Department Equipment**

**Motion carried unanimously.**

**Citizen’s Forum:**

None

**Public Hearings:**

None

**Unfinished Business:**

None

**New Business:**

**Res No 05-05-20-47 – Approving Variance for 1332 Jansen Ave SE**

Nash stated the resolution is to allow an accessory building to the front of the property on County Road 20. The property has an existing earth home, the owners would like to take the existing attached garage and convert it to livable space and add a garage. Nash further stated that due to shoreland rules, the accessory structure must be placed between the home and the road. Planning Commission mentioned a

future breezeway, but construction is not possible. The Planning Commission recommended approval with the 40x28 dimensions. Kauffman inquired if the owner was okay with the change in garage size. Sneen stated yes, she mentioned the change. Hammerseng stated it will look nice and inquired if a height requirement should be stated. Nash would adjust the resolution to identify the height per the submitted plans.

**MOTION** by Warpula to approve Res No 04-07-20-38, seconded by Hammerseng. **Motion carried unanimously.**

#### **Res No 05-05-20-48 – Approving Temporary Patio Agreement**

Hagen stated this agreement is possible due to the local emergency being in effect. The agreement allows establishments to utilize additional outdoor seating, this is not a permanent approval, if the establishment wants to keep the additional outdoor seating they must go through the proper process. Hagen further stated the agreement can be terminated by the City for any reason. Warpula inquired if the agreement was sent to Jodi and Rick. Hagen stated yes, not the current version. He has also talked with Chad Brink. Zajicek inquired about the size of the patio and number of seats. Hagen stated the patio could be the entire parking lot, would look at the number of tables and adjust from there. Zajicek inquired if the area would be identified on a drone picture, Hagen stated staff would utilize GIS.

Hammerseng inquired if clarification was needed on #5 of the agreement, does the mayor, governor or who has the official decision. Squires stated the agreement is terminated when we are back to the old world, the City has authority to terminate. No language needs to be added. Hagen inquired if City needs to be added to paragraph #5, Squires stated you could, but it does not matter, the state will determine the end of the emergency. Hammerseng stated Jays explanation is good, the Governor will decide when people can gather inside.

Hallstein inquired about the emergency extending past nice weather, would temporary awning structures, heating and shelter from the elements be allowed. Warpula stated he wants Hanover businesses to thrive. Hagen stated if the structures were on an existing impervious surface it would be fine. Nash stated structure would need to be defined, currently a tent rental does not require a permit. Hagen suggested adding to paragraph 5 “no permanent above ground structures.” Squires stated the council could approve and changes could be brought back in the fall. Squires further stated the option to leave the agreement as is, when something is proposed Brian would approve with his judgement to get through the warm summer months.

**MOTION** by Warpula to approve Res No 05-05-20-48, seconded by Zajicek. **Motion carried unanimously.**

#### **Res No 05-05-20-49 – Urging Governor Walz to Allow Businesses to Reopen**

Kauffman stated he was hesitant when he first signed the declaration, he now feels there is no need for it and is asking to rescind it. Zajicek inquired what affect it will have if passed. Squires stated it is a fair topic to raise, the declaration should still be in place and a statement could be made instead. Squires further stated there is no legal affect if rescinded, but it could hurt the establishments utilizing the temporary patio which was just passed. The declaration allowed the City to relax the rules and you will lose that if rescinded. Squires further stated when aid flows down from the federal to state and local levels, if lifted could negatively affect the possibility of what you receive. Kauffman stated only expenses related directly to COVID-19 are reimbursable right now. Squires stated he is not sure but does not want to find out later. Nash stated she agrees with Squires, the one potential expense if this continues would be non-payment of the EDA loan by Big Bore, they could default due to COVID.

Kauffman inquired what the upside is of rescinding the declaration. Squires recommended sending a message. Hallstein referenced the ability to conduct public meetings via Zoom because of the local emergency. Squires stated the governor's declaration is still in place so you could continue virtual meeting under the Governor's declaration. Kauffman stated there are cities still meeting in person, we could meet at City Hall with social distancing. Hagen stated with a high-volume crowd it could be difficult, we should try to keep the meetings consistent for residents. Warpula inquired how are planning commission and council going to handle developments which come in. Nash stated that JP Brooks has been delayed for 2 planning commission meetings but may need to keep moving, will need time to send notices. Kauffman stated he has been doing a lot of remote meetings, it works best to shut off the computer mic and have everyone call in. Hagen stated zoom can take up to 500, the largest in person meeting we have had was roughly 100 people. Hagen further stated the biggest limitation is public comment. A letter would be sent before hand showing where to submit public comment before the meeting and could be forwarded to council. Hallstein stated like a hearing, a list could be sent of those requesting to speak and the facilitator would run through them. Hagen stated as the facilitator, you can see all the participants and their names.

Kauffman inquired when they will rescind the emergency. Warpula stated it is not hurting so should be kept. Zajicek stated to leave it in place, he does not want to hurt Big Bore or River Inn. Kauffman stated he understands there are minor potential future items. Hammerseng stated trying to make a statement is one thing, but we do not want to be on the wrong side of the Governor in the future.

Kauffman inquired if there are any effects if parks are opened. Hagen stated parks can be opened, other cities have already opened theirs. Hagen further stated some residents are choosing to use the playgrounds anyways. City Hall is currently open Monday, Wednesday and Friday and asking for appointments. Kauffman stated Amy has a concern, but he would like to see staff back to normal. It was suggested installing plexi-glass at the counter. Hagen stated he has already discussed options with Amy. Hagen inquired when to open the permanent bathrooms at Settlers Park. Warpula asked when they are normally opened. Hagen stated Mid-May to Memorial Day, once there is no frost at night. Zajicek inquired about sanitation. Hagen stated they would be cleaned a couple times a week and a sign would be posted. Council consensus was to open the permanent bathrooms at Settlers Park as soon as weather permits.

Kauffman stated he would like a plea made to the Governor to open businesses. Hallstein suggested posting on the website and sharing on Facebook to encourage residents to comment and contact our legislators. Hagen stated staff is watching the Facebook page, still monitoring and addressing relevant issues. Kauffman stated according to Sheriff Deringer they are not enforcing the stay at home order, the resolution that Roseau did allows businesses to reopen sooner than later. Warpula stated restaurants need to open and supports sending a letter supporting that. Discussion continued altering the City of Roseau resolution to fit for Hanover. Squires stated to create a cover letter signed by the mayor to accompany the letter. Hammerseng suggested asking Lucero and Kiffmeyer to advocate for businesses to open as well. Hallstein suggested encouraging business owners to contact them as well.

**MOTION** by Kauffman to approve Res No 05-05-20-49, seconded by Zajicek. **Motion carried unanimously.**

## Reports

### Hagen

- Bryan Reitzner is inquiring about local assistance for his project. The EDA low interest loan is not enough, will be bringing to the EDA to discuss tax abatement. Kauffman inquired on the difference of tax abatement from TIF. Hagen stated they have similar eligible uses, but abatement is more flexible. TIF is approved at local and is carried through to the county and school where abatement is approved by each jurisdiction.

- Hagen will be taking a possible vacation May 18-24

**Adjournment**

**MOTION** by Warpula to adjourn at 8:30 p.m., seconded by Hallstein. **Motion carried unanimously.**

APPROVED BY:

\_\_\_\_\_  
Chris Kauffman, Mayor

ATTEST:

\_\_\_\_\_  
Brian Hagen, City Administrator

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Payments

Current Period: May 2020

Payment Batch 05-19-20 PAY \$62,587.48

Refer	2955	XCEL ENERGY	Ck# 002942E 5/19/2020		
Cash Payment	E 100-43160-381	Electric Utilities	Xcel Owned Street Lighting 04/03/2020 - 05/02/2020	\$857.80	
Invoice	683287462	5/4/2020			
Cash Payment	E 100-43160-381	Electric Utilities	City Owned Street Lighting 04/03/2020 - 05/03/20/20	\$1,186.88	
Invoice	683287462	5/4/2020			
Transaction Date	5/6/2020	Due 0	Cash	10100	<b>Total</b> \$2,044.88
Refer	2956	VEOLIA WATER NORTH AMERICA	Ck# 035005 5/19/2020		
Cash Payment	E 602-43252-310	Other Professional Servi	Sewer Services - June 2020	\$5,262.00	
Invoice	90237949	5/15/2020			
Cash Payment	E 601-43252-310	Other Professional Servi	Water Services - June 2020	\$3,749.00	
Invoice	90237949	5/15/2020			
Transaction Date	5/6/2020	Due 0	Cash	10100	<b>Total</b> \$9,011.00
Refer	2957	JOINT POWERS WATER BOARD	Ck# 034997 5/19/2020		
Cash Payment	E 601-49410-310	Other Professional Servi	WAC Fee - 11059 Lamont Avenue	\$2,001.00	
Invoice					
Transaction Date	5/6/2020	Due 0	Cash	10100	<b>Total</b> \$2,001.00
Refer	2958	CITY OF ST. MICHAEL	Ck# 002943E 5/19/2020		
Cash Payment	E 602-49455-310	Other Professional Servi	SAC Fee - 11059 Lamont Avenue	\$5,136.00	
Invoice					
Transaction Date	5/6/2020	Due 0	Cash	10100	<b>Total</b> \$5,136.00
Refer	2959	HENNEPIN COUNTY SHERIFF SER	Ck# 034996 5/19/2020		
Cash Payment	E 100-42101-310	Other Professional Servi	HC Sheriff Patrol Services - 1st Quarter 2020	\$21,092.00	
Invoice	1000149741	4/24/2020			
Transaction Date	5/6/2020	Due 0	Cash	10100	<b>Total</b> \$21,092.00
Refer	2960	COMCAST	Ck# 034990 5/19/2020		
Cash Payment	E 100-41940-321	Telephone	CH: Digital Voice & Internet - May 2020	\$152.93	
Invoice		4/25/2020			
Transaction Date	5/6/2020	Due 0	Cash	10100	<b>Total</b> \$152.93
Refer	2961	WRIGHT COUNTY JOURNAL PRES	Ck# 035008 5/19/2020		
Cash Payment	E 818-41970-351	Legal Notices Publishing	PHN: Sneen / Riverside Estates Variance	\$37.38	
Invoice	7045939	4/16/2020	Project 208274		
Transaction Date	5/6/2020	Due 0	Cash	10100	<b>Total</b> \$37.38
Refer	2962	FS SOLUTIONS	Ck# 034993 5/19/2020		
Cash Payment	E 100-41435-310	Other Professional Servi	DOT - B. Desens	\$57.78	
Invoice	FL00372324	5/6/2020			
Cash Payment	E 100-42240-310	Other Professional Servi	FD Background Check - D. Dehmer	\$31.00	
Invoice	FL00372324	5/6/2020			
Transaction Date	5/11/2020	Due 0	Cash	10100	<b>Total</b> \$88.78
Refer	2963	MN PEIP	Ck# 035001 5/19/2020		
Cash Payment	G 100-21706	Medical/Dental Ins	Medical & Dental Premiums - June 2020	\$3,247.00	
Invoice	967352	5/10/2020			
Cash Payment	G 100-21707	Life Ins	Life Insurance - June 2020	\$75.54	
Invoice	967352	5/10/2020			

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Payments

Current Period: May 2020

Cash Payment	G 100-21706 Medical/Dental Ins	Medical & Dental Premiums - May 2020 (B. Desens)	\$442.40
Invoice 967352	5/10/2020		
Cash Payment	G 100-21706 Medical/Dental Ins	Medical & Dental Premiums - April 2020 (B. Desens)	\$442.40
Invoice 967352	5/10/2020		
Cash Payment	G 100-21707 Life Ins	Life Insurance - May 2020 (B. Desens)	\$12.00
Invoice 967352	5/10/2020		
Cash Payment	G 100-21707 Life Ins	Life Insurance - April 2020 (B. Desens)	\$12.00
Invoice 967352	5/10/2020		
Transaction Date	5/11/2020	Due 0 Cash 10100	<b>Total</b> \$4,231.34
Refer	2964 GUIDANCE POINT TECHNOLOGIE	Ck# 034994 5/19/2020	
Cash Payment	E 100-41600-310 Other Professional Servi	5/8/2020 Remote Service: Make Phone Adjustments for Change Back to Full Staff Onsite	\$37.50
Invoice 14041	5/9/2020		
Cash Payment	E 100-42280-520 Buildings and Structures	5/8/2020 Remote Service: Assist Russell Security with Access to Keri Software at Fire Station	\$75.00
Invoice 14053	5/9/2020		
Transaction Date	5/11/2020	Due 0 Cash 10100	<b>Total</b> \$112.50
Refer	2948 FINKEN WATER SOLUTIONS	Ck# 034992 5/19/2020	
Cash Payment	E 100-42280-220 Repair/Maint Supply (GE	10 Gallons of Drinking Water	\$12.90
Invoice 74733TJ	4/27/2020		
Cash Payment	E 100-42280-220 Repair/Maint Supply (GE	80 lbs. of Solar Salt	\$19.00
Invoice 74733TJ	4/27/2020		
Cash Payment	E 100-42280-220 Repair/Maint Supply (GE	Cook & Cold Rental Cooler - May 2020	\$9.50
Invoice 1201258	5/1/2020		
Transaction Date	5/13/2020	Due 0 Cash 10100	<b>Total</b> \$41.40
Refer	2949 CENTURY LINK	Ck# 034988 5/19/2020	
Cash Payment	E 100-42280-321 Telephone	Fire Station Landline - 04/28/2020 - 05/27/2020	\$42.57
Invoice	4/28/2020		
Transaction Date	5/13/2020	Due 0 Cash 10100	<b>Total</b> \$42.57
Refer	2950 VERIZON	Ck# 035006 5/19/2020	
Cash Payment	E 100-42280-321 Telephone	iPad Data Plan - 04/03/2020 - 05/02/2020	\$50.84
Invoice 9853795583	5/2/2020		
Transaction Date	5/13/2020	Due 0 Cash 10100	<b>Total</b> \$50.84
Refer	2951 Occup. Health Cntrs. Of MN PC	Ck# 035002 5/19/2020	
Cash Payment	E 100-42210-305 Medical and Dental Fees	D. Dehmer: Firefighter Pre-Employment Evaluation	\$576.50
Invoice 103173528	5/4/2020		
Transaction Date	5/13/2020	Due 0 Cash 10100	<b>Total</b> \$576.50
Refer	2952 ASPEN MILLS	Ck# 034987 5/19/2020	
Cash Payment	E 100-42220-260 Uniforms	B. Gronsberg: Navy Pants, Embroidered Polo, Leather Belt, Collar Brass Silver Bugles	\$139.60
Invoice 256740	5/11/2020		
Transaction Date	5/13/2020	Due 0 Cash 10100	<b>Total</b> \$139.60
Refer	2953 COTTENS, INC.	Ck# 034991 5/19/2020	
Cash Payment	E 100-45200-220 Repair/Maint Supply (GE	Zero Turn: Battery	\$46.99
Invoice 212114	4/10/2020		

Payments

Current Period: May 2020

<b>Cash Payment</b>	E 100-45200-220 Repair/Maint Supply (GE	Zero Turn & Big Mower: Air Filters, Oil Filters, Fuel Filters				<b>\$161.45</b>
Invoice 212340	4/13/2020					
<b>Cash Payment</b>	E 100-45200-220 Repair/Maint Supply (GE	Zero Turn: Hydraulic Oil				<b>\$11.98</b>
Invoice 212407	4/13/2020					
<b>Cash Payment</b>	E 603-43000-221 Equipment Parts	Sweeper: Seal				<b>\$19.99</b>
Invoice 214233	4/29/2020					
<b>Cash Payment</b>	E 100-43000-240 Small Tools and Minor E	Snap Ring Pliers				<b>\$31.99</b>
Invoice 214238	4/29/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$272.40</b>
Refer	2954	MILLER TRUCKING & LANDSCAPE	Ck# 002948E	5/19/2020		
<b>Cash Payment</b>	E 100-43121-224 Street Maint Materials	Plow Damaged Lawns: 4 yds of Pulverized Black Dirt				<b>\$56.00</b>
Invoice 136919	4/22/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$56.00</b>
Refer	2955	SITE ONE LANDSCAPE SUPPLY	Ck# 035004	5/19/2020		
<b>Cash Payment</b>	E 100-45200-220 Repair/Maint Supply (GE	LESCO Prosecutor Pro Non Selective Liquid Herbicide				<b>\$146.28</b>
Invoice 99452984-001	5/11/2020					
<b>Cash Payment</b>	E 100-43000-240 Small Tools and Minor E	King Ratcheting Pipe Cutter 2"				<b>\$57.03</b>
Invoice 99452984-001	5/11/2020					
<b>Cash Payment</b>	E 100-45200-220 Repair/Maint Supply (GE	Lesco Fertilizer, Hunter PGP Ultra Adjustable Rotor 4" Riser with 2.5 Nozzle				<b>\$1,130.40</b>
Invoice 99250871-001	5/5/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$1,333.71</b>
Refer	2956	TEAM LABORATORY CHEMICAL C	Ck# 002949E	5/19/2020		
<b>Cash Payment</b>	E 100-45200-220 Repair/Maint Supply (GE	Ballfield: Terminator II Weed Killer				<b>\$196.00</b>
Invoice INV0020501	5/8/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$196.00</b>
Refer	2957	BLUE TARP FINANCIAL	Ck# 002950E	5/19/2020		
<b>Cash Payment</b>	E 100-43000-240 Small Tools and Minor E	3/4 Drive 12 Point Socket				<b>\$17.99</b>
Invoice 0191123202	4/27/2020					
<b>Cash Payment</b>	E 100-42260-220 Repair/Maint Supply (GE	Utility 11: Ultra Tow Hitch Pins				<b>\$17.98</b>
Invoice 0191123202	4/27/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$35.97</b>
Refer	2958	HARDWARE HANK	Ck# 034995	5/19/2020		
<b>Cash Payment</b>	E 100-41940-220 Repair/Maint Supply (GE	Wood Epoxy Putty Stick				<b>\$8.54</b>
Invoice 1625483	4/3/2020					
<b>Cash Payment</b>	E 100-43000-215 Shop Supplies	AA Batteries				<b>\$15.29</b>
Invoice 1625483	4/3/2020					
<b>Cash Payment</b>	E 100-45200-220 Repair/Maint Supply (GE	Bleach and Sprayer to Disinfect Mini Biffs				<b>\$12.23</b>
Invoice 1627746	4/13/2020					
<b>Cash Payment</b>	E 100-45200-220 Repair/Maint Supply (GE	Irrigation Lines: Brass Coupling, 90 Degree Elbow, Flex Hose				<b>\$21.44</b>
Invoice 1627839	4/14/2020					
<b>Cash Payment</b>	E 100-43000-215 Shop Supplies	Gasket Maker				<b>\$7.19</b>
Invoice 1629698	4/21/2020					
<b>Cash Payment</b>	E 100-41940-220 Repair/Maint Supply (GE	Synthetic Wet Mop Head				<b>\$19.78</b>
Invoice 1631828	4/27/2020					
<b>Cash Payment</b>	E 603-43000-221 Equipment Parts	Sweeper				<b>\$0.32</b>
Invoice 1632355	4/29/2020					

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Payments

Current Period: May 2020

<b>Cash Payment</b>	E 100-43000-215 Shop Supplies	Interior Polyester Paint Brushes				<b>\$17.08</b>
Invoice 1632355	4/29/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$101.87</b>
<b>Refer</b>	<b>2959</b>	<b>PLUNKETTS</b>	<b>Ck# 035003</b>	<b>5/19/2020</b>		
<b>Cash Payment</b>	E 100-41940-310 Other Professional Servi	General Pest Control				<b>\$142.72</b>
Invoice 6639847	5/8/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$142.72</b>
<b>Refer</b>	<b>2960</b>	<b>COLLABORATIVE PLANNING LLC</b>	<b>Ck# 002951E</b>	<b>5/19/2020</b>		
<b>Cash Payment</b>	E 100-41910-310 Other Professional Servi	General Planning: April 2020				<b>\$1,627.50</b>
Invoice 2020-067	5/11/2020					
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	Fehn Companies - IUP Expansion: April 2020				<b>\$498.75</b>
Invoice 2020-068	5/11/2020			Project 208263		
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	JBW Holdings / RiverTown Villas - Final Plat: April 2020				<b>\$1,102.50</b>
Invoice 2020-069	5/11/2020			Project 208258		
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	Mavco Inc / Mercantile Pass - Concept Plan: April 2020				<b>\$157.50</b>
Invoice 2020-070	5/11/2020			Project 208269		
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	JP Brooks / Rivers Edge - Concept Plan: April 2020				<b>\$78.75</b>
Invoice 2020-071	5/11/2020			Project 208271		
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	Ben & Kristal Sneen / Riverside Estates - Variance: April 2020				<b>\$446.25</b>
Invoice 2020-072	5/11/2020			Project 208274		
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	Fehn Companies - Lot Split: April 2020				<b>\$78.75</b>
Invoice 2020-073	5/11/2020			Project 208272		
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	K. Luedemann - CUP: April 2020				<b>\$157.50</b>
Invoice 2020-074	5/11/2020			Project 208273		
<b>Cash Payment</b>	E 818-41910-310 Other Professional Servi	Ben & Kristal Sneen / Riverside Estates - Mult. Escrows: April 2020				<b>\$52.50</b>
Invoice 2020-075	5/11/2020			Project 208268		
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$4,200.00</b>
<b>Refer</b>	<b>2961</b>	<b>MENARDS - BUFFALO</b>	<b>Ck# 034999</b>	<b>5/19/2020</b>		
<b>Cash Payment</b>	E 100-41940-220 Repair/Maint Supply (GE	1x4 - 8' and 1x2 - 8' for Counter Screening				<b>\$16.54</b>
Invoice 20947	5/8/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$16.54</b>
<b>Refer</b>	<b>2962</b>	<b>CLASSIC CLEANING COMPANY, LL</b>	<b>Ck# 034989</b>	<b>5/19/2020</b>		
<b>Cash Payment</b>	E 100-41940-310 Other Professional Servi	City Hall Monthly Cleaning - May 2020				<b>\$325.00</b>
Invoice 29750	5/8/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$325.00</b>
<b>Refer</b>	<b>2963</b>	<b>WRIGHT COUNTY AUDITOR-TREA</b>	<b>Ck# 035007</b>	<b>5/19/2020</b>		
<b>Cash Payment</b>	E 100-42102-310 Other Professional Servi	WC Patrol Services - May 2020				<b>\$9,546.50</b>
Invoice May 2020	5/1/2020					
Transaction Date	5/13/2020	Due 0	Cash	10100	<b>Total</b>	<b>\$9,546.50</b>
<b>Refer</b>	<b>2964</b>	<b>MacQueen Equipment</b>	<b>Ck# 034998</b>	<b>5/19/2020</b>		
<b>Cash Payment</b>	E 603-43000-221 Equipment Parts	Sweeper: U-Joints, Adjusting Nuts, Oil Seals, Roller Bearings, Piranha Segment, Pelican Pat				<b>\$969.53</b>
Invoice P27133	4/27/2020					
<b>Cash Payment</b>	E 603-43000-221 Equipment Parts	Sweeper: Oil Seal, Rtng Ring, Woodruff Key, SB Output Shaft				<b>\$81.65</b>
Invoice P27177	4/28/2020					

Payments

Current Period: May 2020

<b>Cash Payment</b>	E 603-43000-221 Equipment Parts	Sweeper: Bearing Cups, Protection & Lock Caps			<b>\$89.19</b>
Invoice P27185	4/28/2020				
Transaction Date	5/14/2020	Due 0	Cash	10100	<b>Total \$1,140.37</b>

Refer	2965 MN EQUIPMENT	Ck# 035000	5/19/2020		
<b>Cash Payment</b>	E 603-43000-221 Equipment Parts	Sweeper: Disassembled the Water Pump and Rebuilt, Cleaned Gasket Surface, Removed Coolant Bypass Tube & Installed New O-Rings			<b>\$461.88</b>
Invoice R32821	4/29/2020				
Transaction Date	5/14/2020	Due 0	Cash	10100	<b>Total \$461.88</b>

Fund Summary

	10100 Cash	
818 MISC ESCROWS FUND	\$2,609.88	
603 STORM WATER ENTERPRISE FUND	\$1,622.56	
602 SEWER ENTERPRISE FUND	\$10,398.00	
601 WATER ENTERPRISE FUND	\$5,750.00	
100 GENERAL FUND	\$42,207.04	
	<u>\$62,587.48</u>	

Pre-Written Checks	\$62,587.48
Checks to be Generated by the Computer	\$0.00
<b>Total</b>	<b>\$62,587.48</b>

CITY OF HANOVER

05/14/20 1:45 PM

Page 1

**\*Check Summary Register©**

Batch: 05-19-20 PAY

Name	Check Date	Check Amt	
<b>10100 Cash</b>			
2942e XCEL ENERGY	5/19/2020	\$2,044.68	Xcel Owned Street Lighting 04/03/2020 - 05/02
2943e CITY OF ST. MICHAEL	5/19/2020	\$5,136.00	SAC Fee - 11059 Lamont Avenue
2948e MILLER TRUCKING & LANDSCAP	5/19/2020	\$56.00	Plow Damaged Lawns: 4 yds of Pulverized Bla
2949e TEAM LABORATORY CHEMICAL	5/19/2020	\$196.00	Ballfield: Terminator II Weed Killer
2950e BLUE TARP FINANCIAL	5/19/2020	\$35.97	3/4 Drive 12 Point Socket
2951e Collaborative Planning LLC	5/19/2020	\$4,200.00	General Planning: April 2020
34987 ASPEN MILLS	5/19/2020	\$139.60	B. Gronsberg: Navy Pants, Embroidered Polo,
34988 CENTURY LINK	5/19/2020	\$42.57	Fire Station Landline - 04/28/2020 - 05/27/2020
34989 CLASSIC CLEANING COMPANY,	5/19/2020	\$325.00	City Hall Monthly Cleaning - May 2020
34990 COMCAST	5/19/2020	\$152.93	CH: Digital Voice & Internet - May 2020
34991 COTTENS, INC.	5/19/2020	\$272.40	Zero Turn: Battery
34992 FINKEN WATER SOLUTIONS	5/19/2020	\$41.40	10 Gallons of Drinking Water
34993 FS SOLUTIONS	5/19/2020	\$88.78	DOT - B. Desens
34994 GUIDANCE POINT TECHNOLOGI	5/19/2020	\$112.50	5/8/2020 Remote Service: Make Phone Adjust
34995 HARDWARE HANK	5/19/2020	\$101.87	Synthetic Wet Mop Head
34996 HENNEPIN COUNTY SHERIFF S	5/19/2020	\$21,092.00	HC Sheriff Patrol Services - 1st Quarter 2020
34997 JOINT POWERS WATER BOARD	5/19/2020	\$2,001.00	WAC Fee - 11059 Lamont Avenue
34998 MacQueen Equipment	5/19/2020	\$1,140.37	Sweeper: U-Joints, Adjusting Nuts, Oil Seals,
34999 MENARDS - BUFFALO	5/19/2020	\$16.54	1x4 - 8' and 1x2 - 8' for Counter Screening
35000 MN EQUIPMENT	5/19/2020	\$461.88	Sweeper: Disassembled the Water Pump and
35001 MN PEIP	5/19/2020	\$4,231.34	Medical & Dental Premiums - June 2020
35002 Occup. Health Cntrs. Of MN PC	5/19/2020	\$576.50	D. Dehmer: Firefighter Pre-Employment Evalua
35003 PLUNKETTS	5/19/2020	\$142.72	General Pest Control
35004 SITE ONE LANDSCAPE SUPPLY	5/19/2020	\$1,333.71	LESCO Prosecutor Pro Non Selective Liquid H
35005 VEOLIA WATER NORTH AMERIC	5/19/2020	\$9,011.00	Sewer Services - June 2020
35006 VERIZON	5/19/2020	\$50.84	iPad Data Plan - 04/03/2020 - 05/02/2020
35007 WRIGHT COUNTY AUDITOR-TRE	5/19/2020	\$9,546.50	WC Patrol Services - May 2020
35008 WRIGHT COUNTY JOURNAL PR	5/19/2020	\$37.38	PHN: Sneen / Riverside Estates Variance
	<b>Total Checks</b>	<b>\$62,587.48</b>	

FILTER: ((([Act Year]='2020' and [period] in (5)))) and (Source in ('05-19-20 PAY'))

Collaborative Planning, LLC  
 PO Box 251  
 Hamel, MN 55340  
 763-473-0569

# 2951

# INVOICE

**BILL TO**  
 City of Hanover  
 PO Box 278  
 Hanover, MN 55341

**INVOICE #** 2020-067  
**DATE** 05/11/2020

**PROJECT**

General Planning

DATE	ACCOUNT SUMMARY	AMOUNT
04/13/2020	Balance Forward	\$892.50
	Other payments and credits after 04/13/2020 through 05/10/2020	-892.50
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	1,627.50
	<b>Total Amount Due</b>	<b>\$1,627.50</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT
	<b>City of Hanover:Hanover General Planning:Hanover General Planning Billable Time</b>			
04/01/2020	Phone conference with Nick. Emails with Nick re: zoning maps.	CMN	0:15 105.00	26.25
04/03/2020	Emails re: maps. Phone conference with Brian. Review packet.	CMN	0:30 105.00	52.50
04/06/2020	Phone conference with Brian re: various. Emails re: meeting questions. Phone conference with Brian. Phone conference with Scott. Prep for meeting. Phone conference with Nick. Phone conference with Brian. Conference call with Bill's Superette. Phone conference with Brian.	CMN	4:30 105.00	472.50
04/07/2020	Review potential building permit, email to applicant. Review updated zoning map and future	CMN	2:00 105.00	210.00

DATE	ACTIVITY	QTY	RATE	AMOUNT
	land use map, phone conference with Nick, email to Nick.			
04/08/2020	Review building permit, email to Amy.	CMN	0:15 105.00	26.25
04/09/2020	Review building permit, email to Amy.	CMN	0:15 105.00	26.25
04/10/2020	Phone conference with Amy, review building permits.	CMN	1:00 105.00	105.00
04/14/2020	Phone conference with newspaper. Various emails re: building permits.	CMN	0:30 105.00	52.50
04/17/2020	Various with Amy re: building permits, property owners.	CMN	0:30 105.00	52.50
04/20/2020	Phone conference with Brian re: various.	CMN	0:30 105.00	52.50
04/21/2020	Phone conference with Amy about building permits, PC meeting. Review building permit, email to Amy.	CMN	1:00 105.00	105.00
04/27/2020	Prep for and attend Planning Commission meeting.	CMN	0:30 105.00	52.50
04/28/2020	Review swimming pool permit, emails with Amy. Review building permit for home, emails with Amy. Phone conference with Amy. Phone conference with Brian. Phone conference with Brian. Review River Inn potential request.	CMN	2:45 105.00	288.75
04/29/2020	Phone conference with Brian re: Plantenburg.	CMN	0:30 105.00	52.50
04/30/2020	Emails re: township lot split. Phone conference with Brian.	CMN	0:30 105.00	52.50
	<b>Subtotal:</b>			1,627.50
	<b>SUBTOTAL - City of Hanover: Hanover General Planning: Hanover General Planning</b>			1,627.50

E# 100-41910-310  
 Planning & Zoning  
 ↳ Other Prof. Svcs.

TOTAL OF NEW CHARGES BALANCE DUE 1,627.50

**\$1,627.50**

**Collaborative Planning, LLC**

PO Box 251  
Hamel, MN 55340  
763-473-0569

# INVOICE

**BILL TO**

City of Hanover  
PO Box 278  
Hanover, MN 55341

**INVOICE #** 2020-068

**DATE** 05/11/2020

**PROJECT**

Mahler IUP

*Fenn Companies - IUP Mining Expansion*

DATE	ACCOUNT SUMMARY	AMOUNT
04/13/2020	Balance Forward	\$2,362.50
	Other payments and credits after 04/13/2020 through 05/10/2020	-2,362.50
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	498.75
	<b>Total Amount Due</b>	<b>\$498.75</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT
04/06/2020	Phone conference with Scott. <b>CMN</b>	0:15	105.00	26.25
04/07/2020	Email to Jay. Phone conference with Brian. Edit LOC, email to Gary/Scott. Various emails. <b>CMN</b>	0:45	105.00	78.75
04/16/2020	Phone conference with Scott. Review IUP, various emails, draft checklist. <b>CMN</b>	1:00	105.00	105.00
04/17/2020	Email from Jackie. <b>CMN</b>	0:15	105.00	26.25
04/20/2020	Email from Gary, email to Jay. <b>CMN</b>	0:15	105.00	26.25
04/21/2020	Email from Jay. <b>CMN</b>	0:15	105.00	26.25
04/23/2020	Phone conference with Nick, email to Gary. Phone conference with title company. Various emails re: schedule, etc. <b>CMN</b>	1:15	105.00	131.25
04/24/2020	Email to Gary. Phone conference with Amy. Various emails. <b>CMN</b>	0:15	105.00	26.25
04/28/2020	Email from Brian. <b>CMN</b>	0:15	105.00	26.25
04/30/2020	Email from Brian re: land swap deeds. <b>CMN</b>	0:15	105.00	26.25

*E # 818-41910-310*

**TOTAL OF NEW CHARGES**

**498.75**

*Misc. Escrows*

*↳ Planning & Zoning  
↳ Other Prof. Svcs.*

*Project # 208263*

**Collaborative Planning, LLC**

PO Box 251  
Hamel, MN 55340  
763-473-0569

# INVOICE

**BILL TO**

City of Hanover  
PO Box 278  
Hanover, MN 55341

**INVOICE #** 2020-069

**DATE** 05/11/2020

**PROJECT**

River Town Villas

*JBW Holdings - Final Plat*

DATE	ACCOUNT SUMMARY	AMOUNT
04/13/2020	Balance Forward	\$866.25
	Other payments and credits after 04/13/2020 through 05/10/2020	-866.25
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	1,102.50
	<b>Total Amount Due</b>	<b>\$1,102.50</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT	
04/01/2020	Various emails. Phone conference with Josh. Phone conference with Nick. Email to Jay. Phone conference with Nick. Email to Todd, email from Josh re: retaining walls. Emails re: LOC. Phone conference with Brian. Calculating escrows, draw amounts, various emails.	<b>CMN</b>	3:30	105.00	367.50
04/02/2020	Editing Development agreement, draft memo, prepare for packet, various emails. Emails re: escrow balances. Email from Josh, phone conference with Brian. Phone conference with Josh. Phone conference with Jay. Phone conference with Nick. Phone conference with Brian. Preparing final plat extension, drafting resolution, various emails.	<b>CMN</b>	3:15	105.00	341.25
04/03/2020	Phone conference with Josh. Prepare for council packet, email to Brian.	<b>CMN</b>	0:30	105.00	52.50
04/06/2020	Emails re: title commitment.	<b>CMN</b>	0:15	105.00	26.25
04/07/2020	Emails to Josh, phone conference	<b>CMN</b>	1:00	105.00	105.00

DATE	ACTIVITY	QTY	RATE	AMOUNT	
	with Josh. Emails re: retaining walls. Attend Council meeting.				
04/08/2020	Phone conference with Josh.	CMN	0:30	105.00	52.50
04/09/2020	Phone conference with Nick.	CMN	1:30	105.00	157.50
	Phone conference with Todd.				
	Phone conference with Nick.				
	Phone conference with Josh.				
	Phone conference with Brian.				
	Email to all.				

TOTAL OF NEW  
CHARGES  
BALANCE DUE

1,102.50

**\$1,102.50**

E # 818-41910-310

Misc. Escrows

↳ Planning & Zoning

↳ Other Prof. Svcs.

Project # 208258

**Collaborative Planning, LLC**  
 PO Box 251  
 Hamel, MN 55340  
 763-473-0569

# INVOICE

**BILL TO**  
 City of Hanover  
 PO Box 278  
 Hanover, MN 55341

**INVOICE #** 2020-070  
**DATE** 05/11/2020

**PROJECT**

Mercantile Pass

Concept Plan

DATE	ACCOUNT SUMMARY	AMOUNT
04/13/2020	Balance Forward	\$367.50
	Other payments and credits after 04/13/2020 through 05/10/2020	-367.50
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	157.50
	<b>Total Amount Due</b>	<b>\$157.50</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT
04/01/2020	Various emails. <b>CMN</b>	0:15	105.00	26.25
04/03/2020	Email from Grant, review concept, phone conference with Brian. <b>CMN</b>	0:45	105.00	78.75
04/14/2020	Review wetland information. <b>CMN</b>	0:15	105.00	26.25
04/16/2020	Phone conference with Nick. <b>CMN</b> Phone conference with Scott.	0:15	105.00	26.25

TOTAL OF NEW CHARGES 157.50  
 BALANCE DUE

**\$157.50**

E# 818-41910-310

Misc. Escrows

↳ Planning & Zoning

↳ Other Prof. Svcs.

Project # 208269

**Collaborative Planning, LLC**

PO Box 251  
Hamel, MN 55340  
763-473-0569

# INVOICE

**BILL TO**

City of Hanover  
PO Box 278  
Hanover, MN 55341

**INVOICE #** 2020-071

**DATE** 05/11/2020

**PROJECT**

Rivers Edge

*JP Brooks - Concept Plan*

DATE	ACCOUNT SUMMARY	AMOUNT
04/13/2020	Balance Forward	\$157.50
	Other payments and credits after 04/13/2020 through 05/10/2020	-157.50
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	78.75
	<b>Total Amount Due</b>	<b>\$78.75</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT	
04/08/2020	Phone conference with Jason.	<b>CMN</b>	0:15	105.00	26.25
04/09/2020	Various emails.	<b>CMN</b>	0:15	105.00	26.25
04/12/2020	Update webpage, email to Amy.	<b>CMN</b>	0:15	105.00	26.25

TOTAL OF NEW CHARGES 78.75  
BALANCE DUE

**\$78.75**

*E# 818-41910-310*

*Misc. Escrows*

*↳ Planning & Zoning*

*↳ Other Prof. Svcs.*

*Project # 208271*

**Collaborative Planning, LLC**

PO Box 251  
Hamel, MN 55340  
763-473-0569

# INVOICE

**BILL TO**

City of Hanover  
PO Box 278  
Hanover, MN 55341

**INVOICE #** 2020-072

**DATE** 05/11/2020

**PROJECT**

1332 Jansen Variance

*Ben + Kristal Sneen / Riverside Estates*

DATE	ACTIVITY	QTY	RATE	AMOUNT	
04/08/2020	Various emails with Kristal. Review documents.	CMN	0:30	105.00	52.50
04/10/2020	Email re: application.	CMN	0:15	105.00	26.25
04/13/2020	Draft public hearing notice, email to newspaper.	CMN	0:15	105.00	26.25
04/14/2020	Prepare mailer, emails with Amy. Create website.	CMN	0:45	105.00	78.75
04/16/2020	Email to DNR. Email to Nick.	CMN	0:15	105.00	26.25
04/20/2020	Email re: engineering comments.	CMN	0:15	105.00	26.25
04/21/2020	Draft memo, prepare for PC packets. Phone conference with Amy.	CMN	1:00	105.00	105.00
04/23/2020	Email to Kristal re: PC packet.	No Charge	0:15	0.00	0.00
04/27/2020	Prep for and attend Planning Commission meeting.	CMN	0:30	105.00	52.50
04/30/2020	Draft resolution, update memo, email to Brian.	CMN	0:30	105.00	52.50

BALANCE DUE

**\$446.25**

*E # 818-41910-310*

*Misc. Escrows*

*↳ Planning + Zoning*

*↳ Other Prof. Sves.*

*Project # 208274*

**Collaborative Planning, LLC**

PO Box 251  
Hamel, MN 55340  
763-473-0569

# INVOICE

**BILL TO**

City of Hanover  
PO Box 278  
Hanover, MN 55341

**INVOICE #** 2020-073

**DATE** 05/11/2020

**PROJECT**

Kottke Land Swap

*Fehn Companies*

DATE	ACCOUNT SUMMARY	AMOUNT
03/10/2020	Balance Forward	\$105.00
	Other payments and credits after 03/10/2020 through 05/10/2020	-105.00
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	78.75
	<b>Total Amount Due</b>	<b>\$78.75</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT	
04/16/2020	Phone conference with Scott, phone conference with Brian. Review swap.	<b>CMN</b>	0:30	105.00	52.50
04/23/2020	Phone conference with title company.	<b>CMN</b>	0:15	105.00	26.25

TOTAL OF NEW  
CHARGES  
BALANCE DUE

78.75

**\$78.75**

*E# 818-41910-310*

*Misc. Escrows*

*↳ Planning & Zoning*

*↳ Other Prof. Svs.*

*Project # 208272*

**Collaborative Planning, LLC**  
 PO Box 251  
 Hamel, MN 55340  
 763-473-0569

# INVOICE

**BILL TO**  
 City of Hanover  
 PO Box 278  
 Hanover, MN 55341

**INVOICE #** 2020-074  
**DATE** 05/11/2020

**PROJECT**  
 Luedemann CUP

DATE	ACCOUNT SUMMARY	AMOUNT
04/13/2020	Balance Forward	\$420.00
	Other payments and credits after 04/13/2020 through 05/10/2020	-420.00
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	157.50
	<b>Total Amount Due</b>	<b>\$157.50</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT
04/01/2020	Phone conference with Brian. <b>CMN</b>	0:15	105.00	26.25
04/13/2020	Review revised plans. Email to Andrew. <b>CMN</b>	0:15	105.00	26.25
04/23/2020	Email to Andrew. <b>CMN</b>	0:15	105.00	26.25
04/24/2020	Email from Brian. Phone conference with Brian and Andrew. Email from Andrew. <b>CMN</b>	0:30	105.00	52.50
04/28/2020	Various emails. <b>CMN</b>	0:15	105.00	26.25

TOTAL OF NEW CHARGES 157.50  
 BALANCE DUE

**\$157.50**

E# 818-41910-310

Misc. Escrows

↳ Planning & Zoning  
 ↳ Other Prof. Svcs.

Project # 208273

**Collaborative Planning, LLC**

PO Box 251  
Hamel, MN 55340  
763-473-0569

# INVOICE

**BILL TO**

City of Hanover  
PO Box 278  
Hanover, MN 55341

**INVOICE #** 2020-075

**DATE** 05/11/2020

**PROJECT**

*Estates*

~~Riverside Acres~~

*Ben + Kristal Sneen - Multiple Escrows*

DATE	ACCOUNT SUMMARY	AMOUNT
04/13/2020	Balance Forward	\$105.00
	Other payments and credits after 04/13/2020 through 05/10/2020	-105.00
05/11/2020	Other invoices from this date	0.00
	New charges (details below)	52.50
	<b>Total Amount Due</b>	<b>\$52.50</b>

DATE	ACTIVITY	QTY	RATE	AMOUNT
04/10/2020	Phone conference with Paul, email to Paul.	0:15	105.00	26.25
04/23/2020	Email to Paul re: driveways.	0:15	105.00	26.25

TOTAL OF NEW CHARGES  
BALANCE DUE

52.50

**\$52.50**

*E # 818-41910-310*

*Misc. Escrows*

*↳ Planning + Zoning  
↳ Other Prof. Svcs.*

*Project # 208268*

**Collaborative Planning**

**Month: April 2020**

Project Name:	Amount:
General Planning	\$ 1,627.50
Fehn Companies - IUP Expansion	\$ 498.75
JBW Holdings / River Town Villas - Final Plat	\$ 1,102.50
JP Brooks / Rivers Edge - Concept Plan	\$ 78.75
Mavco Inc / Mercantile Pass - Concept Plan	\$ 157.50
Ben & Kristal Sneen / Riverside Estates - Variance	\$ 446.25
Fehn Companies - Lot Split	\$ 78.75
Kevin Luedemann - CUP	\$ 157.50
Ben & Kristal Sneen / Riverside Estates - Mult. Escrows	\$ 52.50
	<hr/>
	\$ 4,200.00

CITY OF HANOVER

Cash Balances

May 2020

Fund	Begin Month	GL Debits Month	GL Credits Month	Balance
100 GENERAL FUND	\$426,737.91	\$375.00	\$105,302.61	\$321,810.30
107 FIRE DEPT DONATIONS FUND	\$26,237.47	\$0.00	\$0.00	\$26,237.47
201 EDA SPECIAL REVENUE FUND	\$137,503.04	\$0.00	\$0.00	\$137,503.04
205 EDA BUSINESS INCENTIVE FUND	\$78,322.49	\$0.00	\$0.00	\$78,322.49
311 2008A GO CIP REFUNDING BOND	\$47,732.67	\$0.00	\$0.00	\$47,732.67
312 2009A GO IMP REFUNDING BOND	\$15,414.65	\$0.00	\$0.00	\$15,414.65
314 2011A GO IMP CROSSOVER REF BD	\$476,487.96	\$0.00	\$4,632.50	\$471,855.46
315 2016A GO CIP BOND	\$17,390.08	\$0.00	\$0.00	\$17,390.08
401 GENERAL CAPITAL PROJECTS	\$724,776.50	\$0.00	\$0.00	\$724,776.50
402 PARKS CAPITAL PROJECTS	\$93,737.92	\$0.00	\$0.00	\$93,737.92
403 FIRE DEPT CAPITAL FUND	\$359,706.65	\$0.00	\$0.00	\$359,706.65
404 HISTORICAL CAPITAL PROJ FUND	\$0.00	\$0.00	\$0.00	\$0.00
405 PARK DEDICATION FEE	\$118,443.56	\$0.00	\$0.00	\$118,443.56
406 GAMBLING PROCEEDS	\$12,653.04	\$0.00	\$0.00	\$12,653.04
407 TIF REDEV DIST #1	\$8,751.97	\$0.00	\$0.00	\$8,751.97
409 MAHLER PIT - 15TH ST IMP FUND	\$106,303.80	\$0.00	\$0.00	\$106,303.80
411 FACILITIES CAPITAL PROJ FUND	\$0.00	\$0.00	\$0.00	\$0.00
417 EQUIPMENT CAPITAL FUND	\$12,428.06	\$0.00	\$0.00	\$12,428.06
418 STREET CAPITAL PROJ FUND	\$381,106.68	\$0.00	\$456.50	\$380,650.18
601 WATER ENTERPRISE FUND	\$977,313.97	\$0.00	\$5,750.00	\$971,563.97
602 SEWER ENTERPRISE FUND	\$427,328.33	\$0.00	\$10,398.00	\$416,930.33
603 STORM WATER ENTERPRISE FUND	\$183,264.20	\$0.00	\$5,097.11	\$178,167.09
611 WATER CAPITAL IMP FUND	\$218,565.29	\$0.00	\$0.00	\$218,565.29
612 SEWER CAPITAL IMP FUND	\$2,154,558.89	\$0.00	\$0.00	\$2,154,558.89
613 STORM WATER CAPITAL IMP FUND	\$688,876.82	\$0.00	\$688.77	\$688,188.05
701 RIVER ROAD CEMETERY	\$36,081.74	\$0.00	\$0.00	\$36,081.74
702 CSAH 19 CEMETERY	\$3,450.00	\$0.00	\$0.00	\$3,450.00
811 EROSION CONTROL ESCROW FUND	\$46,123.53	\$0.00	\$0.00	\$46,123.53
815 LANDSCAPE ESCROW FUND	\$46,000.00	\$0.00	\$0.00	\$46,000.00
817 INFRASTRUCTURE ESCROW FUND	\$30,000.00	\$0.00	\$0.00	\$30,000.00
818 MISC ESCROWS FUND	\$24,559.14	\$0.00	\$9,066.88	\$15,492.26
820 BRIDGES TOWNHOMES ESC FUND	\$3,764.63	\$0.00	\$0.00	\$3,764.63
823 CROW RVR HTS WEST 3RD / BACKES	\$16,620.35	\$0.00	\$1,714.50	\$14,905.85
825 CROW RVR HTS FUT WEST PLAT/PUD	\$0.00	\$0.00	\$0.00	\$0.00
826 CROW RVR HTS 4TH ADD FINL PLAT	\$0.00	\$0.00	\$0.00	\$0.00
827 HANOVER COVE PRELIMINARY PLAT	\$0.00	\$0.00	\$0.00	\$0.00
828 CROW RVR HTS 4TH DEVEL AGRMT	\$57,074.39	\$0.00	\$1,779.00	\$55,295.39
900 INTEREST	\$63,614.02	\$0.00	\$0.00	\$63,614.02
	\$8,020,929.75	\$375.00	\$144,885.87	\$7,876,418.88

Revenue Budget Report - General Fund

Source Alt Code	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
Fund 100 GENERAL FUND						
TAXES	R 100-31000 Property Taxes - General	\$0.00	\$0.00	\$1,010,873.00	\$1,010,873.00	0.00%
TAXES	R 100-31020 Property Taxes - Fire	\$0.00	\$0.00	\$104,404.00	\$104,404.00	0.00%
TAXES	R 100-31800 Franchise Fees	\$0.00	\$3,598.19	\$15,000.00	\$11,401.81	23.99%
Source Alt Code TAXES		\$0.00	\$3,598.19	\$1,130,277.00	\$1,126,678.81	0.32%
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	\$0.00	\$1,225.00	\$11,000.00	\$9,775.00	11.14%
SERVICE	R 100-34107 Assessment Search Fees	\$0.00	\$625.00	\$600.00	-\$25.00	104.17%
SERVICE	R 100-34108 Administrative Fees	\$0.00	\$1,800.00	\$3,000.00	\$1,200.00	60.00%
SERVICE	R 100-34109 Copies/Faxes	\$0.00	\$0.00	\$50.00	\$50.00	0.00%
SERVICE	R 100-34206 Other Public Safety Charges	\$0.00	\$610.00	\$0.00	-\$610.00	0.00%
SERVICE	R 100-34207 Fire Protection Services	\$0.00	\$0.00	\$107,573.00	\$107,573.00	0.00%
SERVICE	R 100-34403 Recycling Rev/Reimb	\$0.00	\$0.00	\$6,000.00	\$6,000.00	0.00%
SERVICE	R 100-34780 Park Rental Fees	\$0.00	\$0.00	\$2,500.00	\$2,500.00	0.00%
SERVICE	R 100-34940 Cemetery Revenues	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code SERVICE		\$0.00	\$4,260.00	\$130,723.00	\$126,463.00	3.26%
MISC	R 100-36100 Special Assessments	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 100-36200 Miscellaneous Revenues	\$0.00	\$2,321.80	\$100.00	-\$2,221.80	2321.80%
MISC	R 100-36210 Interest Earnings	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 100-36215 Investment Income/Loss	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 100-36230 Contributions and Donations	\$0.00	\$917.54	\$400.00	-\$517.54	229.39%
MISC	R 100-36235 Insurance Dividends	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 100-36250 Damage Deposits	\$0.00	\$400.00	\$9,000.00	\$8,600.00	4.44%
MISC	R 100-36260 Refunds or Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	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		\$0.00	\$3,639.34	\$9,500.00	\$5,860.66	38.31%
LIC PERM	R 100-32110 Alcoholic Beverages	\$0.00	\$3,335.00	\$6,870.00	\$3,535.00	48.54%
LIC PERM	R 100-32180 Other Bus. Licenses/Permits	\$0.00	\$325.00	\$1,000.00	\$675.00	32.50%
LIC PERM	R 100-32210 Building Permits	\$0.00	\$37,919.22	\$100,000.00	\$62,080.78	37.92%
LIC PERM	R 100-32240 Animal Licenses	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
LIC PERM	R 100-32260 Solid Waste Hauler Licenses	\$0.00	\$1,500.00	\$1,500.00	\$0.00	100.00%
LIC PERM	R 100-32270 Rental Dwelling Licenses	\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
LIC PERM	R 100-32280 Other Non-Business Lic/Per	\$0.00	\$0.00	\$50.00	\$50.00	0.00%
Source Alt Code LIC PERM		\$0.00	\$43,079.22	\$110,420.00	\$67,340.78	39.01%
INTGOVT	R 100-33400 State Grants and Aids	\$0.00	\$4,000.00	\$0.00	-\$4,000.00	0.00%
INTGOVT	R 100-33401 Local Government Aid	\$0.00	\$0.00	\$124,773.00	\$124,773.00	0.00%
INTGOVT	R 100-33410 MV Credit	\$0.00	\$0.00	\$1,000.00	\$1,000.00	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	\$4,000.00	\$170,612.00	\$166,612.00	2.34%
FINES	R 100-35100 Court Fines	\$0.00	\$1,102.55	\$3,000.00	\$1,897.45	36.75%
Source Alt Code FINES		\$0.00	\$1,102.55	\$3,000.00	\$1,897.45	36.75%
Fund 100 GENERAL FUND		\$0.00	\$59,679.30	\$1,554,532.00	\$1,494,852.70	3.84%

**CITY OF HANOVER**  
**Revenue Budget Report - General Fund**

Source Alt Code	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
		\$0.00	\$59,679.30	\$1,554,532.00	\$1,494,852.70	3.84%

**CITY OF HANOVER**  
**Expenditure Budget Report - General Fund**

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
<b>Fund 100 GENERAL FUND</b>						
<b>Dept 41110 Council</b>						
COUNCIL	E 100-41110-111 Committee Wages/Mee	\$0.00	\$120.75	\$13,000.00	\$12,879.25	0.93%
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	\$0.00	\$550.00	\$2,000.00	\$1,450.00	27.50%
COUNCIL	E 100-41110-306 Dues & Subscriptions	\$0.00	\$4,237.68	\$7,500.00	\$3,262.32	56.50%
COUNCIL	E 100-41110-331 Travel Expenses	\$0.00	\$271.04	\$2,000.00	\$1,728.96	13.55%
COUNCIL	E 100-41110-437 Other Miscellaneous	\$0.00	\$428.72	\$20,000.00	\$19,571.28	2.14%
<b>Dept 41110 Council</b>		<b>\$0.00</b>	<b>\$5,608.19</b>	<b>\$45,495.00</b>	<b>\$39,886.81</b>	<b>12.33%</b>
<b>Dept 41330 Boards and Commissions</b>						
BRDCOMM	E 100-41330-111 Committee Wages/Mee	\$0.00	\$0.00	\$5,000.00	\$5,000.00	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	\$200.00	\$200.00	0.00%
<b>Dept 41330 Boards and Commissions</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,700.00</b>	<b>\$5,700.00</b>	<b>0.00%</b>
<b>Dept 41400 City Administrator</b>						
CITYADM	E 100-41400-101 Full-Time Employees R	\$6,307.70	\$29,027.09	\$78,668.00	\$49,640.91	36.90%
CITYADM	E 100-41400-121 PERA	\$473.08	\$2,351.25	\$5,900.00	\$3,548.75	39.85%
CITYADM	E 100-41400-122 FICA	\$388.88	\$1,932.70	\$4,877.00	\$2,944.30	39.63%
CITYADM	E 100-41400-123 Medicare	\$90.94	\$451.98	\$1,141.00	\$689.02	39.61%
CITYADM	E 100-41400-134 Employer Paid Life	\$53.02	\$265.10	\$674.00	\$408.90	39.33%
CITYADM	E 100-41400-151 Med/Dental Insurance	\$646.14	\$3,230.70	\$8,400.00	\$5,169.30	38.46%
CITYADM	E 100-41400-208 Training and Instructio	\$0.00	\$725.00	\$1,500.00	\$775.00	48.33%
CITYADM	E 100-41400-306 Dues & Subscriptions	\$0.00	\$98.28	\$200.00	\$101.72	49.14%
<b>Dept 41400 City Administrator</b>		<b>\$7,959.76</b>	<b>\$38,082.10</b>	<b>\$101,360.00</b>	<b>\$63,277.90</b>	<b>37.57%</b>
<b>Dept 41410 Elections</b>						
ELECTION	E 100-41410-101 Full-Time Employees R	\$0.00	\$1,424.50	\$13,500.00	\$12,075.50	10.55%
ELECTION	E 100-41410-122 FICA	\$0.00	\$100.77	\$837.00	\$736.23	12.04%
ELECTION	E 100-41410-123 Medicare	\$0.00	\$23.57	\$196.00	\$172.43	12.03%
ELECTION	E 100-41410-200 Office Supplies (GENER	\$0.00	\$3,303.35	\$5,000.00	\$1,696.65	66.07%
ELECTION	E 100-41410-310 Other Professional Servi	\$0.00	\$201.00	\$5,000.00	\$4,799.00	4.02%
ELECTION	E 100-41410-351 Legal Notices Publishin	\$0.00	\$0.00	\$200.00	\$200.00	0.00%
ELECTION	E 100-41410-400 Repairs & Maint Cont (	\$0.00	\$1,201.60	\$1,200.00	-\$1.60	100.13%
ELECTION	E 100-41410-437 Other Miscellaneous	\$201.00	\$2,201.88	\$0.00	-\$2,201.88	0.00%
<b>Dept 41410 Elections</b>		<b>\$201.00</b>	<b>\$8,456.67</b>	<b>\$25,933.00</b>	<b>\$17,476.33</b>	<b>32.61%</b>
<b>Dept 41430 Clerical Staff</b>						
CLERICAL	E 100-41430-101 Full-Time Employees R	\$3,822.40	\$17,728.55	\$49,926.00	\$32,197.45	35.51%
CLERICAL	E 100-41430-121 PERA	\$286.68	\$1,440.20	\$3,744.00	\$2,303.80	38.47%
CLERICAL	E 100-41430-122 FICA	\$234.80	\$1,179.62	\$3,095.00	\$1,915.38	38.11%
CLERICAL	E 100-41430-123 Medicare	\$54.92	\$275.90	\$724.00	\$448.10	38.11%
CLERICAL	E 100-41430-134 Employer Paid Life	\$37.02	\$185.10	\$456.00	\$270.90	40.59%
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	\$646.14	\$3,230.70	\$8,400.00	\$5,169.30	38.46%
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	\$0.00	\$22.50	\$100.00	\$77.50	22.50%
<b>Dept 41430 Clerical Staff</b>		<b>\$5,081.96</b>	<b>\$24,062.57</b>	<b>\$66,945.00</b>	<b>\$42,882.43</b>	<b>35.94%</b>
<b>Dept 41435 Staff Expenses</b>						
STAFFEXP	E 100-41435-260 Uniforms	\$0.00	\$0.00	\$300.00	\$300.00	0.00%
STAFFEXP	E 100-41435-310 Other Professional Servi	\$57.78	\$227.78	\$500.00	\$272.22	45.56%
STAFFEXP	E 100-41435-331 Travel Expenses	\$0.00	\$72.46	\$2,000.00	\$1,927.54	3.62%

**CITY OF HANOVER**  
**Expenditure Budget Report - General Fund**

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
Dept 41435	Staff Expenses	\$57.78	\$300.24	\$2,800.00	\$2,499.76	10.72%
Dept 41530	Accounting					
ACCTING	E 100-41530-101 Full-Time Employees R	\$4,434.16	\$20,392.80	\$57,920.00	\$37,527.20	35.21%
ACCTING	E 100-41530-121 PERA	\$332.56	\$1,657.71	\$4,344.00	\$2,686.29	38.16%
ACCTING	E 100-41530-122 FICA	\$274.92	\$1,370.39	\$3,591.00	\$2,220.61	38.16%
ACCTING	E 100-41530-123 Medicare	\$64.30	\$320.51	\$840.00	\$519.49	38.16%
ACCTING	E 100-41530-134 Employer Paid Life	\$42.26	\$211.30	\$527.00	\$315.70	40.09%
ACCTING	E 100-41530-151 Med/Dental Insurance	\$645.72	\$3,228.60	\$8,400.00	\$5,171.40	38.44%
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	\$50.00	\$250.00	\$200.00	20.00%
ACCTING	E 100-41530-310 Other Professional Servi	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 41530	Accounting	\$5,793.92	\$27,231.31	\$76,872.00	\$49,640.69	35.42%
Dept 41540	Auditing					
AUDITING	E 100-41540-301 Auditing and Acctg Serv	\$18,000.00	\$18,150.00	\$22,000.00	\$3,850.00	82.50%
Dept 41540	Auditing	\$18,000.00	\$18,150.00	\$22,000.00	\$3,850.00	82.50%
Dept 41550	Assessing					
ASSESS G	E 100-41550-310 Other Professional Servi	\$0.00	\$165.85	\$23,000.00	\$22,834.15	0.72%
Dept 41550	Assessing	\$0.00	\$165.85	\$23,000.00	\$22,834.15	0.72%
Dept 41570	Purchasing					
PURCHASE	E 100-41570-200 Office Supplies (GENER	\$475.38	\$1,145.58	\$3,500.00	\$2,354.42	32.73%
PURCHASE	E 100-41570-205 Bank Fees	\$0.00	\$9.00	\$200.00	\$191.00	4.50%
PURCHASE	E 100-41570-207 Computer Supplies	\$0.00	\$1,520.50	\$8,000.00	\$6,479.50	19.01%
PURCHASE	E 100-41570-220 Repair/Maint Supply (G	\$176.05	\$1,811.74	\$4,500.00	\$2,688.26	40.26%
PURCHASE	E 100-41570-322 Postage	\$0.00	-\$4.91	\$2,500.00	\$2,504.91	-0.20%
PURCHASE	E 100-41570-570 Office Equip and Furnis	\$0.00	\$0.00	\$3,000.00	\$3,000.00	0.00%
Dept 41570	Purchasing	\$651.43	\$4,481.91	\$21,700.00	\$17,218.09	20.65%
Dept 41600	Computer					
COMPUTER	E 100-41600-310 Other Professional Servi	\$1,076.36	\$3,569.91	\$6,000.00	\$2,430.09	59.50%
Dept 41600	Computer	\$1,076.36	\$3,569.91	\$6,000.00	\$2,430.09	59.50%
Dept 41610	City Attorney					
CITYATNY	E 100-41610-304 Legal Fees	\$0.00	\$2,089.33	\$20,000.00	\$17,910.67	10.45%
Dept 41610	City Attorney	\$0.00	\$2,089.33	\$20,000.00	\$17,910.67	10.45%
Dept 41910	Planning and Zoning					
PLANZONG	E 100-41910-310 Other Professional Servi	\$1,627.50	\$5,224.00	\$20,000.00	\$14,776.00	26.12%
Dept 41910	Planning and Zoning	\$1,627.50	\$5,224.00	\$20,000.00	\$14,776.00	26.12%
Dept 41940	General Govt Buildings/Plant					
GOVTBLDG	E 100-41940-210 Operating Supplies (GE	\$0.00	\$0.00	\$3,000.00	\$3,000.00	0.00%
GOVTBLDG	E 100-41940-220 Repair/Maint Supply (G	\$44.86	\$1,823.20	\$6,000.00	\$4,176.80	30.39%
GOVTBLDG	E 100-41940-306 Dues & Subscriptions	\$0.00	\$775.00	\$550.00	-\$225.00	140.91%
GOVTBLDG	E 100-41940-310 Other Professional Servi	\$467.72	\$2,045.76	\$7,500.00	\$5,454.24	27.28%
GOVTBLDG	E 100-41940-321 Telephone	\$346.90	\$1,738.03	\$6,400.00	\$4,661.97	27.16%
GOVTBLDG	E 100-41940-325 Taxes	\$0.00	\$272.25	\$400.00	\$127.75	68.06%
GOVTBLDG	E 100-41940-381 Electric Utilities	\$562.57	\$1,940.83	\$9,000.00	\$7,059.17	21.56%
GOVTBLDG	E 100-41940-383 Gas Utilities	\$226.09	\$1,689.05	\$5,000.00	\$3,310.95	33.78%
GOVTBLDG	E 100-41940-384 Refuse/Garbage Dispos	\$270.19	\$1,372.24	\$3,000.00	\$1,627.76	45.74%
GOVTBLDG	E 100-41940-415 Other Equipment Renta	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
GOVTBLDG	E 100-41940-520 Buildings and Structure	\$45.90	\$648.11	\$4,000.00	\$3,351.89	16.20%
GOVTBLDG	E 100-41940-560 Furniture and Fixtures	\$0.00	\$0.00	\$2,000.00	\$2,000.00	0.00%
GOVTBLDG	E 100-41940-580 Other Equipment	\$0.00	\$0.00	\$0.00	\$0.00	0.00%

**CITY OF HANOVER**  
**Expenditure Budget Report - General Fund**

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
Dept 41940	General Govt Buildings/Plant	\$1,964.23	\$12,304.47	\$46,850.00	\$34,545.53	26.26%
Dept 41950	Engineer					
ENGINEER	E 100-41950-303 Engineering Fees	\$1,143.00	\$4,845.50	\$15,000.00	\$10,154.50	32.30%
Dept 41950	Engineer	\$1,143.00	\$4,845.50	\$15,000.00	\$10,154.50	32.30%
Dept 41960	Insurance					
INSURANCE	E 100-41960-150 Worker s Comp (GENE	\$0.00	\$5,087.36	\$13,000.00	\$7,912.64	39.13%
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	\$10,000.88	\$25,000.00	\$14,999.12	40.00%
Dept 41960	Insurance	\$0.00	\$15,088.24	\$38,000.00	\$22,911.76	39.71%
Dept 41970	Legal Publications					
LEGALPUB	E 100-41970-341 Employment	\$0.00	\$494.80	\$300.00	-\$194.80	164.93%
LEGALPUB	E 100-41970-343 Other Advertising	\$0.00	\$42.50	\$200.00	\$157.50	21.25%
LEGALPUB	E 100-41970-351 Legal Notices Publishin	\$0.00	\$30.88	\$2,000.00	\$1,969.12	1.54%
LEGALPUB	E 100-41970-354 Recording Fees	\$0.00	\$0.00	\$250.00	\$250.00	0.00%
Dept 41970	Legal Publications	\$0.00	\$568.18	\$2,750.00	\$2,181.82	20.66%
Dept 42000	Public Safety (GENERAL)					
PUBSAFTY	E 100-42000-437 Other Miscellaneous	\$0.00	\$20.00	\$0.00	-\$20.00	0.00%
Dept 42000	Public Safety (GENERAL)	\$0.00	\$20.00	\$0.00	-\$20.00	0.00%
Dept 42101	Hennepin County Sheriff					
HCSHERIFF	E 100-42101-310 Other Professional Servi	\$21,092.00	\$21,092.00	\$84,368.00	\$63,276.00	25.00%
Dept 42101	Hennepin County Sheriff	\$21,092.00	\$21,092.00	\$84,368.00	\$63,276.00	25.00%
Dept 42102	Wright County Sheriff					
WCSHERIFF	E 100-42102-310 Other Professional Servi	\$9,546.50	\$47,732.50	\$114,558.00	\$66,825.50	41.67%
Dept 42102	Wright County Sheriff	\$9,546.50	\$47,732.50	\$114,558.00	\$66,825.50	41.67%
Dept 42210	Fire Dept Administration					
FIREADMIN	E 100-42210-103 Part-Time Employees	\$0.00	-\$1,814.39	\$70,600.00	\$72,414.39	-2.57%
FIREADMIN	E 100-42210-122 FICA	\$0.00	\$1,470.46	\$4,377.00	\$2,906.54	33.60%
FIREADMIN	E 100-42210-123 Medicare	\$0.00	\$343.92	\$1,024.00	\$680.08	33.59%
FIREADMIN	E 100-42210-142 Unemployment Benefit	\$0.00	\$0.00	\$300.00	\$300.00	0.00%
FIREADMIN	E 100-42210-150 Worker s Comp (GENE	\$0.00	\$3,466.24	\$9,000.00	\$5,533.76	38.51%
FIREADMIN	E 100-42210-200 Office Supplies (GENER	\$0.00	\$78.89	\$350.00	\$271.11	22.54%
FIREADMIN	E 100-42210-305 Medical and Dental Fee	\$576.50	\$576.50	\$4,000.00	\$3,423.50	14.41%
FIREADMIN	E 100-42210-306 Dues & Subscriptions	\$312.00	\$1,627.00	\$1,000.00	-\$627.00	162.70%
FIREADMIN	E 100-42210-361 General Liability Ins	\$0.00	\$1,512.05	\$5,000.00	\$3,487.95	30.24%
Dept 42210	Fire Dept Administration	\$888.50	\$7,260.67	\$95,651.00	\$88,390.33	7.59%
Dept 42220	Fire Dept Equipment					
FIREEQUIP	E 100-42220-221 Equipment Parts	\$0.00	\$1,048.57	\$11,500.00	\$10,451.43	9.12%
FIREEQUIP	E 100-42220-228 Medical Supplies	\$0.00	\$241.44	\$1,500.00	\$1,258.56	16.10%
FIREEQUIP	E 100-42220-240 Small Tools and Minor	\$28.97	\$28.97	\$1,000.00	\$971.03	2.90%
FIREEQUIP	E 100-42220-260 Uniforms	\$139.60	\$640.37	\$28,500.00	\$27,859.63	2.25%
FIREEQUIP	E 100-42220-580 Other Equipment	\$13.37	\$43.94	\$5,000.00	\$4,956.06	0.88%
Dept 42220	Fire Dept Equipment	\$181.94	\$2,003.29	\$47,500.00	\$45,496.71	4.22%
Dept 42240	Fire Dept Training					
FIRETRNG	E 100-42240-208 Training and Instructio	\$0.00	\$588.06	\$7,500.00	\$6,911.94	7.84%
FIRETRNG	E 100-42240-310 Other Professional Servi	\$31.00	\$873.57	\$3,380.00	\$2,506.43	25.85%
FIRETRNG	E 100-42240-331 Travel Expenses	\$0.00	\$0.00	\$1,500.00	\$1,500.00	0.00%
Dept 42240	Fire Dept Training	\$31.00	\$1,461.63	\$12,380.00	\$10,918.37	11.81%
Dept 42260	Fire Vehicles					
FIREVEH	E 100-42260-212 Motor Fuels	\$4.98	\$321.67	\$3,000.00	\$2,678.33	10.79%

**CITY OF HANOVER**  
**Expenditure Budget Report - General Fund**

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
FIREVEH	E 100-42260-220 Repair/Maint Supply (G	\$17.98	\$1,382.06	\$9,000.00	\$7,617.94	15.36%
FIREVEH	E 100-42260-240 Small Tools and Minor	\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
FIREVEH	E 100-42260-323 Radio Units	\$0.00	\$37.00	\$7,800.00	\$7,763.00	0.47%
Dept 42260 Fire Vehicles		\$22.96	\$1,740.73	\$20,800.00	\$19,059.27	8.37%
Dept 42280 Fire Stations and Bldgs						
FIREBLDG	E 100-42280-215 Shop Supplies	\$0.00	\$0.00	\$800.00	\$800.00	0.00%
FIREBLDG	E 100-42280-220 Repair/Maint Supply (G	\$41.40	\$714.22	\$7,500.00	\$6,785.78	9.52%
FIREBLDG	E 100-42280-321 Telephone	\$93.41	\$412.21	\$1,000.00	\$587.79	41.22%
FIREBLDG	E 100-42280-325 Taxes	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
FIREBLDG	E 100-42280-381 Electric Utilities	\$271.28	\$954.87	\$4,500.00	\$3,545.13	21.22%
FIREBLDG	E 100-42280-383 Gas Utilities	\$147.68	\$1,210.50	\$3,500.00	\$2,289.50	34.59%
FIREBLDG	E 100-42280-520 Buildings and Structure	\$75.00	\$75.00	\$0.00	-\$75.00	0.00%
Dept 42280 Fire Stations and Bldgs		\$628.77	\$3,366.80	\$17,300.00	\$13,933.20	19.46%
Dept 42290 Fire Relief Association						
FIRERELIEF	E 100-42290-124 Fire Pension Contributio	\$4,000.00	\$4,000.00	\$39,000.00	\$35,000.00	10.26%
FIRERELIEF	E 100-42290-125 Other Retirement Contr	\$0.00	\$0.00	\$12,096.00	\$12,096.00	0.00%
FIRERELIEF	E 100-42290-301 Auditing and Acctg Serv	\$0.00	\$0.00	\$6,250.00	\$6,250.00	0.00%
Dept 42290 Fire Relief Association		\$4,000.00	\$4,000.00	\$57,346.00	\$53,346.00	6.98%
Dept 42401 Building Inspection Admin						
INSPADMN	E 100-42401-310 Other Professional Servi	\$0.00	\$10,109.67	\$40,000.00	\$29,890.33	25.27%
Dept 42401 Building Inspection Admin		\$0.00	\$10,109.67	\$40,000.00	\$29,890.33	25.27%
Dept 42700 Animal Control						
ANIMCTRL	E 100-42700-310 Other Professional Servi	\$0.00	\$250.00	\$1,000.00	\$750.00	25.00%
Dept 42700 Animal Control		\$0.00	\$250.00	\$1,000.00	\$750.00	25.00%
Dept 42800 Cemetery						
CEMETERY	E 100-42800-310 Other Professional Servi	\$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	\$10,338.12	\$50,221.32	\$146,116.00	\$95,894.68	34.37%
PUBWRKS	E 100-43000-102 Full-Time Employees O	\$0.00	\$0.00	\$2,000.00	\$2,000.00	0.00%
PUBWRKS	E 100-43000-103 Part-Time Employees	\$500.00	\$963.22	\$28,360.00	\$27,396.78	3.40%
PUBWRKS	E 100-43000-121 PERA	\$775.36	\$4,097.27	\$12,834.00	\$8,736.73	31.93%
PUBWRKS	E 100-43000-122 FICA	\$656.10	\$3,421.05	\$11,775.00	\$8,353.95	29.05%
PUBWRKS	E 100-43000-123 Medicare	\$153.44	\$800.10	\$2,892.00	\$2,091.90	27.67%
PUBWRKS	E 100-43000-134 Employer Paid Life	\$99.86	\$519.10	\$1,548.00	\$1,028.90	33.53%
PUBWRKS	E 100-43000-142 Unemployment Benefit	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
PUBWRKS	E 100-43000-151 Med/Dental Insurance	\$1,936.00	\$10,163.84	\$32,400.00	\$22,236.16	31.37%
PUBWRKS	E 100-43000-208 Training and Instructio	-\$375.00	\$1,999.00	\$3,500.00	\$1,501.00	57.11%
PUBWRKS	E 100-43000-212 Motor Fuels	\$0.00	\$2,410.13	\$12,000.00	\$9,589.87	20.08%
PUBWRKS	E 100-43000-215 Shop Supplies	\$216.84	\$1,437.42	\$7,500.00	\$6,062.58	19.17%
PUBWRKS	E 100-43000-220 Repair/Maint Supply (G	\$139.70	\$2,062.91	\$12,000.00	\$9,937.09	17.19%
PUBWRKS	E 100-43000-226 Sign Repair Materials	\$0.00	\$65.90	\$1,500.00	\$1,434.10	4.39%
PUBWRKS	E 100-43000-240 Small Tools and Minor	\$107.01	\$422.34	\$10,000.00	\$9,577.66	4.22%
PUBWRKS	E 100-43000-260 Uniforms	\$0.00	\$0.00	\$3,000.00	\$3,000.00	0.00%
PUBWRKS	E 100-43000-310 Other Professional Servi	\$46.90	\$3,818.10	\$7,500.00	\$3,681.90	50.91%
PUBWRKS	E 100-43000-321 Telephone	\$571.19	\$2,122.78	\$4,200.00	\$2,077.22	50.54%
PUBWRKS	E 100-43000-325 Taxes	\$0.00	\$134.75	\$200.00	\$65.25	67.38%
PUBWRKS	E 100-43000-381 Electric Utilities	\$362.76	\$1,337.44	\$4,000.00	\$2,662.56	33.44%
PUBWRKS	E 100-43000-383 Gas Utilities	\$311.73	\$2,454.04	\$7,000.00	\$4,545.96	35.06%
PUBWRKS	E 100-43000-520 Buildings and Structure	\$0.00	\$555.14	\$0.00	-\$555.14	0.00%

**CITY OF HANOVER**  
**Expenditure Budget Report - General Fund**

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
Dept 43000	Public Works (GENERAL)	\$15,840.01	\$89,005.85	\$310,325.00	\$221,319.15	28.68%
Dept 43121	Paved Streets					
PAVSTRTS	E 100-43121-224 Street Maint Materials	\$56.00	\$3,955.70	\$50,000.00	\$46,044.30	7.91%
Dept 43121	Paved Streets	\$56.00	\$3,955.70	\$50,000.00	\$46,044.30	7.91%
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	\$6,385.20	\$20,000.00	\$13,614.80	31.93%
Dept 43125	Ice & Snow Removal	\$0.00	\$6,385.20	\$20,000.00	\$13,614.80	31.93%
Dept 43160	Street Lighting					
STLGHTG	E 100-43160-381 Electric Utilities	\$2,153.65	\$8,589.77	\$25,000.00	\$16,410.23	34.36%
Dept 43160	Street Lighting	\$2,153.65	\$8,589.77	\$25,000.00	\$16,410.23	34.36%
Dept 43240	Waste (refuse) Disposal					
REFDISPO	E 100-43240-384 Refuse/Garbage Dispos	\$0.00	\$0.00	\$3,000.00	\$3,000.00	0.00%
Dept 43240	Waste (refuse) Disposal	\$0.00	\$0.00	\$3,000.00	\$3,000.00	0.00%
Dept 43245	Recycling: Refuse					
RECYCLING	E 100-43245-384 Refuse/Garbage Dispos	\$3,562.00	\$14,225.25	\$44,000.00	\$29,774.75	32.33%
Dept 43245	Recycling: Refuse	\$3,562.00	\$14,225.25	\$44,000.00	\$29,774.75	32.33%
Dept 45186	Senior Center					
SRCENTER	E 100-45186-437 Other Miscellaneous	\$0.00	\$2,274.11	\$9,100.00	\$6,825.89	24.99%
Dept 45186	Senior Center	\$0.00	\$2,274.11	\$9,100.00	\$6,825.89	24.99%
Dept 45200	Parks (GENERAL)					
PARKS	E 100-45200-212 Motor Fuels	\$0.00	\$128.65	\$2,000.00	\$1,871.35	6.43%
PARKS	E 100-45200-220 Repair/Maint Supply (G	\$1,726.77	\$3,802.54	\$6,000.00	\$2,197.46	63.38%
PARKS	E 100-45200-225 Landscaping Materials	\$0.00	\$0.00	\$8,000.00	\$8,000.00	0.00%
PARKS	E 100-45200-310 Other Professional Servi	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
PARKS	E 100-45200-381 Electric Utilities	\$144.38	\$521.39	\$2,200.00	\$1,678.61	23.70%
PARKS	E 100-45200-400 Repairs & Maint Cont (	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
PARKS	E 100-45200-440 Programs	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
PARKS	E 100-45200-580 Other Equipment	\$181.00	\$181.00	\$8,000.00	\$7,819.00	2.26%
Dept 45200	Parks (GENERAL)	\$2,052.15	\$4,633.58	\$26,200.00	\$21,566.42	17.69%
Dept 45500	Libraries (GENERAL)					
LIBRARY	E 100-45500-437 Other Miscellaneous	\$0.00	\$4,655.41	\$11,600.00	\$6,944.59	40.13%
Dept 45500	Libraries (GENERAL)	\$0.00	\$4,655.41	\$11,600.00	\$6,944.59	40.13%
Dept 48205	Damage Deposit Refunds					
DMGDEPRF	E 100-48205-810 Refunds & Reimburse	\$0.00	\$1,600.00	\$9,000.00	\$7,400.00	17.78%
Dept 48205	Damage Deposit Refunds	\$0.00	\$1,600.00	\$9,000.00	\$7,400.00	17.78%
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 Servi	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 49800	Transit (GENERAL)	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Fund 100	GENERAL FUND	\$103,612.42	\$404,590.63	\$1,554,533.00	\$1,149,942.37	26.03%

**CITY OF HANOVER**  
**Expenditure Budget Report - General Fund**

Dept Abbrev	Account Descr	May 2020 Amt	2020 YTD Amt	2020 YTD Budget	2020 YTD Balance	%YTD Budget
		\$103,612.42	\$404,590.63	\$1,554,533.00	\$1,149,942.37	26.03%

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

**RESOLUTION NO 05-19-20-50**

**APPROVING QUOTE FOR ROAD PATCHING**

**WHEREAS**, four sections of roadway are in need of minor patch work; and

**WHEREAS**, staff received two quotes to complete the work; and

**WHEREAS**, DMJ Asphalt and Omann Contracting submitted quotes as attached.

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Hanover, Minnesota, hereby approves the quote from DMJ Asphalt in the amount of \$10,620.

Adopted by the City Council this 19<sup>th</sup> day of May, 2020.

APPROVED BY:

ATTEST:

\_\_\_\_\_  
Chris Kauffman, Mayor

\_\_\_\_\_  
Brian Hagen, City Administrator



**A 3rd Generation Contractor**

2392 Pioneer Trail

P.O. Box 299

Medina, MN 55340

763.478.6878 • FAX 763.478.2329

E-mail: [dmj@dmjasphalt.com](mailto:dmj@dmjasphalt.com) • Website: [www.dmjasphalt.com](http://www.dmjasphalt.com)

May 4, 2020

Mr. Jason Doboszenski  
City of Hanover  
11250 5<sup>th</sup> Street NE  
Hanover, MN 55341

Dear Mr. Doboszenski,

Thank you for giving DMJ Asphalt Inc. the opportunity to bid on your asphalt project. We respectfully submit the following proposal:

**1242 Irvine Drive (approx. 198 s.y.):**

1. Mill existing asphalt to a depth of one and one half (1 ½") inches. Haul millings off site and recycle.
2. Sweep and apply tack coat.
3. Paver to install a mat of Minnesota Department of Transportation Specification SPWEA240B asphalt and compact to a depth of one and one half (1 ½") inches.

**11240 12<sup>th</sup> Street (approx. 125 s.y.):**

1. Mill existing asphalt to a depth of one and one half (1 ½") inches. Haul millings off site and recycle.
2. Sweep and apply tack coat.
3. Paver to install a mat of Minnesota Department of Transportation Specification SPWEA240B asphalt and compact to a depth of one and one half (1 ½") inches.

**12<sup>th</sup> Street & Rolling Oaks Dr. (approx. 146 s.y.):**

1. Mill existing asphalt to a depth of one and one half (1 ½") inches. Haul millings off site and recycle.
2. Sweep and apply tack coat.
3. Paver to install a mat of Minnesota Department of Transportation Specification SPWEA240B asphalt and compact to a depth of one and one half (1 ½") inches.



**A 3rd Generation Contractor**

2392 Pioneer Trail

P.O. Box 299

Medina, MN 55340

763.478.6878 • FAX 763.478.2329

E-mail: [dmj@dmjasphalt.com](mailto:dmj@dmjasphalt.com) • Website: [www.dmjasphalt.com](http://www.dmjasphalt.com)

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**14<sup>th</sup> & Irvine (approx. 63 s.y.):**

1. Mill existing asphalt to a depth of two (2") inches. Haul millings off site and recycle.
2. Sweep and apply tack coat.
3. Paver to install a mat of Minnesota Department of Transportation Specification SPWEA240B asphalt and compact to a depth of two (2") inches.

Total price furnished and installed, tax included for all four (4) areas is \$10,620.00.

If you have any questions, need references or any additional information, please call me at 763-478-6878.

Sincerely,

Dave Bechtold  
DMJ Asphalt Inc.



**A 3rd Generation Contractor**

*2392 Pioneer Trail*

*P.O. Box 299*

*Medina, MN 55340*

*763.478.6878 • FAX 763.478.2329*

*E-mail: [dmj@dmjasphalt.com](mailto:dmj@dmjasphalt.com) • Website: [www.dmjasphalt.com](http://www.dmjasphalt.com)*

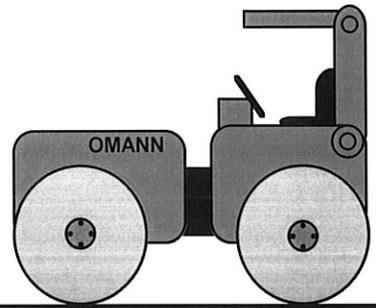
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# Omann Contracting Companies

6551 La Beaux Ave. NE  
PO Box 120  
Albertville, Mn. 55301

Phone # (763)-497-8259

Fax # (763)-497-8261



**Asphalt Paving / Concrete  
& Excavating**

ATT.: Jason

City of Hanover - Mill Patching

Job number

Hanover, MN

Salesman

Kelly Omann

**Proposal** \$11,450.00

14th & Irvine Dr -	64 SY - 2" Mill and Patch
12th & Irvine Dr -	125 SY - 1.5" Mill and Patch
1242 Irvine Dr -	198 SY - 1.5" Mill and Patch
12th & Rolling Oaks Dr -	151 SY - 1.5" Mill and Patch

Due to the volatile fuel prices, fuel surcharges may apply above and beyond this quote

This proposal may be rejected if not signed and returned within 15 days of date as listed below.  
Unless a standard contract agreement is issued

**ACCEPTANCE OF PROPOSAL & GUARANTEE OF PAYMENT:** The above prices, specifications and conditions are satisfactory and are hereby accepted. I verify there are no current liens or judgments on above said property. You are authorized to do the work as specified. Payment will be made as outlined per contract. In the event that a contract is not issued, payment will be due upon receipt of invoice.

Authorized Signature \_\_\_\_\_  
(please print)

Signature \_\_\_\_\_

Date \_\_\_\_\_

**City of Hanover**  
**Communications Letter**  
**December 31, 2019**



**City of Hanover  
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Required Communication	4
Financial Analysis	8
Emerging Issue	16

## 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, 2019, 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 have not been 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 a combination of deficiencies, in internal control over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weakness.

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. 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 11, 2020, on such statements.

This communication is intended solely for the information and use of the Members 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 11, 2020

**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 members of 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, 2019. Professional standards require that we advise you of the following matters related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

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

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

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 supplements 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.

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 as a whole.

### **Our Responsibility in Relation to *Government Auditing Standards***

As communicated in our engagement letter, 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

## **City of Hanover Required Communication**

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on 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 markedly from management's current judgements. 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 – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program. Examples are salaries, benefits, and supplies.

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

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

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

## **City of Hanover Required Communication**

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. 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, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of our audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the City, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

### **Other Information in Documents Containing Audited Financial Statements**

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.

**City of Hanover  
Required Communication**

**Other Information in Documents Containing Audited Financial Statements (Continued)**

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

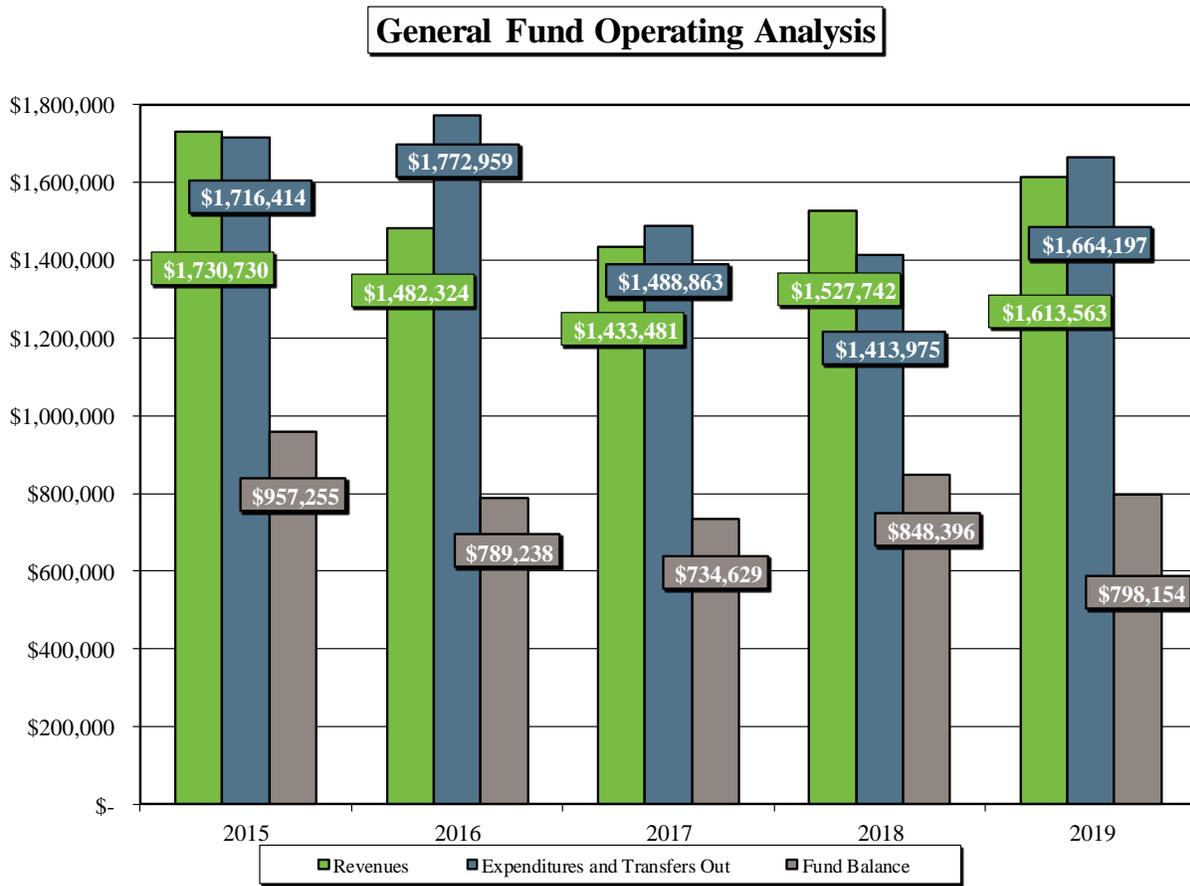
The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future 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 \$50,000. Fund balance represented 51.3%, or just over six months' worth of expenditures at 2020 budgeted levels. The Office of the State Auditor recommends a level of between four and six months, or 35% to 50% of annual expenditures.

It is the City's policy that the City will maintain unassigned fund balance in a range equal to 35% to 55% of the General Fund operating expenditures. At December 31, 2019, unassigned fund balance was equal to 50% of operating expenditures.

Details of operations are explained further on the following pages.

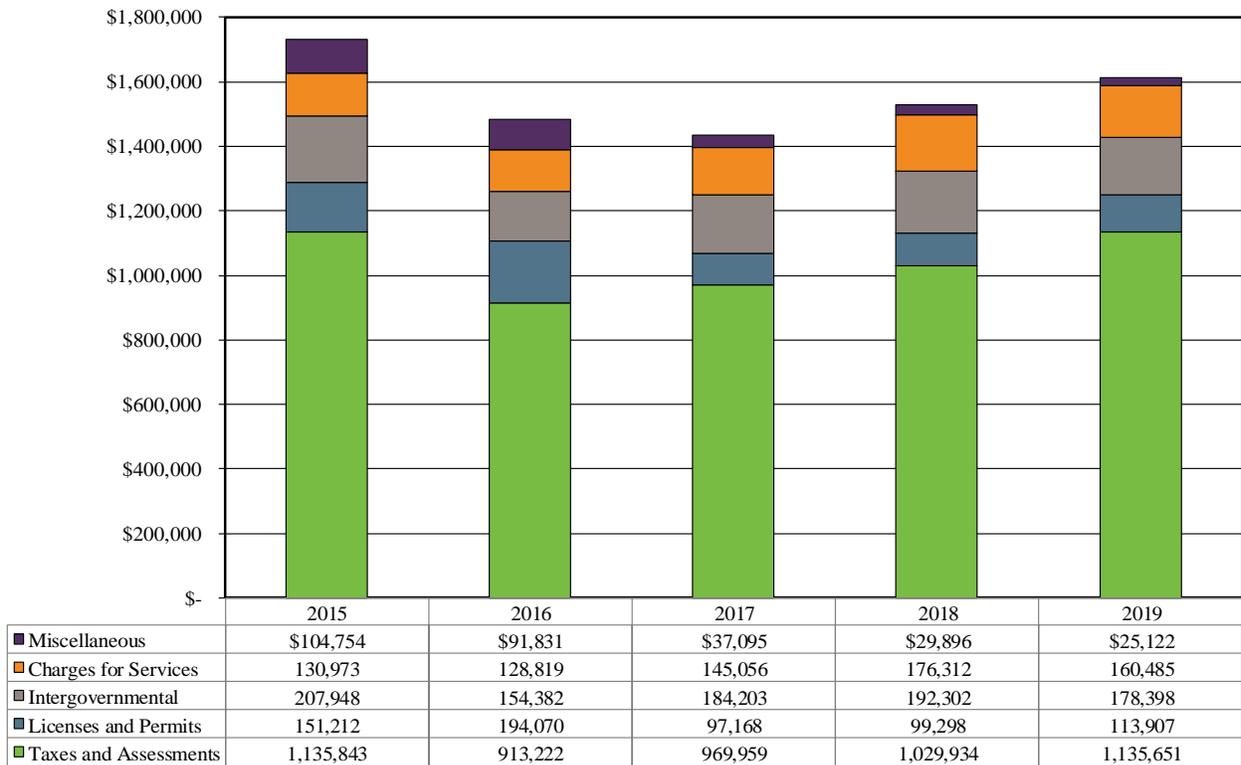


## City of Hanover Financial Analysis

### 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 represented 66% of total revenues for year 2015, and has stayed consistent at approximately 70% in 2019. In total, General Fund revenues increased \$85,821, from \$1,527,742 in 2018, to \$1,613,563 in 2019. The largest variance occurred in taxes and assessments, which increased \$105,717 due to an increase in the levy. Charges for services decreased \$15,827, due to a decrease in fire protection services as the City allocated a portion of these revenues to another fund. Other revenues stay consistent with the prior year.

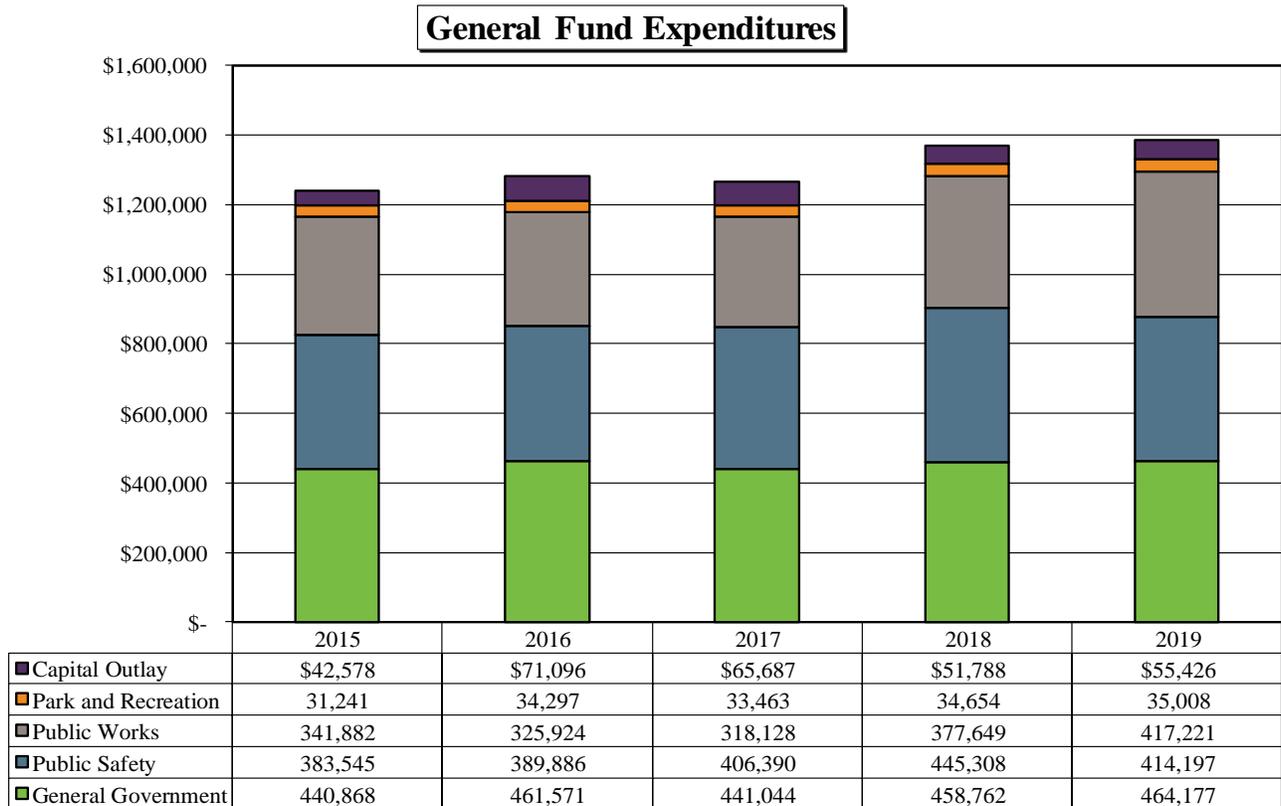
**General Fund Revenues**



## 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 increased 5.6% in 2019, expenditures increased 1.3%, or \$17,868 from \$1,368,161 to \$1,386,029. The majority of the increase occurred in public works, which increased \$39,572 or 10.5% from 2018 to 2019, due primarily to the annual chip seal project, which was more significant than in prior years. Public safety decreased \$31,111, or 7.0%. This decrease was due to a decrease in part-time employee wages as there were fewer fire calls than in the prior year.



The general government function accounted for the largest portion of the General Fund expenditures at 33.5%. 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 works accounted for the second largest portion of the General Fund disbursements at 30.1% and consists primarily of street maintenance expenditures. Public safety accounted for the third largest portion of the General Fund disbursements at 29.9%. This function consists of police, fire, and building inspection expenditures.

**City of Hanover  
Financial Analysis**

**GENERAL FUND BUDGET AND ACTUAL**

The City had a balanced budget in 2019 in the General Fund, with revenues equaling expenditures.

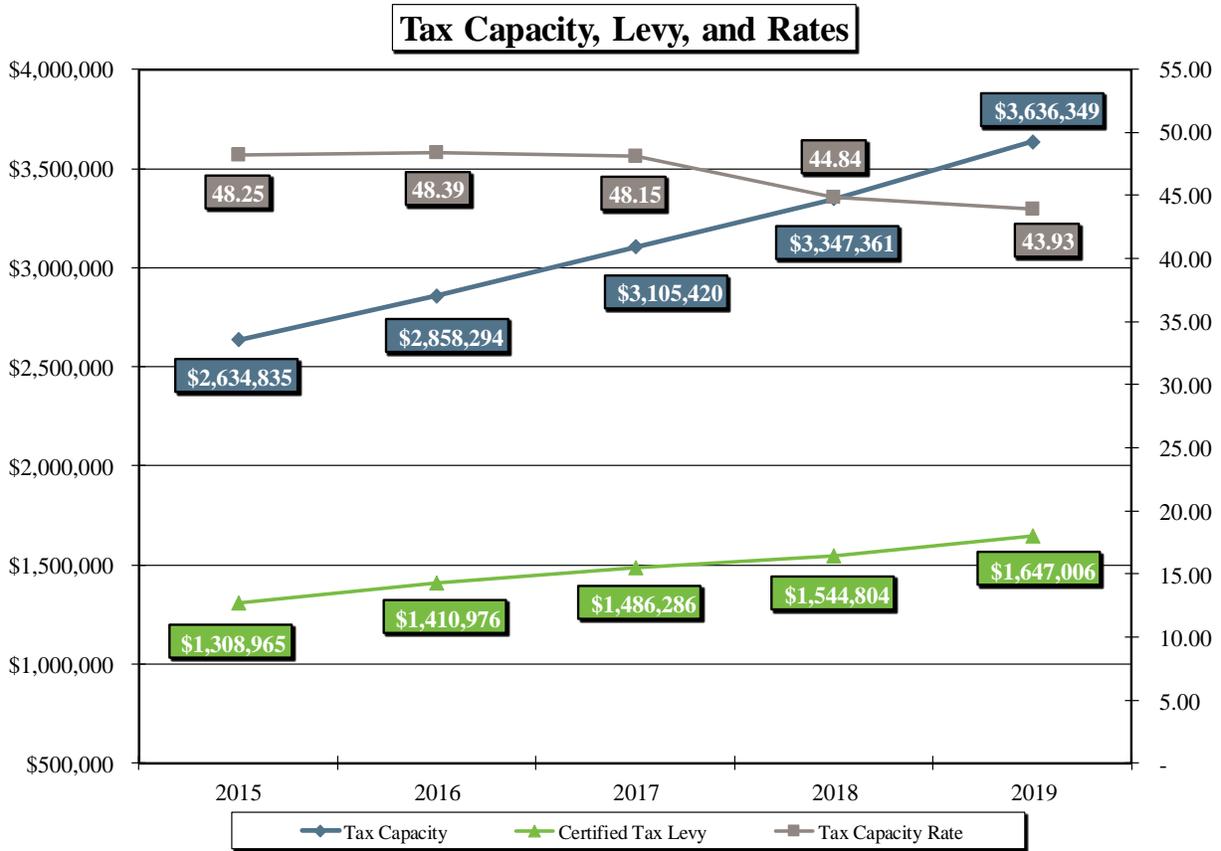
Revenues were over budget in 2019, with a variance of \$58,909, or 3.8%. The largest variances were in charges for services and other revenues, which were over budget by \$25,580 and \$20,904, respectively. These variances were primarily due to conservative budgeting. The remaining revenue categories were on budget.

In total, the General Fund expenditures were under budget by 10.8%, or \$168,625. The largest variance was in public safety, which was under budget by \$69,827. This variance was due to wages being under budget due to fewer fire calls. Repairs and maintenance costs in public safety were also under budget. Public works was under budget \$62,512, due to the chip seal project coming in less than anticipated and not amending the budget during the year.

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Taxes and assessments	\$ 1,136,237	\$ 1,135,651	\$ (586)
Licenses and permits	112,920	113,907	987
Intergovernmental	163,092	178,398	15,306
Charges for services	134,905	160,485	25,580
Fines and forfeitures	3,000	3,668	668
Investment income	-	(3,950)	(3,950)
Other revenue	4,500	25,404	20,904
Total revenues	1,554,654	1,613,563	58,909
<b>Expenditures</b>			
General government	522,561	495,264	(27,297)
Public safety	493,820	423,993	(69,827)
Public works	481,373	418,861	(62,512)
Park and recreation	56,900	47,911	(8,989)
Total expenditures	1,554,654	1,386,029	(168,625)
Excess of revenues over expenditures	-	227,534	227,534
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital asset	-	392	392
Transfers out	-	(278,168)	(278,168)
Net change in fund balance	\$ -	\$ (50,242)	\$ (50,242)

**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 2015 through 2019. 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 2015 through 2019, the City's tax capacity increased \$1,001,514, or 38.0%. This increase is attributable to valuation changes. The City's certified levy over this same time frame increased \$338,041, or 25.8%.

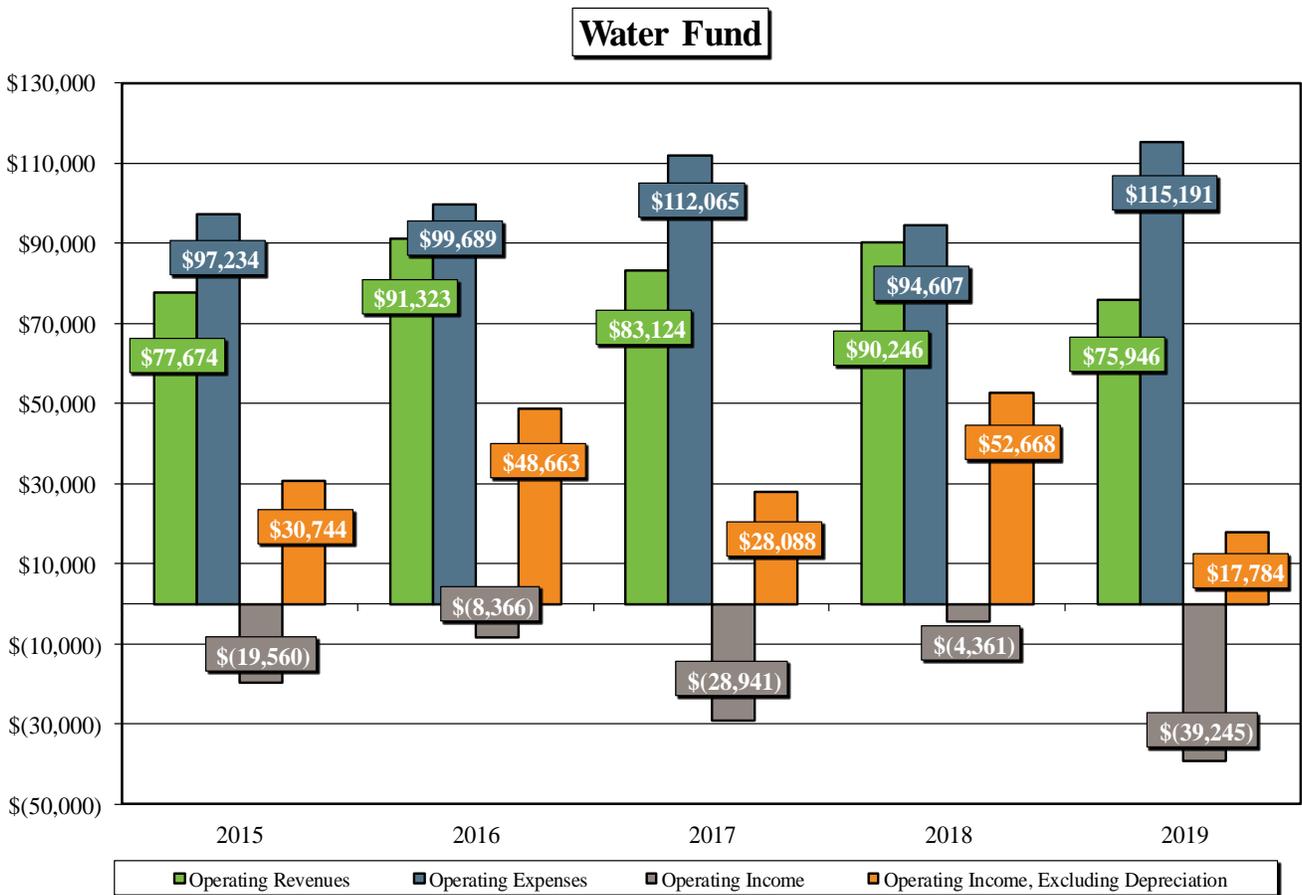
This graph provides a simplified viewpoint of the amounts. More information can be obtained from Wright County, Hennepin County, and the League of Minnesota Cities *Property Tax Data Tables for 2012-2019* ([www.lmnc.org](http://www.lmnc.org)).

## City of Hanover Financial Analysis

### WATER FUND

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.

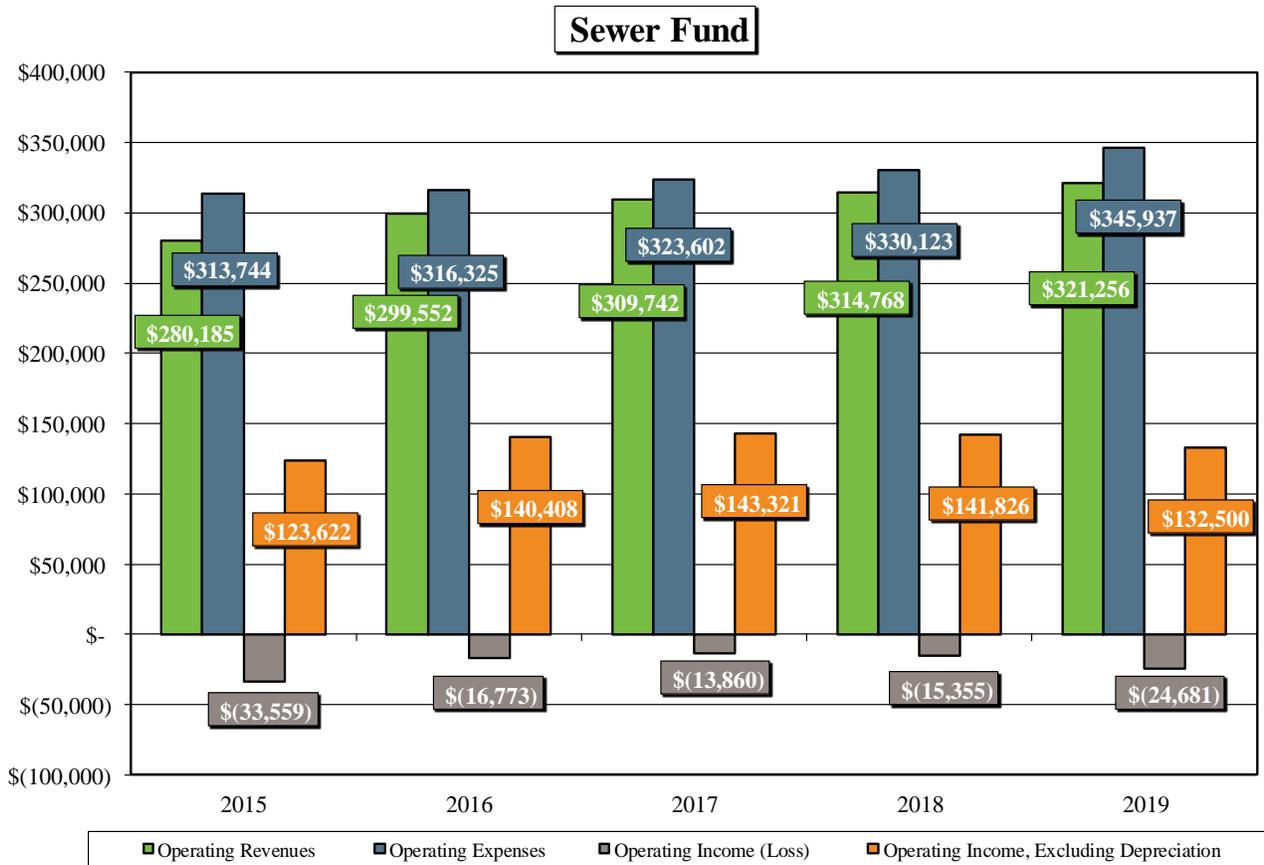
In 2019, the Water Fund had an operating loss of \$39,245. This was a decrease from 2018, which had an operating loss of \$4,361. This was a result of operating revenues decreasing \$14,300 due to a decrease in consumption while operating expenses increased \$20,584 due to an increase in costs for supplies, materials, and professional services. The Water Fund had an unrestricted net position of \$982,026 at December 31, 2019.



## City of Hanover Financial Analysis

### SEWER FUND

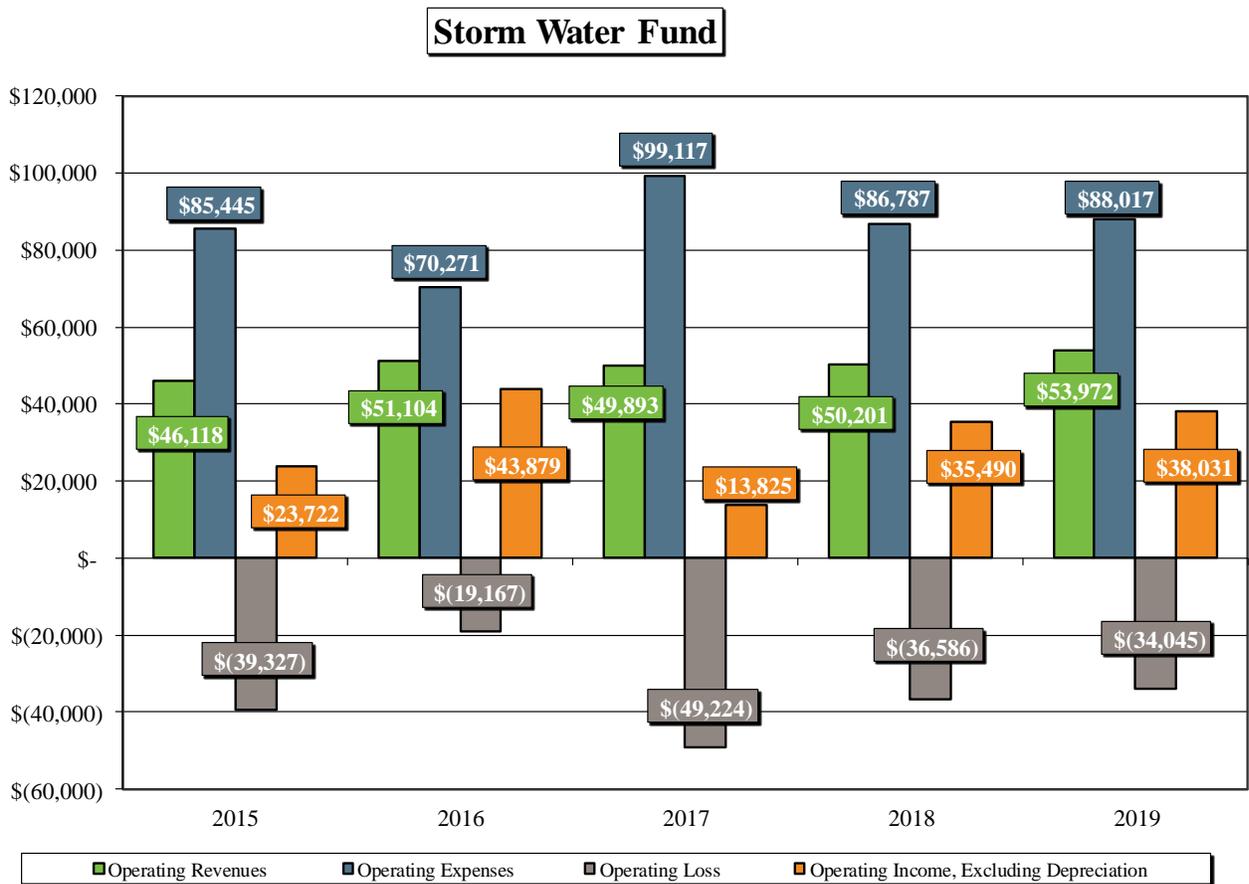
For all of the years shown, the City's Sewer Fund had operating losses; however, excluding depreciation, the Fund was able to cover all of its operating costs and cash flow positively from operations. The Sewer Fund saw an increase in operating revenues and operating expenses in 2019. The Sewer Fund had an unrestricted net position of \$329,370 at December 31, 2019.



## City of Hanover Financial Analysis

### STORM WATER FUND

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 an unrestricted net position of 172,195 over its time in operation. Operating, revenues, and expenses stayed relatively consistent with the prior year, increasing only \$3,771 and \$1,230, respectively.



## **City of Hanover Emerging Issue**

### **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 update includes:

- **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 is an extensive summary of the current update. 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. 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.

**City of Hanover**  
**Emerging Issue**

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

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.

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](http://www.gasb.org).

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

**Financial Statements**

**December 31, 2019**

**City of Hanover  
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**City of Hanover  
Elected Officials and Administration  
December 31, 2019**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Chris Kauffman	Mayor	December 31, 2020
Jim Zajicek	Council Member	December 31, 2022
MaryAnn Hallstein	Council Member	December 31, 2020
Ken Warpula	Council Member	December 31, 2022
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, 2019, 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.

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, 2019, 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, 2019, 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.

### **Implementation of GASB 84**

As discussed in Note 13 to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **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 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. 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 Matters (Continued)**

### *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 11, 2020, 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 solely 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 the effectiveness of 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.

*BergankDV, Ltd.*

St. Cloud, Minnesota  
May 11, 2020



## **Management's Discussion and Analysis December 31, 2019**

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, 2019.

### **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 \$20,600,029 (net position). Of this amount, \$3,684,932 (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 \$342,903.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$3,435,830, an increase of \$481,588 in comparison with the prior year. Approximately 20% of this total amount, \$699,592 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 \$699,592, or approximately 50%, of 2019 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 governments, 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 16 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, G.O. Crossover Refunding Bonds of 2011A, and Developer Escrow Funds. 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.

### **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 \$20,600,029 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)**

	Governmental Activities		Business-Type Transactions		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 3,878,548	\$ 3,218,107	\$ 4,683,572	\$ 4,272,125	\$ 8,562,120	\$ 7,490,232
Capital assets	7,982,423	8,527,859	6,658,600	6,944,886	14,641,023	15,472,745
Total assets	\$ 11,860,971	\$ 11,745,966	\$ 11,342,172	\$ 11,217,011	\$ 23,203,143	\$ 22,962,977
<b>Deferred Outflows of Resources</b>	\$ 36,527	\$ 59,763	\$ -	\$ -	\$ 36,527	\$ 59,763
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 1,860,994	\$ 2,109,411	\$ -	\$ 95,000	\$ 1,860,994	\$ 2,204,411
Other liabilities	630,628	397,528	104,045	104,251	734,673	501,779
Total liabilities	\$ 2,491,622	\$ 2,506,939	\$ 104,045	\$ 199,251	\$ 2,595,667	\$ 2,706,190
<b>Deferred Inflows of Resources</b>	\$ 43,974	\$ 59,424	\$ -	\$ -	\$ 43,974	\$ 59,424
<b>Net Position</b>						
Net investment in capital assets	\$ 6,142,423	\$ 6,442,859	\$ 6,563,600	\$ 6,747,886	\$ 12,706,023	\$ 13,190,745
Restricted	1,018,138	872,164	3,190,936	2,928,932	4,209,074	3,801,096
Unrestricted	2,201,341	1,924,343	1,483,591	1,340,942	3,684,932	3,265,285
Total net position	\$ 9,361,902	\$ 9,239,366	\$ 11,238,127	\$ 11,017,760	\$ 20,600,029	\$ 20,257,126

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 \$122,536.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

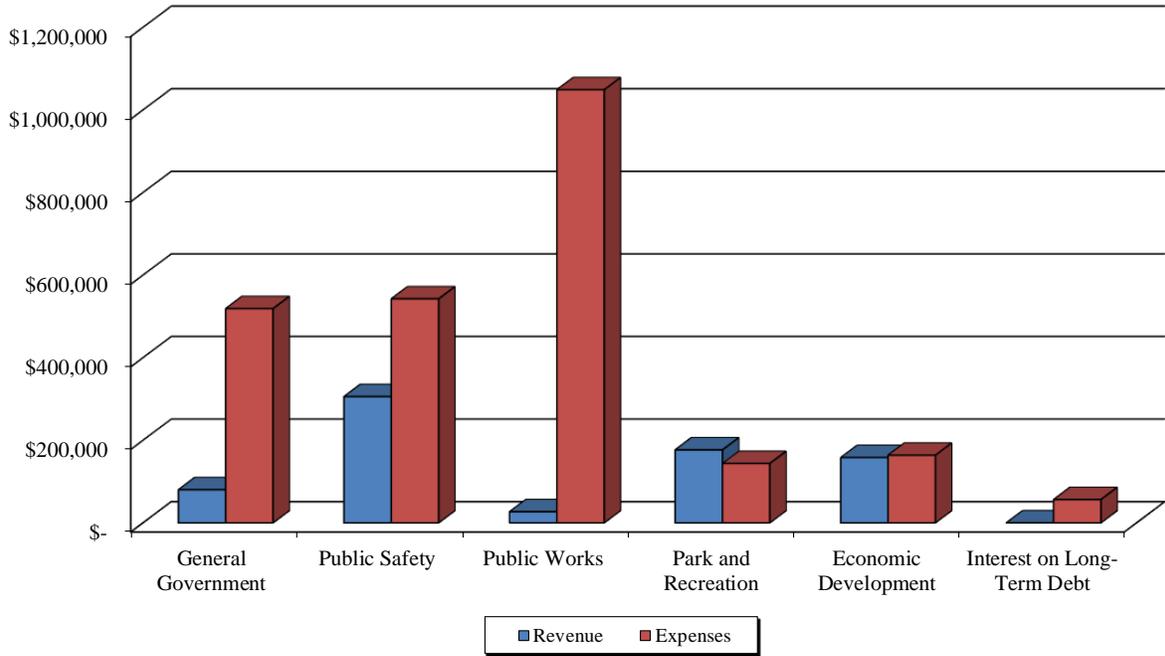
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 480,419	\$ 333,272	\$ 763,663	\$ 695,154	\$ 1,244,082	\$ 1,028,426
Operating grants and contributions	94,365	96,273	-	-	94,365	96,273
Capital grants and contributions	173,763	75,924	2,888	2,009	176,651	77,933
General revenues						
Property taxes	1,646,875	1,546,405	-	-	1,646,875	1,546,405
State aid	120,447	121,281	-	-	120,447	121,281
Unrestricted investment earnings	60,483	35,456	131,086	42,076	191,569	77,532
Franchise tax	14,558	15,057	-	-	14,558	15,057
Tax increments	6,273	6,273	-	-	6,273	6,273
Gain on sale	392	-	-	-	392	-
	<u>\$ 2,597,575</u>	<u>\$ 2,229,941</u>	<u>\$ 897,637</u>	<u>\$ 739,239</u>	<u>\$ 3,495,212</u>	<u>\$ 2,969,180</u>
<b>Expenses</b>						
General government	\$519,031	\$544,525	\$ -	\$ -	\$ 519,031	\$ 544,525
Public safety	542,691	525,508	-	-	542,691	525,508
Public works	1,049,007	858,505	-	-	1,049,007	858,505
Parks and recreation	143,832	148,449	-	-	143,832	148,449
Economic	163,889	5,646	-	-	163,889	5,646
Interest on long-term debt	56,589	61,942	-	-	56,589	61,942
Water utility	-	-	150,365	124,272	150,365	124,272
Sewer utility	-	-	434,241	402,938	434,241	402,938
Storm water utility	-	-	92,664	86,787	92,664	86,787
Total expenses	<u>2,475,039</u>	<u>2,144,575</u>	<u>677,270</u>	<u>613,997</u>	<u>3,152,309</u>	<u>2,758,572</u>
Net change	<u>122,536</u>	<u>85,366</u>	<u>220,367</u>	<u>125,242</u>	<u>342,903</u>	<u>210,608</u>
Net position - beginning of year	<u>9,239,366</u>	<u>9,154,000</u>	<u>11,017,760</u>	<u>10,892,518</u>	<u>20,257,126</u>	<u>20,046,518</u>
Net position - end of year	<u>\$ 9,361,902</u>	<u>\$ 9,239,366</u>	<u>\$ 11,238,127</u>	<u>\$ 11,017,760</u>	<u>\$ 20,600,029</u>	<u>\$ 20,257,126</u>

The financial position of business-type activities increased during the year by \$220,367. The City's total net position increased by \$342,903.

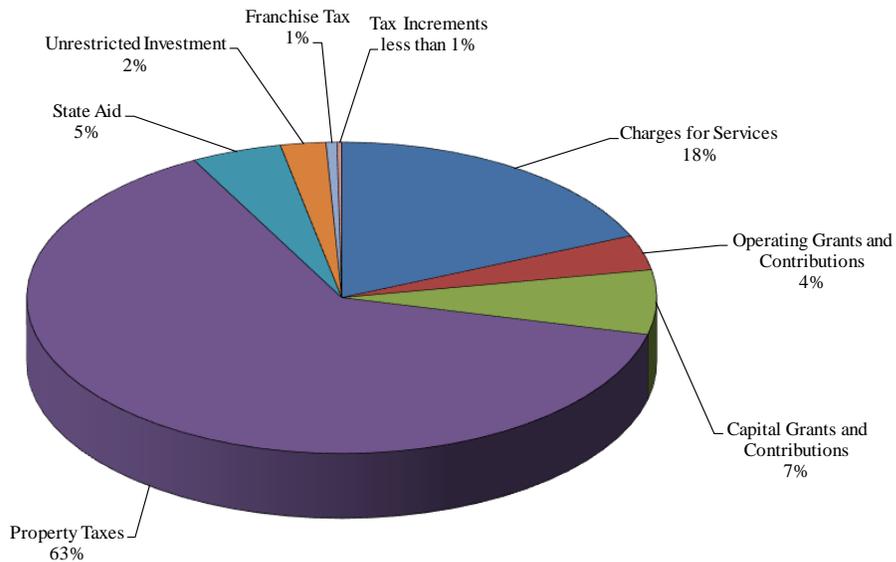
## City of Hanover Management's Discussion and Analysis

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Program Revenue and Expenses - Governmental Activities**



**Revenue By Source - Governmental Activities**



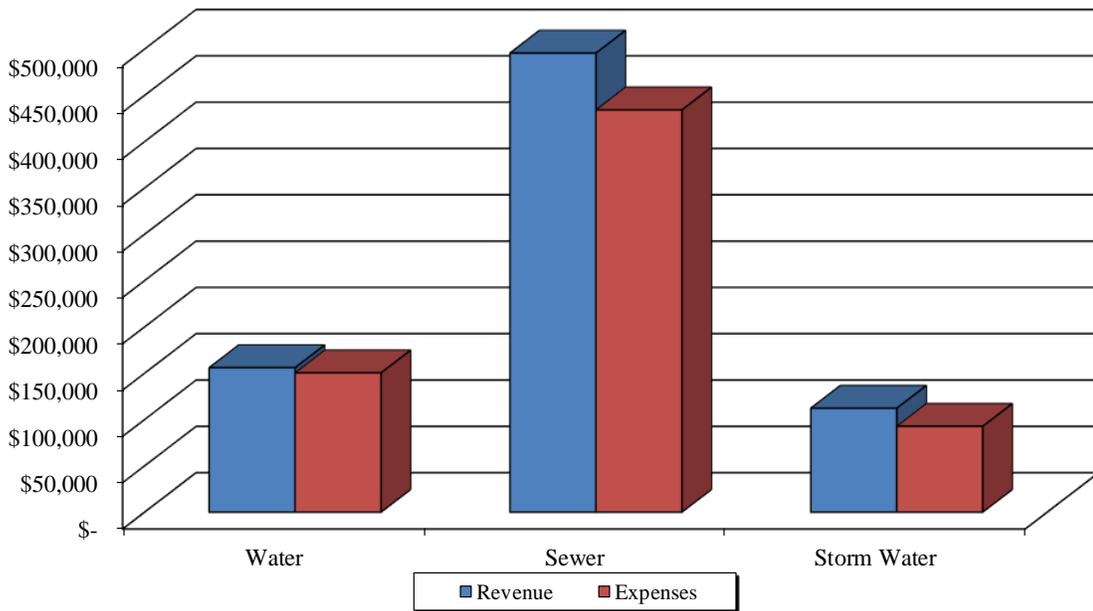
**City of Hanover  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

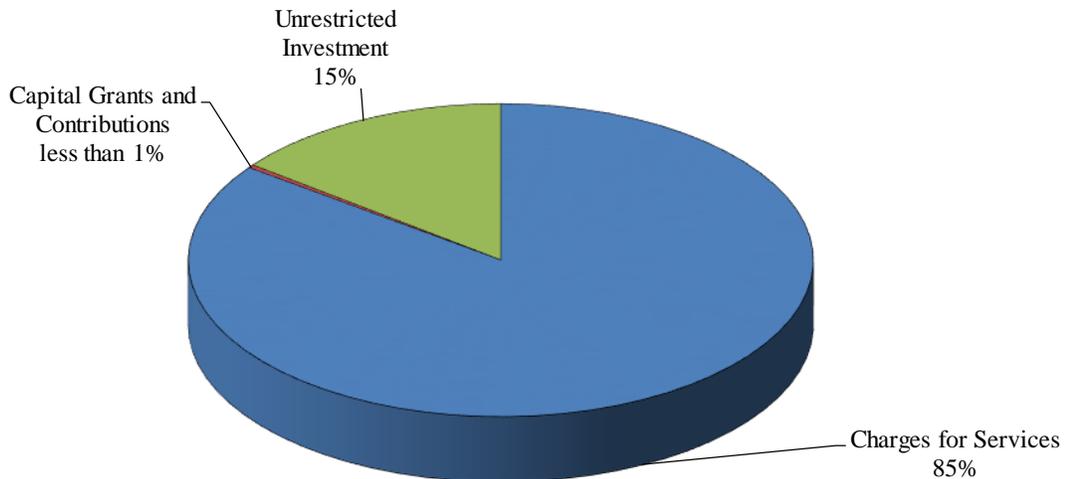
**Business-Type Activities**

Business-type activities increased the City's net position by \$220,367.

**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 \$3,435,830, an increase of \$481,588 in comparison with the prior year. Of this total amount, 20% (\$699,592) 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 (\$26,520) and long term receivables (\$72,042), restricted for debt service (\$678,879), restricted for park dedication (\$118,444), restricted for gambling proceeds (\$18,876), restricted for cemetery (\$35,982), restricted for capital projects (\$115,056), and assigned to fund capital projects (\$1,670,439).

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 \$798,154. Of this amount, \$98,562 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 50% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$50,242 during the current year.

#### **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 2018. Revenues were \$58,909 over budget, due mainly to conservative budgeting in charges for services. Expenditures were under budget by \$168,625, due in part of lower building inspector costs and a conservative budget for street projects. These variances, less transfers of \$278,168 from the General Fund to the City's other nonmajor governmental funds and proceeds from sale of capital assets resulted in a net decrease in fund balance of \$50,242.

**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, 2019, amounts to \$14,641,023 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads and bridges.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 711,339	\$ 711,339	\$ 26,781	\$ 26,781	\$ 738,120	\$ 738,120
Construction in progress	6,309	-	-	-	6,309	-
Improvements other than building	2,135,076	2,241,692	6,544,396	6,820,171	8,679,472	9,061,863
Buildings and systems	2,619,770	2,712,978	-	-	2,619,770	2,712,978
Vehicles	348,117	360,767	87,423	97,934	435,540	458,701
Machinery and equipment	206,313	125,745	-	-	206,313	125,745
Infrastructure	1,955,499	2,375,338	-	-	1,955,499	2,375,338
<b>Total</b>	<b>\$ 7,982,423</b>	<b>\$ 8,527,859</b>	<b>\$ 6,658,600</b>	<b>\$ 6,944,886</b>	<b>\$ 14,641,023</b>	<b>\$ 15,472,745</b>

**Long Term Debt**

At the end of the current year, the City had total long-term liabilities outstanding of \$2,239,967. Of this amount, \$1,730,000 G.O. debt. The outstanding balance on the City's G.O. CIP Refunding Bonds, is \$110,000, which was issued to refinance previously issued EDA Revenue Bonds. The remainder of the City's debt represents bonds secured by specified revenue sources (i.e. Sewer Improvement Bonds) and compensated absences.

**City Outstanding Debt G.O. and Revenue Bonds**

	2019	2018
Special Assessment Debt With Governmental Commitment	\$ 1,730,000	\$ 1,940,000
PFA Water Revenue Bonds	95,000	197,000
G.O. CIP Refunding Bonds	110,000	145,000
Compensated Absences	45,115	41,290
Net Pension Liability	259,852	255,189
<b>Total</b>	<b>\$ 2,239,967</b>	<b>\$ 2,578,479</b>

The City's total debt decreased by \$338,512 during 2019.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Hanover saw 17 new home starts in 2019. In addition to the new home starts, the City approved a site plan for a business expansion in the industrial park and a restaurant renovation. In total, the City issued 140 building permits valuing \$7.5 million. Two residential developments received review with one receiving preliminary plat approval and the second allowing land from Rockford Township to be annexed into Hanover. In addition to the City experiencing economic development, property values continue to increase with the strong economy.

The City continues its efforts in maintaining fiscal responsibility. We are doing so by adopting a budget which takes into consideration funds required to pay for future capital projects with cash versus issuing long-term debt that accumulates interest. In addition to the planning, the City continues adhering to plans set forth to extend the life of our infrastructure. We have been able to complete road maintenance projects with zero assessments to property owners, and fund the projects with existing funds that were previously set aside. The City continues to perform services in house for its property owners in order to reduce costs of third party contracts.

Hanover's existing residential development known as Crow River Heights continues to experience success and that development accounts for majority of the new home starts.

The City has increased its levy in recent years in order to fund current and future expenses. The increase has come after careful consideration on how the property taxes would be impacted. At the local level, the city's tax rate has seen recent decreases. This is due to property values increasing at a faster rate than the City's levy increases. The tax rate was projected to increase approximately 1% from 2019 to 2020 for the purpose of levying additional funds to offset future capital project funding requirements. The City tax rate was projected to be approximately 46%.

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 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 serves on the Advisory Committee for transportation within Wright County.

### **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.

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

**REQUESTS FOR INFORMATION (CONTINUED)**

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 5<sup>th</sup> Street NE, Hanover, Minnesota 55341.

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## **BASIC FINANCIAL STATEMENTS**

**City of Hanover**  
**Statement of Net Position**  
**December 31, 2019**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
Cash and investments (including cash equivalents)	\$ 3,607,018	\$ 4,555,618	\$ 8,162,636	\$ 210,428
Taxes receivable	26,077	-	26,077	672
Accounts receivable	78,725	-	78,725	-
Interest receivable	29,066	-	29,066	-
Due from other governments	8,420	68,970	77,390	-
Loan receivable	-	-	-	180,533
Special assessments receivable				
Delinquent	357	1,099	1,456	-
Deferred	102,365	57,067	159,432	-
Prepaid items	26,520	818	27,338	-
Capital assets not being depreciated				
Land	711,339	26,781	738,120	-
Construction in progress	6,309	-	6,309	-
Capital assets being depreciated				
Infrastructure	1,955,499	-	1,955,499	-
Buildings	2,619,770	-	2,619,770	-
Improvements	2,135,076	6,544,396	8,679,472	-
Vehicles	348,117	87,423	435,540	-
Machinery and equipment	206,313	-	206,313	-
<b>Total assets</b>	<b>11,860,971</b>	<b>11,342,172</b>	<b>23,203,143</b>	<b>391,633</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to City pensions	36,527	-	36,527	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 11,897,498</b>	<b>\$ 11,342,172</b>	<b>\$ 23,239,670</b>	<b>\$ 391,633</b>
<b>Liabilities</b>				
Accounts payable	\$ 76,623	\$ 3,094	\$ 79,717	\$ 1,860
Deposits payable	193,428	-	193,428	-
Due to other governments	24,265	5,045	29,310	-
Salaries and benefits payable	32,839	-	32,839	-
Interest payable	18,900	906	19,806	-
Unearned revenues	600	-	600	-
Bond and note principal payable				
Payable within one year	255,000	95,000	350,000	-
Payable after one year	1,585,000	-	1,585,000	-
Net pension liability	259,852	-	259,852	-
Compensated absences payable				
Payable within one year	28,973	-	28,973	-
Payable after one year	16,142	-	16,142	-
<b>Total liabilities</b>	<b>2,491,622</b>	<b>104,045</b>	<b>2,595,667</b>	<b>1,860</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to City pensions	43,974	-	43,974	-
<b>Net Position</b>				
Net investment in capital assets	6,142,423	6,563,600	12,706,023	-
Restricted for				
Capital projects	224,748	3,190,936	3,415,684	-
Debt service	729,780	-	729,780	-
Tax increment	8,752	-	8,752	-
Other Projects	54,858	-	54,858	248,502
Unrestricted	2,201,341	1,483,591	3,684,932	141,271
<b>Total net position</b>	<b>9,361,902</b>	<b>11,238,127</b>	<b>20,600,029</b>	<b>389,773</b>
<b>Total liabilities and net position</b>	<b>\$ 11,897,498</b>	<b>\$ 11,342,172</b>	<b>\$ 23,239,670</b>	<b>\$ 391,633</b>

See notes to financial statements.

**City of Hanover  
Statement of Activities  
December 31, 2019**

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
<b>Governmental activities</b>								
General government	\$ 519,031	\$ 50,137	\$ 30,288	\$ -	\$ (438,606)	\$ -	\$ (438,606)	\$ -
Public safety	542,691	258,503	47,470	-	(236,718)	-	(236,718)	-
Public works	1,049,007	11,632	6,155	9,243	(1,021,977)	-	(1,021,977)	-
Parks and recreation	143,832	1,904	10,452	164,520	33,044	-	33,044	-
Economic development	163,889	158,243	-	-	(5,646)	-	(5,646)	-
Interest on long-term debt	56,589	-	-	-	(56,589)	-	(56,589)	-
Total governmental activities	<u>2,475,039</u>	<u>480,419</u>	<u>94,365</u>	<u>173,763</u>	<u>(1,726,492)</u>	<u>-</u>	<u>(1,726,492)</u>	<u>-</u>
<b>Business-type activities</b>								
Water	150,365	155,901	-	-	-	5,536	5,536	-
Sewer	434,241	495,576	-	2,888	-	64,223	64,223	-
Storm water	92,664	112,186	-	-	-	19,522	19,522	-
Total business-type activities	<u>677,270</u>	<u>763,663</u>	<u>-</u>	<u>2,888</u>	<u>-</u>	<u>89,281</u>	<u>89,281</u>	<u>-</u>
<b>Total governmental and business-type activities</b>	<u>\$ 3,152,309</u>	<u>\$ 1,244,082</u>	<u>\$ 94,365</u>	<u>\$ 176,651</u>	<u>(1,726,492)</u>	<u>89,281</u>	<u>(1,637,211)</u>	<u>-</u>
<b>Component unit</b>								
Economic development authority	<u>\$ 18,476</u>	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,439)</u>
		<b>General revenues</b>						
					1,646,875	-	1,646,875	49,235
					14,558	-	14,558	-
					6,273	-	6,273	-
					120,447	-	120,447	-
					-	-	-	1,850
					60,483	131,086	191,569	10,922
					392	-	392	-
					<u>1,849,028</u>	<u>131,086</u>	<u>1,980,114</u>	<u>62,007</u>
					122,536	220,367	342,903	43,568
					<u>9,239,366</u>	<u>11,017,760</u>	<u>20,257,126</u>	<u>346,205</u>
					<u>\$ 9,361,902</u>	<u>\$ 11,238,127</u>	<u>\$ 20,600,029</u>	<u>\$ 389,773</u>

**City of Hanover**  
**Balance Sheet - Governmental Funds**  
**December 31, 2019**

	<u>General Fund</u> (100-110)	<u>Debt Service</u> G.O. Crossover Refunding Bonds 2011A (314)	<u>Capital Projects</u> Developer Escrow (800s)	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and investments	\$ 756,317	\$ 476,488	\$ 217,576	\$ 2,156,637	\$ 3,607,018
Taxes receivable					
Current	13,836	-	-	-	13,836
Delinquent	12,241	-	-	-	12,241
Accounts receivable	75,662	-	-	3,063	78,725
Interest receivable	29,066	-	-	-	29,066
Due from other governments	1,164	-	-	7,256	8,420
Special assessments receivable					
Delinquent	-	-	-	357	357
Deferred	-	65,585	-	36,780	102,365
Prepaid items	26,520	-	-	-	26,520
<b>Total assets</b>	<b>\$ 914,806</b>	<b>\$ 542,073</b>	<b>\$ 217,576</b>	<b>\$ 2,204,093</b>	<b>\$ 3,878,548</b>
<b>Liabilities</b>					
Accounts payable	\$ 46,707	\$ -	\$ 24,148	\$ 5,768	\$ 76,623
Deposits payable	-	-	193,428	-	193,428
Due to other governments	24,265	-	-	-	24,265
Salaries and benefits payable	32,839	-	-	-	32,839
Unearned revenue	600	-	-	-	600
<b>Total liabilities</b>	<b>104,411</b>	<b>-</b>	<b>217,576</b>	<b>5,768</b>	<b>327,755</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	12,241	-	-	-	12,241
Unavailable revenue - special assessments	-	65,585	-	37,137	102,722
<b>Total deferred inflows of resources</b>	<b>12,241</b>	<b>65,585</b>	<b>-</b>	<b>37,137</b>	<b>114,963</b>
<b>Fund Balances</b>					
Nonspendable	98,562	-	-	-	98,562
Restricted	-	476,488	-	490,749	967,237
Assigned	-	-	-	1,670,439	1,670,439
Unassigned	699,592	-	-	-	699,592
<b>Total fund balances</b>	<b>798,154</b>	<b>476,488</b>	<b>-</b>	<b>2,161,188</b>	<b>3,435,830</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 914,806</b>	<b>\$ 542,073</b>	<b>\$ 217,576</b>	<b>\$ 2,204,093</b>	<b>\$ 3,878,548</b>

**City of Hanover**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2019**

Total fund balances - governmental funds	\$ 3,435,830
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	17,716,345
Less accumulated depreciation	(9,733,922)
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	(1,840,000)
Compensated absences payable	(45,115)
Net pension liability	(259,852)
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	12,241
Delinquent special assessments	357
Deferred receivables are not available to pay for current expenditures and, therefore, are deferred in the funds.	
Deferred special assessments receivable	102,365
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	(43,974)
Deferred outflows of resources related to pensions	36,527
Governmental funds do not report a liability for accrued interest until due and payable.	
	(18,900)
Total net position - governmental activities	\$ 9,361,902

**City of Hanover**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**December 31, 2019**

		Debt Service	Capital Projects		
	General Fund (100-110)	G.O. Crossover Refunding Bonds 2011A (314)	Developer Escrow (800s)	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 1,121,093	\$ 132,804	\$ -	\$ 392,968	\$ 1,646,865
Tax increments	-	-	-	6,273	6,273
Miscellaneous taxes	14,558	-	-	7,256	21,814
Special assessments	-	39,187	-	13,627	52,814
Licenses and permits	113,907	-	-	-	113,907
Intergovernmental	178,398	-	-	-	178,398
Charges for services	160,485	-	158,243	36,819	355,547
Fines and forfeitures	3,668	-	-	-	3,668
Miscellaneous					
Investment income	(3,950)	14,956	-	49,477	60,483
Contributions and donations	9,280	-	-	60,452	69,732
Refunds and reimbursements	41	-	-	-	41
Other	16,083	-	-	114,520	130,603
Total revenues	<u>1,613,563</u>	<u>186,947</u>	<u>158,243</u>	<u>681,392</u>	<u>2,640,145</u>
<b>Expenditures</b>					
Current					
General government	464,177	-	-	-	464,177
Public safety	414,197	-	-	-	414,197
Public works	417,221	-	-	-	417,221
Parks and recreation	35,008	-	-	1,600	36,608
Economic development	-	-	158,243	5,646	163,889
Debt service					
Principal	-	150,000	-	95,000	245,000
Interest and other charges	-	12,520	-	45,288	57,808
Capital outlay					
General government	31,087	-	-	-	31,087
Public safety	9,796	-	-	150,127	159,923
Public works	1,640	-	-	146,258	147,898
Parks and recreation	12,903	-	-	8,238	21,141
Total expenditures	<u>1,386,029</u>	<u>162,520</u>	<u>158,243</u>	<u>452,157</u>	<u>2,158,949</u>
Excess of revenues over (under) expenditures	227,534	24,427	-	229,235	481,196
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital asset	392	-	-	-	392
Transfers in	-	-	-	278,168	278,168
Transfers out	(278,168)	-	-	-	(278,168)
Total other financing sources (uses)	<u>(277,776)</u>	<u>-</u>	<u>-</u>	<u>278,168</u>	<u>392</u>
Net change in fund balances	(50,242)	24,427	-	507,403	481,588
<b>Fund Balances</b>					
Beginning of year	<u>848,396</u>	<u>452,061</u>	<u>-</u>	<u>1,653,785</u>	<u>2,954,242</u>
End of year	<u>\$ 798,154</u>	<u>\$ 476,488</u>	<u>\$ -</u>	<u>\$ 2,161,188</u>	<u>\$ 3,435,830</u>

See notes to financial statements.

**City of Hanover**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to**  
**the Statement of Activities - Governmental Funds**  
**December 31, 2019**

Net change in fund balances - governmental funds \$ 481,588

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	224,122
Depreciation expense	(769,558)

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.	245,000
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Compensated absences are recognized as paid in the governmental funds, but recognized as the expense is incurred in the Statement of Activities.	(3,825)
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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.	1,219
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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	(12,449)

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	172
Delinquent property taxes	10

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	<u>(43,743)</u>

Change in net position - governmental activities	<u><u>\$ 122,536</u></u>
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**City of Hanover**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**December 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 1,121,237	\$ 1,121,093	\$ (144)
Miscellaneous taxes	15,000	14,558	(442)
Licenses and permits	112,920	113,907	987
Intergovernmental	163,092	178,398	15,306
Charges for services	134,905	160,485	25,580
Fines and forfeitures	3,000	3,668	668
Miscellaneous revenues			
Investment income	-	(3,950)	(3,950)
Contributions and donations	400	9,280	8,880
Refunds and reimbursements	-	41	41
Other	4,100	16,083	11,983
Total revenues	<u>1,554,654</u>	<u>1,613,563</u>	<u>58,909</u>
<b>Expenditures</b>			
Current			
General government	493,561	464,177	(29,384)
Public safety	488,820	414,197	(74,623)
Public works	481,373	417,221	(64,152)
Parks and recreation	41,900	35,008	(6,892)
Capital outlay			
General government	29,000	31,087	2,087
Public safety	5,000	9,796	4,796
Public works	-	1,640	1,640
Parks and recreation	15,000	12,903	(2,097)
Total expenditures	<u>1,554,654</u>	<u>1,386,029</u>	<u>(168,625)</u>
Excess of revenues over expenditures	-	227,534	227,534
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital asset	-	392	392
Transfers out	-	(278,168)	(278,168)
Total other financing sources (uses)	<u>-</u>	<u>(277,776)</u>	<u>(277,776)</u>
Net change in fund balance	<u>\$ -</u>	<u>(50,242)</u>	<u>\$ (50,242)</u>
<b>Fund Balance</b>			
Beginning of year		<u>848,396</u>	
End of year		<u>\$ 798,154</u>	

**City of Hanover**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2019**

	Water (601, 611)	Sewer (602, 612)	Storm Water (603, 613)	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 1,193,457	\$ 2,507,415	\$ 854,746	\$ 4,555,618
Special assessments receivable				
Delinquent	(434)	1,174	359	1,099
Deferred	19,062	37,074	931	57,067
Due from other governments	9,436	53,406	6,128	68,970
Prepaid items	113	705	-	818
Total current assets	<u>1,221,634</u>	<u>2,599,774</u>	<u>862,164</u>	<u>4,683,572</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	118,832	147,912
Total capital assets	<u>2,281,145</u>	<u>6,316,337</u>	<u>2,593,247</u>	<u>11,190,729</u>
Less accumulated depreciation	<u>(773,203)</u>	<u>(2,906,095)</u>	<u>(852,831)</u>	<u>(4,532,129)</u>
Net capital assets	<u>1,507,942</u>	<u>3,410,242</u>	<u>1,740,416</u>	<u>6,658,600</u>
Total assets	<u>\$ 2,729,576</u>	<u>\$ 6,010,016</u>	<u>\$ 2,602,580</u>	<u>\$ 11,342,172</u>
<b>Liabilities and Net Position</b>				
Current liabilities				
Accounts payable	\$ 2,001	\$ -	\$ 1,093	\$ 3,094
Interest payable	-	906	-	906
Due to other governments	-	5,045	-	5,045
Notes payable - current	-	95,000	-	95,000
Total liabilities	<u>2,001</u>	<u>100,951</u>	<u>1,093</u>	<u>104,045</u>
<b>Net Position</b>				
Net investment in capital assets	1,507,942	3,315,242	1,740,416	6,563,600
Restricted	237,607	2,264,453	688,876	3,190,936
Unrestricted	982,026	329,370	172,195	1,483,591
Total net position	<u>2,727,575</u>	<u>5,909,065</u>	<u>2,601,487</u>	<u>11,238,127</u>
Total liabilities and net position	<u>\$ 2,729,576</u>	<u>\$ 6,010,016</u>	<u>\$ 2,602,580</u>	<u>\$ 11,342,172</u>

**City of Hanover**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**December 31, 2019**

	Water (601, 611)	Sewer (602, 612)	Storm Water (603, 613)	Total
Operating Revenues				
Charges for services	\$ 73,821	\$ 319,131	\$ 53,972	\$ 446,924
Permits, hookup fees and penalties	2,125	2,125	-	4,250
Total operating revenues	<u>75,946</u>	<u>321,256</u>	<u>53,972</u>	<u>451,174</u>
Operating Expenses				
Wages and salaries	-	-	5,666	5,666
Repairs and maintenance	13,045	-	3,666	16,711
Professional services	44,850	187,007	6,079	237,936
Depreciation	57,029	157,181	72,076	286,286
Miscellaneous	267	1,749	530	2,546
Total operating expenses	<u>115,191</u>	<u>345,937</u>	<u>88,017</u>	<u>549,145</u>
Operating income (loss)	(39,245)	(24,681)	(34,045)	(97,971)
Nonoperating Revenues (Expenses)				
Sale of water meters	9,350	-	-	9,350
Investment income	34,174	72,822	24,090	131,086
Special assessments	-	2,888	-	2,888
Payment to other governments	(35,174)	(84,766)	-	(119,940)
Connection charges	70,605	174,320	58,214	303,139
Interest expense	-	(3,538)	-	(3,538)
Nonoperating miscellaneous	-	(4,647)	-	(4,647)
Total nonoperating revenues (expenses)	<u>78,955</u>	<u>157,079</u>	<u>82,304</u>	<u>318,338</u>
Change in net position	39,710	132,398	48,259	220,367
Net Position				
Beginning of year	<u>2,687,865</u>	<u>5,776,667</u>	<u>2,553,228</u>	<u>11,017,760</u>
End of year	<u>\$ 2,727,575</u>	<u>\$ 5,909,065</u>	<u>\$ 2,601,487</u>	<u>\$ 11,238,127</u>

**City of Hanover**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2018**

	Water (601, 611)	Sewer (602, 612)	Storm Water (603, 613)	Total
<b>Cash Flows - Operating Activities</b>				
Receipts from customers and users	\$ 156,827	\$ 491,951	\$ 111,360	\$ 760,138
Payments to suppliers	(91,360)	(273,416)	(9,182)	(373,958)
Payments to employees	-	-	(5,666)	(5,666)
Net cash flows - operating activities	<u>65,467</u>	<u>218,535</u>	<u>96,512</u>	<u>380,514</u>
<b>Cash Flows - Capital and Related Financing Activities</b>				
Special assessments	10,964	37,711	-	48,675
Interest paid on capital debt	-	(4,512)	-	(4,512)
Principal paid on capital debt	-	(102,000)	-	(102,000)
Net cash flows - capital and related financing activities	<u>10,964</u>	<u>(68,801)</u>	<u>-</u>	<u>(57,837)</u>
<b>Cash Flows - Investing Activities</b>				
Interest and dividends received	<u>34,174</u>	<u>72,822</u>	<u>24,090</u>	<u>131,086</u>
<b>Net Change in Cash and Cash Equivalents</b>	110,605	222,556	120,602	453,763
<b>Cash and Cash Equivalents</b>				
Beginning of year	<u>1,082,852</u>	<u>2,284,859</u>	<u>734,144</u>	<u>4,101,855</u>
End of year	<u>\$ 1,193,457</u>	<u>\$ 2,507,415</u>	<u>\$ 854,746</u>	<u>\$ 4,555,618</u>
<b>Reconciliation of Operating Loss to Net Cash Flows - Operating Activities</b>				
Operating loss	\$ (39,245)	\$ (24,681)	\$ (34,045)	\$ (97,971)
Adjustments to reconcile operating loss To net cash flows - operating activities				
Other operating income (expense)	44,781	84,907	58,214	187,902
Depreciation expense	57,029	157,181	72,076	286,286
Delinquent special assessment receivable	552	(579)	(765)	(792)
Due from other governments	374	(3,046)	(61)	(2,733)
Accounts payable	1,980	-	1,093	3,073
Prepaid items	(4)	58	-	54
Due to other governmental units	-	4,695	-	4,695
Total adjustments	<u>104,712</u>	<u>243,216</u>	<u>130,557</u>	<u>478,485</u>
Net cash flows - operating activities	<u>\$ 65,467</u>	<u>\$ 218,535</u>	<u>\$ 96,512</u>	<u>\$ 380,514</u>

See notes to financial statements.

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**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 activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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.

**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**

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.

Developer Escrow Fund, Capital Projects Fund – This fund accounts for the activity related to developer escrow deposits.

**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.

**Component Unit:**

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

**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)**

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.

**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.

**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  
(Continued)**

**1. Deposits and Investments (Continued)**

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.

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.

**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 (Continued)**

**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

**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.

**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  
(Continued)**

**5. Deferred Outflows/Inflows of Resources (Continued)**

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 Balance Sheet presents 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.

**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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA 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. The General Fund typically liquidates the liability related to the pensions.

**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  
(Continued)**

**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.

When more than one category of fund balance can be used to fund an expenditure, the highest (most restrictive) level shall be used first.

**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.

**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  
(Continued)**

**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.
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.

**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  
(Continued)**

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 – 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, 2019, the City's bank balance was exposed to custodial credit risk because it was not fully insured through FDIC and collateral pledged.

As of December 31, 2019, the City's deposits and petty cash had a book balance as follows:

Checking	\$ 1,463,521
Certificates of deposit	752,356
Money market and savings accounts	666,847
UBS cash	190
Petty cash	200
	_____
Total deposits and cash on hand	\$ 2,883,114

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

As of December 31, 2019, 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 CD's	\$ 3,355,943	\$ -	\$ 935,849	\$ 875,226	\$ 1,544,868	\$ -
Municipal Securities	1,787,717	-	300,159	1,336,774	150,784	-
Money Market and 4M Fund	346,290	346,290	-	-	-	-
	<u>\$ 5,489,950</u>	<u>\$ 346,290</u>	<u>\$ 1,236,008</u>	<u>\$ 2,212,000</u>	<u>\$ 1,695,652</u>	<u>\$ -</u>

**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 four securities that sit over the 5% threshold for concentration of credit risk including the: Louisiana State Municipal Security (5.5%), the Florida State Board of Administration Finance (6.0%), the New York City Transit Municipal Security (7.9%), and the Alabama State Port Authority Docks Municipal Security (10.5%).

**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>Municipal Securities</u>	<u>Type</u>	<u>Rating</u>
LOUISIANA ST	Municipal	Aa3/AA-
FLORIDA ST BRD ADMIN FIN	Municipal	Aa3/AA
NEW YORK NY CITY TRAGovt- Mun	Municipal	Aa1/AAA
ALABAMA ST PORT AU DOCKS	Municipal	NR/AA
INDUSTRY CA	Municipal	Aa3/NR

**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.

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

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, 2019. 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, 2019:

- \$5,143,660 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, 2019:

Deposits and cash on hand (Note 3. A. )	\$ 2,883,114
Investments (Note 3. B. )	<u>5,489,950</u>
Total deposits and investments	<u><u>\$ 8,373,064</u></u>

Deposits and investments are presented as cash and investments in the December 31, 2019, basic financial statements as follows:

Statement of Net Position	
Cash and investments	
Primary government	\$ 8,162,636
Component unit	<u>210,428</u>
Total cash and investments	<u><u>\$ 8,373,064</u></u>

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 3 – INTERFUND ACTIVITY**

**Interfund Transfers**

Transfers during the year ended December 31, 2019, were as follows:

	Transfer In
	Other
	Nonmajor
	Governmental
	Funds
Transfer out	
General	\$ 278,168

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

**NOTE 4 – LOANS RECEIVABLE**

Loans receivable at December 31, 2019, were as follows:

EDA loan receivable	
Plug Technologies, Inc.	
\$35,150 loan, due in monthly installments of \$449, through April 2020, interest at 2.00%	\$ 1,791
Astro Engineering	
\$100,000 loan, due in monthly installments of \$1,333, through October 2025, interest at 3.25%	84,742
Roy C. Inc.	
\$7,500 loan, due in monthly installments of \$208, through December 2021, interest at 0.00%	5,000
BBBBQ LLC	
\$92,500 loan, due in monthly installments of \$917, through July 2029, variable interest at Wall Street Prime minus 2.00% with a 6.00% ceiling	89,000
Total loans receivable	\$ 180,533

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, 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	\$ 711,339	\$ -	\$ -	\$ 711,339
Construction in progress	-	6,309	-	6,309
Total capital assets not being depreciated	<u>711,339</u>	<u>6,309</u>	<u>-</u>	<u>717,648</u>
Capital assets being depreciated				
Infrastructure	8,188,465	5,779	-	8,194,244
Buildings	3,376,319	-	-	3,376,319
Improvements	3,073,385	38,580	-	3,111,965
Vehicles	1,573,740	53,670	-	1,627,410
Machinery and equipment	563,082	119,784	-	682,866
Furniture and fixtures	5,893	-	-	5,893
Total capital assets being depreciated	<u>16,780,884</u>	<u>217,813</u>	<u>-</u>	<u>16,998,697</u>
Less accumulated depreciation for				
Infrastructure	5,813,127	425,618	-	6,238,745
Buildings	663,341	93,208	-	756,549
Improvements	831,693	145,196	-	976,889
Vehicles	1,212,973	66,320	-	1,279,293
Machinery and equipment	437,337	39,216	-	476,553
Furniture and fixtures	5,893	-	-	5,893
Total accumulated depreciation	<u>8,964,364</u>	<u>769,558</u>	<u>-</u>	<u>9,733,922</u>
Total capital assets being depreciated, net	<u>7,816,520</u>	<u>(551,745)</u>	<u>-</u>	<u>7,264,775</u>
Governmental activities capital assets, net	<u>\$ 8,527,859</u>	<u>\$ (545,436)</u>	<u>\$ -</u>	<u>\$ 7,982,423</u>

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

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

Governmental activities	
General government	\$ 14,762
Public safety	88,355
Public works	541,778
Parks and recreation	<u>124,663</u>
Total depreciation expense - governmental activities	<u><u>\$ 769,558</u></u>

Capital asset activity for the year ended December 31, 2019, 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	137,525	-	-	137,525
Vehicles	<u>10,387</u>	<u>-</u>	<u>-</u>	<u>10,387</u>
Total capital assets being depreciated	<u>11,163,948</u>	<u>-</u>	<u>-</u>	<u>11,163,948</u>
Less accumulated depreciation for				
Improvements	4,195,865	275,775	-	4,471,640
Machinery and equipment	39,591	10,511	-	50,102
Vehicles	<u>10,387</u>	<u>-</u>	<u>-</u>	<u>10,387</u>
Total accumulated depreciation	<u>4,245,843</u>	<u>286,286</u>	<u>-</u>	<u>4,532,129</u>
Total capital assets being depreciated, net	<u>6,918,105</u>	<u>(286,286)</u>	<u>-</u>	<u>6,631,819</u>
Business-type activities capital assets, net	<u><u>\$ 6,944,886</u></u>	<u><u>\$ (286,286)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,658,600</u></u>

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 4 – 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>72,076</u>
Total depreciation expense - business-type activities	<u><u>\$ 286,286</u></u>

**NOTE 5 – LONG-TERM DEBT**

**A. General Obligation Bonds**

The City issues general obligation (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, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable					
G.O. Improvement Bonds	\$ 2,085,000	\$ -	\$ 245,000	\$ 1,840,000	\$ 255,000
Compensated absences	<u>41,290</u>	<u>37,947</u>	<u>34,122</u>	<u>45,115</u>	<u>28,973</u>
Total governmental activities	<u>2,126,290</u>	<u>37,947</u>	<u>279,122</u>	<u>1,885,115</u>	<u>283,973</u>
<b>Business-Type Activities</b>					
G.O. PFA Wastewater Revenue Notes	<u>197,000</u>	<u>-</u>	<u>102,000</u>	<u>95,000</u>	<u>95,000</u>
Total long-term liabilities	<u><u>\$ 2,323,290</u></u>	<u><u>\$ 37,947</u></u>	<u><u>\$ 381,122</u></u>	<u><u>\$ 1,980,115</u></u>	<u><u>\$ 378,973</u></u>

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**C. Components of Long-Term Bonded Liabilities**

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
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	\$ 110,000	\$ 35,000
G.O. Improvement Refunding						
Bond, Series 2011A	08/11/11	2.00%-2.75%	1,225,000	12/01/21	315,000	155,000
G.O. Capital Improvement						
Bond, Series 2016A	12/28/16	1.35%-3.30%	1,535,000	02/01/37	<u>1,415,000</u>	<u>65,000</u>
Total Bonds					<u>1,840,000</u>	<u>255,000</u>
Compensated absences					<u>45,115</u>	<u>28,973</u>
Total governmental Activities					1,885,115	283,973
Business-type activities						
G.O. Revenue Bonds						
PFA Wastewater Revenue Note	08/18/99	2.29%	1,909,275	08/20/20	<u>95,000</u>	<u>95,000</u>
Total all long-term liabilities					<u>\$ 1,980,115</u>	<u>\$ 378,973</u>

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:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>G.O. Improvement Bonds</u>		<u>G.O. Revenue Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 255,000	\$ 50,762	\$ 95,000	\$ 2,176
2021	260,000	44,448	-	-
2022	105,000	37,400	-	-
2023	65,000	35,320	-	-
2024	70,000	33,970	-	-
2025-2029	370,000	139,350	-	-
2030-2034	425,000	79,808	-	-
2035-2037	<u>290,000</u>	<u>14,235</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,840,000</u>	<u>\$ 435,293</u>	<u>\$ 95,000</u>	<u>\$ 2,176</u>

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 6 – EQUITY**

	General	G.O. Crossover Refunding Bonds 2011A	Nonmajor Governmental Fund	Total
Nonspendable				
Prepaid items	\$ 26,520	\$ -	\$ -	\$ 26,520
Long term receivable	72,042	-	-	72,042
Total nonspendable	<u>98,562</u>	<u>-</u>	<u>-</u>	<u>98,562</u>
Restricted				
Debt service	-	476,488	202,391	678,879
Capital projects	-	-	106,304	106,304
Tax increment	-	-	-	8,752
River road cemetery	-	-	35,982	35,982
Gambling proceeds	-	-	18,876	18,876
Park dedication	-	-	118,444	118,444
Total restricted	<u>-</u>	<u>476,488</u>	<u>481,997</u>	<u>967,237</u>
Assigned				
Total	<u>\$ 798,154</u>	<u>\$ 476,488</u>	<u>\$ 2,152,436</u>	<u>\$ 3,435,830</u>

**NOTE 7 – RESTRICTED NET POSITION**

A portion of net position in the Enterprise Funds are restricted for capital improvements. As of December 31, 2019, these restrictions for the Water, Sewer, and Storm Water Funds were \$237,607, \$2,196,482 and \$688,876, respectively. The Sewer Fund also had an amount restricted of \$67,971 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 8 – 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.

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 8 – 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. 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. Members hired prior to July, 1 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**C. 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 2019 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2019, were \$25,502. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$259,852 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 \$16 million to the fund in 2019. 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 \$8,000. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0047%, which was an increase of 0.0001% from its proportionate share measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$ 259,852
State of Minnesota's proportionate share of the net pension liability associated with the City	8,000
Total	\$ 267,852

For the year ended December 31, 2019, the City recognized pension expense of \$38,550 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$599 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**City of Hanover  
Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

At December 31, 2019, 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	\$ 6,847	\$ -
Changes in actuarial assumptions	-	19,228
Difference between projected and actual investment earnings	-	24,746
Changes in proportion	16,929	-
Contributions paid to PERA subsequent to the measurement date	<u>12,751</u>	<u>-</u>
Total	<u><u>\$ 36,527</u></u>	<u><u>\$ 43,974</u></u>

\$12,751 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (5,307)
2021	(11,611)
2022	(3,699)
2023	<u>419</u>
Total	<u><u>\$ (20,198)</u></u>

**City of Hanover  
Notes to Financial Statements**

**NOTE 8 –PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual 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 for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2019, 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 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

**General Employees Fund**

**Changes in Actuarial Assumptions:**

- The mortality projection scale was changed from MP-2017 to MP-2018.

**Changes in Plan Provisions:**

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 8 –PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions (Continued)**

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 equity	35.5 %	5.10 %
Private markets	25.0	5.90
Fixed income	20.0	0.75
International equity	17.5	5.90
Cash equivalents	2.0	0.00
Total	<u>100 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2019 was 7.5%. 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 these 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.

**G. Pension Liability Sensitivity**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the PERA net pension liability	\$ 427,183	\$ 259,852	\$ 121,687

**City of Hanover  
Notes to Financial Statements**

**NOTE 8 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**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](http://www.mnpera.org).

**NOTE 9 – 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 2019 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2019, 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.

**NOTE 10 – 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.

**City of Hanover**  
**Notes to Financial Statements**

**NOTE 11 – 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, 2019, the City generated \$6,273 in tax increment revenue and made \$5,646 in payments to developers.

**NOTE 12 – SUBSEQUENT EVENT**

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2019 cannot be determined at this time.

**NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2019, the City implemented GASB Statement No. 84, Fiduciary Activities. As a result, the Developer Escrow Fund was reclassified from a fiduciary fund to a governmental capital project fund.

**NOTE 14 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 87, Leases 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. This statement will be effective for the year ending December 31, 2020.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0042%	\$ 217,666	\$ -	\$ 217,666	\$ 241,240	90.23%	78.19%
2016	0.0042%	341,019	4,396	345,415	259,067	131.63%	68.91%
2017	0.0042%	268,125	3,334	271,459	267,600	100.20%	75.90%
2018	0.0046%	255,189	8,457	263,646	311,267	81.98%	79.53%
2019	0.0047%	259,852	8,000	267,852	330,147	78.71%	80.23%

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
2015	\$ 19,197	\$ 19,197	\$ -	\$ 255,960	7.5%
2016	20,109	20,109	-	268,120	7.5%
2017	20,320	20,320	-	270,933	7.5%
2018	24,318	24,318	-	324,240	7.5%
2019	25,502	25,502	-	340,027	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**

**2019 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**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.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

**City of Hanover**  
**Notes to Required Supplementary Information**

**GENERAL EMPLOYEES FUND (CONTINUED)**

**2017 Changes (Continued)**

Changes in Plan Provisions (Continued)

- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**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 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.

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; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

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**SUPPLEMENTARY INFORMATION**

**City of Hanover**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**December 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 1,121,237	\$ 1,121,093	\$ (144)
Miscellaneous taxes	15,000	14,558	(442)
Licenses and permits	112,920	113,907	987
Intergovernmental revenues			
Local government aid	118,253	123,175	4,922
Market value credit	-	1,259	1,259
Pera aid	339	339	-
Fire aid	39,000	41,187	2,187
Police aid	5,500	6,283	783
Other grants and aids	-	6,155	6,155
Total intergovernmental revenues	<u>163,092</u>	<u>178,398</u>	<u>15,306</u>
Charges for services			
General government	19,650	34,055	14,405
Public safety	110,755	111,376	621
Parks and recreation	4,500	15,054	10,554
Total charges for services	<u>134,905</u>	<u>160,485</u>	<u>25,580</u>
Fines and forfeitures	3,000	3,668	668
Miscellaneous revenues			
Investment income	-	(3,950)	(3,950)
Contributions and donations	400	9,280	8,880
Refunds and reimbursements	-	41	41
Other	4,100	16,083	11,983
Total miscellaneous revenues	<u>4,500</u>	<u>21,454</u>	<u>16,954</u>
Total revenues	<u>\$ 1,554,654</u>	<u>\$ 1,613,563</u>	<u>\$ 58,909</u>
<b>Expenditures</b>			
General government			
Mayor and council	48,495	28,263	(20,232)
Administrative and finance	243,591	239,994	(3,597)
Other general government	201,475	195,920	(5,555)
Capital outlay	29,000	31,087	2,087
Total general government	<u>522,561</u>	<u>495,264</u>	<u>(27,297)</u>
Public safety			
Police			
Current	191,486	193,677	2,191
Fire			
Current	246,334	182,607	(63,727)
Capital outlay	5,000	9,796	4,796
Total fire	<u>251,334</u>	<u>192,403</u>	<u>(58,931)</u>
Other			
Current	51,000	37,913	(13,087)
Total public safety	<u>493,820</u>	<u>423,993</u>	<u>(69,827)</u>

**City of Hanover**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**December 31, 2019**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Public Works</b>			
Streets and highways			
Street maintenance and storm sewers	\$ 396,373	\$ 334,373	\$ (62,000)
Snow and ice removal	20,000	15,806	(4,194)
Street lighting	25,000	25,400	400
Street - other capital outlay	-	1,640	1,640
Total streets and highways	441,373	377,219	(64,154)
Sanitation			
Garbage and other refuse			
Collection and disposal	40,000	41,642	1,642
Total public works	481,373	418,861	(62,512)
<b>Parks and Recreation</b>			
Libraries:			
Libraries current expenditures	11,500	10,863	(637)
Parks and recreation			
Current	30,400	24,145	(6,255)
Capital outlay	15,000	12,903	(2,097)
Total parks and recreation	56,900	47,911	(8,989)
Total expenditures	1,554,654	1,386,029	(168,625)
Excess of revenues over expenditures	-	227,534	227,534
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital asset	-	392	392
Transfers out	-	(278,168)	(278,168)
Total other financing sources (uses)	-	(277,776)	(277,776)
Net change in fund balance	\$ -	(50,242)	\$ (50,242)
<b>Fund Balance</b>			
Beginning of year		848,396	
End of year		\$ 798,154	

**City of Hanover  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2019**

	Special Revenue		Debt Service
	Gambling Proceeds (406)	River Road Cemetery (701)	G.O. C.I.P. Refunding Bond 2008A (311)
<b>Assets</b>			
Cash and investments	\$ 18,876	\$ 35,982	\$ 84,878
Special assessments receivable			
Delinquent	-	-	-
Deferred	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	-
Total assets	\$ 18,876	\$ 35,982	\$ 84,878
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - special assessments	\$ -	\$ -	\$ -
<b>Fund Balances</b>			
Restricted	18,876	35,982	84,878
Assigned	-	-	-
Total fund balances	18,876	35,982	84,878
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,876	\$ 35,982	\$ 84,878

<u>Debt Service</u>		<u>Capital Projects</u>	
G.O. Improvement Refunding Bonds, Series 2009A (312)	G.O. C.I.P. Bonds, Series (315)	Capital Improvement Fund (401)	Park (402)
\$ 15,415	\$ 102,098	\$ 724,777	\$ 93,738
357	-	-	-
3,859	-	32,921	-
-	-	-	-
-	-	-	-
<u>\$ 19,631</u>	<u>\$ 102,098</u>	<u>\$ 757,698</u>	<u>\$ 93,738</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 4,216</u>	<u>-</u>	<u>\$ 32,921</u>	<u>\$ -</u>
15,415	102,098	-	-
-	-	724,777	93,738
<u>15,415</u>	<u>102,098</u>	<u>724,777</u>	<u>93,738</u>
<u>\$ 19,631</u>	<u>\$ 102,098</u>	<u>\$ 757,698</u>	<u>\$ 93,738</u>

**City of Hanover  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2019**

	Capital Projects		
	Fire Department Fund (403)	Park Dedication (405)	TIF District 1- 1 (407)
<b>Assets</b>			
Cash and investments	\$ 359,707	\$ 118,444	\$ 8,752
Special assessments receivable			
Delinquent	-	-	-
Deferred	-	-	-
Accounts receivable	-	-	-
Due from other governments	-	-	-
	<u>\$ 359,707</u>	<u>\$ 118,444</u>	<u>\$ 8,752</u>
Total assets			
	<u>\$ 359,707</u>	<u>\$ 118,444</u>	<u>\$ 8,752</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - special assessments	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>			
Restricted	-	118,444	8,752
Assigned	359,707	-	-
	<u>359,707</u>	<u>118,444</u>	<u>8,752</u>
Total fund balances			
	<u>359,707</u>	<u>118,444</u>	<u>8,752</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 359,707</u>	<u>\$ 118,444</u>	<u>\$ 8,752</u>

Capital Projects

Mahler Pit/15th Street Improvement Fund (409)	Equipment (417)	Streets (418)	Total Governmental Funds
\$ 95,985	\$ 97,423	\$ 400,562	\$ 2,156,637
-	-	-	357
-	-	-	36,780
3,063	-	-	3,063
7,256	-	-	7,256
<u>\$ 106,304</u>	<u>\$ 97,423</u>	<u>\$ 400,562</u>	<u>\$ 2,204,093</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,768</u>	<u>\$ 5,768</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,137</u>
106,304	-	-	490,749
-	97,423	394,794	1,670,439
<u>106,304</u>	<u>97,423</u>	<u>394,794</u>	<u>2,161,188</u>
<u>\$ 106,304</u>	<u>\$ 97,423</u>	<u>\$ 400,562</u>	<u>\$ 2,204,093</u>

**City of Hanover**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**December 31, 2019**

	<u>Special Revenue</u>		<u>Debt Service</u>
	Gambling Proceeds (406)	River Road Cemetery (701)	G.O. C.I.P. Refunding Bond 2008A (311)
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ 39,822
Tax increments	-	-	-
Miscellaneous taxes	-	-	-
Special assessments	-	-	-
Charges for services	-	-	-
Miscellaneous			
Investment income	282	-	1,721
Contributions and donations	10,452	-	-
Other	-	-	-
Total revenues	<u>10,734</u>	<u>-</u>	<u>41,543</u>
<b>Expenditures</b>			
Current			
Parks and recreation	1,600	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	35,000
Interest and other charges	-	-	5,468
Capital outlay			
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Total expenditures	<u>1,600</u>	<u>-</u>	<u>40,468</u>
Excess of revenues over (under) expenditures	9,134	-	1,075
<b>Other Financing Sources</b>			
Transfers in	-	-	-
Net change in fund balances	9,134	-	1,075
<b>Fund Balances</b>			
Beginning of year	<u>9,742</u>	<u>35,982</u>	<u>83,803</u>
End of year	<u>\$ 18,876</u>	<u>\$ 35,982</u>	<u>\$ 84,878</u>

<u>Debt Service</u>		<u>Capital Projects</u>	
G.O. Improvement Refunding Bonds, Series 2009A (312)	G.O. C.I.P. Bonds, Series (315)	Capital Improvement Fund (401)	Park (402)
\$ -	\$ 109,636	\$ -	\$ 25,000
-	-	-	-
-	-	-	-
4,296	-	9,331	-
-	-	1,146	-
373	1,040	22,179	1,917
-	-	-	50,000
-	-	-	-
<u>4,669</u>	<u>110,676</u>	<u>32,656</u>	<u>76,917</u>
-	-	-	-
-	-	-	-
-	60,000	-	-
-	39,820	-	-
-	-	30,343	-
-	-	5,779	-
-	-	-	8,238
<u>-</u>	<u>99,820</u>	<u>36,122</u>	<u>8,238</u>
4,669	10,856	(3,466)	68,679
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,669	10,856	(3,466)	68,679
<u>10,746</u>	<u>91,242</u>	<u>728,243</u>	<u>25,059</u>
<u>\$ 15,415</u>	<u>\$ 102,098</u>	<u>\$ 724,777</u>	<u>\$ 93,738</u>

**City of Hanover**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**December 31, 2019**

	Capital Projects		
	Fire Department Fund (403)	Park Dedication (405)	TIF District 1-1 (407)
<b>Revenues</b>			
Property taxes	\$ 28,704	\$ -	\$ -
Tax increments	-	-	6,273
Miscellaneous taxes	-	-	-
Special assessments	-	-	-
Charges for services	31,297	-	-
Miscellaneous			
Investment income	9,499	1,184	284
Contributions and donations	-	-	-
Other	-	114,520	-
Total revenues	69,500	115,704	6,557
<b>Expenditures</b>			
Current			
Parks and recreation	-	-	-
Economic development	-	-	5,646
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
Public safety	119,784	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Total expenditures	119,784	-	5,646
Excess of revenues over (under) expenditures	(50,284)	115,704	911
<b>Other Financing Sources</b>			
Transfers in	73,811	-	-
Net change in fund balances	23,527	115,704	911
<b>Fund Balances</b>			
Beginning of year	336,180	2,740	7,841
End of year	\$ 359,707	\$ 118,444	\$ 8,752

Capital Projects

Mahler Pit/15th Street Improvement Fund (409)	Equipment (417)	Streets (418)	Total Other Governmental Funds
\$ -	\$ 20,000	\$ 169,806	\$ 392,968
-	-	-	6,273
7,256	-	-	7,256
-	-	-	13,627
4,376	-	-	36,819
2,825	3,878	4,295	49,477
-	-	-	60,452
-	-	-	114,520
<u>14,457</u>	<u>23,878</u>	<u>174,101</u>	<u>681,392</u>
-	-	-	1,600
-	-	-	5,646
-	-	-	95,000
-	-	-	45,288
-	-	-	150,127
-	53,670	86,809	146,258
-	-	-	8,238
<u>-</u>	<u>53,670</u>	<u>86,809</u>	<u>452,157</u>
14,457	(29,792)	87,292	229,235
<u>-</u>	<u>-</u>	<u>204,357</u>	<u>278,168</u>
14,457	(29,792)	291,649	507,403
<u>91,847</u>	<u>127,215</u>	<u>103,145</u>	<u>1,653,785</u>
<u>\$ 106,304</u>	<u>\$ 97,423</u>	<u>\$ 394,794</u>	<u>\$ 2,161,188</u>

**City of Hanover  
Combining Balance Sheet -  
Component Unit  
December 31, 2019**

	<u>Economic Development Authority (201)</u>	<u>Business Incentive (205)</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 142,459	\$ 67,969	\$ 210,428
Taxes receivable			
Current	399	-	399
Delinquent	273	-	273
Loan receivable	<u>-</u>	<u>180,533</u>	<u>180,533</u>
Total assets	<u>\$ 143,131</u>	<u>\$ 248,502</u>	<u>\$ 391,633</u>
<b>Liabilities</b>			
Accounts payable	<u>\$ 1,860</u>	<u>\$ -</u>	<u>\$ 1,860</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	<u>273</u>	<u>-</u>	<u>273</u>
<b>Fund balances</b>			
Restricted	-	248,502	248,502
Unassigned	<u>140,998</u>	<u>-</u>	<u>140,998</u>
Total fund balances	<u>140,998</u>	<u>248,502</u>	<u>389,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 143,131</u>	<u>\$ 248,502</u>	<u>\$ 391,633</u>
Reconciliation of the balance sheet to the statement of net position			
Fund balance			\$ 389,500
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			<u>273</u>
Net position			<u>\$ 389,773</u>

**City of Hanover**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Component Unit**  
**December 31, 2019**

	Economic Development Authority (201)	Business Incentive (205)	Total
<b>Revenues</b>			
Property taxes	\$ 48,962	\$ -	\$ 48,962
Intergovernmental	37	-	37
Miscellaneous			
Investment income	3,327	7,595	10,922
Other	-	1,850	1,850
Total revenues	<u>52,326</u>	<u>9,445</u>	<u>61,771</u>
<b>Expenditures</b>			
Current			
Economic development	<u>8,576</u>	<u>9,900</u>	<u>18,476</u>
Net change in fund balances	43,750	(455)	43,295
<b>Fund Balances</b>			
Beginning of year	<u>97,248</u>	<u>248,957</u>	<u>346,205</u>
End of year	<u>\$ 140,998</u>	<u>\$ 248,502</u>	<u>\$ 389,500</u>

Reconciliation of the schedule of revenues,  
expenditures, and changes in fund balance  
to the Statement of Activities.

Net change in fund balance \$ 43,295

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 property taxes (5)

Change in net position \$ 43,290

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**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, 2019, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 11, 2020.

**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.

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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses on Internal Control and Legal Compliance as audit finding 2019-001 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.

*BergankDV, Ltd.*

St. Cloud, Minnesota  
May 11, 2020

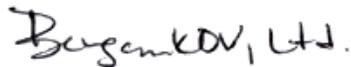
**Minnesota Legal Compliance****Independent Auditor's Report**

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, 2019, and the related notes to financial statements, and have issued our report thereon dated May 11, 2020.

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 contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, except as described in the accompanying Schedule of Findings and Responses 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.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



St. Cloud, Minnesota  
May 11, 2020

**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 2019-001 – Lack of Segregation**

During the year ended December 31, 2019, 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 2019-002 – Sufficient Collateral**

*Minnesota Statutes* 118A.03 requires all deposits with financial institutions to be collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance. If irrevocable standby letters of credit from federal home loan banks are used, the collateral amount must be equal to the amount of the excess deposit plus interest at the close of the banking day.

During our legal compliance testing, it was noted the City's deposits were not sufficiently collateralized.

**City's Response:**

The City will review collateral pledged to ensure compliance with *Minnesota Statutes*.

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

**RESOLUTION NO 05-19-20-51**

**APPROVING A DEVELOPMENT AGREEMENT FOR A PROJECT KNOWN AS  
RIVER TOWN VILLAS OF HANOVER**

**WHEREAS**, JBW Holdings, LLC (“Developer”) is the fee owner of the real property described in the attached Exhibit A, which real property is proposed to be subdivided and platted for development, and which subdivision is intended to bear the name RIVER TOWN VILLAS OF HANOVER and shall hereinafter be referred to in its entirety as the “Subject Property”; and

**WHEREAS**, the City has given final approval of Developer’s plat of the Subject Property contingent upon compliance with certain City requirements including the approved City conditions of approval as contained in Hanover Resolution No. 04-07-20-38 adopted on April 7, 2020, and those City approved standard terms and conditions contained herein; and

**WHEREAS**, the City requires that certain public improvements including, but not limited to bituminous street, sidewalk, trail(s), curb and gutter, grading, drainage, sanitary sewer, municipal water and storm sewer and drainage ponds as set forth on the approved Development Plans for RIVER TOWN VILLAS OF HANOVER (hereafter “Improvements”) be installed to serve the Subject Property and be financed by Developer; and

**NOW, THEREFORE, BE IT RESOLVED** that the City Council hereby approves the Development Agreement subject to the City Attorney’s review and approval, and authorizes City staff and the Mayor to execute documents as necessary to cause the Final Plat and Development Agreement to be recorded, subject to said documents being reviewed and approved by the City Attorney.

Adopted by the City Council this 19<sup>th</sup> day of May, 2020.

APPROVED BY:

ATTEST:

\_\_\_\_\_  
Chris Kauffman, Mayor

\_\_\_\_\_  
Brian Hagen, City Administrator

# Collaborative Planning, LLC

## Memorandum

**Date:** May 13, 2020  
**To:** Honorable Mayor and Council  
**From:** Cindy Nash, City Planner  
**RE:** River Town Villas - Development Agreement

---

A requirement of every developer prior to the commencement of construction on a subdivision is to enter into a development agreement with the City. This agreement specifies how the development will be constructed, financial considerations, and financial security in the event that the development does not proceed as agreed to. A draft of the development agreement for River Town villas is included in the packet.

Every development agreement includes a financial security that the City can utilize in the event that the developer defaults on the terms of the agreement to pay for construction costs, engineering fees, or other items as outlined in the development agreement. This financial security is typically in the form of a letter of credit (LOC) that is issued by an FDIC-insured bank. An LOC is the simplest and most risk-free form of security for a city to receive.

The developer is hoping to be able to record the plat and development agreement this summer. As we proceed towards closing with the title company, changes may be needed to this draft agreement. If acceptable to the City Council, the Development Agreement could be approved subject to the City Attorney approving the final agreement.

### **Suggested Motion:**

I make a motion to approve the Development Agreement for River Town Villas, subject to the City Attorney's review and approved changes, and authorize execution of the Development Agreement by the Mayor and City Administrator.

### Attachments:

- 1) Development Agreement

**CITY OF HANOVER  
DEVELOPMENT AGREEMENT  
RIVER TOWN VILLAS OF HANOVER**

**THIS AGREEMENT**, dated \_\_\_\_\_, 2020, by and between the City of Hanover, a Minnesota municipal corporation (“City”) and JBW Holdings, LLC a Minnesota limited liability corporation (“Developer”).

**WITNESSETH:**

**WHEREAS**, Developer is the fee owner of the real property described in the attached Exhibit A, which real property is proposed to be subdivided and platted for development, and which subdivision, which is the subject of this Agreement, is intended to bear the name RIVERTOWN VILLAS OF HANOVER and shall hereinafter be referred to in its entirety as the “Subject Property”; and

**WHEREAS**, Developer intends to subdivide 4.08 acres into eighteen (18) single-family residential lots for purposes of constructing villa units; and

**WHEREAS**, the City has given final approval of Developer’s plat of the Subject Property contingent upon compliance with certain City requirements including the approved City conditions of approval as contained in Hanover Resolution No. 06-04-19 adopted on July 2, 2019 (which conditions shall be applicable to the plat as if fully set forth herein), and those City approved standard terms and conditions contained herein; and

**WHEREAS**, the City requires that certain public and private improvements including, but not limited to bituminous street, sidewalk, curb and gutter, grading, drainage, sanitary sewer, municipal water and storm sewer and drainage ponds as set forth on the approved Development Plans for RIVER TOWN VILLAS OF HANOVER (hereafter “Improvements”) be installed to serve the Subject Property and be financed by Developer; and

**WHEREAS**, this Agreement is entered into for the purpose of setting forth and memorializing for the parties and subsequent owners, the understandings and covenants of the parties concerning the development of the said Plat and the conditions imposed thereon;

**NOW, THEREFORE, IT IS HEREBY AND HEREIN MUTUALLY AGREED**, in consideration of each party's promises and considerations herein set forth, as follows:

**1. Request for Plat Approval.** The Developer has asked the City to approve a plat entitled RIVER TOWN VILLAS OF HANOVER consisting of eighteen (18) villa lots (Lots 1 through 18), one outlot (Outlot A), and one common lot (Lot 19). This Development Agreement sets forth the terms and conditions for development of RIVERTOWN VILLAS OF HANOVER.

**2. Conditions of Plat Approval.** The City hereby approves the plat on the terms of the approving resolution, and on the condition that the Developer enter into this Contract, furnish the security required by it, and record the plat with the Wright County Recorder or Registrar of Titles within one hundred (100) days after the City Council approves and executes the final plat.

**3. Intended Use of Subdivision Lots.** The City and Developer agree that Lots 1 through 18 in said Plat are intended only for single-family residential use in the number and the configuration as are shown on the Plat of RIVERTOWN VILLAS OF HANOVER. Developer shall construct only one single-family dwelling per lot, unless the Subject Property is rezoned by the City in the future into a classification which would allow additional units to be constructed.

**4. Right to Proceed.** Within the plat or land to be platted, the Developer may not grade or otherwise disturb the earth, remove trees, construct sewer lines, water lines, streets, utilities, public or private improvements, or any buildings until all the following conditions have been satisfied: 1) This Agreement has been fully executed by both parties and filed with the Zoning Administrator, and all conditions contained in the Agreement have been met, 2) The necessary security has been received by the City, 3) The Plat has been recorded with the Wright County Records' Office, 4) If 1, 2 and 3 above have been completed, the Zoning Administrator shall issue a letter that all conditions have been satisfied and that the Developer may proceed. If the City Council, by motion, approves a request by Developer to proceed with grading of the site prior to final plat approval, Developer shall proceed with such approved grading only after signing a written agreement to indemnify and hold harmless the City from any liability associated with said work and acknowledging that the work is undertaken solely at Developer's expense and risk and posting security in an amount acceptable to the City Engineer.

**5. Development Plans.** The plat shall be developed in accordance with the following plans. The plans may be attached to the contract and incorporated herein, or a dated cover sheet only may be attached in which case the entire plans referenced are herein incorporated by reference. If the plans vary from the written terms of this Contract, the written terms shall control. The plans are:

- Final Plat for Rivertown Villas of Hanover
- C1-0 Cover Sheet
- C1-1 Existing Conditions
- C2-1 Site Plan
- C3-1 Grading Plan
- C3-2 – C3-3 SWPP Plan and Notes
- C4-1 Utility Plan
- C4-2 – C4-3 Sanitary Sewer and WM Plan
- C5-1 – C5-4 Street and Storm Sewer Profiles
- C8-1 – C8-6 Civil Details
- L1-1 Landscape Plans
- L2-1 Tree Inventory Plan

**6. Improvements.**

**A. Construction of Municipal Improvements.**

1. The Developer shall construct, at its sole expense, those Improvements located on the Plat as detailed in the Development Plans and Specifications for RIVERTOWN VILLAS OF HANOVER, said improvements to include, as may be indicated on the Plans, installation of bituminous street, street lights, setting of iron monuments, surveying and staking, traffic control signs, curb and gutter, underground utilities, water mains, sanitary and storm sewers, storm water ponding and site grading. All required improvements shall be installed in accordance with City standards, ordinances, and technical specifications along with all items as reasonably required by the City Engineer.

2. The City Engineer shall, on behalf of the City, conduct regular inspections of work underway, at times and intervals as determined by the Engineer in the Engineer's sole discretion, to assure that all such work is in compliance with the approved plans and City ordinances, standards and regulations. If work on the Subject Property proceeds at an orderly and expeditious rate, it is contemplated that inspectors will review grading operations on a periodic basis but will be full time during the laying of pipe and other crucial steps in construction of public improvements. The City may upon a reasonable determination by the City Engineer that additional inspection is required to insure compliance with Development Plans and Specifications have one or more qualified and experienced City inspectors and a soil engineer inspect the work on a full time basis as

necessary and at the Developer's expense. The Developer, its contractors and subcontractors, shall follow all reasonable instructions received from the City Engineer and its inspectors.

3. The Developer or its engineer shall schedule a pre-construction meeting at a mutually agreeable time at the City Hall with all parties concerned, including the city staff, to review the program for the construction work.

4. Within sixty (60) days after the completion of the improvements, the Developer shall supply the City with a complete set of reproducible "as constructed" plans, and electronic format "as constructed" plans in pdf format or other format as required by the City Engineer, all prepared in accordance with City standards.

5. Before the security for the completion of utilities is released, iron monuments must be installed in accordance with Minn. Stat. § 505.02. The Developer's surveyor shall submit a written notice to the City certifying that the monuments have been installed.

#### **B. Construction of On-Site Improvements**

1. The Developer shall construct all on-site improvements including installation of paved streets, curb and gutter, boulevards, sidewalks and trails, street signs, traffic signs, yard top soil, two (2) rows of sod behind all curb and temporary seeding in all yards, grading control per lot, drainage swales, berming, and like items as necessary, street cleanup during project development, and erosion control, all as required by City ordinances. Front, side and portions of the back yards of residential lots shall be sodded by the responsible party. In all cases permanent turf or grass must be established over all areas of the lot not covered by a hard or impervious surface. The responsible party (Developer, Builder or Lot Owner, whichever party actually undertakes planting and posts the required security with the City) shall guarantee that all new plantings shall survive for eighteen (18) months from the time the planting has been completed or will be replaced at the expense of the Developer. Responsibility for compliance with City ordinances related to landscaping and proper establishment of yards shall remain with the Lot Owner or other responsible party and addressed through individual escrows. However, the City shall have available to it up to \$1,250 per lot from the letter of credit for purposes of curing any defect in landscaping or yard work for which the Developer is the responsible party, above the amount of escrow submitted. No funds from the letter of credit will be utilized until such time as Developer has been notified in writing of any deficiency and has been given thirty (30) days to completely remedy the deficiency. The letter of credit may also be used to insure that all vacant lots, and any disturbed areas are maintained free of noxious and unsightly weeds and that the development is properly and periodically cleaned up during construction. The letter of credit is intended to establish

responsibility for overall development coordination with the proper party, the Developer. The letter of credit may be used to cure any defect in maintenance of disturbed areas, weed removal and mowing, clean-up of blighted Plat areas in the event that the defects which are the responsibility of the Developer are not promptly cured upon notice to Developer.

2. Developer shall, at its own expense, cause the following items to be installed within the development, all such items to be installed underground, within the street right of way or such other location as may be approved by the City Engineer, accessible to all lots and in compliance with all applicable state and local regulations:

- i. Electrical power supply, to be provided by Xcel or other such carrier;
- ii. Natural gas supply, to be provided by Centerpoint or other such carrier;
- iii. Telephone service, to be provided by various carriers;
- iv. Cable TV service (if available), to be provided by a local carrier.

3. Developer shall install heavy duty silt fencing in back of all curbing within thirty (30) days after said curbing is installed, or seven (7) days after the “small utilities” (gas, phone, electrical and cable television) have been installed, whichever occurs later. Builders shall be allowed to have (1) 20-foot opening in silt fence for each platted lot. The opening shall not be allowed until a building permit is obtained for that specific lot. The Developer shall be responsible for sweeping, and with a pick-up sweeper all streets within the subdivision on a weekly basis as needed. Failure by Developer to perform the erosion control practices which are its responsibility as set forth in this section may result in suspension of additional building permits until the situation is remedied. Alternatively, if Developer has failed to promptly correct erosion control measures in this section after seventy-two (72) hours’ notice by the City, the City may provide for correction, and reimburse itself from the letter of credit proposed by Developer.

4. Notwithstanding the requirements of subparagraph 6(B)(1) above, the Developer shall install to the City’s reasonable satisfaction public and private improvements (concrete curb and gutter, base course of bituminous paved streets, sanitary sewer, water, natural gas, electricity) available to each lot or parcel prior to the date that a building permit is issued by the City for a building located on the lot. No Certificate or Occupancy will be issued until the Lot Owner, Builder or Developer enters into an escrow agreement with the City to provide needed landscaping in accordance with City Policy and Ordinance.

5. Developer shall install all storm water detention/water quality ponds and basins upon said Plat as may be shown on the Grading, Drainage Erosion Control and Landscape Plan. Said ponds and basins or appropriate ponding and/or drainage easements shall be dedicated to the City, and Developer shall provide the City with perpetual drainage easements over such ponds, or deed the ponds to the City as outlots as determined by the City. Said retention ponds and basins shall be installed prior to the installation of utilities. All ponds shall be designed and constructed in accordance with the plans and specifications as approved by the City Engineer and shall be constructed so as to function for the purpose intended. A warranty period of two (2) years from the date of acceptance shall apply to all ponds and sufficient security, as determined by the City, shall be submitted to the City to cover any deficiencies identified during the warranty period.

6. Developer and all contractors, builders and property owners within the Plat must take all reasonable steps to maintain the Plat free of litter and garbage during all stages of construction for which they are responsible, and shall keep on site of all appropriate times containers or dumpsters for disposal of garbage and materials. Adequate garbage facilities, including dumpsters, must be kept on site at all times during development. Any refuse resulting from construction activity within the Plat which is not promptly removed after seventy-two (72) hours' notice to the Developer, may, at the discretion of the City, be removed by the City and any costs incurred may be deducted from any outstanding escrow or Letter of Credit posted pursuant to this Agreement (in the event that the litter or garbage is due to construction activities undertaken by Developer) or, alternatively, the City may halt construction activities until the Plat is free of garbage or debris. Developer, builders and contractors shall at all times maintain adequate portable toilet facilities on site.

7. **Time of Performance.** The Developer shall install all public and private improvements as set forth on the approved Development Plans, (including only the first lift of bituminous on streets) by September 30, 2020. The Developer may, however, request an extension of time from the City. If an extension is granted, it shall be conditioned upon updating the security posted by the Developer to reflect cost increases and the extended completion date.

8. **Right of Entry.** The Developer hereby grants the City, its agents, employees, officers and contractors an irrevocable right to enter the plat to perform all work and inspections deemed appropriate by the City in conjunction with the plat development.

9. **Model Home.** In the event that site grading is approved by the City prior to final plat approval and/or execution of this Agreement, posting of security and filing of final plat Developer shall be entitled to one building permit on any lot which abuts an existing street or roadway. No model homes may be constructed or utilized until at least one lift of bituminous has been installed from said model home to access with a street or

roadway outside of the Plat. No certificate of occupancy shall be issued for any model or other home until all necessary public and private improvements (those set forth in the approved Development Plans except the second lift of bituminous) and utilities have been installed and the utilities have been successfully tested. Prior to this, model homes may only be used by Developer's staff or realtors for purposes of showing the models to potential buyers. No model home may be used until landscaping conforming to City Ordinance has been installed, or required escrow has been posted within the City.

**10. Erosion Control.** Promptly after the site is rough graded, the erosion control plan shall be implemented by the Developer and inspected and approved by the City. The City may impose additional erosion control requirements if they are reasonably determined to be necessary by the City Engineer. All areas disturbed by the excavation and back-filling operations shall be re-seeded forthwith after the completion of the work in that area. Except as otherwise provided in the erosion control plan, seed shall be certified oat seed to provide a temporary ground cover as rapidly as possible. All seeded areas shall be fertilized, mulched, and disc anchored as necessary for seed retention. The parties recognize that time is of the essence in controlling erosion. If the Developer does not comply with the erosion control plan and schedule or additional erosion control requirements received from the City or MPCA or Wright or Hennepin County Soil and Water Conservation District, the City may take such action as it deems appropriate to control erosion. The City will notify the Developer seventy-two (72) hours in advance of any proposed action and shall provide Developer with a reasonable period of time in which to cure defects in erosion control. In an emergency situation where lack of proper erosion control could result in immediate damage or adverse effect on other properties or waterways, the City may act to correct the situation without notice to the Developer. If the Developer does not reimburse the City for any reasonable cost the City incurred for such work within thirty (30) days, including professional fees, the City may draw down the letter of credit to pay any costs. No development, utility or street construction will be allowed and no building permits will be issued unless the plat is in full compliance with the erosion control requirements. With regard to on-going construction, it is understood that dirt, soil and other debris will be displaced from time to time. It is the intent of the City that no permits will be withheld due to incidental dirt and soil displacement as long as said displacement will not result in immediate erosion and as long as Developer's builders clean up any such displacements within twenty-four (24) hours.

**11. Grading Plan.** The plat shall be graded in accordance with the Grading, Drainage, Erosion Control and Landscape Plan as identified in paragraph 5 hereof. All ponds, swales, and ditches shall be constructed on public easements or land owned by the City. Within thirty (30) days after completion of the grading and before the City releases the security, the Developer shall provide the City with an "as constructed" grading plan and a certification by a registered land surveyor or engineer that all ponds, swales, and

ditches have been constructed on public easements or land owned by the City. The “as constructed” plan shall include field verified elevations of the following: a) cross sections of ponds, b) location and elevations of swales and ditches, and c) lot corners and house pads. Certificates of Occupancy shall not be issued until such time as the Grading and Drainage Plan is certified by a registered land surveyor or engineer. Building permits may be issued within a particular defined area prior to complete implementation of the Grading and Drainage Plan only if the City Engineer certifies that the portions of the Grading and Drainage Plan already implemented are adequate to allow building within that defined area. The City Engineer may, after consultation with Developer and/or Developer’s Engineer, make reasonable modifications in any approved plan based upon changed conditions.

**12. Clean Up.** The Developer shall, whenever necessary and upon twenty-four (24) hours’ notice by the City, clean any substantial dirt and debris from the streets that has resulted from construction work by the Developer, its agents or assigns. Substantial dirt and debris shall include clumps or clods of dirt greater than four (4) inches in diameter and/or such other quantities of dirt or debris so as to constitute a public nuisance or public health or safety hazard. In the event of disagreement as to whether or not “substantial” dirt or debris is in the street requiring cleaning, the City’s judgment shall control.

**13. Ownership of Improvements/Deeding of Outlots.** Upon completion and acceptance by the City Council of the work and construction required by this contract and the recording of the final Plat, the improvements lying within public easements shall become City property without further notice or action, and Outlot A shall be deeded to the City by deed acceptable to the City.

**14. Streets.** All streets in the Plat with the exception of Church Street shall be private and maintained by a Homeowner’s Association. The City shall have no responsibility for snow plowing or any other maintenance.

**15. City Water and Sanitary Sewer and Storm Water.** Developer shall, at its own cost, install all necessary City Water and Sanitary Sewer services to the Plat. All construction of water and sewer services shall be in compliance with all applicable federal, state, and local statutes, rules, regulations and ordinances. All construction must be specifically approved by the City Engineer prior to acceptance by the City. Upon acceptance by the City, all such improvements shall become City property with no further action necessary.

Developer acknowledges and agrees that trunk area charges for both municipal sanitary sewer and water also apply to the proposed plat. Developer acknowledges and agrees that the trunk area charge for sanitary sewer is \$2,270 per unit. Developer acknowledges and agrees that the trunk area charge for water is \$903 per unit. Developer acknowledges and agrees that storm water trunk charges are \$0.08 per square foot. Developer acknowledges

and agrees that the proposed phase of this plat contains 4.08 acres. Therefore, Developer' trunk area charges are as follows:

Sanitary Sewer Trunk Charge	\$2270/unit
Municipal Water Trunk Charge	\$903/unit
Storm Water Trunk Fee	\$0.08/sq. ft.
<b>TOTAL CHARGES</b>	<b>\$71, 332</b>

Developer agrees that the Storm Water Trunk Fee, the Sanitary Sewer Trunk Charge and the Municipal Water Trunk Charge must be paid in full before the final Plat is released by the City.

**16. City Engineering Administration and Construction Observation.** The Developer shall be responsible for the costs of construction administration and observation. The cost for said services shall be included in the escrow required by paragraph 18 hereof. City engineering administration will include monitoring of construction observation, consultation with Developer and its engineer(s) on status or problems regarding the project, coordination for final inspection and acceptance, project monitoring during the warranty period, and processing of requests for reduction in security. Estimated fees for this service shall be \$37,448. These fees and estimated costs assume normal construction and project scheduling, and the estimated fee will be based upon the estimated construction schedule approved by the City Engineer. Construction observation shall include part- or full-time inspection of proposed construction of streets and other improvements.

**17. Security.** To guarantee compliance with the terms of this Agreement, payment of real estate taxes including interest and penalties, payment of special assessments, payment of the costs of all public and private improvements, and construction of all public and private improvements, the Developer shall furnish the City with a surety in the amount of \$522,615 (Estimated Construction Costs x 125%).

The total security shall be provided in the form of an irrevocable letter of credit. The security shall be for a term ending thirty (30) days after project acceptance. The issuing bank(s), insurance company(s) or other indemnity company(s) shall be subject to the approval of the City. The form of any surety provided hereunder shall be subject to review and approval of the City Attorney.

Individual security instruments may be for shorter terms provided they are replaced at least thirty (30) days prior to their expiration. The City may draw down the security, with any applicable notice as required elsewhere in this Agreement, for any violation of the terms of this Agreement or if the security is allowed to lapse prior to the end of the required term. If improvements have not been completed prior to the date that the security is to terminate,

Developer shall, prior to that date, supply the City with a new letter of credit or extension of the same in an amount acceptable to the City. If the security is drawn down, the proceeds shall be used to cure the default. Upon receipt of proof satisfactory to the City that work has been completed and financial obligations (including posting of any required warranty security) to the City have been satisfied, with City approval the security may be reduced from time to time by ninety percent (90%) of the financial obligations that have been satisfied. Ten percent (10%) of the security shall be retained until all improvements have been completed, all financial obligations to the City satisfied, and the required “as constructed” plans have been received by the City.

18. **Escrow.** The Developer is responsible for the payment of future city administrative, legal, planning, and engineering fees incurred in conjunction with the Development. Developer shall deposit \$50,000 in an escrow fund to cover said costs.

This escrow amount must be submitted to the City in cash or certified check prior to City execution of the Plat and this Agreement. All Administrative and Legal fees related to Plat review, drafting of the Developer’s Agreement and other items necessary for Plat review and approval up to the time of plat approval shall be paid to the City prior to City execution of the Final Plat. Any amounts not actually utilized from this escrow fund shall be returned to Developer when all improvements have been completed, all financial obligations to the City satisfied, and the required “as constructed” plans have been received by the City. Engineering fees required for escrow are only an estimate of fees, and any time that the escrow is depleted or near depletion the City may require deposit of further escrow funds to satisfy all City related engineering costs. Any amounts returned to Developer hereunder shall be returned with such interest as has actually accrued on said amounts. If the amount in this escrow drops below \$10,000 Developer shall submit an additional escrow amount to the City in an amount determined by the City as necessary to bring the escrow amount on deposit to a level commensurate with future expected costs.

19. **Claims.** In the event that the City receives claims from (and uses reasonable diligence to authenticate said claims) labor, materialmen, or other indicating that work required by this Contract has been performed, the sums due them have not been paid, and the laborers, materialmen, or others are seeking payment from the City and have actually commenced and filed litigation seeking payment from the City, the Developer hereby authorizes the City to commence an Interpleader action pursuant to Rule 22, Minnesota Rules of Civil Procedure for the District Courts. The City may draw upon any surety in an amount up to one hundred twenty-five percent (125%) of the claim(s) and deposit the funds in compliance with said Rule. Upon such deposits, the Developer shall release, discharge, and dismiss the City from any further proceedings as pertain to the surety amount deposited with the District Court, except that the Court shall retain jurisdiction to determine attorney’s fees due the City pursuant to this Contract. In the event that the Developer

desires to make a cash deposit in lieu of depositing the posted surety as described above, Developer shall immediately notify the City of such intent at the time the claim is made. Developer shall then deliver one hundred twenty-five percent (125%) of the claim to the City within ten (10) days of such notice in the form of cash or certified check. If the cash or certified check is not provided to the City within said ten (10) days, then the City may proceed to deposit any posted surety with the Court as described above.

**20. Park and Trail Dedication.** The Developer shall pay park dedication fees of \$58,896.

**21. Storm Warning Siren Fee.** Developer shall pay the storm warning siren fee established by the City Council at the rate of \$68.63 per acre for a total of \$280.01.

**22. Landscaping and Driveways.** The responsible party (Developer, builder or lot owner who undertakes the work and deposits an escrow with the City) shall provide proper landscaping and driveway on each lot in compliance with the terms and conditions of the Hanover Subdivision Ordinance, Zoning Ordinance and any other City Ordinances in place at the time of application for a building permit. Weather permitting, the trees, grass seed, and sod shall be planted within thirty (30) days after a Certificate of Occupancy has been issued for a lot. If a certificate of occupancy is issued between November 1 and May 31, the trees and sod shall be planted no later than June 30. All grass seed shall be maintained such that turf is established within one (1) year of planting. Before a building permit is issued a cash in such amount as may be determined by the City's current fee schedule shall be furnished the City to guarantee compliance with the landscaping and driveway requirements. Said escrow shall remain in place until all landscaping has been completed and approved by the City and the driveway has been constructed to City standards and inspected and approved by the City. Following completion of the inspection and approval of the landscaping and driveway, the escrow funds, without interest, less any draw made by the City, shall be returned to the person who deposited the funds with the City. If the amount of landscaping or driveway work completed by the City exceeds the cash escrow, the party submitting the escrow shall be responsible for any additional costs incurred by the City. Such costs shall be billed to the responsible party and paid within thirty (30) days of receipt of the bill. If not paid, the costs may be assessed against the affected parcel.

Responsibility for compliance with City landscape and driveway requirements will be with the person establishing the escrow, in most cases either the builder or Lot Owner.

**23. Warranty.**

A. **Utilities.** Except as otherwise provided in this Agreement, the Developer warrants all improvements required to be constructed by it pursuant to this Contract against poor material and faulty workmanship. The warranty period for

underground utilities and storm or drainage improvements (including ponds) is two (2) years from the date of acceptance by the City Council. The warranty period on underground utilities and storm or drainage improvements (including ponds) shall commence following their completion and acceptance by the City Council. Developer shall post a warranty bond covering the utility improvements in an amount and on terms as determined by the City.

B. **Landscaping.** All grass seed, sod and trees shall be warranted to be alive, of good quality, and disease free for eighteen (18) months after planting. Any replacement shall be warranted for eighteen (18) and thirty-six (36) months from grass seed, sod, plants and trees within stormwater management easements, which shall be warranted for a period of thirty-six (36) months after planting. The responsible party (Developer, builder, or lot owner) shall post security or escrow to secure the warranties as provided herein. Builders and residents purchasing lots shall have an obligation to plant and adequately maintain all trees, sod and grass. Developer shall disclose to purchasers the warranties set forth in this Agreement and may require by contract remedies allowing the Developer to cure landscaping problems and bill affected residents. As long as Developer proceeds in good faith to cure any warranty problems for which he is responsible, such problems, if of a limited nature, shall not be considered a Developer's breach. The City shall retain ten percent (10%) of the security posted by the Developer until other acceptable security is furnished to the City or until the warranty period on all landscaping for which Developer is responsible has been completed, whichever first occurs. The security retainer may be used to pay for warranty work.

#### **24. Responsibility for Costs.**

A. Except as otherwise specified herein, the Developer shall pay all costs incurred by it or the City in conjunction with the approval and development of the Plat including, but not limited to, legal, planning, engineering and inspection expenses incurred in connection with approval and acceptance of the Plat, the preparation of this Agreement, and all costs and expenses incurred by the City in monitoring and inspecting development of the Plat as estimated in Paragraph 18 of this Agreement with respect to legal fees in particular, Developer acknowledges that legal Development work is of a technical nature, thereby justifying a fee schedule separate from that charged to the City directly.

B. The Developer shall hold the City and its officers, employees, and agents harmless from claims made by third parties for damages sustained or costs incurred resulting from plat approval and development. The Developer shall defend and indemnify the City and its officers, employees, and agents for all costs, damages, or expenses which the City may pay or incur in consequence of such claims, including attorney's fees.

C. The Developer shall reimburse the City for reasonable costs incurred in the enforcement of this Contract, including administrative costs, engineering, planning, and attorney's fees.

D. The Developer shall pay in full all bills submitted to it by the City for obligations incurred under the Contract within thirty (30) days after receipt. If the bills are not paid on time, the City may halt Plat development and construction until the bills are paid in full. Bills that are not paid within thirty (30) days shall accrue interest at the rate of ten percent (10%) per year. Developer shall be entitled to a justification of any costs billed hereunder, as well as any time sheets or other written data supporting bills issued under this section. Developer shall not be charged for receipt of such information.

E. The Developer agrees that all public and private improvements required under this Agreement and specifically set forth herein are items for which Developer is responsible for completing and all work shall be done at Developer's expense.

**25. Developer's Default.** In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may, at its option, perform the work and the Developer shall promptly reimburse the City for any reasonable expense incurred by the City, provided the Developer, except in an emergency as determined by the City, is first given notice of the work in default, not less than seven (7) days in advance. This Agreement is a license for the City to act, and it shall not be necessary for the City to seek a Court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, assess the cost in whole or in part against the subject property.

**26. Miscellaneous.**

A. The Developer represents to the City that the Plat complies with all applicable federal, state and local laws, statutes, rules, regulations, and ordinances. If the City determines that the Plat does not comply, the City may, at its option, refuse to allow construction of development work in the Plat until the Developer does comply. Upon the City's demand, the Developer shall cease work until there is compliance.

B. Third parties shall have no recourse against the City under this Contract.

C. Breach of the terms of this agreement by the Developer shall be grounds for denial of building permits, including lots sold to third parties.

D. In any portion, section, subsection, sentence, clause, paragraph, or phrase of this Agreement is for any reason held invalid, such decision shall not affect the validity of the remaining portion of this Agreement.

E. If building permits are issued prior to the completion and acceptance of public improvements, the Developer assumes all liability and the costs resulting in delays in completion of public improvements and damage to public improvements caused by the City, Developer, its contractors, subcontractors, materialmen, employees, agents, or third parties. No one may occupy a building for which a building permit is issued on either a temporary or permanent basis until the streets needed for access have been paved with a bituminous surface, unless a specific exception is approved by the City.

F. The action or inaction of the City shall not constitute a waiver or amendment to the provisions of this Agreement. To be binding, amendments or waivers shall be in writing, signed by the parties and approved by written resolution of the City Council. The City's failure to promptly take legal action to enforce this Agreement shall not be a waiver or release. The City will record a written release of this Agreement within thirty (30) days of its determination that Developer has satisfied all terms, conditions and obligations contained in this Agreement.

G. This Agreement shall run with the land and shall be recorded against the title to the Property and shall be binding on all parties having any right, title or interest in the Plat or any part thereof, their heirs, executors, representatives, successors or assigns.

H. The Developer shall take out and maintain or cause to be taken out and maintained until the City has accepted the public improvements, public liability and property damage insurance covering personal injury, including death, and claims for property damage which may arise out of Developer's work or the work of their subcontractors or by one directly or indirectly employed by any of them. Limits for bodily injury and death shall be not less than One Million Dollars (1,000,000) for one person and Two Million Dollars (\$2,000,000) for each occurrence; limits for property damage shall be not less than Five Hundred Thousand Dollars (500,000) for each occurrence; or a combination single limit policy of One Million Dollars (\$1,000,000) or more. The City shall be named as an additional insured on the policy, and the Developer shall file with the City a certificate evidencing coverage prior to the City signing the Plat. The certificate shall provide that the City must be given ten (10) days' advance written notice of the cancellation of the insurance.

I. Each right, power or remedy herein conferred upon the City is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to City, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the City and shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy.

J. The Developer may not assign this Agreement without the prior written approval of the City Council. The Developer's obligation hereunder shall continue in full force and effect even if the Developer sell one or more lots, the entire plat, or any part of it.

K. Upon Developer's full satisfaction of the terms, conditions and obligation herein contained, the City shall issue to Developer in recordable form a 'Release of Developer's Agreement.'

L. Developer shall comply with all water, ponding and wetland related restrictions, if any, required by the Wright or Hennepin County Soil and Water Conservation District and/or the City and any applicable provisions of State law.

M. Developer shall obtain all required access, right of way, driveway, utility and other permits as required by various government agencies including, but not limited to, the City Engineer, Wright County, and Minnesota Department of Transportation.

**27. Notices.** Required notices to the Developer shall be in writing, and shall be either hand delivered to the Developer, their employees or agents, or mailed to the Developer by registered mail at the following address: 1910 6th Lane NW, Elk River, MN 55330. Notices to the City shall be in writing and shall be either hand delivered to the City Clerk, or mailed to the City by registered mail in care of the City Clerk at the following address: City of Hanover, 11250 5<sup>th</sup> Street NE, Hanover, MN 55341-0278.

**28. Closing on Development Agreement.** In conjunction with any recording of the final plat, the Developer shall schedule a closing on the requirements of this Agreement at which the title company conducting the closing shall collect all documents and submittals required by this Agreement. As part of the closing, the City shall provide a letter of instruction to the title company indicating the tasks required as a condition precedent to recording of the final plat.

**CITY OF HANOVER**

By: \_\_\_\_\_  
Chris Kauffman, Mayor

By: \_\_\_\_\_  
Brian Hagen, City Administrator

**JBW HOLDINGS, LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_





**CITY OF HANOVER**  
**CHAPTER 3: LIQUOR REGULATIONS**

ADOPTED:  
*07/05/11 – Ordinance No. 2011-08*

AMMENDED:

SEC. 3.01 ADOPTION OF STATE LAW BY REFERENCE

The provisions of M.S. Ch. § 340A, as they may be amended from time to time, with reference to the definition of terms, conditions of operation, restrictions on consumption, provisions relating to sales, hours of sale, and all other matters pertaining to the retail sale, distribution, and consumption of intoxicating liquor and 3.2 percent malt liquor are hereby adopted by reference and are made a part of this Chapter as if set out in full. It is the intention of the City Council that all future amendments to M.S. Ch. 340A are hereby adopted by reference or referenced as if they had been in existence at the time this Chapter is adopted. To the extent future amendments of M.S. Ch. 340A are more restrictive than the terms herein; the more restrictive provisions shall apply.

SEC. 3.02 CITY MAY BE MORE RESTRICTIVE THAN STATE LAW

The Council is authorized by the provisions of M.S. § 340A.509, as it may be amended from time to time, to impose, and has imposed in this chapter, additional restrictions on the sale and possession of alcoholic beverages within its limits beyond those contained in M.S. Ch. § 340A, as it may be amended from time to time.

SEC. 3.03 DEFINITIONS

In addition to the definitions contained in M.S. § 340A.101, as it may be amended from time to time, the following terms are defined for purposes of this chapter:

- A. “Alcoholic Beverage” means any beverage containing more than one-half of one percent alcohol by volume, including but not limited to beer, wine and liquor as defined in this Chapter.
- B. “Applicant” means any person filing an application for business licensure under this Chapter.
- C. “Application” means a form furnished by the City to be completed by an applicant as a prerequisite for consideration for business licensure.
- D. “Bed & Breakfast” means a place of lodging that provides not more than eight rooms for rent to no more than 20 guests at a time; is located on the same property as the owner’s personal residence; and was originally built and occupied as, or converted to, a single-family residence prior to use as a place of lodging.
- E. “Beer” means malt liquor containing not less than one-half of one percent alcohol by volume nor more than 3.2 percent alcohol by weight, including “malt coolers” with the alcoholic content limits stated herein.
- F. “Club” means any incorporated organization organized under the laws of this state for civic, fraternal, social, or business purposes, for intellectual improvement, or for the

promotion of sports, or a congressionally chartered veterans' organization which has more than 30 members, has owned or rented a building or space in a building for more than one year that is suitable for accommodation of its members, and is directed by a board of directors, executive committee, or similar body chosen by the members for that purpose. No member, officer, agent, or employee may receive any profit from the sale of liquor other than a reasonable salary.

- G. "Exclusive Liquor Store" means an establishment used exclusively for the sale of alcoholic beverages; tobacco products; ice; liquid or powder beverages designed to mix with alcoholic beverages; soft drinks; liquor-filled candies; cork extraction devices; books, videos and other publications published for information on alcoholic beverages; and home-brewing equipment.
- H. "Hotel & Motel" means an establishment where food and lodging are regularly furnished to transients in exchange for payment and which has: (1) a dining room serving the general public at tables which seats at least 30 guests at one time and (2) a minimum of 10 guest rooms.
- I. "License" means a document, issued by the City, entitling the recipient to carry on and transact business as stated therein.
- J. "License Fee" means money paid to the City pursuant to an applicant for a license to carry on and transact business as stated therein.
- K. "Licensee" means the holder of a valid, current, unexpired license, approved by the City, which has neither been revoked nor suspended, to conduct business as stated therein.
- L. "Liquor" means Ethyl alcohol, and distilled, fermented, spirituous, vinous, and malt beverages containing more than 3.2 percent of alcohol by weight, including "wine coolers" and "malt coolers" with these alcoholic content limits.
- M. "Manufacturer" means a person who, by process of fermenting, brewing, distilling, refining, rectifying, blending, or by combination of different materials, prepares or produces liquor, wine, or beer for sale.
- N. "Off-Sale" means the retail sale of alcoholic beverages in original packages for consumption off the licensed premises only.
- O. "On-Sale" means the retail sale of alcoholic beverages for consumption on the licensed premises only.
- P. "Original Package" means a sealed or corked container containing an alcoholic beverage.
- Q. "Place of Worship" means a building where persons gather to engage in religious activities.
- R. "Responsible Seller/Server Training Course" means a course dealing with Minnesota laws

regarding the sale and service of liquor or wine; said course must include an examination that identifies that the student has successfully learned the basic facts and information relating to the safe and legal sale and service of liquor or wine.

- S. “Restaurant” means an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly prepared on the premises and served at tables to the general public in exchange for payment, which has a minimum seating capacity of 30 guests at one time.
- T. “Retail” means sale for consumption.
- U. “Sale, Sell & Sold” means all manners and means of furnishing alcoholic beverages to persons including barbers.
- V. “Training Verification Fee” means money paid to the City prior to the issuance of and in connection with an Application for a liquor or wine license for the sale or service of liquor or wine.
- W. “Wholesaler” means a person who sells alcoholic beverages to retail dealers.
- X. “Wine” means the beverage made from the normal alcoholic fermentation of grapes, including still wine, sparkling and carbonated wine, wine made from condense grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake, in each instance containing not less than one-half of one percent nor more than 24 percent alcohol by volume for nonindustrial use. This definition includes “wine coolers” with the alcoholic content limits stated herein.

#### SEC. 3.04 LIQUOR LICENSE REQUIRED

It is unlawful for any person, directly or indirectly, on any pretense or by any device, to sell, barter, keep for sale, or otherwise dispose of liquor, as part of a commercial transaction, without a license therefore from the City. This Section shall not apply (1) to such potable liquors as are intended for therapeutic purposes and not as a beverage, (2) to industrial alcohol and its compounds not prepared or used for beverage purposes, (3) to wine in the possession of a person duly licensed under this Chapter as an on-sale wine licensee, (4) to sales by manufacturers to wholesalers duly licensed as such by the Commissioner, or (5) to sales by wholesalers to persons holding liquor licenses from the City. The City may issue annual on-sale liquor licenses to hotels, restaurants, bowling centers, clubs or congressionally chartered veterans’ organizations (with the permission of the Commissioner), provided that liquor sales will be made only to members and bona fide guests, and exclusive liquor stores. Any person licensed to sell liquor on-sale shall not be required to obtain an on-sale beer license, and may sell beer on-sale without an additional license. Any person licensed to sell liquor off-sale shall not be required to obtain an off-sale beer license, and may sell beer off-sale without an additional license.

SEC. 3.05 TERM AND EXPIRATION OF LICENSES

Each license shall be issued for a maximum period of one year. All licenses, except temporary licenses, shall expire on June 30 of each year unless another date is provided by ordinance. All licenses shall expire on the same date. Temporary licenses expire according to their terms.

SEC. 3.06 KINDS OF LIQUOR LICENSES

The City may issue the following licenses and permits, up to the number specified in M.S. Ch. § 340A.

- A. 3.2 percent malt liquor on-sale licenses, which may be issued only to golf courses, restaurants, hotels, clubs, bowling centers, and establishments used exclusively for the sale of 3.2 percent malt liquor with the incidental sale of tobacco and soft drinks.
- B. 3.2 percent malt liquor off-sale license.
- C. Temporary 3.2 percent malt liquor licenses which may be issued only to a club, charitable, religious, or nonprofit organization.
- D. Off-sale intoxicating liquor licenses, which may be issued only to exclusive liquor stores or drug stores that have an off-sale license which was first issued on or before May 1, 1994.
- E. On-sale intoxicating liquor licenses, which may be issued to the following establishments as defined by M.S. § 340A.101, as it may be amended from time to time, and this chapter: hotels, restaurants, bowling centers, theaters, clubs or congressionally chartered veterans organizations, in existence at least 3 years, theaters and exclusive liquor stores. Club licenses may be issued only with the approval of the Commissioner of Public Safety. The Council may in its sound discretion authorize a retail on-sale licensee to dispense intoxicating liquor off the licensed premises at a community festival held within the City under the provisions of M.S. § 340A.404, subd. 4b, as it may be amended from time to time. The Council may in its sound discretion authorize a retail on-sale licensee to dispense intoxicating liquor off the licensed premises at any convention, banquet, conference, meeting, or social affair conducted on the premises of a sports, convention, or cultural facility owned by the City or instrumentality thereof, under the provisions of M.S. § 340A.404, subd. 4(a), as it may be amended from time to time; however, the licensee is prohibited from dispensing intoxicating liquor to any person attending or participating in an amateur athletic event being held on the premises.
- F. Sunday on-sale intoxicating liquor licenses, having been approved by the electorate, may be issued only to a restaurant as defined in this Section, club, bowling center, or hotel which has a seating capacity of at least 30 persons, which holds an on-sale intoxicating liquor license, and which serves liquor only in conjunction with the service of food.

- G. Temporary on-sale intoxicating liquor licenses, with the approval of the Commissioner of Public Safety, which may be issued only in connection with a social event sponsored by a club, charitable, religious, or other nonprofit corporation that has existed for at least three years. No license shall be for longer than four consecutive days, and the City shall issue no more than 12 days worth of temporary licenses to any one organization in one calendar year.
- H. On-sale wine licenses, with the approval of the Commissioner of Public Safety to: licensed bed and breakfast facilities, theaters, restaurants that have facilities for seating at least 25 guests at one time and meet the criteria of M.S. § 340A.404, subd. 5, as it may be amended from time to time. The holder of an on-sale wine license who also holds an on-sale 3.2 percent malt liquor license is authorized to sell malt liquor with content over 3.2 percent (strong beer) without an additional license.

#### SEC. 3.07 LICENSE FEES; PRO RATA

- A. No license or other fee established by the City shall exceed any limit established by M.S. Ch. 340A, as it may be amended from time to time, for a liquor license.
- B. The Council may establish from time to time in the Ordinance Establishing Fees and Charges the fee for any of the liquor licenses it is authorized to issue.
- C. The fee for all licenses, except temporary licenses, granted after the commencement of the license year shall be prorated on a monthly basis.
- D. All license fees shall be paid in full at the time the application is filed with the City.
- E. A refund of a pro rata share of an annual license fee may occur only if authorized by M.S. § 340A.408, subd. 5, as it may be amended from time to time, and the City of Hanover Liquor License Refund Policy.

#### SEC. 3.08 COUNCIL DISCRETION TO GRANT OR DENY A LICENSE

The Council in its sound discretion may either grant or deny the application for any license or for the transfer or renewal of any license. No applicant has a right to a license under this chapter.

#### SEC. 3.09 APPLICATION FOR LICENSE

- A. Form. Every application for a license issued under this chapter shall be on a form provided by the City. The applicant shall provide such additional information as shall be required by the City. False statements or omissions on an application form shall result in an automatic rejection of the application. If a license has already been issued, and a false statement or omission is discovered, the license shall be rendered void. An application for an on-sale

intoxicating liquor license shall be in the form prescribed by the Commissioner of Public Safety and shall also contain the information required in this section. The form shall be verified and filed with the City. The application shall include a Training Verification Statement signed by the applicant/licensee indicating that all persons selling or serving liquor upon the premises have successfully completed a Responsible Seller/Server Training Course. The City shall verify the training, and shall charge a training verification fee in addition to the standard license fee.

**B. Financial responsibility.**

1. Prior to the issuance of any license under this chapter for a premises other than that which is owned by the City of Hanover, the applicant shall file with the City:
  - a. A certificate that there is in effect an insurance policy or pool providing minimum coverages of (1) \$100,000.00 because of bodily injury to any one person in any one occurrence, and, subject to the limit for one person, in the amount of \$300,000.00 because of bodily injury to two or more persons in any one occurrence, and in the amount of \$50,000.00 because of injury to or destruction of property of others in any one occurrence, and (2) \$100,000.00 for loss of means of support of any one person in any one occurrence, and, subject to the limit for one person, \$300,000.00 for loss of means of support of two or more persons in any one occurrence; an annual aggregate of \$600,000.00 may be included in the insurance coverage; or,
  - b. A bond of a surety company with minimum coverages as provided in Subparagraph A of this Subdivision; or,
  - c. A certificate of the State Treasurer that the licensee has deposited with him/her \$100,000.00 in cash or securities which may legally be purchased by savings banks or for trust funds having a market value of \$100,000.00.
2. Prior to the issuance of any license under this chapter for a premises owned by the City of Hanover, the applicant shall file with the City:
  - a. A certificate, with the City listed as an additional insured, that there is in effect an insurance policy or pool providing minimum coverages of (1) \$1,000,000.00 because of bodily injury to any one person in any one occurrence, and, subject to the limit for one person, in the amount of \$2,000,000.00 because of bodily injury to two or more persons in any one occurrence, and in the amount of \$300,000.00 because of injury to or destruction of property of others in any one occurrence, and (2) \$1,000,000.00 for loss of means of support of any one person in any one occurrence, and, subject to the limit for one person, \$2,000,000.00 for loss of means of support of two or more persons in any one occurrence; an annual aggregate of \$2,000,000.00 may be included in the insurance coverage. (3) all insurance provided under this Section shall include a

provision that the canceling party shall give the City 30 days notice in writing of its intent to cancel the insurance.

#### SEC. 3.10 DESCRIPTION OF PREMISES

The application shall specifically describe the compact and contiguous premises within which liquor may be dispensed and consumed. The description may not include any parking lot or sidewalk.

#### SEC. 3.11 APPLICATIONS FOR RENEWAL

At least 90 days before a license issued under this chapter is to be renewed, an application for renewal shall be filed with the City. The decision whether or not to renew a license rests within the sound discretion of the Council. No licensee has a right to have the license renewed.

#### SEC. 3.12 TRANSFER OF LICENSE

No license issued under this chapter may be transferred without the approval of the Council. Any transfer of stock of a corporate licensee is deemed to be a transfer of the license, and a transfer of stock without prior Council approval is a ground for revocation of the license. An application to transfer a license shall be treated the same as an application for a new license, and all of the provisions of this code applying to applications for a license shall apply.

#### SEC. 3.13 INVESTIGATION

- A. Preliminary Background and Financial Investigation. On an initial application for a license, on an application for transfer of a license and, in the sound discretion of the Council that it is in the public interest to do so, on an application for renewal of a license, the City shall conduct a preliminary background and financial investigation of the applicant or it may contract with the Commissioner of Public Safety or a local law enforcement agency for the investigation. The applicant shall pay with the application an investigation fee of \$300 which shall be in addition to any license fee. If the cost of the preliminary investigation is less than \$300, the unused balance shall be returned to the applicant. The results of the preliminary investigation shall be sent to the Commissioner of Public Safety if the application is for an on-sale intoxicating liquor license or an on-sale wine license.
- B. Comprehensive Background and Financial Investigation. If the results of a preliminary investigation warrant, in the sound discretion of the Council, a comprehensive background and financial investigation, the Council may either conduct the investigation itself or contract with the Commissioner of Public Safety for the investigation. The investigation fee for this comprehensive background and financial investigation to be paid by the applicant shall be \$300, less any amount paid for the initial investigation if the investigation

is to be conducted within the state, and \$10,000, less any amount paid for the initial investigation, if the investigation is required outside the state. The unused balance of the fee shall be returned to the applicant whether or not the application is denied. The fee shall be paid in advance of any investigation and the amount actually expended on the investigation shall not be refundable in the event the application is denied. The results of the comprehensive investigation shall be sent to the Commissioner of Public Safety if the application is for an on-sale intoxicating liquor license or an on-sale wine license.

#### SEC. 3.14 ACTION

After the investigation and hearing, the Council shall in its sound discretion grant or deny the application. No license shall become effective until the proof of financial security has been approved by the Commissioner of Public Safety.

#### SEC. 3.15 RESTRICTIONS ON ISSUANCE

- A. Each license shall be issued only to the applicant for the premises described in the application.
- B. Not more than one license shall be directly or indirectly issued within the City to any one person.
- C. No license shall be granted or renewed for operation on any premises on which taxes, assessments, utility charges, service charges, or other financial claims of the City are delinquent and unpaid.
- D. No license shall be issued for any place or any business ineligible for a license under state law.
- E. No license shall be issued to any person who is not a resident of the state. If the applicant is a corporation, all of the shareholders shall be residents of the state. The provisions of this part (E) shall not apply to any license existing on the effective date of this chapter or to the renewal of an existing license.
- F. No license shall be granted within 300 feet of any school or church. The distance is to be measured from the closest side of the church to the closest side of the structure on the premises within which liquor is to be sold.
- G. Before a license is issued under this Chapter to a corporation, partnership, or association, the applicant or applicants shall appoint in writing a natural person as its manager or agent. Such resident manager or agent shall consent in writing to: (1) take full responsibility for the conduct of the licensed premises; and (2) serve as agent for service of notices and other process relating to the license. Such manager or agent must (1) take full responsibility for the conduct of the licensed premises; and (2) serve as agent for service of notices and other

process relating to the license. Such manager or agent must be a person who, by reason of age, character, reputation, and other attributes, could qualify individually as a licensee. If such manager or agent ceases to act in such capacity for the licensee without appointment of a successor or be readily available and responsible to reasonably manage the business in its daily operations, the license issued pursuant to such appointment may be subject to revocation or suspension.

#### SEC. 3.16 CONDITIONS OF LICENSE

The failure of a licensee to meet any one of the conditions of the license specified below shall result in a suspension of the license until the condition is met.

- A. Within 90 days after employment, every person selling or serving liquor in an establishment which has an on-sale license shall receive training regarding the selling or serving of liquor to customers. The training shall be provided by an organization approved by the Council. Proof of training shall be provided by the licensee.
- B. Every licensee is responsible for the conduct of the place of business and the conditions of sobriety and order in it. The act of any employee on the licensed premises is deemed the act of the licensee as well, and the licensee shall be liable to all penalties provided by this chapter and the law equally with the employee.
- C. Every licensee shall allow any peace officer, health officer, City employee, or any other person designated by the Council to conduct compliance checks and to otherwise enter, inspect, and search the premises of the licensee during business hours and after business hours during the time when customers remain on the premises without a warrant.
- D. No on-sale establishment shall display liquor to the public during hours when the sale of liquor is prohibited.
- E. Compliance with financial responsibility requirements of state law and of this chapter is a continuing condition of any license.

#### SEC. 3.17 HOURS AND DAYS OF SALE

- A. The hours of operation and days of sale shall be those set by M.S. § 340A.504, as it may be amended from time to time, except that the City Council may, by resolution or ordinance, provide for more restrictive hours than state law allows.
- B. No person shall consume nor shall any on-sale licensee permit any consumption of intoxicating liquor or 3.2 percent malt liquor in an on-sale licensed premises more than 30 minutes after the time when a sale can legally occur.
- C. No on-sale licensee shall permit any glass, bottle, or other container containing intoxicating

liquor or 3.2 percent malt liquor to remain upon any table, bar, stool, or other place where customers are served, more than 30 minutes after the time when a sale can legally occur.

- D. No person, other than the licensee and any employee, shall remain on the on-sale licensed premises more than 30 minutes after the time when a sale can legally occur.

Any violation of any condition of this section may be grounds for revocation or suspension of the license.

#### SEC. 3.18 MINORS ON PREMISES

- A. Consumption. It is unlawful for any:

1. Licensee to permit any person under 21 years of age to consume alcoholic beverages on the licensed premises.
2. Person under 21 years of age to consume alcoholic beverages except in the household of the minor's parent or guardian, and then only with the consent and in the presence of the parent or guardian.

- B. Purchasing. It is unlawful for any:

1. Person to sell, barter, furnish, or give alcoholic beverages to a person under 21 years of age unless such person is the parent or guardian of the person under 21 years of age, and then only for consumption in the household and in the presence of the parent or guardian.
2. Person under 21 years of age to purchase or attempt to purchase any alcoholic beverage.
3. Person to induce a person under 21 years of age to purchase or procure any alcoholic beverage.

- C. Possession. It is unlawful for a person under 21 years of age to possess any alcoholic beverage with the intent to consume it at a place other than the household of the person's parent or guardian. Possession of an alcoholic beverage by a person under 21 years of age at a place other than the household of the parent or guardian is prima facie evidence of intent to consume it at a place other than the household of a parent or guardian.

- D. Entering Licensed Premises. It is unlawful for a person under 21 years of age to enter licensed premises for the purpose of purchasing or consuming any alcoholic beverage. It is not unlawful for any person who has attained the age of 18 to enter licensed premises for the following purpose: (1) to perform work for the establishment, including the serving of alcoholic beverages, unless otherwise prohibited by statute; (2) to consume meals; and (3) to attend social functions that are held in a portion of the establishment where liquor is not

sold. It is unlawful for a licensee to permit a person under the age of 18 to enter licensed premises unless attending a social event at which alcoholic beverages are not served, or in the company of a parent or guardian.

- E. Misrepresentation of Age. It is unlawful for a minor to make a misrepresentation of age for the purpose of purchasing an alcoholic beverage.
- F. Proof of Age. Proof of age for purchasing or consuming alcoholic beverages may be established only by a valid driver's license, a Minnesota identification card, or, in the case of a foreign national, by a valid passport.
- G. License Inspection. License Inspectors or persons as designated by the City are authorized to conduct periodic inspections of the premises of liquor license holders to assure compliance with the City Code and state law. Licensees shall be responsible for the conduct of their employees, agents and representatives while on the licensed premises. Fines for noncompliance may be issued for violations. Any fine is subject to appeal to the City Council.

#### SEC. 3.19 LIQUOR UNLAWFUL ACTS

It is unlawful for any:

- A. Person to knowingly induce another to make an illegal sale or purchase of an alcoholic beverage.
- B. Licensee to sell or serve an alcoholic beverage to any person who is obviously intoxicated.
- C. Licensee to fail, where reasonable doubt of legal age could exist, to require adequate proof of age of a person upon licensed premises.
- D. Licensee to sell an alcoholic beverage on any day, or during any hour, when such sales are not permitted by law.
- E. Licensee to allow consumption of an alcoholic beverage on licensed premises on any day, or during any hour, when such consumption is not permitted by law.
- F. Person to purchase an alcoholic beverage on any day, or during any hour, when such sales are not permitted by law.

#### SEC. 3.20 OUTDOOR LIQUOR SALES

The sale of liquor by a holder of a retail on-sale liquor license issued by the City may occur outdoors, subject to the following regulations:

- A. Days. The holder of an on-sale liquor license may not sell liquor outdoors for more than one consecutive day without the approval of the City Council.
- B. Hours. No intoxicating liquor is to be served outside between the hours of twelve o'clock (12:00) midnight and eight o'clock (8:00) A.M.
- C. Fencing: Access. The area designated for the dispensing and consuming of liquor shall be enclosed by a fence with access into the designated area allowed only via the principal building located on the property, unless a different controlled access is approved by the City.
- D. Music and Entertainment.
  - 1. No music or other entertainment shall be allowed in the designated areas without specific approval by the City.
  - 2. Music or other entertainment in the designated area shall cease at eleven fifty nine o'clock (11:59) P.M. on Friday and Saturday and at ten o'clock (10:00) P.M. on all other nights.
  - 3. Other Regulations. The City may require any other reasonable conditions.

**Commented [BH1]:** I believe this section is contradicting to allowing sales of liquor to occur on a designated patio area as established in section 3.10 of this chapter. I believe the intent of this section is related to special circumstances where maybe an outdoor concert occurs and a "beer garden" is established.

**Commented [BH2]:** Same comment as above. Amend language to call out sales outside of designated areas need special council approval.

**Commented [BH3]:** Designated patios for the purpose of consuming food and beverages are required to approved via site plan approval. At that time, an establishment would call out access points. In the case of the River Inn, it would be very challenging to have access occur from within the principal structure.

**Commented [BH4]:** Consideration may be warranted to this section. Do we want to add some additional guidance to base future decisions off of? Does it make a difference whether it is a one instrument acoustic live music versus amplified multi instrument band?

SEC. 3.21 SUSPENSION AND REVOCATION

- A. The Council shall either suspend for a period not to exceed 60 days or revoke any liquor license and/or assess a civil fine not exceeding \$2,000 upon finding that the licensee has failed to comply with any applicable statute, regulation, or provision of this chapter relating to liquor. Except in cases of lapse of proof of financial responsibility, no suspension or revocation shall take effect until the licensee has been afforded an opportunity for a hearing pursuant to the Administrative Procedures Act, M.S. § 14.57 to 14.70, as it may be amended from time to time. The Council may act as the hearing body under that act, or it may contract with the Office of Hearing Examiners for a hearing officer.
- B. The following are the presumptive periods of suspension or revocation for violations of the provisions of this chapter or M.S. Ch. 340A, as it may be amended from time to time or any rules promulgated under that chapter as they may be amended from time to time:
  - 1. For commission of a felony related to the licensed activity, sale of alcoholic beverages while the license is under suspension, sale of intoxicating liquor where the only license is for 3.2 percent malt liquor, or violation of M.S. § 112.04, the license shall be revoked.
  - 2. The license shall be suspended by the Council after a finding under subsection (A) above that the licensee has failed to comply with any applicable statute, rule, or provision of this chapter for at least the minimum periods as follows:

- a. For the first violation within any three-year period, at least one day suspension in addition to any criminal or civil penalties which may be imposed.
  - b. For a second violation within any three-year period, at least three consecutive days suspension in addition to any criminal or civil penalties which may be imposed.
  - c. For the third violation within any three-year period, at least seven consecutive days suspension in addition to any criminal or civil penalties which may be imposed.
  - d. For a fourth violation within any three-year period, the license shall be revoked.
- 3. The above are presumptive penalties only. The Council is free to depart from the guidelines where it determines aggravating or extenuating circumstances exist.
  - 4. The Council shall select the day or days during which the license will be suspended.
- C. Lapse of required proof of financial responsibility shall effect an immediate suspension of any license issued pursuant to this chapter or state law without further action of the Council. Notice of cancellation or lapse of a current liquor liability policy shall also constitute notice to the licensee of the impending suspension of the license. The holder of a license who has received notice of lapse of required insurance or of suspension or revocation of a license may request a hearing thereon and, if a request is made in writing to the Clerk, a hearing before the Council shall be granted within ten days. Any suspension under the above subsection (B) shall continue until the Council determines that the financial responsibility requirements of state law and this chapter have again been met.

SEC. 3.22 CRIMINAL PENALTIES

- A. Any person violating the provisions of this chapter or M.S. Ch. 340A as it may be amended from time to time or any rules promulgated under that chapter as they may be amended from time to time is guilty of a misdemeanor and upon conviction shall be punished as provided by law.
- B. The term “violation” as used in Section 20 includes any and all violations of the provisions in this section, or of M.S. Ch. 340A, as it may be amended from time to time or any rules promulgated under that chapter as they may be amended from time to time. The number of violations shall be determined on the basis of the history of violations for the preceding three-year period. Revocation shall occur within 60 days following a violation for which revocation is imposed.

SEC. 3.23 SOCIAL HOST

- A. Purpose and Findings. The Hanover City Council intends to discourage underage possession and consumption of alcohol, even if done within the confines of a private residence, and intends to hold persons criminally responsible who host events or gatherings where persons under 21 years of age possess or consume alcohol regardless of whether the person hosting the event or gathering supplied the alcohol. The Hanover City Council finds that:
1. Events and gatherings held on private or public property where alcohol is possessed or consumed by persons under the age of twenty-one are harmful to those persons and constitute a potential threat to public health requiring prevention or abatement.
  2. Prohibiting underage consumption acts to protect underage persons, as well as the general public, from injuries related to alcohol consumption, such as alcohol overdose or alcohol-related traffic collisions.
  3. Alcohol is an addictive drug which, if used irresponsibly, could have drastic effects on those who use it as well as those who are affected by the actions of an irresponsible user.
  4. Often, events or gatherings involving underage possession and consumption occur outside the presence of parents. However, there are times when the parent(s) is/are present and, condone the activity, and in some circumstances provide the alcohol.
  5. Even though giving or furnishing alcohol to an underage person is a crime, it is difficult to prove, and an ordinance is necessary to help further combat underage consumption.
  6. A deterrent effect will be created by holding a person criminally responsible for hosting an event or gathering where underage possession or consumption occurs.
- B. Authority. This Section is enacted pursuant to Minn. Stat. §145A.05.
- C. Definitions. For the purpose of this Section, the following terms, as used in this section, shall have the meanings stated:
1. “Alcohol” means ethyl alcohol, hydrated oxide of ethyl, or spirits of wine, whiskey, rum, brandy, gin, or any other distilled spirits including dilutions and mixtures thereof from whatever source or by whatever process produced.
  2. “Alcoholic beverage” means alcohol, spirits, liquor, wine, beer, and every liquid or solid containing alcohol, spirits, wine, or beer, and which contains one-half of one percent or more of alcohol by volume and which is fit for beverage purposes either alone or when diluted, mixed, or combined with other substances.

3. “Event or gathering” means any group of three or more persons who have assembled or gathered together for a social occasion or other activity.
4. “Host” means to aid, conduct, allow, entertain, organize, supervise, control, or permit a gathering or event.
5. “Parent” means any person having legal custody of a juvenile:
  - a. As natural, adoptive parent, or step-parent;
  - b. As a legal guardian; or
  - c. As a person to whom legal custody has been given by order of the court.
6. “Person” means any individual, partnership, co-partnership, corporation, or any association of one or more individuals.
7. “Residence” or “premises” means any home, yard, farm, field, land, apartment, condominium, hotel or motel room, or other dwelling unit, or a hall or meeting room, park, or any other place of assembly, public or private, whether occupied on a temporary or permanent basis, whether occupied as a dwelling or specifically for a party or other social function, and whether owned, leased, rented, or used with or without permission or compensation.
8. “Underage person” is any individual under twenty-one (21) years of age.

D. Prohibited Acts.

1. It is unlawful for any person(s) to host or allow an event or gathering at any residence, premises, or on any other private or public property where alcohol or alcoholic beverages are present, when the person knows or reasonably should know that an underage person will or does 1) consume any alcohol or alcoholic beverage; or 2) possess any alcohol or alcoholic beverage with the intent to consume it; and the person fails to take reasonable steps to prevent possession or consumption by the underage person(s).
2. A person is criminally responsible for violating Subdivision 4 above if the person intentionally aids, advises, hires, counsels, or conspires with or otherwise procures another to commit the prohibited act.
3. A person who hosts an event or gathering does not have to be present at the event or gathering to be criminally responsible.

E. Exceptions.

- a. This Section does not apply to conduct solely between an underage person and his

or her parents while present in the parent’s household.

- b. This Section does not apply to legally protected religious observances.
  - c. This Section does not apply to retail intoxicating liquor or 3.2 percent malt liquor licensees, municipal liquor stores, or bottle club permit holders who are regulated by Minn. Stat. §340A.503 Subd. 1(a)(1).
  - d. This Section does not apply to situations where underage persons are lawfully in possession of alcohol or alcoholic beverages during the course and scope of employment.
- F. Enforcement. This Section can be enforced by any police officer.
- G. Severability. If any section, subsection, sentence, clause, phrase, word, or other portion of this Section is, for any reason, held to be unconstitutional or invalid, in whole, or in part, by any court of competent jurisdiction, such portion shall be deemed severable, and such unconstitutionality or invalidity shall not affect the validity of the remaining portions of this law, which remaining portions shall continue in full force and effect.
- H. Penalty. Violation of Subdivision D is a misdemeanor.

#### SEC. 3.24 ULTIMATE FIGHTING PROHIBITED

- A. Definition.
- 1. “Ultimate fighting” shall mean any activity, regardless of how named or described, or any other form of entertainment, where the primary practice involves individuals engaged in physical contact by striking or touching an opponent with hands, head, feet, or body. This shall include, but not be limited to, any contest or event where kicking, punching, martial arts, or submission holds are permitted. Officially sanctioned and regulated boxing and wrestling and team sports in which physical contact is incidental to the primary purpose of the game, including, but not limited to, football, basketball, volleyball, soccer, baseball, and softball are not included among activities prohibited by this section. Martial arts training or contests governed and sponsored by schools of martial arts are also not included among activities prohibited by this section.
- B. Unlawful act. No licensee shall permit, promote, or allow participation in ultimate fighting in any licensed establishment or any adjoining property owned or leased by the licensee.

#### SEC. 3.25 NUDITY OR OBSCENITY ON THE PREMISES OF LICENSED ESTABLISHMENTS PROHIBITED

- A. Definitions. As used in this Section, the following words and terms shall have the meanings stated:
1. “Nudity” means uncovered, or less than opaquely covered, post-pubertal human genitals, pubic areas, the post-pubertal human female breast below a point immediately above the top of the areola, or the covered human male genitals in a discernibly turgid state. For purposes of this definition, a female breast is considered uncovered if the nipple only or the nipple and the areola only are covered.
  2. “Obscene performance” means a play, motion picture, dance, show or other presentation, whether pictured, animated or live, performed before an audience and which in whole or in part depicts or reveals nudity, sexual conduct, sexual excitement or sado-masochistic abuse, or which includes obscenities or explicit verbal descriptions or narrative accounts of sexual conduct.
  3. “Obscenities” means those slang words currently rejected for regular use in mixed society, that are used to refer to genitals, female breasts, sexual conduct or excretory functions or products, either that have no other meaning or that in context are clearly used for their bodily, sexual or excretory meaning.
  4. “Sadomasochistic abuse” mean flagellation or torture by or upon a person who is nude or clad in undergarments or in revealing or bizarre costume, or the condition of being fettered, bound or otherwise physically restrained on the part of one so clothed.
  5. “Sexual conduct” means human masturbation, sexual intercourse, or any touching of the genitals, pubic areas or buttocks of the human male or female, or the breasts of the female, whether alone or between members of the same or opposite sex or between humans and animals in an act of apparent sexual stimulation or gratification.
  6. “Sexual excitement” means the condition of human male or female genitals or the breast of the female when in a state of sexual stimulation, or the sensual experiences of humans engaging in or witnessing sexual conduct or nudity.
- B. Unlawful Act. It is unlawful for any person issued a license provided for in this Chapter to permit upon licensed premises any nudity, obscene performance, or continued use of obscenities by any agent, employee, patron or other person.



**To: Mayor Kauffman & Members of the Hanover City Council**

**From: Brian Hagen, City Administrator**

**Re: River Rd NE Speed Limit**

**Date: May 14, 2020**

Staff received a request to, at a minimum, reduce the speed limit on River Rd NE from 45 mph to 30 mph. The reason for the request was due to the Mahler Mine Haul Route utilizing River Rd NE/5<sup>th</sup> St NE until 15<sup>th</sup> St NE is improved to a 10-ton road or October 15<sup>th</sup>, whichever is sooner. The request further references the location of the trail that runs along the east side of River Rd NE, and at times, comes close to the road where there is little shoulder providing separation.

I requested the Wright County Sheriff monitor the Haul Route this week to provide back data for consideration. It was reported that speed limits are at or below the posted limit. It is worth noting, the patrol car sat in an area that was highly visible given limited locations to safely be out of the way of traffic. Furthermore, truck counts on May 13<sup>th</sup> over a 1.5 hour period were 33 round trips and May 14<sup>th</sup> had 24 round trips in a 1 hour period. One officer reported personal vehicles over a 30 minute period totaled 12 with an average speed of 41 mph with the highest rate of speed being 59 mph.

In reviewing statutes and information on setting speed limits, authority is granted to local jurisdictions to change the speed limit to a minimum of 25 mph on “residential roadways”. Residential roadways is defined as a city street in an area exclusively zoned for housing and is not a collector or arterial street.

River Rd NE is considered a collector roadway in Hanover and is adjacent to an industrially zoned district. Knowing that, provisions to change the speed limit likely require a traffic study to be submitted to MnDOT with their determination of what the posted speed should be set at.

I will determine the official process that we would be required to follow and we can have discussion on this matter at the meeting.

**PRINCETON TOWNSHIP  
MILLE LACS COUNTY, MINNESOTA  
RESOLUTION NO. 2020-07**

**RESOLUTION ESTABLISHING PRINCETON TOWNSHIP AS A CONSTITUTIONAL  
AND BUSINESS-FRIENDLY COMMUNITY**

**Whereas**, the 14<sup>th</sup> Amendment of the US Constitution reads, "No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty or property without due process of law; nor deny to any person within its jurisdiction the equal protection of law"

**Whereas**, the Princeton Township Board of Princeton, Minnesota, wishes to express opposition to ANY executive order that would restrict the constitutional rights of the citizens of Princeton Township to life, liberty, or property without due process of law.

**Whereas**, Governor Walz's Emergency Executive Order 20-33, Extending Stay at Home Order and Temporary closure of Bars, Restaurants, and other places of Public Accommodation states "nothing in this Executive Order is intended to encourage or allow law enforcement to transgress individual constitutional rights."

**Now Therefore, Be It Resolved** by Princeton Township Board of Princeton, Minnesota, that the township board hereby expresses its intent to uphold and protect the constitutional rights of the citizens and Princeton Township.

That the Township Board of Princeton hereby declares Princeton Township as a "Constitutional and Business Friendly Community" and;

That the Princeton Township Board hereby declares its intent to oppose any infringement by Executive Order or any other directive on the rights of law-abiding citizens to keep their businesses open, and;

That the Princeton Township Board hereby requests relief from Governor Walz's Executive Orders and Demands that the sole power of issuing emergency orders and implementation related to the COVID-19 pandemic be restored to individual municipalities and local government agencies and;

That the Princeton Township Board WILL NOT direct any City of Princeton, Mille Lacs County, Sherburne County, or Isanti County resources to enforce any executive order or any other directive which infringes on the rights of law-abiding citizens to keep their businesses open as per the Constitution, and;

**Now Be It Therefore Resolved** by the Princeton Township Board in the Township Princeton, in Mille Lacs County, State of Minnesota,

That the Princeton Township Board supports the choice of all of its residents to continue to stay at home OR the choice to move freely within the township and support the economy of Princeton Township, while maintaining behaviors to preserve the health and safety of all residents and encourages all of its citizens to follow the Minnesota Department of Public Health and all CDC guidelines for social distancing and general conduct while out in public.

Passed by the Princeton Township Board \_\_\_\_\_

# Resolution 2020-XXXX

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**WHEREAS**, it is a human right to travel, conduct trade, assemble and otherwise seek to further and enhance life, and;

**WHEREAS**, the Declaration of Independence recognizes the right to pursue happiness, and;

**WHEREAS**, the purpose of the government at all levels is to protect people's rights, and;

**WHEREAS**, we and other elected officials took an oath to uphold the constitutions of the United States and the State of Minnesota, and;

**WHEREAS**, Governor Walz' executive orders responding to the COVID-19 pandemic have broadly undermined the basic human rights of our neighbors, our families, and ourselves, and;

**WHEREAS**, the initial rationalization for these executive orders were models and projections which have since been proven incorrect, and;

**WHEREAS**, significant time has elapsed since the onset of the COVID-19 crisis, allowing for individuals and organizations to educate themselves thoroughly regarding the nature of the emergent threat and to devise well-considered mitigation, and;

**WHEREAS**, the implementation of these executive orders have proved arbitrary and capricious, exempting favored sectors, large corporations, and politically connected business interests, and;

**WHEREAS**, the 14<sup>th</sup> Amendment of the United States Constitution states, "No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty or property, without due process of law; nor deny any person within its jurisdiction the equal protection of the laws,"

**THEREFORE**, be it resolved by the City Council of Albertville, Minnesota:

That CITY RESOURCES, whether physical, financial or otherwise, including but not limited to law enforcement, city staff and personnel, city contractors and subcontractors, or assistance of any kind tied to the city, or any cooperation to any other governments including federal, state, or county, SHALL NOT be used to enforce any of Governor Walz' Emergency Executive Orders, including but not limited to, Executive Order 20-33 and any other orders that infringe on people's constitutionally protected rights, especially as it relates to COVID-19.