



CITY COUNCIL MEETING
Tuesday, April 7, 2026 at 5:00 PM
Council Chambers Charles S. Crandall Center
at City Hall 540 West Hills Circle
STUDY SESSION

1. Items of Discussion:

- 5:00 p.m. Finance Process Evaluation Overview
- 5:30 p.m. Little Theater Owatonna Seating Upgrade
- 5:40 p.m. Snow Removal Operations March 15 - March 19
- 5:45 p.m. Main Street Streetscape
- 6:15 p.m. WWTF/OPU Transaction Agreement
- 6:30 p.m. Deer Culling Update
- 6:45 p.m. Zoning and Subdivision Ordinance Progress Update



Financial Process Evaluation Findings

City of Owatonna

April 7, 2026

Scope & Background

The City of Owatonna signed an agreement with Abdo, a full-service accounting, audit and advisory firm, on July 11, 2025, to conduct a process evaluation of the functions, processes, procedures and personnel responsibilities of the City's financial management offices, offering recommendations across various areas including financial transactions and asset management. The evaluation focused on the areas of accounts receivable, utility billing, accounts payable, cash receipting, capital assets, inventory, bank reconciliations, project and grant reporting, financial reporting and internal controls.

Methodology

This evaluation was completed through a series of interviews and discussions held in person and virtually in August of 2025. Discussions were held with staff in Human Resources, Finance, Public Works, City Administrator's Office, Community Development, Information Technology, Police, Fire, and Parks and Recreation.

Summary and Outcomes

The evaluation of these functional areas resulted in multiple recommendations, focusing on key areas such as control and oversight, compliance, efficiency and savings, documentation, processes and segregation of duties.

Abdo developed recommendations for enhancing efficiency and productivity through the adoption of best practices and standardization in the following areas:

- Accuracy of general ledger and effective closing procedures
- Separation of duties for functional areas within Finance
- Utilization of electronic workflows
- Software integration and evaluation

Implementation Approach

The recommendations outlined in this report are intended to guide the next phase of work following completion of the City's standard annual audit. As staff are currently focused on the audit process, capacity is appropriately directed toward that effort. While several items have already been initiated or completed, a more coordinated, phased implementation will begin after the audit is finalized. The completion of the 2025 financial audit also provides a strong and appropriate baseline for advancing this work.

Because many of the recommendations involve establishing new processes and providing staff training, implementation will be phased and clearly sequenced to ensure changes are manageable for staff and operations

It is important to note that the majority of recommendations are considered medium- to high-priority and warrant timely attention. The City is committed to addressing all identified findings as part of the post-audit implementation phase.

*TBI indicates activities that are To Be Implemented

SECTION	FINDING	STATUS
ACCOUNTS RECEIVABLE AND BILLING	Invoices are created outside of OpenGov.	In-progress
	An aging report is not being run regularly to assess outstanding accounts receivable.	TBI
	Invoices and receipts are not entered into the system in a timely manner.	In-progress
UTILITY BILLING	There is not a formal agreement between the City and Owatonna Public Utilities for the monthly utility billing and associated payment collections. The existing processes for managing financial transactions and interactions between the two entities are based on informal arrangements and historical practices.	In-progress
	The Finance Department does not currently perform reconciliations between the information provided by Owatonna Public Utilities and the City's anticipated billing figures.	In-progress
	The Finance Department currently lacks documented procedures for adjusting utility bills. Adjustments to utility bills are made on an ad hoc basis without a standardized framework to guide staff through the process.	TBI
PROJECT AND GRANT ACCOUNTING	The current practice for grant reimbursement involves processing reimbursements at the end of the project.	TBI
	Grants are manually tracked, without the use of project codes. This manual tracking involves maintaining spreadsheets to record grant-related financial data, including expenses, reimbursements, and compliance requirements.	In-progress
	The Finance Department is not notified when a grant payment request is submitted.	TBI
	The Finance Department is not consistently notified when a grant award is accepted.	Completed
	Housing assistance payments are calculated using Housing Data Systems and manually generated using a spreadsheet for each client.	TBI
	The Housing and Redevelopment Authority has become reliant on external assistance from CLA for the preparation of Real Estate Assessment Center reports.	In-process

CASH RECEIPTING

The Housing and Redevelopment Authority has been experiencing delays in receiving necessary financial reports from the Finance department. These reports are crucial for completing various compliance and operational tasks, including the preparation of Voucher Management System reports due to the Department of Housing and Urban Development. The lack of timely financial data has hindered the Housing Manager's ability to meet these critical reporting deadlines.	Completed
There are multiple, detailed account codes in the chart of accounts.	TBI
Departments currently accepting checks do not utilize electronic check scanners for depositing funds, relying instead on manual processes that are time-consuming and prone to errors.	TBI
Petty cash is currently being used for small, day-to-day expenses, and in some instances, for making change during transactions where a change fund would be more appropriate.	Completed
Several City departments currently maintain petty cash funds that exceed the operational needs for minor expenses.	In-process
The Library Administrative Technician does not count the Library cash drawers to a predetermined amount at the beginning or end of each day. The cash drawer is simply reconciled based on the transactions recorded during the day, without establishing a consistent baseline amount for opening and closing.	TBI
The Library occasionally receives payments from patrons that exceed the required amount for services. These excess payments are not consistently recorded as donations. Instead, they are often treated as standard transactions, without clear documentation of the intent behind the excess payment or its allocation as a donation to Library funds.	TBI
The current credit card validation process involves verifying transaction information from the same system, OpenGov. The Administrative Technician generates a report of credit card receipts from OpenGov, which the Accounting Clerk then uses to validate the transactions within the same system.	In-process
Electronic payments are being manually entered in OpenGov, which can be time-consuming and prone to errors, affecting efficiency and accuracy in financial record-keeping.	TBI
The lack of integration between OpenGov and CivicPlus results in the duplicate entry of client payment information, which can be inefficient and prone to errors.	TBI
Departments that are not currently utilizing petty cash are still responsible for maintaining it.	In-process

GENERAL LEDGER

Customer credit card information is being repeated when payments are taken over the phone.	TBI
There is no existing policy to change the safe combination or keys when a staff member departs from the City, which can pose security risks related to unauthorized access.	TBI
The City receives fees through multiple channels (e.g., mail, Stripe, AllPaid).	TBI
The City currently absorbs the credit card fees associated with accepting payments for various services. These fees arise when residents and businesses use credit cards to pay for services. The practice of absorbing these fees means that the City bears the financial burden, which can amount to a significant cost over time, especially as the volume of credit card transactions increases.	TBI
Several departments do not make daily deposits of cash receipts. Instead, deposits are conducted sporadically, with some departments accumulating cash over multiple days before making a deposit.	TBI
In locations (River Springs Water Park, Brooktree Golf Course) with high volume cash transactions, there is a lack of robust internal controls. This deficiency results from insufficient oversight and inadequate procedures for cash handling, which can lead to inconsistencies and potential mismanagement.	TBI
The bank reconciliations are performed outside of OpenGov. This process involves the use of various spreadsheets and manual entries to ensure that the financial records align with the bank statements.	TBI
Checks are not cleared in OpenGov. While checks are issued and recorded, the process of marking them as cleared or reconciled within the software is not being conducted. Instead, the reconciliation of checks, including verifying which checks have been cleared, is managed through external spreadsheets and manual processes outside of the software.	Complete
There is not a formal review of the bank reconciliation after it is completed to ensure accuracy and completeness.	Complete
Bank reconciliations are not being performed in a timely and consistent manner. This lack of regularity in the reconciliation process results in delayed identification and correction of discrepancies between the financial records and bank statements. Consequently, the accuracy and reliability of the financial data are compromised.	Complete

PAYROLL	There is no formal process to verify and reconcile the investment records against statements from financial institutions.	Complete
	The payroll files in UKG are exclusively accessible by the Accounting Specialist, and others can only access these files by utilizing the Accounting Specialist's login information. This restricted access protocol lacks flexibility and poses potential security risks.	TBI
	The approval of timesheets from each respective department is required by 10 AM on the Monday following the end of a pay period. However, there is no established protocol to ensure adherence to this deadline, which can result in delays in the payroll processing cycle.	TBI
	Reimbursements (e.g., uniforms, mileage, lodging, and travel) may require submission of receipts depending on union association. There is a lack of a standardized tracking mechanism for these reimbursements.	TBI
	Both the HR and Finance departments share responsibility for benefit reconciliation. This overlap in duties can lead to inefficiencies, miscommunication, and potential discrepancies in the management of employee benefits.	Complete
	Payroll journal entries are not consistently completed in a timely manner following the payroll processing cycle. Delays in recording these entries can impact financial reporting and reconciliation processes.	Complete
	The current payroll process does not include a dedicated, formal review step by a designated reviewer prior to finalizing payroll. This absence of a structured review process increases the risk of errors in payroll calculations and processing.	TBI
ACCOUNTS PAYABLE	There is not a designated backup for payroll processing. The lack of a trained individual to step in during the Accounting Specialist's absence poses a risk to uninterrupted payroll processing.	Complete
	The payroll process lacks comprehensive documentation detailing the procedures, protocols, and system operations involved in payroll processing. This deficiency in documentation can hinder process consistency, training, and troubleshooting efforts.	In-progress
	New vendors are created without a formal review process.	In-progress
	There are no written procedures or guidelines for coding transactions.	In-progress
	The accounts payable process relies heavily on manual data entry and validation, which can be inefficient and prone to errors.	TBI
	The email account used for accounts payable is also utilized for other communications.	Complete

Temporary vendors are not utilized for processing reimbursements, potentially limiting flexibility and efficiency in handling one-time or infrequent transactions.	TBI
The approval authority within the City is unclear and redundant, leading to confusion and inefficiencies in decision-making processes.	In-progress
Delays in payments can harm vendor relationships, lead to extra costs due to late fees or penalties, and pose a risk of statutory noncompliance.	TBI
There is no systematic review or verification of vendor records.	TBI
The City's disbursement process involves multiple staff members handling payments. This decentralized approach increases the risk of untracked transactions, errors, and compliance issues. With several individuals involved, maintaining consistent and accurate financial records becomes challenging, potentially compromising oversight.	TBI
Community members' reimbursement requests are taking a long time to process, resulting in delays and possible dissatisfaction among those waiting for payments.	TBI
The Finance Department currently lacks a comprehensive checklist or database that tracks which individuals within the City have been issued purchasing cards and their respective approved spending limits.	TBI
While the Finance Department has established procedures for addressing personal purchases made with purchasing cards, there is currently no formal awareness or documentation outlining the consequences for repeat offenders.	TBI
There is no formal process in place to ensure that purchasing card limits are reverted to the original thresholds after a one-time increase has been granted.	TBI
Staff members are sharing purchasing cards, which can lead to challenges in tracking individual transactions and maintaining accountability for purchases.	TBI
Staff are required to upload receipts and code transactions in the purchasing card portal, then code on statements and email receipts, which leads to duplication of efforts and inefficiencies in the reconciliation process.	TBI
The City does not receive any rebates for transactions made using purchasing cards.	TBI
The Accounting Specialist shreds Menards rebate documents.	TBI
Cost allocations for internal service funds are not regularly updated, which may lead to inaccurate financial reporting and misalignment of expenses with actual service usage.	In-progress

INVENTORY AND CAPITAL ASSETS	The Accounting Specialist is responsible for recording accounts payable invoices in OpenGov and processing payments (e.g., printing checks, processing ACH and wire transfers).	TBI
	The City's vehicle replacement fund is supported by contributions from the operating budgets of various departments. However, there is no standardized method for determining the contribution amounts from each department.	TBI
	Inventory items are not being tracked in the inventory system, which can lead to inefficiencies, inaccuracies in inventory levels, and potential loss or misplacement of items.	TBI
	Municipal assets are tracked manually using spreadsheets, which can be time-consuming, prone to errors, and inefficient for large-scale asset management.	In-progress
	Assets are not being updated for trade-ins, which can result in inaccurate asset records and potentially affect financial reporting and decision-making.	TBI
	There is not a flag for potential capital assets when processing accounts payable, potentially leading to misclassification of expenses and inaccurate financial reporting.	In-progress
	The City uses project codes to track capital projects, but the application is limited and not consistently implemented. This inconsistency can lead to challenges in tracking project expenditures, monitoring project progress, and ensuring financial accountability.	In-progress
FINANCIAL REPORTING	There is not a formalized process in place for Finance to review City Council meeting minutes specifically to identify and track financial transactions or decision which can result in missed opportunities to ensure all financial transactions are accurately recorded and aligned with the City's financial policies and objectives.	TBI
	There is a lack of training on generating and interpreting reports, which may result in underutilization of available data and insights for decision-making.	In-progress
	Department heads are not receiving necessary reports, which may hinder their ability to make informed decisions and manage departmental operations effectively.	In-progress
	Reports generated from OpenGov are in a format that may be considered inadequate or difficult to use, potentially impacting data analysis and decision-making.	In-progress
	Financial reports are not currently being provided to the City Council, which may result in a lack of transparency and insufficient information for governance and oversight.	Complete



Process Evaluation

City of Owatonna
Owatonna, Minnesota

December 16, 2025



Edina Office

5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office

14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

Dear Jenna,

Abdo is pleased to present this Financial Process Evaluation to the City of Owatonna ("the City").

The focus of the services has been the evaluation of the functions, processes, procedures, and personnel responsibilities of the financial management offices, offering recommendations across various areas including financial transactions and asset management.

Scope & Background

The City of Owatonna signed an agreement with Abdo on July 11, 2025, to conduct a process evaluation focusing on the areas of accounts receivable, utility billing, accounts payable, cash receipting, cash receipting, capital assets, inventory, bank reconciliations, project and grant reporting, financial reporting, and internal controls.

Methodology

This evaluation was completed through a series of interviews and discussions held in person and virtually in August of 2025. Discussions were held with staff in Human Resources, Finance, Public Works, City Administrator's Office, Community Development, Information Technology, Police, Fire, and Parks and Recreation.

Summary

The evaluation of these functional areas resulted in multiple recommendations, focusing on key areas such as control and oversight, compliance, efficiency and savings, documentation, processes, and segregation of duties.

We have gathered sufficient information to evaluate the transaction cycles below and to provide recommendations to help management in maximizing the effectiveness and efficiencies of financial processes and personnel.

Processes that possess greater detail will include workflow mapping.

Additional details around procedures and recommendations may be found in the remainder of this report.

Outcomes

Following our assessment, we have developed recommendations for enhancing efficiency and productivity through the adoption of best practices and standardization in the following areas:

- Accuracy of general ledger and effective closing procedures
- Separation of duties in the accounts receivable and cash receipt functions
- Utilization of electronic workflows
- Software integration and evaluation

We would like to thank the Owatonna city staff for their commitment to this project and for their assistance and input into the content of the report. Comments and questions are welcomed.

Sincerely,

Abdo Financial Solutions



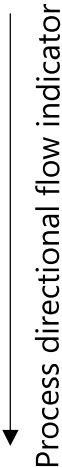
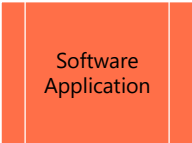
City of Owatonna
Owatonna, Minnesota
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Process Map Legend

Role or
Department

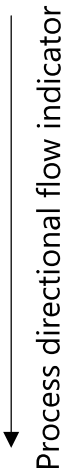
Cross-Functional Flowchart



Process Map Legend

Role or
Department

Cross-Functional Flowchart



Accounts Receivable and Billing

Accounts Receivable and Billing

Objective

To review, document, and evaluate the procedures associated with the accounts receivable and billing transaction cycle.

Procedures

The accounts receivable processes within the City are decentralized, with various departments independently managing invoicing and payment tracking. Each department employs distinct methods for handling accounts receivable tasks.

Airport (Workflow Mapping Below)

The Airport Manager manages eighty-hangar rentals. Annual leases frequently become month-to-month upon renewal due to the time-consuming nature of renewing the leases. Rental checks are due by the tenth of each month, but formal invoices are not sent to the leaseholders. Lessees typically slide checks under the office door at the airport or mail checks to the City office. The bank issues checks on behalf of leaseholders as well, which arrive in the mail at either the airport or City Hall. The Airport Manager records check information on a spreadsheet which is shared with the Accounting Clerk. The Airport Manager regularly reviews the spreadsheet to identify missed payments and either contacts leaseholders directly or generates invoices for mail or email delivery. Collected rent checks are stored in a cabinet at the airport until brought over to Finance once a week.

The Airport Manager also oversees agriculture land leases and private hangar land leases which are set for 30-year terms, with the renter owning the structure on the leased land. The agriculture land lease covers over 400-acres and is bid every two years, with bi-annual payments being tracked on spreadsheets.

Facilities

Municipal building leases are not actively being invoiced or reconciled. The Accounting Clerk enters lease payments in a spreadsheet; however, the spreadsheet is not regularly updated when lease terms change.

Finance

Within the Finance Department, assessment searches are processed by the Accounting Clerk daily to ensure timely responses, typically within one to two business days. Requests and responses are saved in a designated folder on the shared drive. At the end of each month, invoices are prepared for these searches via the OpenGov accounts receivable module and sent in the mail.

Fire Department

The Fire Department maintains a contract to provide services to the rural area surrounding the City, billing the rural association a flat rate for services. There is not a clear staff member who is responsible for issuing and monitoring payment of these bills.

The Fire Department utilizes the permitting and licensing module in OpenGov to create, send, and track invoices for rental properties.

Housing

Most grantors pay via check; the Housing Manager codes the corresponding invoice letter and scans and saves the document on the shared drive without notifying the Finance Department. The check is dropped in the Finance safe.

Parks and Recreation

The Administrative Coordinator for Parks and Recreation creates a manual invoice for a single vendor at the golf course.

Police Department (Workflow Mapping Below)

The Police Department manages various financial activities that involve distinct processes tailored to each group. For vehicle sales, the process is outsourced to a vendor who handles the transaction. Once the sale is completed, the receipts are sent to the Chief of Police for approval before being sent to the Finance Department by the Assistant to the Chief of Police.

Prior to processing contractual overtime, the associated documents are stored in a dedicated folder. The contractual overtime hours worked are posted for officers in UKG and confirmed by the Assistant to the Chief of Police through communication with the command staff using UKG. Once verified, the Assistant to the Chief of Police bills for the time, ensuring that all overtime is accounted for and reimbursed appropriately.

Restitution lacks a regular payment schedule, requiring manual tracking of outstanding amounts and considerations on writing off uncollected funds.

The Administrative Coordinator for the South Central Drug Investigation Unit (SCDIU) tracks the SCDIU receivables on a spreadsheet, relying on hard copies due to limited visibility into the backend system for transaction confirmation.

Donations, typically received as checks, are processed based on size, with larger contributions brought to the City Council for approval. Small donations are processed without City Council approval.

Parking tickets are sent daily from Logis and downloaded to be entered in OpenGov. The tickets are marked as paid, as appropriate, by the Records Supervisor. If a parking ticket remains unpaid between ten and thirty days after the ticket issuance, a notice is mailed utilizing mail merge.

Public Works (Workflow Mapping Below)

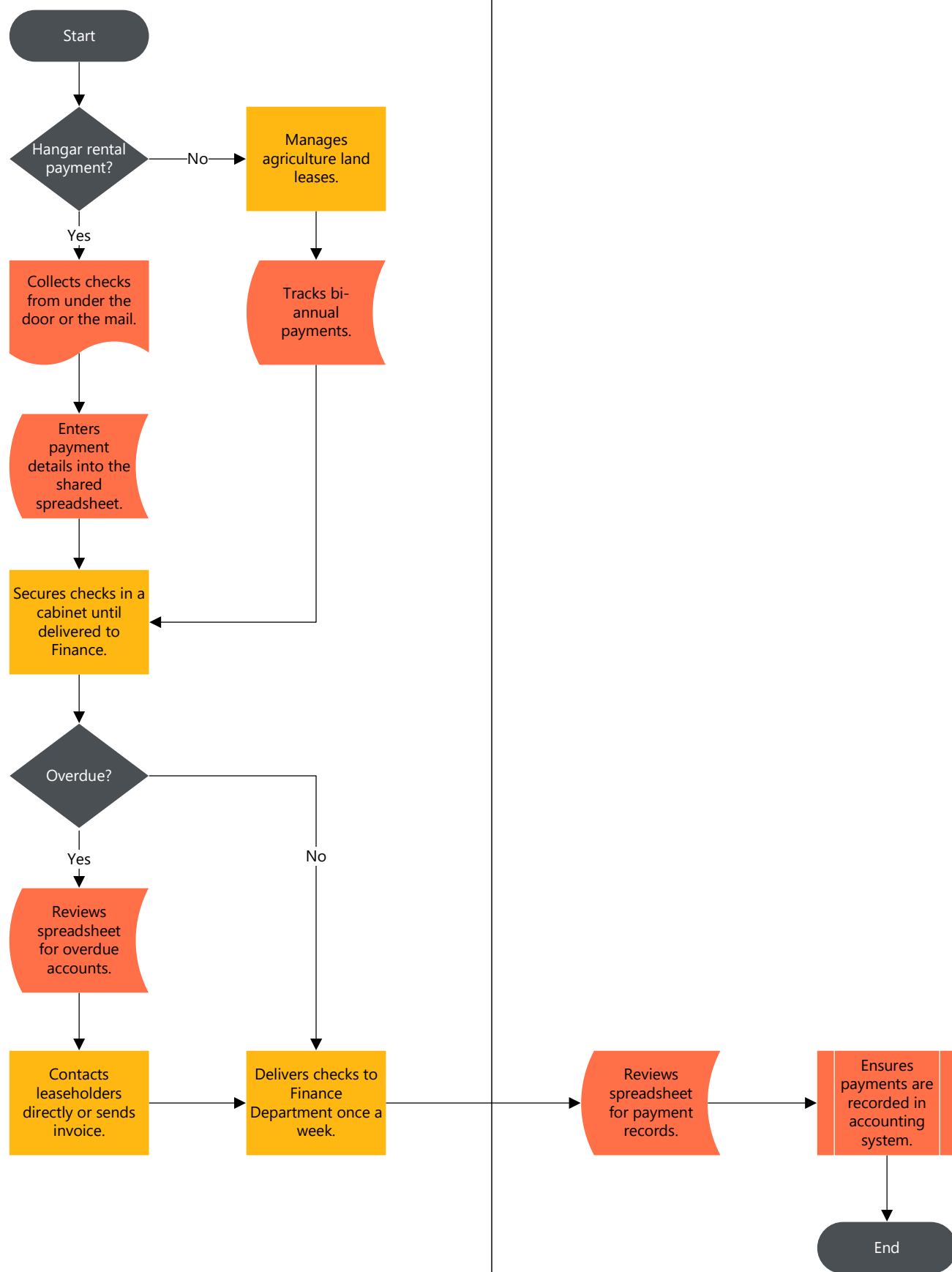
The Wastewater Manager manually creates invoices for septage and for utility billing customers that do not classify as user accounts for Owatonna Public Utilities using a spreadsheet. The Wastewater Manager enters the read of a flow meter designed to determine the amount of water being released to the sewer on a spreadsheet invoice that is emailed to the customer. The Public Works Administrative Coordinator and the Accounting Clerk receive a copy of the invoice as well. The Public Works Administrative Coordinator tracks accounts receivable for the department.

See also Cash Receipting.

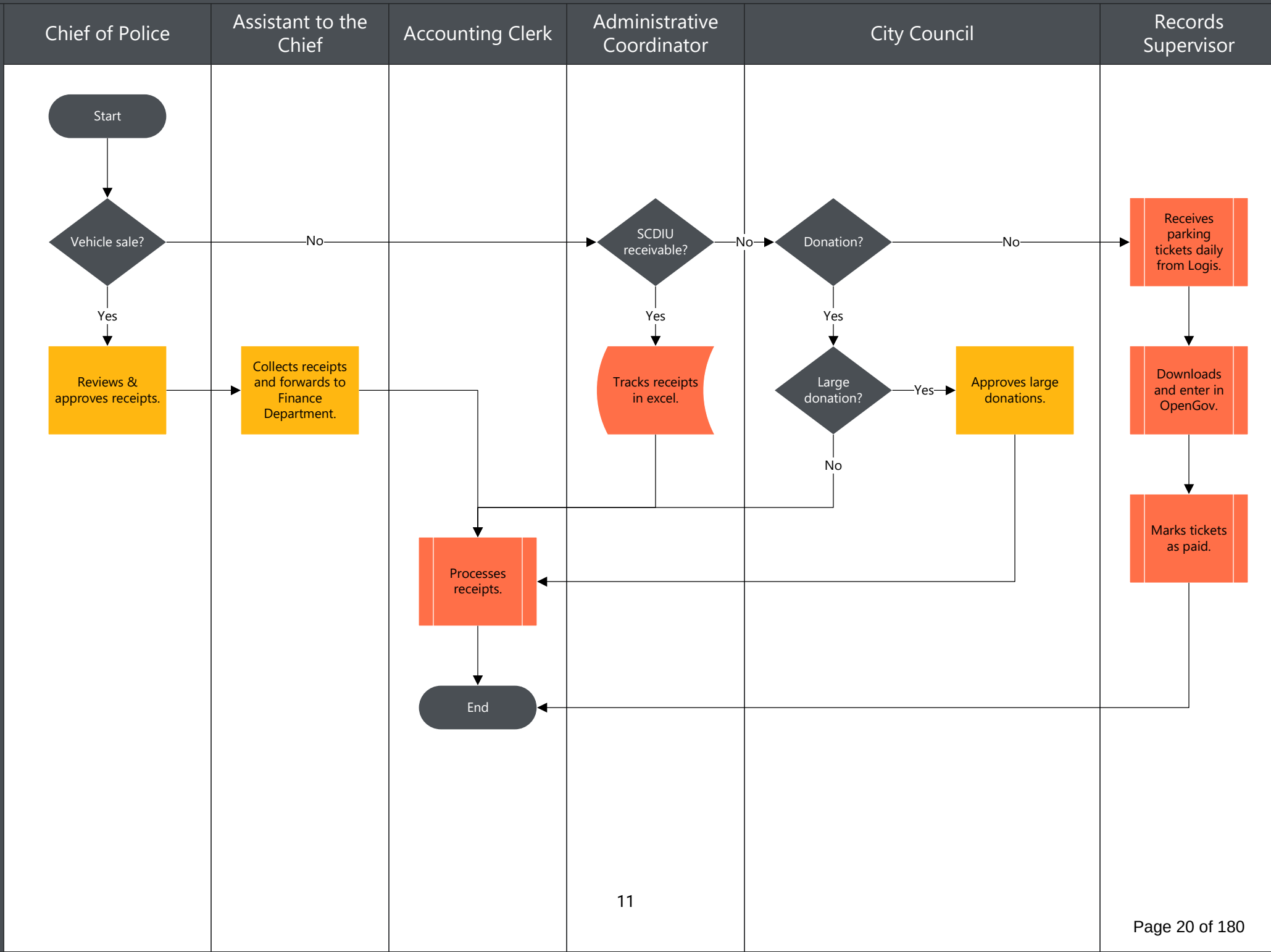
Accounts Receivable (Airport) – Current State

Airport Manager

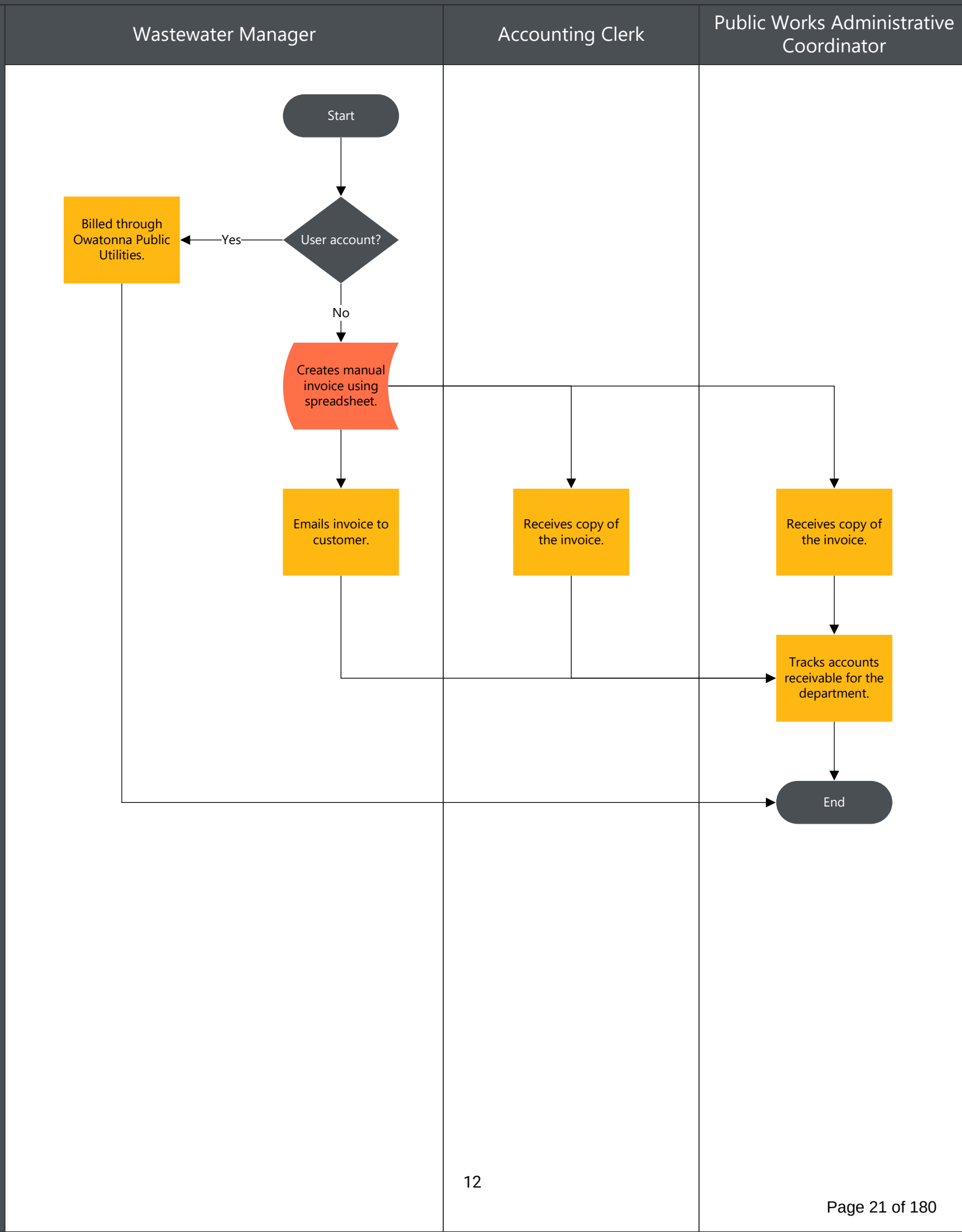
Accounting Clerk



Accounts Receivable (Police Department) – Current State



Accounts Receivable (Public Works) – Current State



Findings

Finding 1

Current Condition

Invoices are created outside of OpenGov.

Opportunities for Improvement

Manually generated invoices are not efficiently tracked or monitored for payment, leading to potential delays and errors in processing.

Threats or Risks

Generating invoices outside of OpenGov can result in fragmented data management and increased chances of discrepancies or loss of data. Invoices are not monitored in a database and an aging report cannot be generated. Payments received by Finance are often difficult to identify.

Recommendations

Utilize the accounts receivable module in OpenGov.

Priority

High

Finding 2

Current Condition

An aging report is not being run regularly to assess outstanding accounts receivable.

Opportunities for Improvement

Regularly running an aging report can help identify overdue accounts and improve cash flow management.

Threats or Risks

Failure to run an aging report can lead to increased risk of bad debt, as overdue payments may go unnoticed and unaddressed.

Recommendations

Implement a routine schedule for generating aging reports to keep track of outstanding debts and prioritize collection efforts.

Priority

High

Finding 3

Current Condition

Invoices and receipts are not entered into the system in a timely manner.

Opportunities for Improvement

Ensuring timely entry of invoices and receipts can improve financial tracking and provide more accurate financial reporting.

Threats or Risks

Delayed entry of invoices and receipts can lead to discrepancies in financial records, impacting decision-making and cash flow management.

Recommendations

Establish a streamlined process for prompt entry of invoices and receipts, utilizing automation when appropriate.

Priority

High

Accounts Receivable and Billing – Future State

The future state of the accounts receivable and billing process is centered around electronic workflow and document management with Civic Plus integrated with OpenGov.

To accommodate electronic workflow for accounts receivable, data entry is decentralized. Departments (e.g., Police, Airport, Housing) have access to enter accounts receivable invoices and attach supporting documentation (e.g., remittance advice, schedules that support accounts receivable calculations).

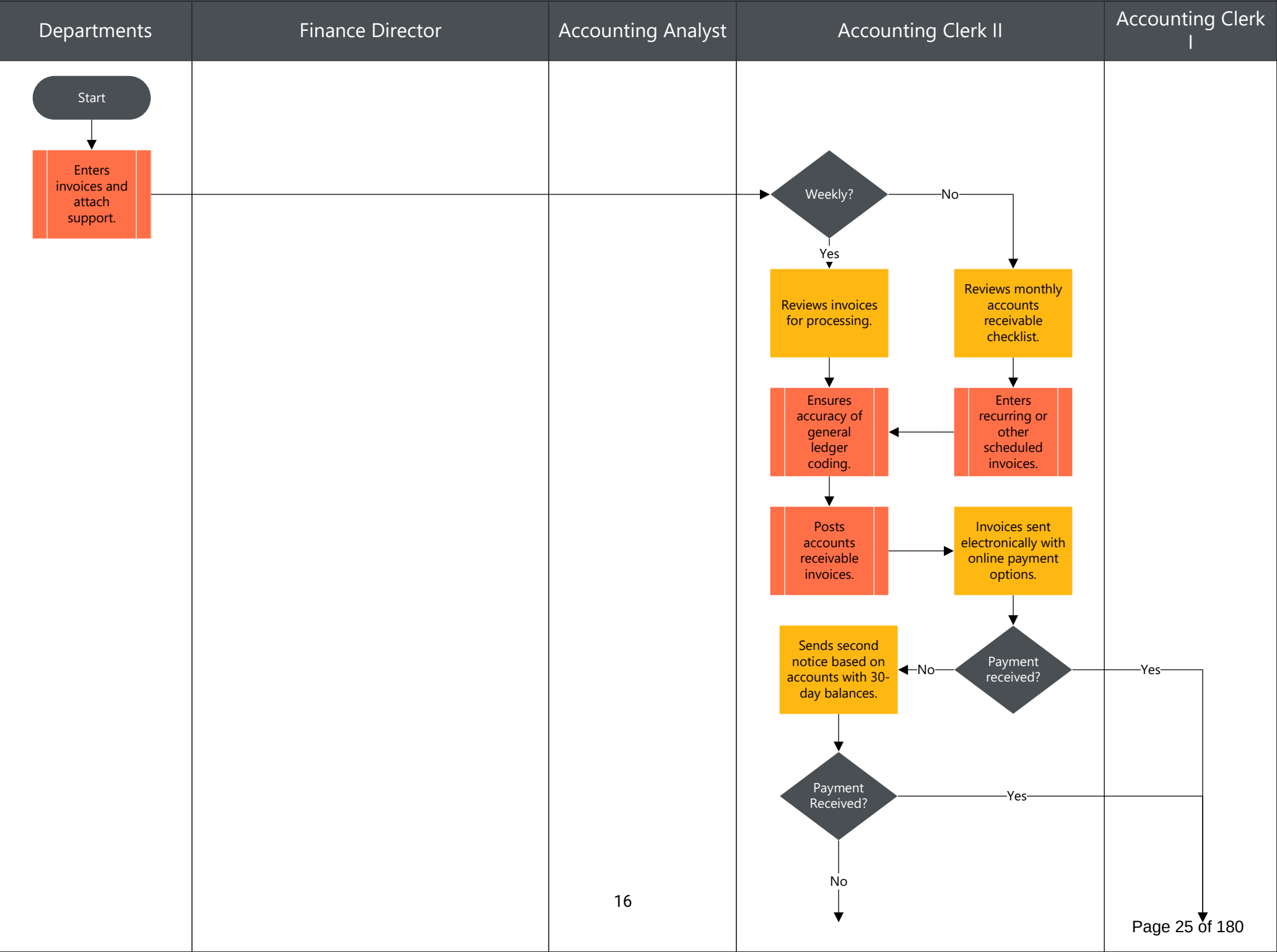
Weekly, the Accounting Clerk II reviews the invoices submitted by departments for processing. In addition, the Accounting Clerk II reviews the monthly accounts receivable checklist and enters any recurring or other invoices which are scheduled for each month. To maintain proper controls and ensure the accuracy of general ledger coding and other invoice details, the Accounting Clerk II retains the ability to post accounts receivable invoices to the system.

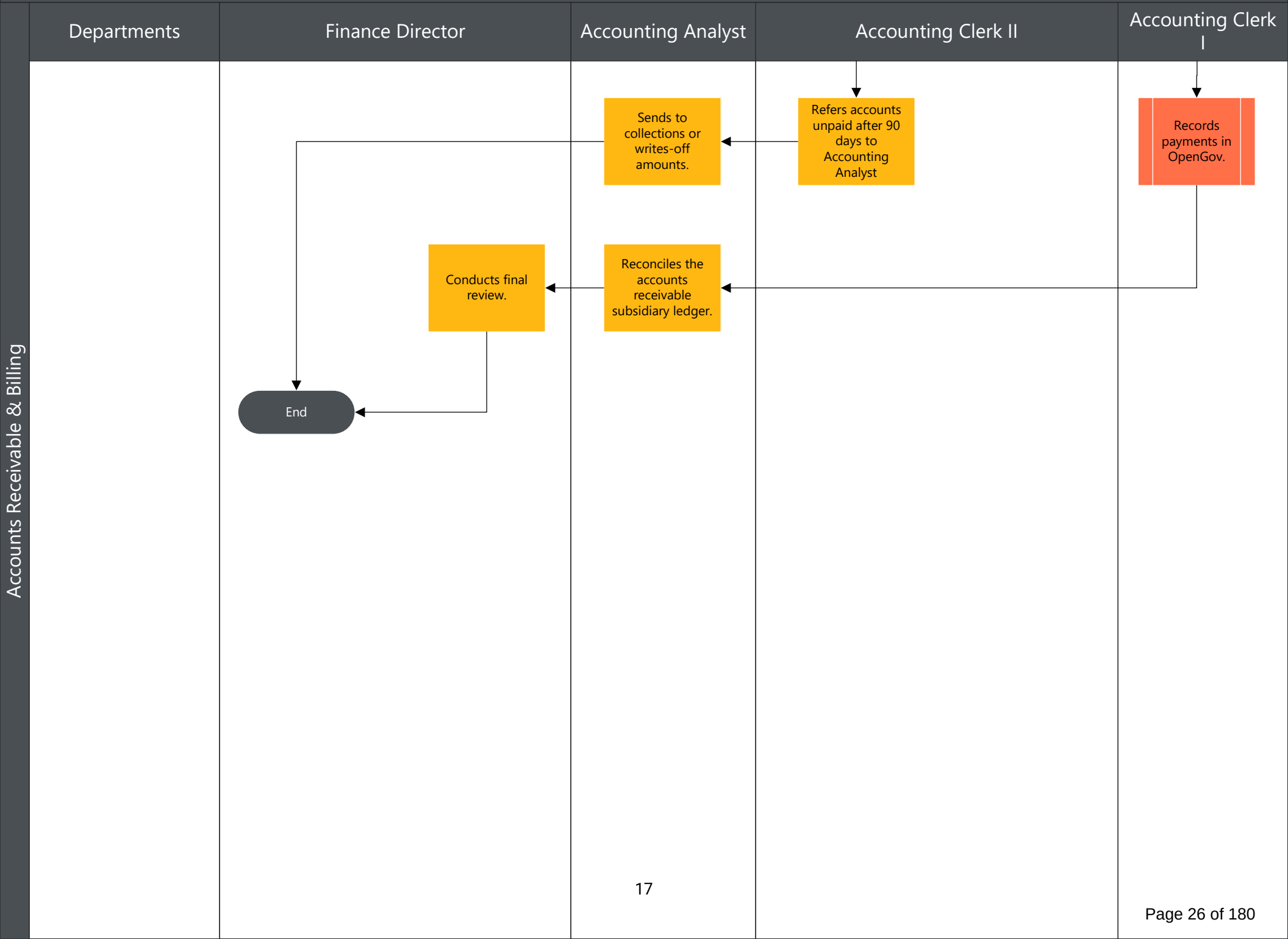
Invoices are sent electronically by the Accounting Clerk II, with the option to pay the invoice online via debit, credit, or a bank account. The Accounting Clerk II sends a second notice based on accounts with 30-day balances. Accounts that remain unpaid after 90 days are referred to the Accounting Analyst (Supervisor) for collections or write-off.

The Accounting Clerk I maintains the responsibility for recording payment in OpenGov. Any payments received are manually recorded in OpenGov and payment is applied to the corresponding invoice. In OpenGov, the method of payment is distinguished (e.g., ACH, check, cash).

Monthly, the Accounting Analyst (Supervisor) reconciles the accounts receivable subsidiary ledger to the general ledger to ensure that the balance sheet reconciles and also reviews the accounts with balances of 90 days or more. The Finance Director conducts a final review.

Accounts Receivable & Billing – Future State (Pg. 1)





Utility Billing

Utility Billing

Objective

To review, document, and evaluate the procedures associated with the utility billing transaction cycle.

Procedures

The City of Owatonna bills its utility customers for storm water and wastewater at a rate set annually by the City Council based on a rate study conducted by AE2S. Owatonna Public Utilities services the utility accounts based on the rates provided by the City. Storm water and wastewater billing for accounts is based on the average water usage during December, January, and February, setting the monthly rate for accounts. The Public Works Director is the only one authorized to make billing adjustments for water leaks to the calculated rate being charged from March through November. If Owatonna Public Utilities makes any adjustments for December, January, or February, the Public Works Director mirrors those adjustments.

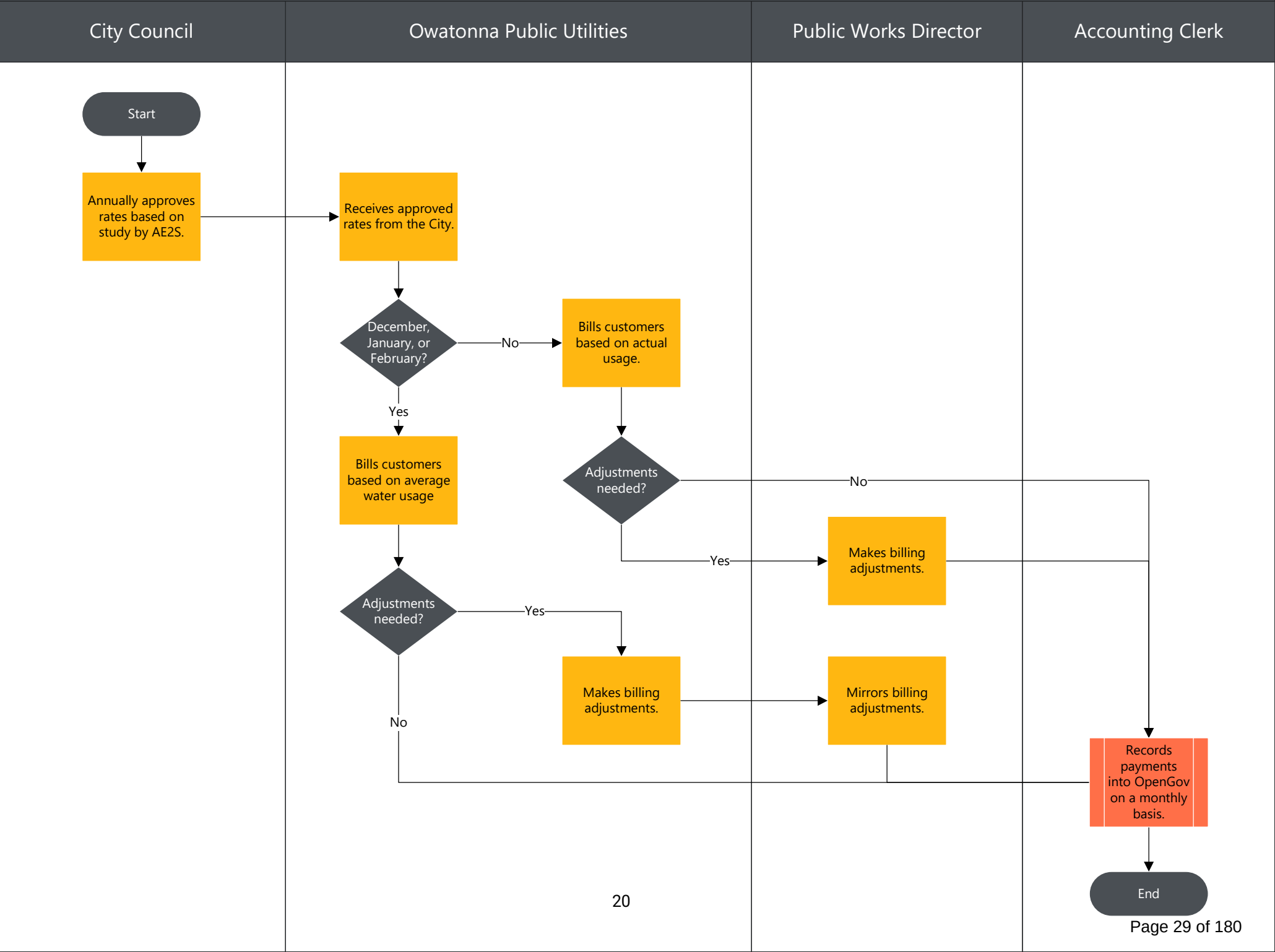
The Accounting Clerk records the payments from Owatonna Public Utilities in OpenGov on a monthly basis.

There is not a formal agreement in place with Owatonna Public Utilities and the City of Owatonna for the billing of utility accounts. However, if an account is delinquent, Owatonna Public Utilities assess the customer for the delinquent amount.

See also Cash Receipting.

Utility Billing – Current State

Utility Billing



Findings

Finding 1

Current Condition

There is not a formal agreement between the City and Owatonna Public Utilities for the monthly utility billing and associated payment collections. The existing processes for managing financial transactions and interactions between the two entities are based on informal arrangements and historical practices.

Opportunities for Improvement

The absence of a formal agreement may lead to ambiguity in financial responsibilities, lack of clear communication channels, and potential discrepancies in billing and payments. Informal arrangements can result in inconsistent application of policies and procedures, making it challenging to hold either party accountable for financial outcomes. Additionally, without a formalized structure, there is a risk of financial mismanagement or oversight.

Threats or Risks

There is a threat of disputes arising from misunderstandings or misinterpretations of financial obligations and responsibilities. Furthermore, the lack of formal documentation may hinder effective financial planning and budget forecasting, increasing the risk of financial instability.

Recommendations

The City and Owatonna Public Utilities collaborate to develop a formal agreement. This agreement should clearly define the financial roles, responsibilities, and obligations of each entity. Establishing formal communication protocols and dispute resolution mechanisms within the agreement will help ensure smooth interactions and prevent conflicts. Regular review and updates to the agreement will be necessary to accommodate any changes in operational or financial circumstances. Additionally, aligning the agreement with best practices and legal standards will enhance transparency, accountability, and financial governance between the City and Owatonna Public Utilities.

Priority

High

Finding 2

Current Condition

The Finance Department does not currently perform reconciliations between the information provided by Owatonna Public Utilities and the City's anticipated billing figures.

Opportunities for Improvement

Without a formal process to compare data from Owatonna Public Utilities with the City's anticipated billing, discrepancies in billing amounts and usage data may go undetected. This can lead to errors in customer billing, affecting revenue accuracy and customer satisfaction. Additionally, the absence of reconciliation undermines the ability to ensure the integrity and reliability of financial data used in financial reporting and decision-making.

Threats or Risks

The primary threat associated with not performing reconciliations is the risk of financial inaccuracies that could result in revenue loss or customer disputes. Discrepancies in billing could also lead to customer dissatisfaction and reputational damage. Furthermore, reliance on unverified data increases the risk of financial mismanagement and may complicate audits or reviews by external bodies, potentially exposing the City to legal and compliance risks.

Recommendations

The Finance Department establish a formal reconciliation process. This process should involve regularly comparing the data provided by Owatonna Public Utilities with the City's anticipated billing figures. The reconciliation should identify and resolve any discrepancies in a timely manner. Implementing automated tools or software to assist with this process can enhance accuracy and efficiency. Additionally, it is crucial to establish clear communication channels with Owatonna Public Utilities to facilitate data sharing and issue resolution. Regular training for staff involved in the reconciliation process will ensure they are equipped with the necessary skills and knowledge to perform accurate and effective reconciliations.

Priority

Medium

Finding 3

Current Condition

The Finance Department currently lacks documented procedures for adjusting utility bills. Adjustments to utility bills are made on an ad hoc basis without a standardized framework to guide staff through the process.

Opportunities for Improvement

Without a standardized approach, there is a risk of inconsistency in how adjustments are applied, potentially leading to errors or inequities in billing. The lack of documentation can also result in inefficiencies, as staff may need to seek guidance or approval for each adjustment on a case-by-case basis. Additionally, the absence of clear procedures complicates the training of new staff and creates challenges in maintaining institutional knowledge.

Threats or Risks

There is an increased risk of billing errors that could result in revenue loss or customer dissatisfaction. Inconsistent handling of adjustments may lead to disputes or complaints, damaging customer trust and the City's reputation. Furthermore, the lack of documentation can hinder the Finance Department's ability to demonstrate compliance with internal controls and audit requirements, increasing the risk of financial mismanagement or oversight.

Recommendations

The Finance Department develop and implement documented procedures for adjusting utility bills. These procedures should outline the criteria for making adjustments, the approval process, and the roles and responsibilities of staff involved. Establishing clear guidelines will promote consistency and accuracy in billing adjustments. Additionally, the procedures should be regularly reviewed and updated to reflect changes in policies or regulations. Training staff on the new procedures will ensure they are equipped to handle adjustments effectively and efficiently. By documenting and standardizing the adjustment process, the Finance Department can enhance transparency, accountability, and customer satisfaction.

Priority

Medium

Utility Billing – Future State

In the future state, a formal reconciliation process will be established. This process will involve the Accounting Clerk I comparing the billing data provided by Owatonna Public Utilities with the City's records on a monthly basis. Any discrepancies identified during the reconciliation will be promptly addressed through a structured resolution process involving both the City and Owatonna Public Utilities. The Accounting Clerk I will record all payments received from Owatonna Public Utilities in OpenGov on a monthly basis, ensuring that the financial records are up-to-date and accurate. The Public Works Director will continue to be the sole authority authorized to make billing adjustments for water leaks affecting the calculated rate charged from March through November. If Owatonna Public Utilities makes any adjustments to accounts for the months of December, January, or February, the Public Works Director will mirror those adjustments to ensure consistency and fairness in billing.

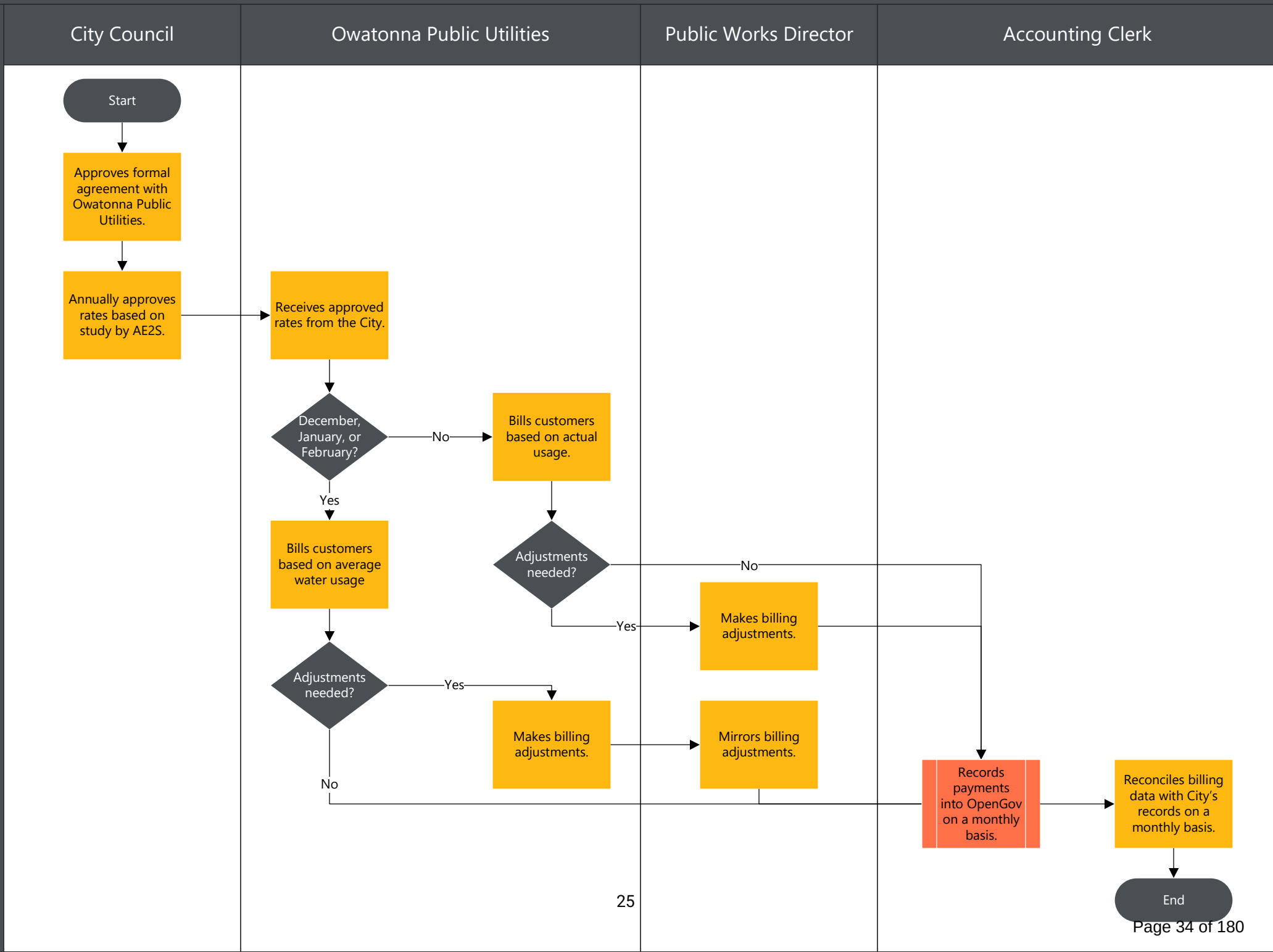
The City of Owatonna will continue to set the utility rates for storm water and wastewater annually, based on the rate study conducted by AE2S and approved by the City Council. These rates will be communicated to Owatonna Public Utilities, which will service the utility accounts using the rates provided. The billing for storm water and wastewater accounts will remain based on the average water usage during the months of December, January, and February, establishing the monthly rate for accounts for the remainder of the year.

To formalize the collaboration between the City of Owatonna and Owatonna Public Utilities, a formal agreement will be developed and implemented. This agreement will delineate the roles, responsibilities, and procedures for billing, adjustments, and reconciliation. It will also establish clear communication channels and protocols for addressing and resolving any discrepancies or disputes that may arise.

Additionally, in cases where an account becomes delinquent, Owatonna Public Utilities will continue to assess the customer for the delinquent amount. The formal agreement will include guidelines for managing delinquent accounts and ensuring that both entities are aligned in their approach to handling such situations.

By implementing this future state reconciliation process, the City of Owatonna will enhance the accuracy and reliability of utility billing, improve customer satisfaction, and foster a collaborative partnership with Owatonna Public Utilities. This structured approach will also support the City's commitment to transparency, accountability, and effective financial management.

Utility Billing – Future State



Project and Grant Accounting

Project and Grant Accounting

Objective

To review, document, and evaluate the procedures associated with project and grant accounting.

Procedures

Airport (Workflow Mapping Below)

When a grant offer is received for the airport, the Airport Manager brings the grant offer to the City Council to be approved by a resolution. Once the City Council has approved grant acceptance, the Finance Department is not immediately notified of the grant award. If the grant award arrives before the Finance Department is notified, the Accounting Clerk contacts the Airport Manager for clarification of the funds received. Once the Finance Department is notified of the grant award, a project code is set up in OpenGov for the grant. The Airport Manager collaborates with the airport consultant to oversee the project associated with the grant. Grant usage is tracked on a spreadsheet by the Airport Manager; the Accounting Clerk also tracks grant usage on a spreadsheet. The Airport Manager emails the grant reimbursement requests to the grantor and copies the Accounting Clerk on the emails sent.

EDA Loans (Workflow Mapping Below)

Once an Economic Development Authority (EDA) loan is approved, the necessary loan documents are prepared and sent to the City Attorney for review. After the City Attorney has completed the review, the loan documents are forwarded to the Community Development Director who is responsible for issuing the loan to the recipient, which involves approving the disbursement of funds to the borrower's account. Following the issuance of the loan, the Finance Department meets with the borrower to establish automatic withdrawal arrangements, ensuring that loan repayments are automatically deducted from the borrower's account according to the agreed-upon schedule.

For forgivable loans, the process mirrors that of standard EDA loans, with slight variations to account for the terms under which the loan may be forgiven. The Finance Department handles between six to twelve of these loans annually.

Community Development (Workflow Mapping Below)

The Community Development department manages a range of grants, including those from the Department of Natural Resources, for property acquisitions and development projects. Once grants are awarded, the City Council must approve the acceptance of the grant. Next, project codes are established by the Finance Department to facilitate tracking and reporting. The Community Development Director tracks project expenses against the estimated amounts provided during the grant application. If the expenses exceed the grant allotment, the Community Development Director updates the City Administrator and utilizes the Community Development budget to cover the shortfall.

Expenses are submitted for reimbursement after the project is complete rather than at regular completion milestones. The Community Development Director does not notify the Finance Department of a payment request.

Housing and Redevelopment Authority

The Housing and Redevelopment team consists of a Housing Manager and a part-time Housing Specialist and manages four properties. The Housing and Redevelopment Authority utilizes Housing Data Systems to manage recertifications and schedule and track inspections. The calculation for housing assistance payments is done in Housing Data Systems, but a spreadsheet is generated for every client. This spreadsheet consolidates all relevant financial information, including calculated assistance payments. Once completed, the spreadsheet is sent to the Finance department for review.

Upon receiving the spreadsheet from the housing department, the Finance department reviews the spreadsheet and processes the payments to the landlords, which are typically direct deposits. The Housing Manager is responsible for collecting essential documentation from landlords, including IRS Form W-9 and bank account information.

The Finance Department is copied on reimbursement emails from the Housing Manager. However, notification of grant awards to Finance is not always consistent.

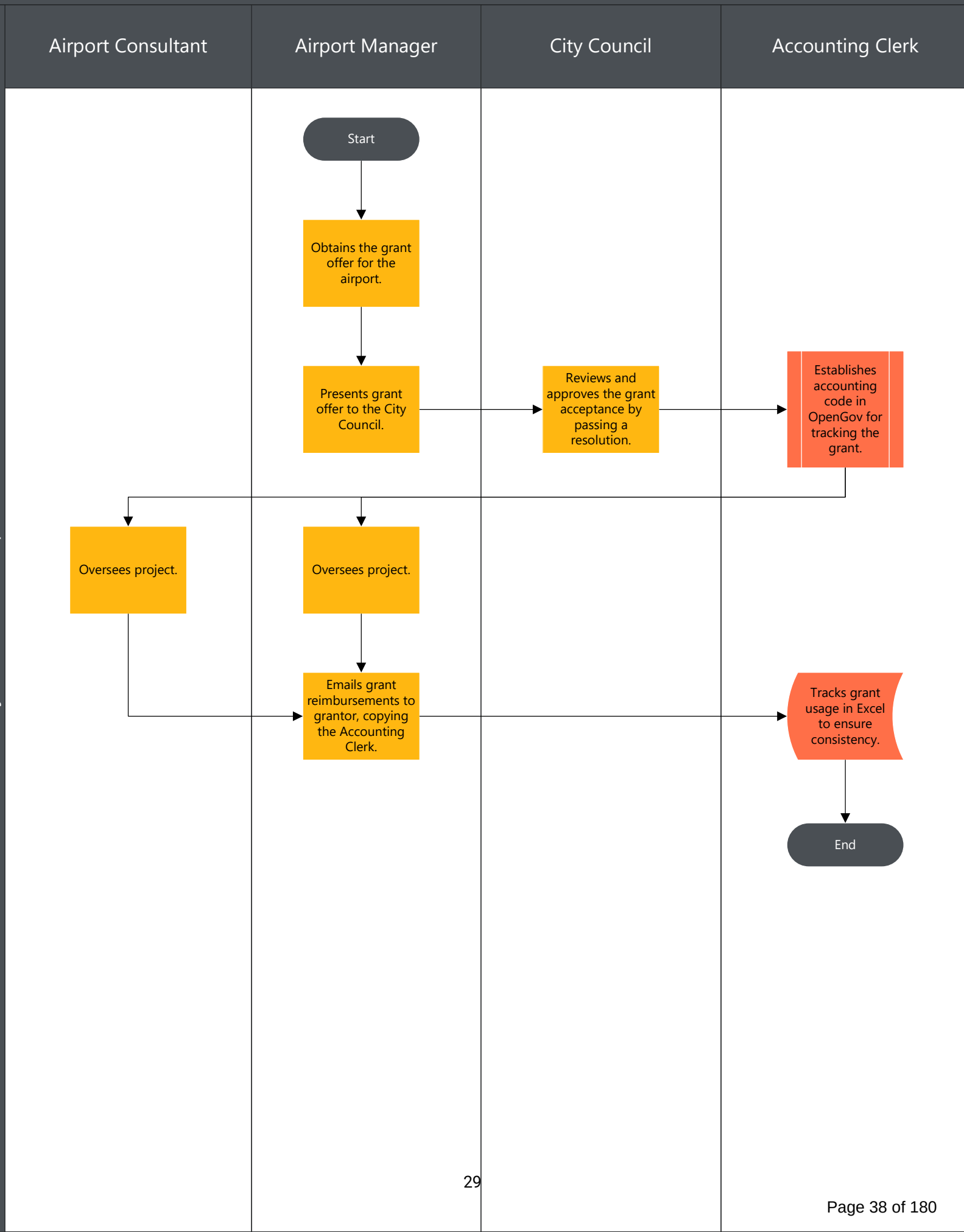
Grant reimbursements are submitted monthly using spreadsheets that detail project expenses and milestones. The Housing Manager converts the data into a Word document which is then converted to a PDF to present the data in a structured, narrative form. The invoice is then sent to the grantor for payment processing.

Voucher Management System (VMS) reports are due to the Department of Housing and Urban Development (HUD) by the 22nd of every month. The Housing Manager has not consistently received from Finance the financial reports necessary to complete the VMS reports.

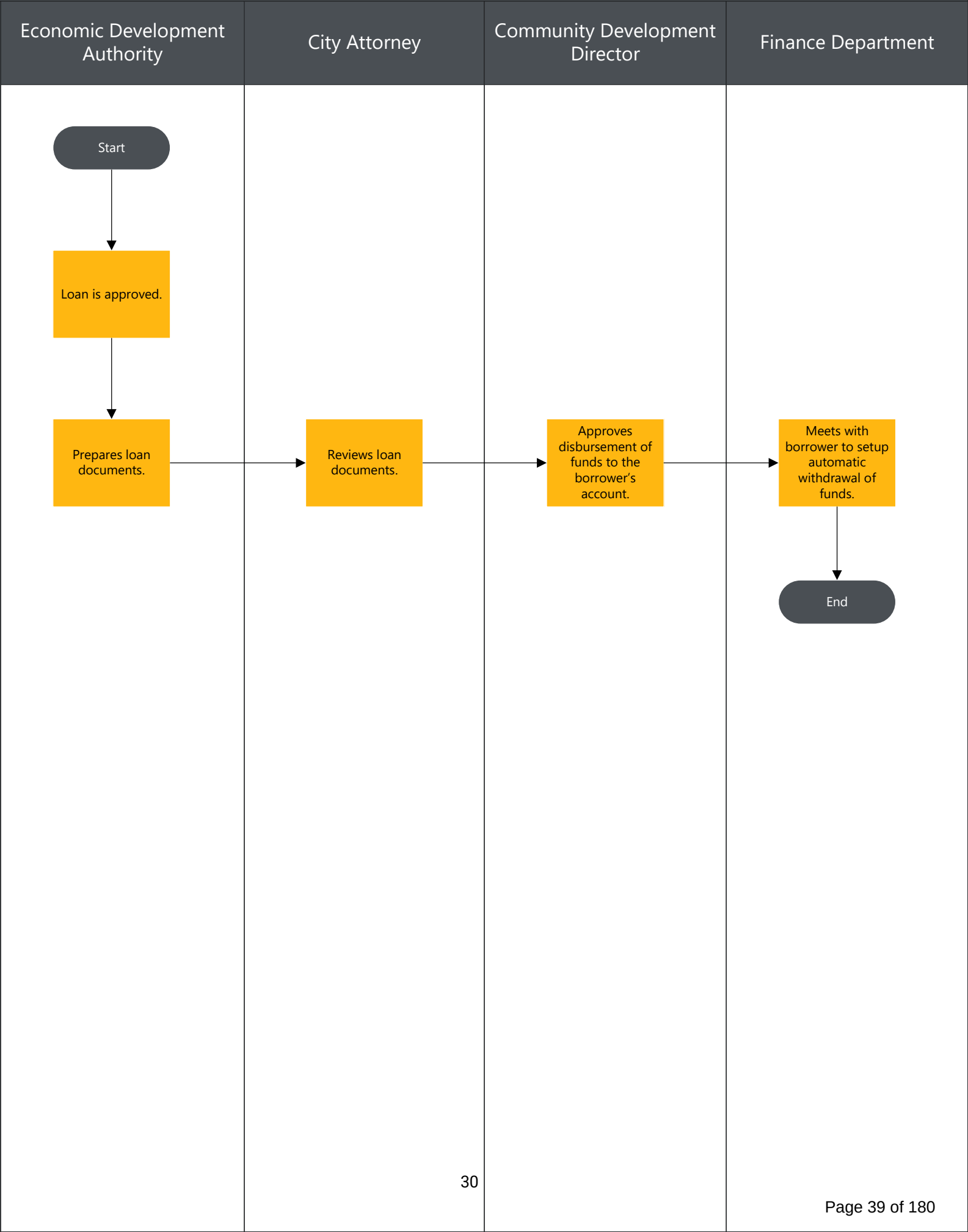
Historically, the preparation of Real Estate Assessment Center reports was a collaborative effort with Finance Director, conducted semiannually. However, due to staff turnover, CLA is providing assistance with these reports.

See also Accounts Receivable and Billing.

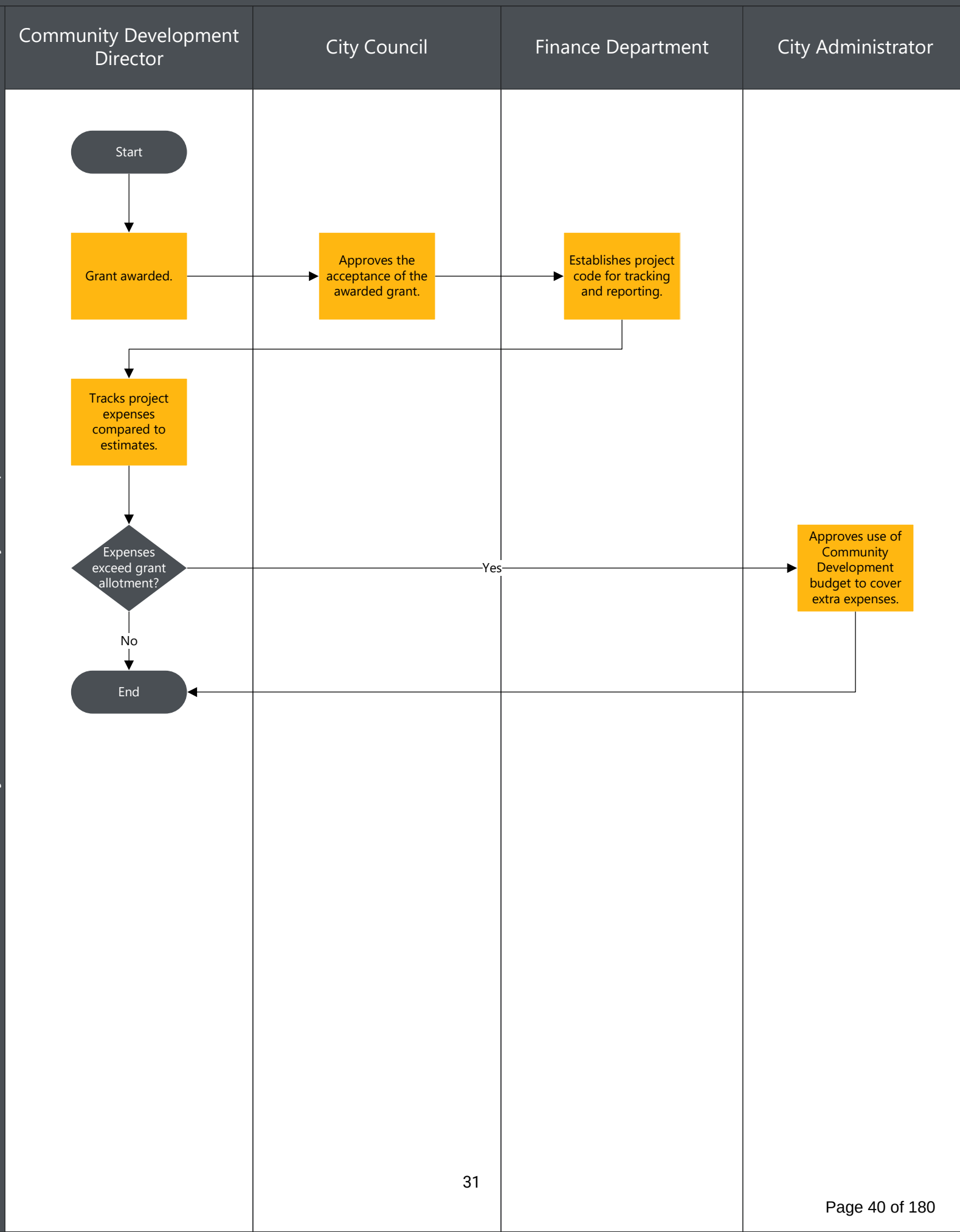
Projects & Grants (Airport) – Current State

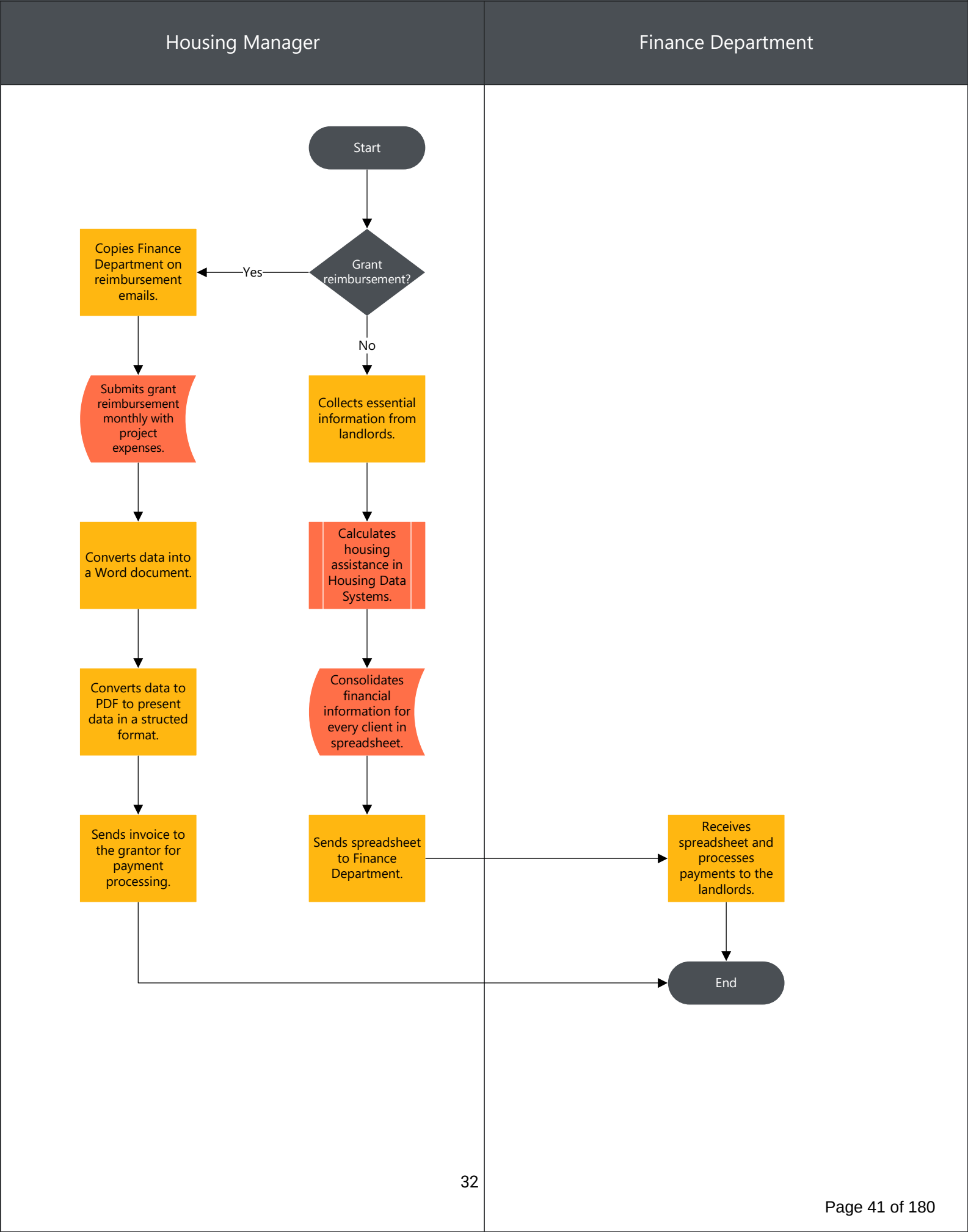


Projects & Grants (EDA) – Current State



Projects & Grants (Community Development) – Current State





Findings

Finding 1

Current Condition

The current practice for grant reimbursement involves processing reimbursements at the end of the project.

Opportunities for Improvement

With this approach, there is a potential strain on the City's cash flow. Waiting until project completion to request reimbursement means that the City must front all expenses throughout the project duration, which can tie up significant funds that could be used for other operational needs.

Threats or Risks

There is an increased risk of financial strain due to prolonged periods of fronting project costs. This can impact the City's ability to fund other initiatives or respond to unexpected financial needs. Furthermore, the delay in reimbursement increases the risk of non-compliance with grant conditions, as discrepancies might not be identified and addressed promptly. In the event of non-compliance, there is a risk of financial penalties or loss of future funding opportunities.

Recommendations

The Finance Department considers adopting a phased reimbursement approach. This would involve submitting reimbursement requests at regular intervals throughout the project, such as quarterly or semi-annually. Phased reimbursements can alleviate cash flow constraints by providing more frequent influxes of funds. This approach also facilitates earlier detection and resolution of discrepancies or compliance issues, enhancing overall grant management.

Priority

Medium

Finding 2

Current Condition

Grants are manually tracked, without the use of project codes. This manual tracking involves maintaining spreadsheets to record grant-related financial data, including expenses, reimbursements, and compliance requirements.

Opportunities for Improvement

This approach is time-consuming and prone to human error, which can lead to inaccuracies in financial records. The lack of project codes complicates the organization and retrieval of grant-related information, making it challenging to monitor grant performance and compliance effectively. Additionally, manual tracking limits the ability to integrate grant data with other financial systems, hindering comprehensive financial analysis and reporting.

Threats or Risks

The primary risks associated with manual grant tracking include the potential for data entry errors and incomplete records, which could jeopardize compliance with grant conditions and lead to financial penalties or loss of funding. The inefficiency of manual tracking may also result in delays in reporting and reimbursement, affecting cash flow and overall financial management. Furthermore, the reliance on external spreadsheets increases the risk of data loss or security breaches.

Recommendations

Use project codes within OpenGov to streamline the tracking and management of grant activities. Project codes will enable the categorization of grant-related transactions, facilitating accurate data entry, retrieval, and reporting. The adoption of an automated system will enhance data accuracy, reduce the risk of errors, and improve the efficiency of grant management processes. The system should include features for tracking expenses, monitoring compliance, and generating timely reports to support decision-making and financial analysis. Training staff on the new system will ensure a smooth transition and maximize its effectiveness.

Priority

Medium

Finding 3

Current Condition

The Finance Department is not notified when a grant payment request is submitted.

Opportunities for Improvement

Ensuring that the Finance Department is promptly notified can enhance coordination and expedite the processing of grant payments.

Threats or Risks

Lack of notification can lead to delays in payment processing, miscommunication, and potential financial discrepancies.

Recommendations

Develop a standardized procedure that requires submission of a grant payment request to be accompanied by a direct communication to the Finance Department, such as an email or internal messaging alert, ensuring awareness of the request.

Priority

Medium

Finding 4

Current Condition

The Finance Department is not consistently notified when a grant award is accepted.

Opportunities for Improvement

Consistent and prompt notification can improve financial planning and resource allocation, ensuring that grant funds are managed effectively.

Threats or Risks

Inconsistent notification can lead to misalignment in budgeting, delayed utilization of funds, and potential oversights in financial reporting.

Recommendations

Create a grant acceptance process that includes saving the grant agreement and the corresponding Council resolution in a shared Finance folder designated for grant agreements. Communicate to department heads the importance of timely communication with Finance staff.

Priority

Medium

Finding 5

Current Condition

Housing assistance payments are calculated using Housing Data Systems and manually generated using a spreadsheet for each client.

Opportunities for Improvement

There is an opportunity to streamline and automate the generation of these spreadsheets directly from Housing Data Systems. By leveraging the full capabilities of the software, the process can be made more efficient and less prone to manual errors. Automating this step could also facilitate quicker data transfer to the Finance department, expediting the review and payment process.

Threats or Risks

The manual generation of spreadsheets introduces a significant risk of data entry errors, which can lead to inaccuracies in financial reporting and potential delays in payment processing. This labor-intensive process consumes valuable staff time and resources, diverting attention from other critical tasks. The reliance on manual processes also poses a risk of non-compliance with financial reporting standards if errors go undetected.

Recommendations

Upgrade the Housing Data Systems to include automated report generation features that directly create client spreadsheets with consolidated financial information. This enhancement should aim to integrate seamlessly with the OpenGov, ensuring efficient data flow and reducing the need for manual intervention. Providing training for staff on the upgraded system will be essential to maximize the benefits of automation and ensure a smooth transition.

Priority

High

Finding 6

Current Condition

The Housing and Redevelopment Authority has become reliant on external assistance from CLA for the preparation of Real Estate Assessment Center reports.

Opportunities for Improvement

Developing internal capacity to manage the preparation of Real Estate Assessment Center reports can enhance operational independence and reduce long-term costs associated with external assistance. Building internal expertise will also ensure continuity in reporting processes, even in the event of staff turnover.

Threats or Risks

Reliance on external assistance presents risks related to increased costs and potential delays in report preparation. There is also a risk of losing institutional knowledge and expertise, which can impact the quality and accuracy of reports. Over time, this dependency could hinder the department's ability to adapt to changes in reporting requirements or processes.

Recommendations

Invest in staff training and development to build internal expertise in report preparation. Consider cross-training existing staff to ensure knowledge retention and continuity in reporting processes. Establish a knowledge management system to document reporting procedures and best practices, ensuring that critical information is preserved and accessible to all relevant personnel.

Priority

Medium

Finding 7

Current Condition

The Housing and Redevelopment Authority has been experiencing delays in receiving necessary financial reports from the Finance department. These reports are crucial for completing various compliance and operational tasks, including the preparation of Voucher Management System reports due to the Department of Housing and Urban Development. The lack of timely financial data has hindered the Housing Manager's ability to meet these critical reporting deadlines.

Opportunities for Improvement

Improving the timeliness and consistency of financial report delivery from the Finance department can significantly enhance the Housing department's operational efficiency. Establishing a standardized schedule for report generation and delivery can ensure that all necessary financial data is available when needed. Additionally, implementing automated systems for report generation and sharing could facilitate timely access to financial information.

Threats or Risks

The current delays in receiving financial reports pose a risk of non-compliance with HUD reporting requirements, potentially leading to financial penalties and jeopardizing future funding opportunities. The inability to complete reports on time can also damage the City's reputation with regulatory bodies and stakeholders. Furthermore, these delays can impact the Housing department's ability to make informed decisions and manage resources effectively.

Recommendations

Develop and implement a standardized schedule for the generation and delivery of financial reports from the Finance department to the Housing department. Regular inter-departmental meetings could also be instituted to ensure ongoing communication and address any issues related to report delivery promptly.

Priority

High

Project and Grant Accounting – Future State

In the future state, the Finance Department will utilize the OpenGov software to optimize efficiency, accuracy, and compliance. OpenGov will leverage project codes to streamline the tracking, management, and reporting of grant-related activities.

Once a grant award is accepted by a Council resolution, a designated staff member from the department awarded the grant will save the grant agreement and the corresponding Council resolution in a shared Finance folder designated for grant documents. This centralized repository will ensure that all essential documents are easily accessible for review and audit purposes.

Each grant will be assigned a unique project code, enabling precise tracking of expenses, reimbursements, and compliance requirements. This approach will facilitate real-time data entry and retrieval, significantly reducing the likelihood of human error and ensuring the integrity and accuracy of financial records. This approach will also enable streamlined reporting and auditing processes, enhancing overall transparency and accountability.

The Finance department will implement a standardized schedule for the generation and delivery of financial reports to all relevant departments, including Housing and Redevelopment. Automated systems within OpenGov will generate reports and make them accessible in real-time, ensuring that departments have timely access to the data necessary for compliance and decision-making. Regular inter-departmental meetings will be established to maintain open lines of communication, swiftly address any issues related to report delivery, and ensure alignment of financial strategies.

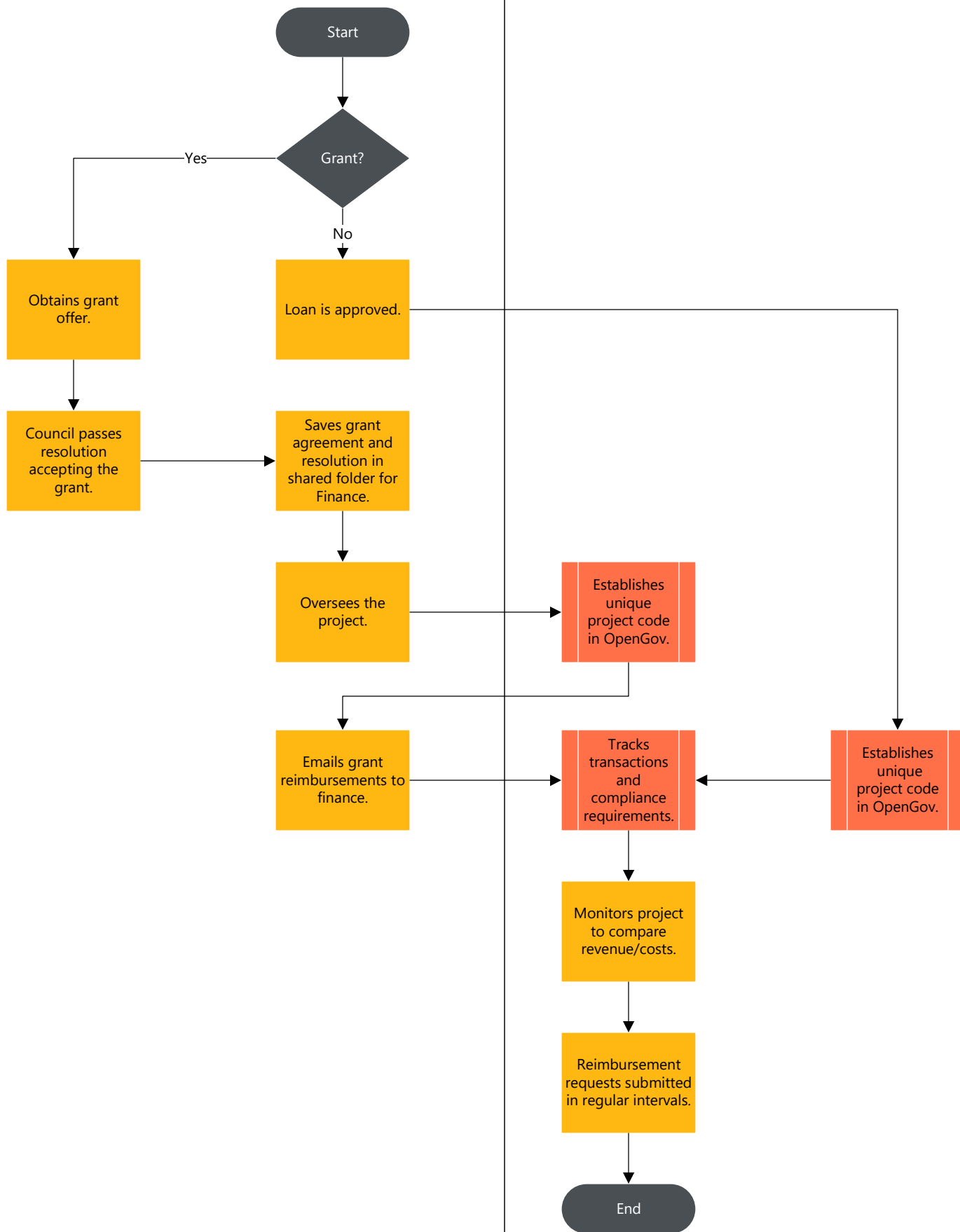
To optimize cash flow management, the future state will incorporate a phased reimbursement approach for grant-related activities. Reimbursement requests will be submitted at regular intervals, such as quarterly or semi-annually, based on documented expenses. This consistent influx of funds will alleviate financial strain, enabling the City to manage project costs more effectively and reducing the need for fronting project expenses over extended periods.

To ensure sustainability and reduce reliance on external assistance, the City will invest in staff training and development. Building internal expertise in report preparation and financial management will bolster operational independence. A knowledge management system will be established to document procedures, best practices, and institutional knowledge, ensuring that critical information is preserved and accessible to all relevant personnel.

Projects & Grants – Future State

Departments

Finance



Cash Receipting

Cash Receipting

Objective

To review, document, and evaluate the procedures associated with the cash receipting cycle.

Procedures

There are several departments that process transactions and there are several staff members that have access to cash drawers with each department responsible for balancing the assigned cash drawer.

Airport

The credit card terminal at the airport is owned by Avfuel. When a credit card sale occurs, the transaction is processed through this terminal, which is directly linked to Avfuel's financial system. Upon processing a credit card transaction, Avfuel initially receives the funds. After accumulating these funds, Avfuel then remits the appropriate amount to the City's accounts. The reconciliation of these credit card transactions is completed by the Accounting Clerk.

Checks received for fuel payments are run through the Avfuel terminal as cash transactions and appear on the remittance form provided by Avfuel.

Building Inspections (Workflow Mapping Below)

The cash drawer, which is utilized for various transactions, is accessible to the Administrative Technician for Building Inspections and the Senior Administrative Technician for Community Development. The cash drawer is securely locked and built into the counter. The key to this drawer is stored in the Administrative Technician for Building Inspections' desk drawer; however, the desk drawer is not locked. The Senior Administrative Technician for Community Development accepts payments for Building Inspections when the Administrative Technician for Building Inspections is unavailable. When both staff members are out, the drawer is locked.

Credit cards are processed in OpenGov by the Administrative Technician for Building Inspections. At the end of each business day, the Administrative Technician for Building Inspections makes a deposit in the Finance safe. A report from OpenGov is printed and included in the deposit bag. The Accounting Clerk reviews the report, verifies the transaction totals match the totals in OpenGov, and validates the credit card transactions in OpenGov.

Finance Department (Workflow Mapping Below)

Various permits (e.g., liquor, garbage, and tobacco) are processed and issued by the Administrative Coordinator. The City issues 35 tobacco permits, 10 garbage truck permits, 2 taxi permits, 8 charitable gambling permits, and 58 liquor permits. Payments for permits may be made online, which includes an additional fee charged by the credit card processor; cash and checks are occasionally brought in by customers. Each day, a spreadsheet detailing the transactions is prepared as a deposit slip. The spreadsheet categorizes the permits by type (e.g., beer, wine, garbage). Each entry in the spreadsheet includes specific coding and the name of the permit holder. Once the spreadsheet is completed, it is printed and attached to the deposit documentation. The prepared deposits are then dropped in the Finance safe, with all related documents paperclipped together.

OpenGov is used to record and track permits; the permits must be manually entered. The state requires a paper copy of the relevant permit documents.

A daily transaction pull from the US Bank portal, known as Singlepoint, is used to verify transactions. If the Accounting Specialist cannot identify a transaction, an email is sent to the rest of the Finance Department for clarification. A Teams spreadsheet is maintained to track credit card transactions, with the Accounting Clerk providing regular updates.

Fire Department

The Fire department has a petty cash fund that is stored in a safe which can be accessed by only the Fire Chief and the Senior Administrative Technician. The petty cash is used for small purchases when the vendor does not accept purchasing cards and the purchase cannot wait for the check run.

The Fire department does not have a change fund.

Library

The library has two cash drawers. One is secured with a three-digit code, which is accessible by all staff members. The other is stored in a locked drawer, with the key located in a drawer directly above it. The Library Administrative Technician makes a deposit several times a week. Payments are accepted for various library services (e.g., copies, lost books, library card issuance). Each transaction is recorded on a piece of paper, providing a manual record of financial activities. The responsible staff member then calculates the total amount from these transactions and retrieves the corresponding funds from the till for deposit.

The cash drawer is not routinely balanced to a predefined amount; however, when there is an accumulation of excess funds in the drawer, the Library Administrative Technician categorizes these excess funds as donations.

Parks and Recreation (Workflow Mapping Below)

Parks and Recreation encompasses a variety of facilities in various locations (e.g., water park, golf course, tennis and pickleball center, park and recreation office). Each of these locations operates a cash drawer, with the amounts contained in each drawer varying based on the specific needs and operations of the site. A change bag is maintained in a safe. Daily counting procedures, both at the opening and closing of each business day, are conducted by different individuals, based on the schedule. Supervisors verify deposits; although, the contents of the cash drawers are not regularly counted.

Deposits, not the cash drawers, are over or short if there is a discrepancy in funds. A system-generated report is printed, which details the transactions and amounts to be deposited. This report is then signed by the staff member making the deposit. The deposit is either taken directly to the bank or to the City office to be dropped in the Finance safe. When a deposit is taken to the bank, two leads travel in separate vehicles to make the deposit. Alternatively, a Community Service Officer (CSO) can be requested to assist with the deposit.

Police Department

Checks are stamped upon receipt. A deposit sheet accompanies any funds prepared for deposit. Bank bags are used to transport funds to the Finance drop box, with this task being carried out once daily by a Community Service Officer (CSO). These zipper bags contain a deposit sheet that indicates how the funds should be coded by the Finance Department.

For credit card transactions, the Finance Department receives email notifications for online payments. Credit card payments are not accepted over the phone in the Police department. A credit card swiper is available for in-person transactions, with a dedicated computer terminal to process these payments.

Petty Cash

The Police department has \$400 in petty cash. Petty cash is securely stored within the Police department in a locked box inside of a locked drawer. Petty cash is balanced monthly by the Police Chief's Administrative Assistant. In addition to this regular balancing, spot checks are conducted by both the department head and the captain. Typical uses include expenses for postage at the post office, compliance checks related to tobacco and liquor, and other small purchases that cannot be delayed by the time required for check processing. Receipts must be obtained for all purchases made with petty cash to maintain a clear record of expenditures.

The petty cash fund also functions as a change drawer for records. However, access to this fund is restricted, and if the Police Chief's Administrative Assistant is unavailable, individuals requiring change are directed to get it from another source and return to complete the transaction.

Buy Fund

The buy fund for the drug task force is managed by the Evidence Technician through a separate debit card associated with a distinct bank account. This account allows expenditures of up to \$1,000 per day without prior approval. Officers are required to sign a form when they are issued the bank card, which serves as an acknowledgment of responsibilities and the terms of use. Officers who use the fund must complete a form detailing the transaction and return any unneeded funds. Receipts must be obtained for any portion of the buy fund given to informants. The reconciliation of this account is conducted monthly by the Evidence Technician, who sends the reconciliation report to both the Finance Director and the Accounting Analyst. While the Commander reviews each transaction as it occurs, the Commander does not review in the bank reconciliation. When officers exit the task force, the Commander is responsible for collecting any equipment and the debit card associated with the buy fund. The Police Chief's Administrative Assistant destroys the corresponding bank cards to prevent unauthorized use.

Public Works

Citizens who pay for septage hauling services often do so in cash. The Wastewater Manager holds the funds and then brings a deposit to the Finance Department.

The Public Works Administrative Coordinator maintains a locked change drawer with \$50 which is stored within the building area. The cash is primarily utilized for providing change to individuals purchasing wood and related transactions. A receipt for each transaction is printed from OpenGov.

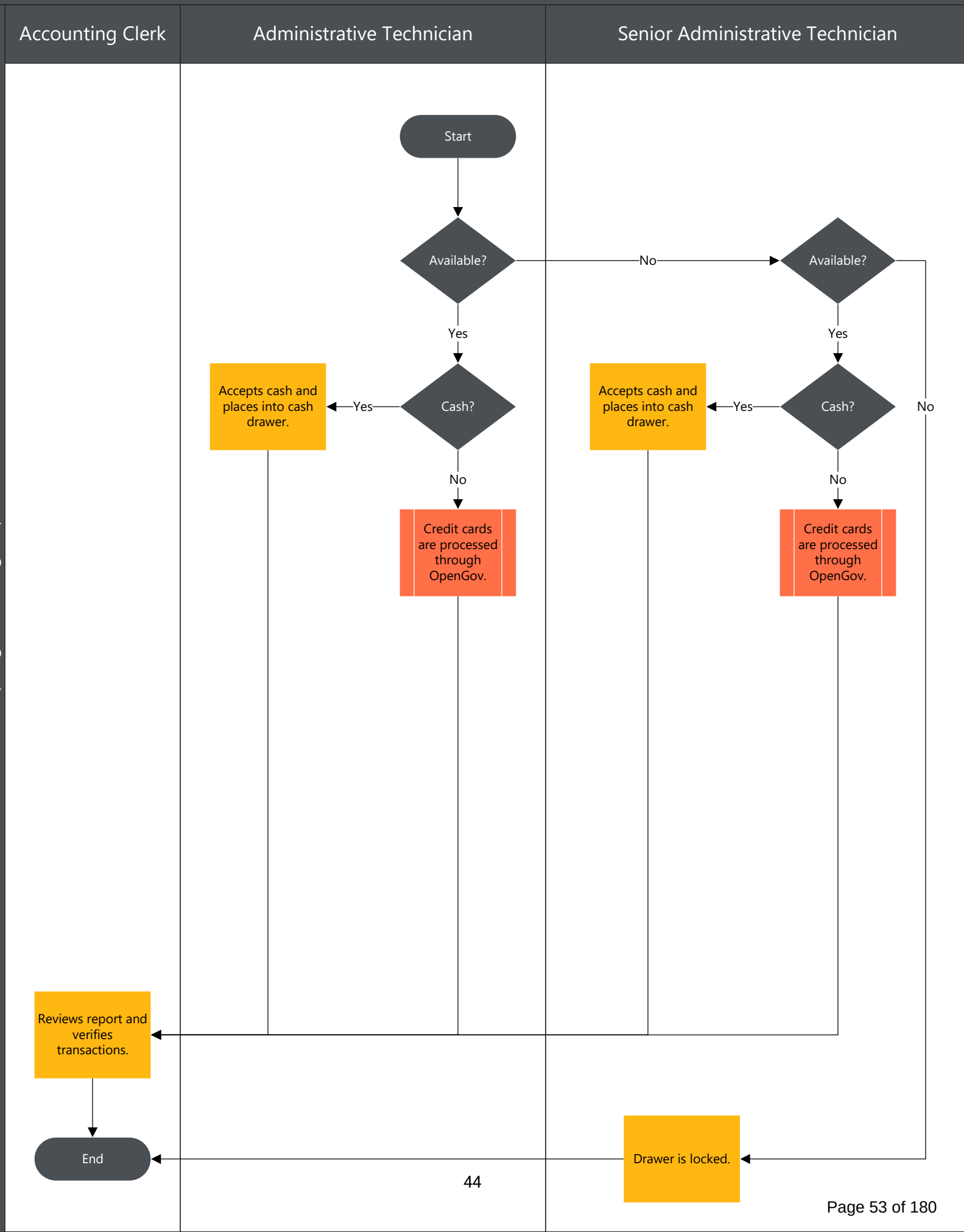
In addition to cash transactions, Public Works also facilitates payments over the phone. These transactions are processed through OpenGov using Stripe, a payment processing service. The Finance Department is responsible for reconciling these transactions. When processing card payments over the phone, the card number is entered directly into Stripe, and the transaction data is subsequently integrated into the OpenGov system. The card number may be repeated back to the caller for confirmation. The caller is kept on the line until the card is successfully processed in case there are any issues.

Finance

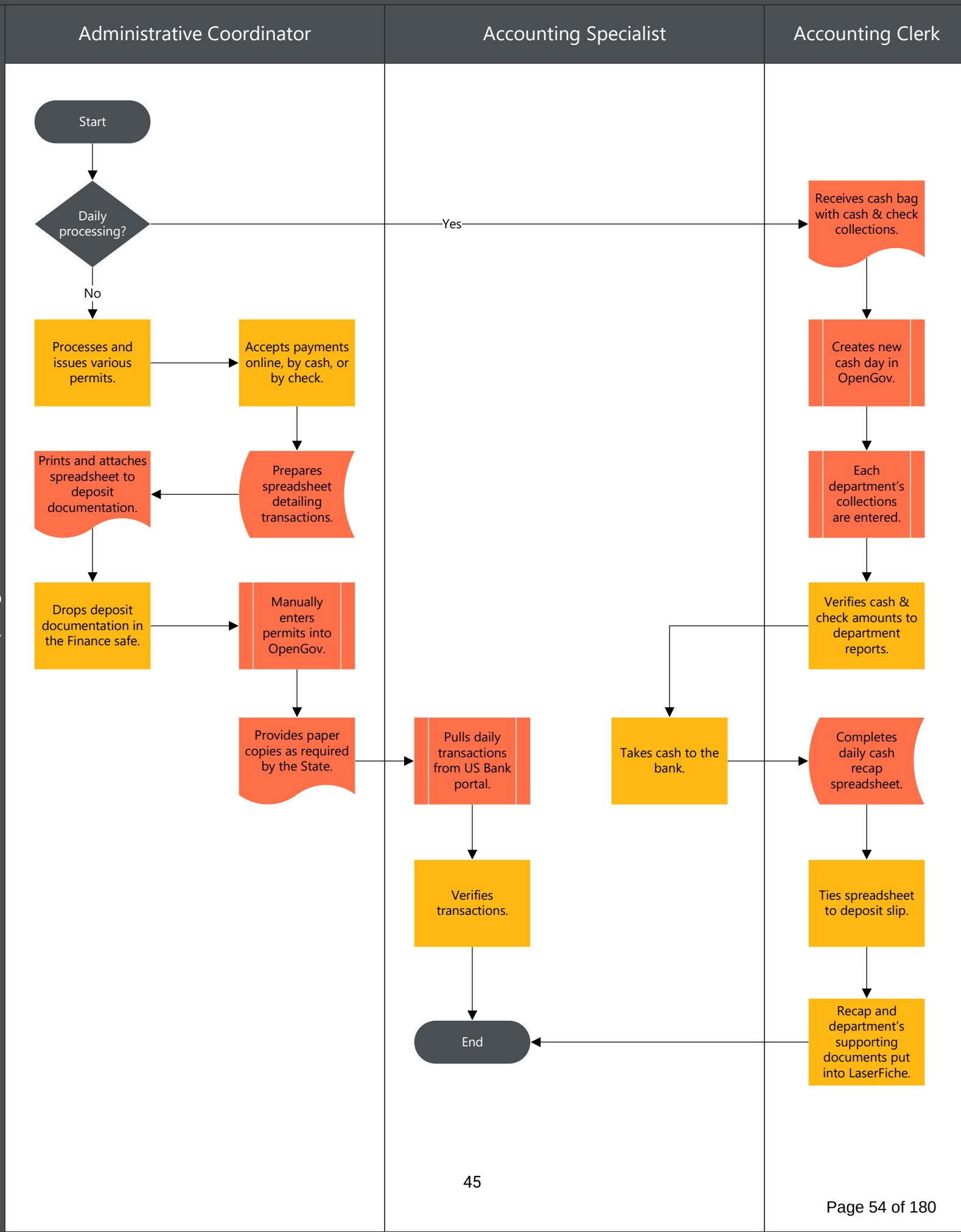
Each department is provided with a distinctively labeled or colored cash bag, which contains daily cash and check collections. In OpenGov, a new cash day is created by the Accounting Clerk and each department's collections are entered into the system. Each department may use different methods for recording collections, such as calculator tapes or spreadsheets detailing the included amounts. The Accounting Clerk counts the cash and checks in each bag, ensuring accuracy against the department's included report. If discrepancies are identified, the Accounting Clerk contacts the department directly to resolve the issue. Minor discrepancies are recorded as over/short amounts.

After processing, the Accounting Specialist is responsible for taking the cash to the bank, with the Finance Director serving as the backup when necessary. The Accounting Clerk completes a daily cash recap spreadsheet, which is tied to the deposit slip received from the bank. This recap, along with supporting documentation from the departments, is scanned into Laserfiche and stored in the cash receipts folder.

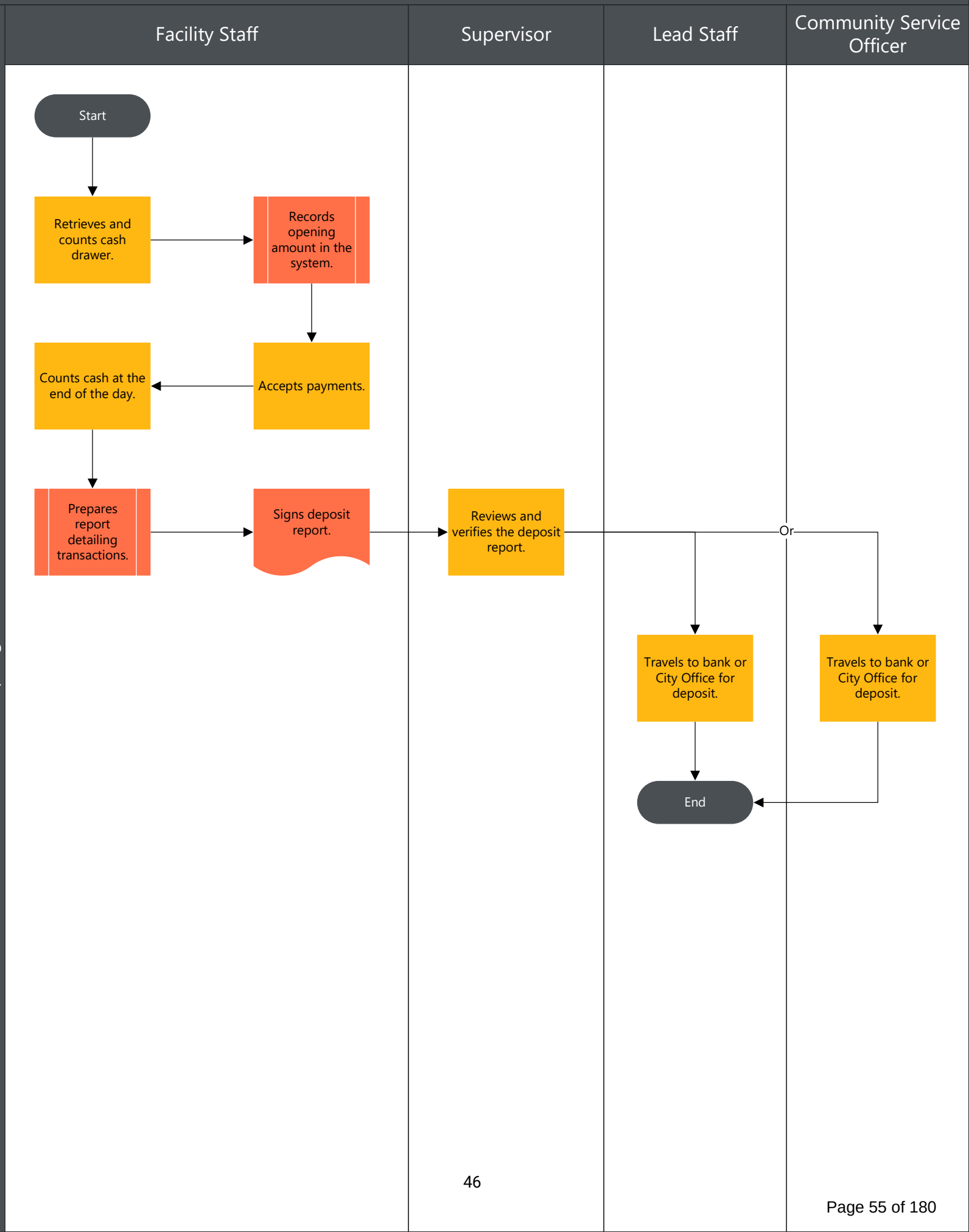
Cash Receipting (Building Inspections) – Current State



Cash Receipting (Finance) – Current State



Cash Receipting (Parks & Recreation) – Current State



Findings

Finding 1

Current Condition

There are multiple, detailed account codes in the chart of accounts.

Opportunities for Improvement

The complexity of managing numerous codes can lead to errors in data entry and inconsistencies in how revenues are recorded and tracked.

Threats or Risks

Errors in coding can result in incorrect billing, revenue misallocation, and difficulties in financial reporting.

Recommendations

Consider consolidating and simplifying the account codes.

Priority

Low

Finding 2

Current Condition

Departments currently accepting checks do not utilize electronic check scanners for depositing funds, relying instead on manual processes that are time-consuming and prone to errors.

Opportunities for Improvement

Manual handling of checks is labor-intensive and time-consuming, requiring significant staff resources to complete each step of the process. This increases the likelihood of errors, such as incorrect logging or misplacement of checks, which can lead to discrepancies in financial records. Additionally, the manual process delays the availability of funds, as checks must be physically transported to the bank, potentially prolonging the time before funds are accessible for use.

Threats or Risks

Errors in check handling or record-keeping can lead to financial discrepancies, complicating reconciliation efforts and potentially impacting the City's financial statements. The delay in fund availability poses a risk to cash flow management, as funds are not immediately accessible for operational needs. Furthermore, the manual process exposes checks to physical risks, such as loss or damage, during handling and transportation.

Recommendations

Utilize electronic check scanners. Electronic check scanners can automate the deposit process by capturing check images and transmitting them directly to the bank for deposit. This technology streamlines the workflow, significantly reducing the time and effort required to process checks while enhancing accuracy and security.

Priority

Low

Finding 3

Current Condition

Petty cash is currently being used for small, day-to-day expenses, and in some instances, for making change during transactions where a change fund would be more appropriate.

Opportunities for Improvement

The use of petty cash as a substitute for change funds can lead to inaccuracies in cash handling and reconciliation, as petty cash is not designed for frequent transactional use. This practice increases the likelihood of errors in cash count and reconciliation, potentially leading to discrepancies that are difficult to trace. Furthermore, the lack of designated change funds can disrupt customer service efficiency, as employees may struggle to provide accurate change quickly.

Threats or Risks

There is an increased risk of financial mismanagement and loss. Using petty cash for purposes outside its intended scope can result in inadequate tracking and control, making it difficult to identify and rectify discrepancies. Additionally, the misuse of petty cash can lead to non-compliance with financial policies and procedures, exposing the City to audit risks and reputational damage.

Recommendations

The City establish dedicated change funds for departments that regularly engage in cash transactions with the public. This will ensure that petty cash is used solely for its intended purpose of covering minor expenses and will improve the accuracy and efficiency of cash handling processes. Each department requiring a change fund should receive training on cash handling best practices to ensure compliance and minimize risks. Implementing regular audits and monitoring of both petty cash and change funds will enhance oversight and accountability. Furthermore, updating the financial management system to track change fund transactions separately from petty cash will provide clearer insights into departmental cash handling activities.

Priority

High

Finding 4

Current Condition

Several City departments currently maintain petty cash funds that exceed the operational needs for minor expenses.

Opportunities for Improvement

Excess petty cash can lead to lax controls, where staff may use funds for unapproved or undocumented expenses. Additionally, the over-allocation of petty cash may reflect inefficient cash receipting practices, diverting funds from other areas where they could be utilized more effectively.

Threats or Risks

The presence of excessive petty cash on hand within departments increases the risk of financial mismanagement and potential theft, as large amounts of cash are more difficult to monitor and secure.

Recommendations

The Finance Department conducts a thorough review of petty cash usage across all departments. This includes assessing the actual needs for petty cash and setting appropriate limits based on historical expenditure patterns and departmental requirements. Departments should implement stronger internal controls, including regular audits and reconciliations of petty cash funds, to ensure compliance with financial policies and reduce the risk of mismanagement. Staff should receive training on petty cash handling procedures, emphasizing the importance of maintaining accurate records and obtaining necessary approvals for expenditures.

Priority

High

Finding 5

Current Condition

The Library Administrative Technician does not count the Library cash drawers to a predetermined amount at the beginning or end of each day. The cash drawer is simply reconciled based on the transactions recorded during the day, without establishing a consistent baseline amount for opening and closing.

Opportunities for Improvement

Without a consistent baseline, it is challenging to accurately track discrepancies or errors that may occur during daily transactions. This practice can lead to variations in cash drawer totals that are difficult to trace back to specific transactions or errors. Furthermore, it complicates the reconciliation process, as there is no reference point for verifying the accuracy of cash totals at the end of the day.

Threats or Risks

There is an increased risk of financial discrepancies and loss. Without a set amount for the cash drawer, the risk of undetected errors or misappropriation increases, as there is no clear standard for comparison. This lack of control can result in non-compliance with City financial policies and procedures, potentially leading to audit issues and reputational damage.

Recommendations

The Library establishes a set amount for the cash drawer at both the beginning and end of each day. This can be achieved by implementing standardized cash handling procedures, which include counting the cash drawer to a predetermined amount each morning before transactions begin, and reconciling it to the same amount at closing. Staff should receive training on the importance of maintaining a consistent cash drawer amount and on best practices for cash handling and reconciliation. Regular audits should be conducted to ensure compliance with these procedures and to identify any discrepancies promptly.

Priority

High

Finding 6

Current Condition

The Library occasionally receives payments from patrons that exceed the required amount for services. These excess payments are not consistently recorded as donations. Instead, they are often treated as standard transactions, without clear documentation of the intent behind the excess payment or its allocation as a donation to Library funds.

Opportunities for Improvement

Not recording excess payments as donations leads to a lack of transparency in how these funds are managed and utilized, which can affect financial reporting accuracy and accountability. Without proper documentation, the Library misses the opportunity to recognize and acknowledge patron contributions, which could foster goodwill and encourage future donations. Additionally, this practice can result in discrepancies in financial records, as excess payments are not clearly differentiated from regular transactions.

Threats or Risks

There is an increased risk of financial mismanagement. Failure to record excess payments as donations can lead to inaccurate financial reporting and non-compliance with City policies regarding donations. This can expose the Library to audit risks and reputational damage. Moreover, the lack of transparency in handling excess payments can erode trust with patrons, who may be less inclined to contribute if their donations are not properly acknowledged or utilized.

Recommendations

The Library implements a standardized procedure for recording excess payments as donations. This includes clearly documenting the patron's intent to donate any excess funds and updating the financial management system to reflect these contributions as donations. Staff should receive training on identifying and processing excess payments appropriately, ensuring that all donations are recorded accurately and acknowledged. Regular audits should be conducted to verify compliance with donation recording procedures and to ensure transparency in financial reporting. Additionally, the Library should consider developing a communication strategy to inform patrons about the impact of their donations and how they are utilized to support Library programs and services. This will enhance patron engagement and encourage continued contributions to Library funds.

Priority

High

Finding 7

Current Condition

The current credit card validation process involves verifying transaction information from the same system, OpenGov. The Administrative Technician generates a report of credit card receipts from OpenGov, which the Accounting Clerk then uses to validate the transactions within the same system.

Opportunities for Improvement

The reliance on manual verification of data from the same system introduces inefficiencies in the process. The duplication of effort consumes staff time that could be better utilized for other critical tasks.

Threats or Risks

This redundant process decreases productivity due to inefficient use of staff resources. The manual nature of the process increases the likelihood of oversight or errors, which could compromise the accuracy of financial records.

Recommendations

The Administrative Technician should provide credit card receipts or other appropriate source documents for the Accounting Clerk to validate the transactions in OpenGov.

Priority

Medium

Finding 8

Current Condition

Electronic payments are being manually entered in OpenGov, which can be time-consuming and prone to errors, affecting efficiency and accuracy in financial record-keeping.

Opportunities for Improvement

Automating the entry of electronic payments can streamline processes, reduce the likelihood of errors, and free up staff time for more strategic tasks.

Threats or Risks

Manual entry of electronic payments increases the risk of human error, which can lead to discrepancies in financial records and potentially impact financial reporting and reconciliation.

Recommendations

Utilize the import function in OpenGov to import electronic payments from the City's online vendors.

Priority

Low

Finding 9

Current Condition

The lack of integration between OpenGov and CivicPlus results in the duplicate entry of client payment information, which can be inefficient and prone to errors.

Opportunities for Improvement

Integrating OpenGov and CivicPlus can streamline data entry processes, reduce errors, and improve efficiency in handling client payment information.

Threats or Risks

Duplicate entry of payment information can lead to inconsistencies and errors in financial records, wasted staff time, and potential delays in processing payments.

Recommendations

Explore the integration ability for OpenGov and CivicPlus so that client payment data must only be entered once.

Priority

Low

Finding 10

Current Condition

Departments that are not currently utilizing petty cash are still responsible for maintaining it.

Opportunities for Improvement

Reevaluating the necessity of petty cash for departments that do not use it can streamline operations, reduce administrative workload, and eliminate potential security risks associated with handling cash.

Threats or Risks

When a department holds petty cash that is not being used, it can lead to idle resources, increased administrative tasks, potential misuse, inefficiencies, and audit concerns.

Recommendations

Departments with unused petty cash should either return the funds to the central finance office or allocate the funds to areas where it can be used more effectively.

Priority

Medium

Finding 11

Current Condition

Customer credit card information is being repeated when payments are taken over the phone.

Opportunities for Improvement

Implementing secure processes for handling credit card information over the phone can enhance data security, protect customer information, and comply with industry standards.

Threats or Risks

Repeating credit card information over the phone increases the risk of data breaches, identity theft, and non-compliance with Payment Card Industry Data Security Standards (PCI DSS).

Recommendations

Staff do not accept credit card payments over the phone. Customers are either directed to the online payment portal or asked to come in person to make a payment. If a customer comes in person to make a payment, a credit card processor will be available for the customers to swipe or scan card.

Priority

High

Finding 12

Current Condition

There is no existing policy to change the safe combination or keys when a staff member departs from the City, which can pose security risks related to unauthorized access.

Opportunities for Improvement

Establishing a policy to change safe combinations and keys upon staff departures can enhance security, reduce the risk of unauthorized access, and protect valuable assets and sensitive information.

Threats or Risks

Without a policy to change safe combinations or keys, there is an increased risk of unauthorized access to secure areas or information, potentially leading to theft or data breaches.

Recommendations

Develop and implement a formal policy requiring the change of safe combinations and keys whenever a staff member with access departs from the City. Assign responsibility for managing this process to a specific department or individual, such as the facilities manager or security team, to ensure accountability and consistency. Communicate the new policy to all departments to ensure understanding and compliance. Incorporate the policy into the employee offboarding process to ensure it is consistently applied whenever a staff member leaves. Regularly review and update the policy to address any new security challenges or organizational changes.

Priority

High

Finding 13

Current Condition

The City receives fees through multiple channels (e.g., mail, Stripe, AllPaid).

Opportunities for Improvement

A streamlined fee collection system consolidates payment channels to improve efficiency and reduce complexity.

Threats or Risks

This fragmentation increases the administrative burden, creates potential for data inconsistencies, and heightens the risk of errors in fee processing and reconciliation.

Recommendations

Evaluate the current fee collection processes and consolidate into a unified system that can handle multiple payment types. This would streamline operations, reduce administrative overhead, and enhance accuracy in tracking and reconciliation.

Priority

High

Finding 14

Current Condition

The City currently absorbs the credit card fees associated with accepting payments for various services. These fees arise when residents and businesses use credit cards to pay for services. The practice of absorbing these fees means that the City bears the financial burden, which can amount to a significant cost over time, especially as the volume of credit card transactions increases.

Opportunities for Improvement

There are two primary options for addressing the financial impact of credit card fees:

1. Continue absorbing fees with cost adjustments: The City can choose to continue absorbing these fees but will need to consider adjusting service costs to cover the associated expenses. By increasing the prices of City services proportionately, the City can offset the financial burden of credit card fees, ensuring that the budget remains balanced without compromising service delivery.
2. Pass fees to customers: Alternatively, the City can adopt a model where credit card fees are passed on to the customers who choose to pay using this method. Implementing a convenience fee model would allow those opting for credit card payments to cover the processing fees, thereby alleviating the City's financial burden while promoting cost-sharing.

Threats or Risks

The option to continue absorbing fees and adjust costs may result in increased prices for municipal services, which could lead to public dissatisfaction and decreased access for some residents. Alternatively, passing fees to customers may discourage the use of credit cards, potentially impacting revenue collection efficiency and convenience for residents and businesses.

Recommendations

Engage in discussions with stakeholders to determine the preferred approach regarding the handling of credit card transaction fees. Review and revise the City's policy on credit card transaction fees, if necessary, to ensure financial sustainability and to align with community expectations.

Priority

Low

Finding 15

Current Condition

Several departments do not make daily deposits of cash receipts. Instead, deposits are conducted sporadically, with some departments accumulating cash over multiple days before making a deposit.

Opportunities for Improvement

Enforcing a strict policy of daily deposits for all departments handling cash receipts would enhance financial security and reduce the risk of misappropriation or loss. It would also ensure that cash is promptly available for City use and accurately reflected in financial records, thereby improving cash flow management and financial reporting.

Threats or Weaknesses

The failure to make daily deposits of cash receipts exposes the City to several risks, including the increased potential for theft, loss, or misplacement of funds. This practice compromises the integrity of financial records, hampers accurate cash flow management, and may lead to non-compliance with established financial controls and audit requirements.

Recommendations

Mandate daily deposits of all cash receipts for every department handling cash transactions. Provide training and resources to department staff to ensure understanding and compliance with this requirement. Implement a tracking system to monitor deposit activity and identify departments that are not complying with daily deposit policies. Regular audits should be conducted to verify adherence to the policy and to identify any areas requiring further support or intervention. Strengthening these controls will protect City assets, enhance financial accuracy, and promote consistent financial practices across departments.

Priority

High

Finding 16

Current Condition

In locations (River Springs Water Park, Brooktree Golf Course) with high volume cash transactions, there is a lack of robust internal controls. This deficiency results from insufficient oversight and inadequate procedures for cash handling, which can lead to inconsistencies and potential mismanagement.

Opportunities for Improvement

By strengthening internal controls, the City can enhance the accuracy and reliability of cash handling processes. Implementing standardized procedures for cash transactions, including clear guidelines for cash counting, reconciliation, and reporting, will reduce the risk of errors and discrepancies. Additionally, providing comprehensive training to staff on these procedures will ensure consistency and accountability across all departments.

Threats or Risks

The absence of robust internal controls in high volume cash transaction areas poses significant financial risks. This vulnerability can lead to increased chances of theft, fraud, and cash misappropriation. Furthermore, without proper controls, the City is at risk of non-compliance with financial regulations, which could result in penalties, legal issues, and damage to the City's reputation.

Recommendations

The City should develop and implement a comprehensive internal control framework specifically designed for locations with high volume cash transactions. This framework should include detailed procedures for cash handling, regular audits, and surprise cash counts to deter fraudulent activities. Establishing a system for continuous monitoring and review of cash transactions will help identify and address issues promptly. Additionally, investing in staff training programs focused on internal controls and fraud prevention will reinforce the importance of compliance and accountability.

Priority

High

Cash Receipting – Future State

The future state of cash receipting is centered around integration of software systems, electronic and automated payment options, and online services for clients. Additionally, separation of duties among the staff involved with the accounts receivable billing and cash receipt functions is key.

When checks and cash are received by the Accounting Clerk I, items are documented in OpenGov by posting receipts. The Accounting Clerk I manages petty cash for the City. This involves distributing funds, recording transactions, and reconciling expenditures to maintain financial integrity. The Accounting Clerk I counts cash, matches it with receipts, and resolves discrepancies.

Checks are scanned and electronically deposited at the bank daily by the Accounting Clerk I. This ensures a time stamp and audit trail and eliminates the need for keeping a separate log of transactions. Cash deposits are made weekly or once cash collection exceeds \$100, whichever happens first. A deposit slip is attached to the cash receipt batch in the system electronically by the Accounting Clerk I. Physical deposits are taken to the bank by a Community Service Officer.

At least weekly, the Accounting Analyst (Supervisor) reviews the general ledger interface and cash receipt activity and cross references to the bank activity to ensure the completeness of the general ledger activity.

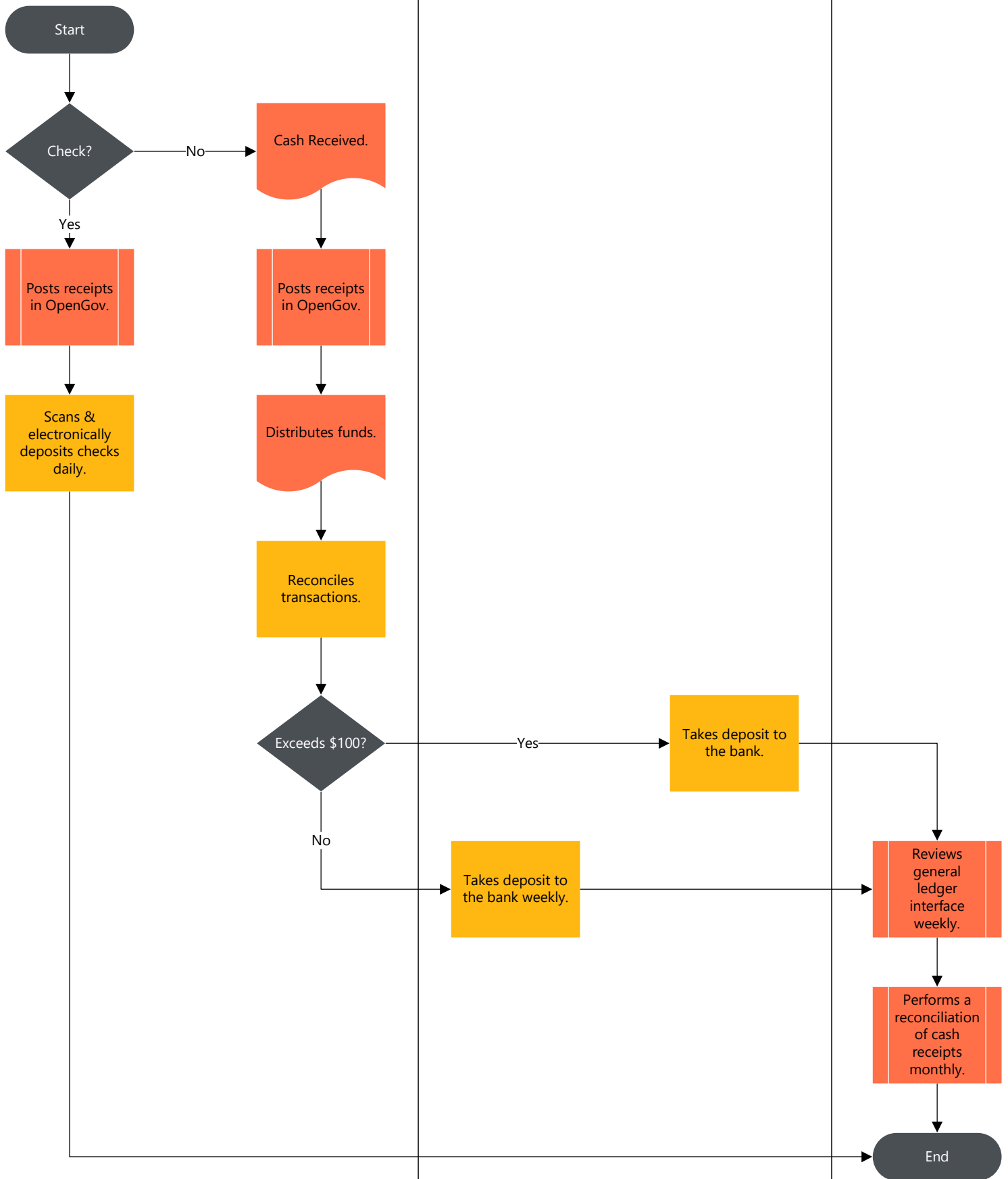
Monthly, the Accounting Analyst (Supervisor) performs a full reconciliation of cash receipts in OpenGov, including a reconciliation of credit card activity.

Cash Management – Future State

Accounting Clerk I

Community Service Officer

Accounting Analyst



General Ledger

General Ledger

Objective

To review, document, and evaluate the procedures associated with the general ledger.

Procedures

The general ledger serves as the backbone of the City's financial management system, providing a comprehensive record of all financial transactions and serving as the primary source for financial reporting. It is a crucial tool for ensuring the accuracy, integrity, and transparency of the municipality's financial data.

The management of the general ledger begins with the recording of individual financial transactions. The Financial Analyst is responsible for creating journal entries that document transactions in detail, including the date, amount, and description. These entries are initially recorded in subsidiary ledgers or journals, such as accounts payable or accounts receivable.

Once transactions are recorded in the subsidiary ledgers in OpenGov, the Finance Director reviews and posts the entries to the general ledger.

Bank Reconciliation (Workflow Mapping Below)

The Accounting Technician is responsible for completing the bank reconciliation. However, due to staff vacancies, the bank reconciliation has not been consistently performed by the Finance Department staff.

The bank reconciliation process utilizes three separate spreadsheets. The first spreadsheet, known as the cash balances by fund spreadsheet, is developed based on an OpenGov report. This spreadsheet provides a detailed breakdown of cash balances categorized by different municipal funds, offering an overview of the financial status of each fund. The second spreadsheet, referred to as the credit card versus bank reconciliation spreadsheet, is intended to capture discrepancies between credit card transactions and bank statements. The third spreadsheet is the bank reconciliation spreadsheet. This spreadsheet is used to reconcile multiple bank accounts at once.

The Accounting Technician updates the beginning balances on the bank reconciliation spreadsheet and ensures that the reconciliation of checks issued and cleared aligns with the outstanding check detail. The process includes copying the prior month's ending balance and pasting it as the current month's beginning balance. The Accounting Technician then enters data from the accounts payable check registers for all checks issued within the month to be reconciled. In addition, void checks are reviewed, and relevant information added as necessary. Next, the amount of cleared checks, as reflected on the bank statement, is entered on the spreadsheet. The Accounting Technician runs a report in OpenGov to generate a list of checks filtered by check number to compare to the bank statement listing.

The credit card activity is updated to ensure that the bank reconciliation amounts agree with the credit card reconciliation spreadsheet. The Accounting Technician verifies the total deposits and total withdrawals on the cash balances spreadsheet matches the total customer deposits on the bank statement.

Buy Fund

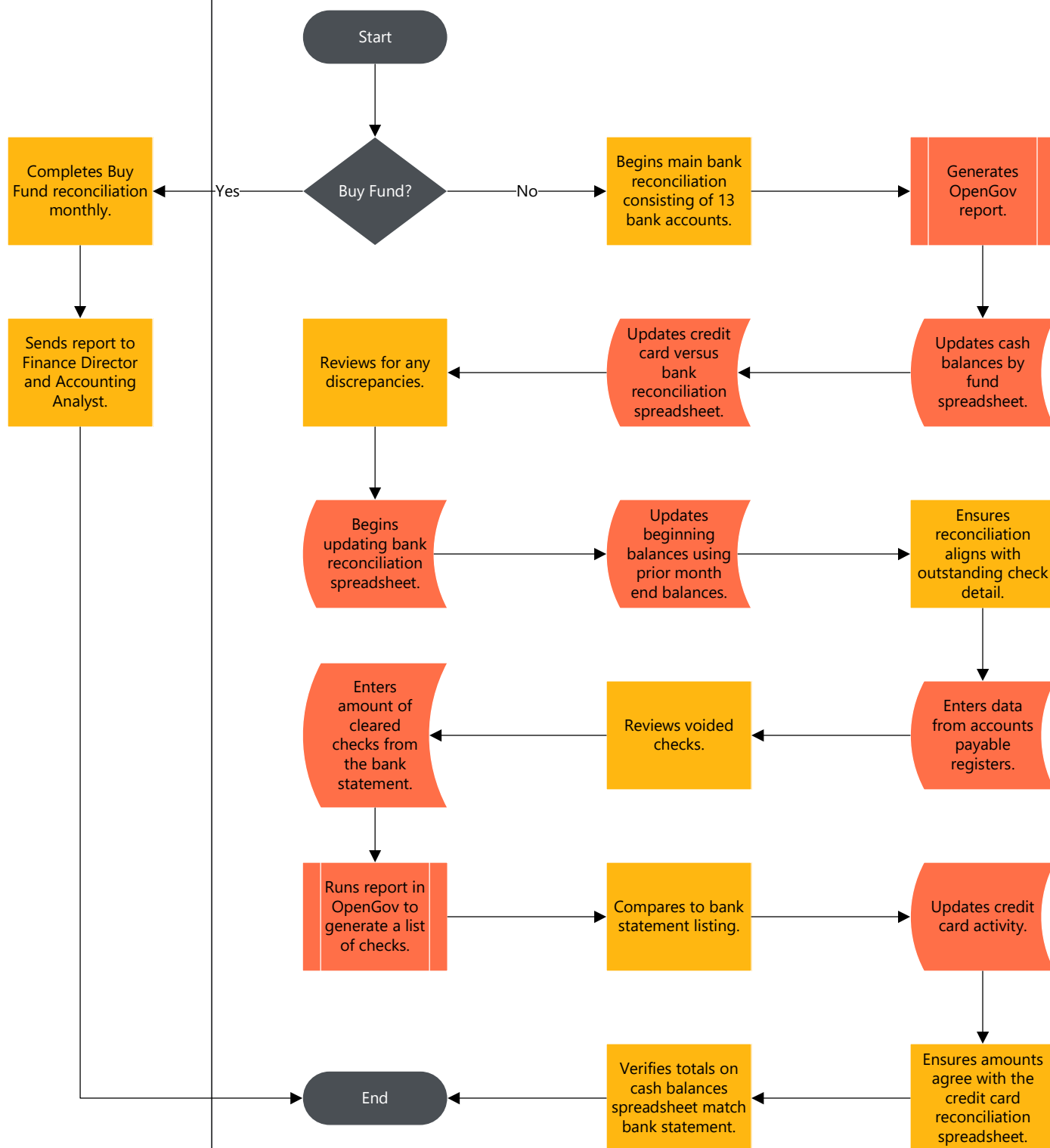
The buy fund for the drug task force is reconciled monthly by the Evidence Technician. The reconciliation report is sent to the Finance Director and the Accounting Analyst.

See Financial Reporting.

General Ledger (Bank Reconciliation) – Current State

Evidence Technician

Accounting Technician



Findings

Finding 1

Current Condition

The bank reconciliations are performed outside of OpenGov. This process involves the use of various spreadsheets and manual entries to ensure that the financial records align with the bank statements.

Opportunities for Improvement

Conducting bank reconciliations outside of OpenGov increases the likelihood of human error due to manual data entry and the handling of multiple spreadsheets which can lead to inaccuracies in financial records and reporting. The process is time-consuming and inefficient, requiring significant manual effort to update, verify, and reconcile financial data. Additionally, the lack of integration with OpenGov means that real-time data updates and automatic reconciliation features are not utilized, potentially delaying the identification and resolution of discrepancies.

Threats or Weaknesses

There is an increased risk for data discrepancies and financial misstatements. Manual processes are inherently more susceptible to errors, which can compromise the accuracy of financial reporting. There is also an increased risk of data loss or corruption, as multiple spreadsheets may not have the same level of data security and backup as integrated financial software systems. Furthermore, the absence of automated reconciliation features can result in delays in detecting and rectifying errors, which may impact financial decision-making and compliance with regulatory requirements.

Recommendations

Bank reconciliations are performed in OpenGov. By leveraging the software's integrated reconciliation features, manual data entry can be reduced, thereby minimizing the potential for errors. Additionally, OpenGov's automation capabilities can streamline the reconciliation process, allowing for quicker identification and resolution of discrepancies. This transition will also enhance data security and ensure compliance with best practices in financial management. The Finance Department should invest in training staff to effectively use OpenGov's reconciliation tools, ensuring a smooth transition and maximizing the benefits of the integrated system.

Priority

Medium

Finding 2

Current Condition

Checks are not cleared in OpenGov. While checks are issued and recorded, the process of marking them as cleared or reconciled within the software is not being conducted. Instead, the reconciliation of checks, including verifying which checks have been cleared, is managed through external spreadsheets and manual processes outside of the software.

Opportunities for Improvement

The absence of check clearance in OpenGov limits the ability to maintain an accurate and real-time overview of the City's financial status within the system, as cleared checks are not reflected in the software's records. This disconnect between issued and cleared checks can lead to discrepancies in financial reporting and tracking. Manual processes outside of OpenGov are more prone to errors and inefficiencies, requiring additional time and effort to reconcile checks with bank statements and other records.

Threats or Weaknesses

There is an increased risk for financial misstatements and inaccuracies in reporting. Without the integration of cleared checks in OpenGov, the Finance Department risks maintaining outdated or incorrect financial records, which can impact decision-making and compliance with regulatory standards. Additionally, reliance on manual reconciliation processes increases the likelihood of errors and delays in identifying discrepancies, potentially leading to financial losses or overlooked liabilities.

Recommendations

The Finance Department implements a process for clearing checks directly in the OpenGov financial software. By utilizing the software's features for check clearance, the department can ensure that financial records are accurately updated in real-time, providing a comprehensive and current view of the financial status. This integration will streamline the reconciliation process, reducing the reliance on manual spreadsheets and minimizing the risk of errors. The department should provide training to staff on the use of OpenGov's check clearance functions, ensuring that checks are consistently and accurately marked as cleared within the system. This will enhance overall efficiency, accuracy, and compliance with best practices in financial management, ultimately contributing to improved financial reporting and decision-making.

Priority

High

Finding 3

Current Condition

There is not a formal review of the bank reconciliation after it is completed to ensure accuracy and completeness.

Opportunities for Improvement

There is an increased risk of errors or omissions going unnoticed, which can compromise the accuracy of financial records. The lack of oversight may lead to unchecked discrepancies between the financial records and bank statements, impacting the reliability of financial reporting. Furthermore, without a review process, accountability and quality control within the reconciliation process are diminished, reducing the ability to identify and correct mistakes promptly.

Threats or Weaknesses

There is an increased risk of financial misstatements and inaccuracies in reporting. Unverified reconciliations can lead to incorrect financial data being used in decision-making processes, potentially resulting in poor financial management and non-compliance with regulatory standards. There is also a risk of financial losses due to undetected errors or fraudulent activities, as the lack of review reduces the likelihood of identifying such issues.

Recommendations

A formal review process for bank reconciliations is implemented. This process should involve a review by the Finance Director, who will verify the accuracy and completeness of the reconciliations before finalization. The review should include checking that all transactions are properly recorded, discrepancies are identified and addressed, and the reconciliation aligns with the bank statements. Establishing a review process will enhance accountability and quality control, ensuring that financial records are accurate and reliable. Additionally, it is recommended that the department develops a checklist or standardized procedure for the review process, providing clear guidelines for staff to follow. This will facilitate consistency and thoroughness in the review, contributing to improved financial management and reporting practices.

Priority

High

Finding 4

Current Condition

Bank reconciliations are not being performed in a timely and consistent manner. This lack of regularity in the reconciliation process results in delayed identification and correction of discrepancies between the financial records and bank statements. Consequently, the accuracy and reliability of the financial data are compromised.

Opportunities for Improvement

Implementing a structured schedule for bank reconciliations can significantly enhance the accuracy and reliability of financial reporting. Regular and timely reconciliations would enable the Finance Department to promptly identify and resolve discrepancies, reducing the risk of errors in financial records. Establishing consistent reconciliation practices would also strengthen the department's ability to maintain effective financial oversight and accountability.

Threats or Weaknesses

The absence of timely and consistent reconciliations increases the risk of financial misstatements and inaccuracies in reporting. Delayed reconciliations may result in undetected errors and potentially fraudulent activities, undermining the integrity of financial records. Moreover, inconsistent reconciliation practices could jeopardize regulatory compliance, as regular reconciliations are essential for sound financial management. This also exposes the City to potential financial losses due to unrecorded or erroneous transactions.

Recommendations

The Finance Department establishes a structured bank reconciliation process. This process should involve regular and systematic reconciliation of the financial records with bank statements, ensuring that all transactions are accurately recorded and verified. The Accounting Analyst (Supervisor) manages the reconciliation process.

Priority

High

Finding 5

Current Condition

There is no formal process to verify and reconcile the investment records against statements from financial institutions.

Opportunities for Improvement

Without regular reconciliations, there is no mechanism to ensure that the recorded investment transactions and balances align with those reported by financial institutions. This gap can result in unverified discrepancies, potentially leading to inaccuracies in the financial statements. The inability to reconcile investments also limits the department's capacity to maintain effective oversight and accountability of its investment portfolio.

Threats or Weaknesses

There is an increased risk of financial misstatements, inaccuracies in reporting, and undetected investment errors or fraudulent activities. The absence of reconciliation increases the risk of discrepancies between recorded and actual investment balances, compromising the integrity of financial data used for decision-making. Additionally, regulatory compliance may be jeopardized, as reconciliations are essential for ensuring the accuracy and completeness of financial records. The lack of reconciliation also exposes the City to the risk of financial losses due to unrecorded or erroneous investment transactions.

Recommendations

The Finance Department establishes a structured investment reconciliation process. This process should involve regular and systematic reconciliation of the investment records with statements from financial institutions, ensuring that all transactions and balances are accurately recorded and verified. The Accounting Analyst (Supervisor) manages the investment reconciliation process.

Priority

High

General Ledger – Future State

The future state of general ledger is structured around a streamlined chart of accounts, which categorizes all financial transactions into specific accounts, such as assets, liabilities, revenues, expenses, and equity. Each account is assigned a unique code that facilitates the organization and retrieval of financial data. This structured approach ensures that all transactions are systematically recorded and easily accessible for review and analysis.

The process of managing the general ledger begins with the recording of individual financial transactions. Each transaction is first documented in a subsidiary ledger or journal in OpenGov, such as the accounts payable or accounts receivable ledger. These journals capture detailed information about each transaction, including the date, amount, and description.

Once transactions are recorded in the subsidiary ledgers, the transactions are posted to the general ledger. This process involves transferring the summarized data from the journals to the corresponding accounts in the general ledger.

Daily reconciliation of cash receipts to bank activity is performed to ensure the appropriate timing of general ledger posting and completeness throughout the month.

Prior to initiating the bank and investment reconciliation procedures, all month-end recurring journal entries are posted to ensure completeness of the general ledger. At month-end, a statement for all bank accounts is downloaded and archived in the shared folder for the appropriate retention period.

All bank reconciliations are performed in OpenGov. The Accounting Analyst (Supervisor) uploads the bank statement file to OpenGov. Upon initiating the reconciliation process, OpenGov automatically matches transactions from the bank statement with those recorded in the accounting ledger. Any discrepancies or unmatched items are flagged for review, allowing the Accounting Analyst (Supervisor) to quickly identify and resolve issues. The intuitive interface provides clear, detailed insights into the reconciliation status, highlighting areas that require attention and offering suggestions for resolving common issues. This process is followed for each City bank and investment account.

Once the reconciliations are complete, the investment work paper is updated by the Accounting Analyst (Supervisor) with redemptions, purchases, transfers, interest, and the market value of investments held at month-end. A journal entry is made by the Accounting Specialist in OpenGov with the market value adjustment, interest earned, and any fees and are tied back to the investment statement; the Accounting Analyst (Supervisor) reviews the journal entry before posting.

On a separate tab within the investment work paper, a pledged collateral test is performed. All accounts requiring a pledge are summarized, along with any Federal Deposit Insurance Corporation coverage, and a calculation of the pledging requirements is performed. The market value of the pledged securities from the pledge statement is entered into the worksheet and compared to the pledge requirement for sufficiency.

The outstanding check report, deposit in transit list, bank reconciliation report, pledged collateral test, and investment reconciliation report are saved electronically, for the appropriate retention period.

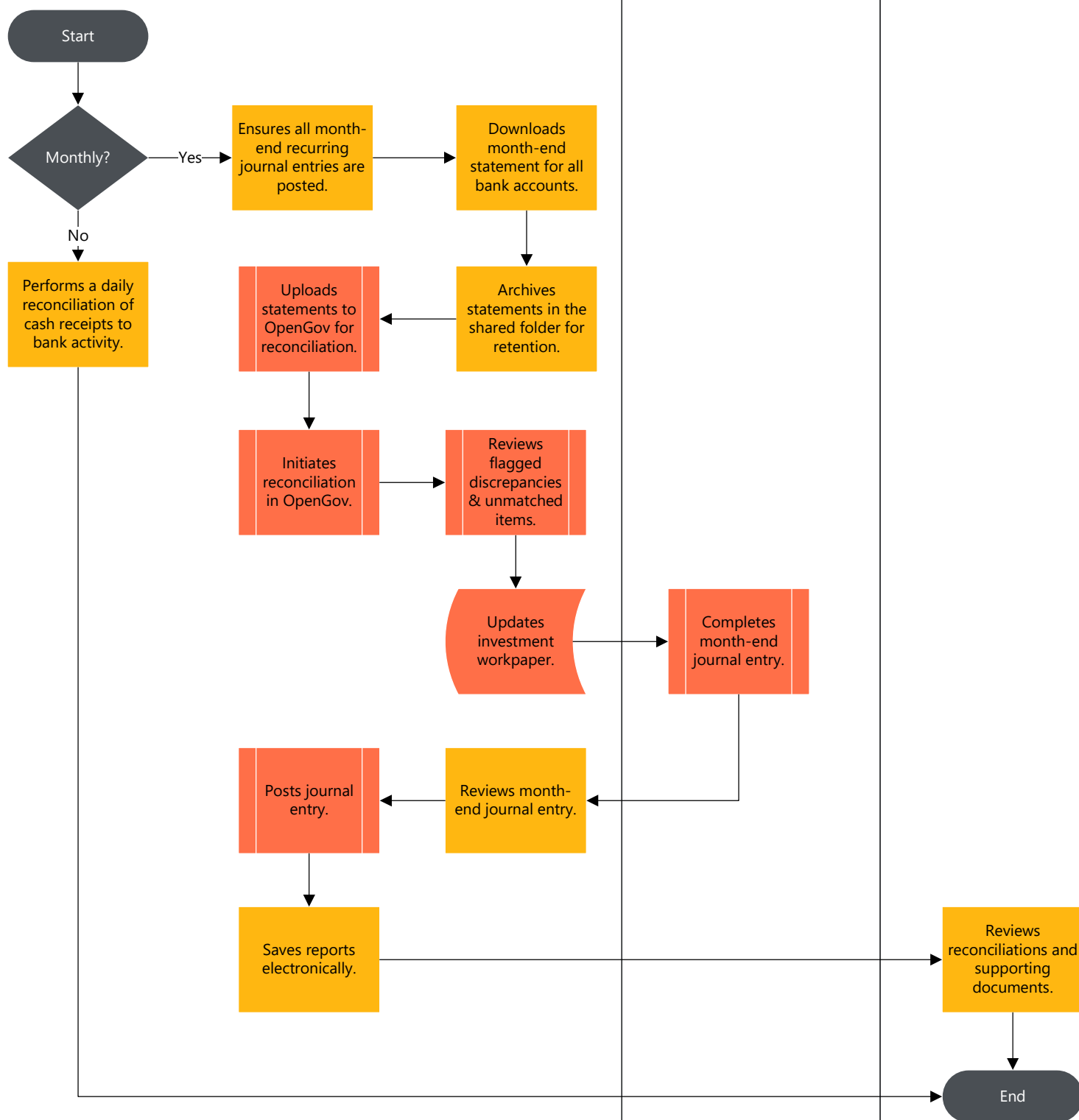
The Finance Director reviews the reconciliations and supporting documents, evaluating liquidity, return on investments, unusual or unanticipated activity, sufficiency of pledged collateral, unclaimed property considerations, and other high-level considerations.

General Ledger (Bank Reconciliation) – Future State

Accounting Analyst

Accounting Specialist

Finance Director



Payroll

Payroll

Objective

To review, document, and evaluate the procedures associated with the payroll transaction cycle.

Procedures

The City uses UKG for time tracking. Each department head is responsible for reviewing and approving employees' timesheets. This approval must be completed by 10 AM on the Monday following the conclusion of the pay period. Once approved, the timesheets are imported to OpenGov by the Accounting Specialist who has exclusive access to the payroll files in UKG. The Accounting Specialist processes the payments and confirms that the payments have been sent. The reconciliation to the general ledger is performed by Human Resources.

The Accounting Specialist maintains a deduction spreadsheet which tracks changes from prior payroll cycles. The spreadsheet is reconciled against the precheck detail listing report from OpenGov, and once these figures are in agreement, the payroll cycle is closed. Historically, Human Resources provided a life event change spreadsheet and new hire information to update the deduction spreadsheet. In instances where discrepancies are identified, the Accounting Specialist utilizes standard reports from the UKG system to resolve these mismatches. However, the required forms from Human Resources are not currently being received. Associated payroll journal entries are created by the Accounting Analyst.

The Accounting Clerk updates the Public Employees Retirement Association (PERA) spreadsheet and the vacation and PTO usage spreadsheet with information collected from UKG. If an employee stops accruing time off, the Accounting Clerk notifies Finance. Benefit invoices are processed monthly. Reports from UKG are matched to these invoices, which are then entered into OpenGov for processing. The benefit reconciliation is done by both Human Resources and Finance each month. The filing of IRS Form 941, which pertains to employer federal tax returns, is done by UKG, not by the Finance department.

New Employees

The Human Resources department is responsible for entering seasonal employees in UKG, while the Accounting Specialist is tasked with removing the seasonal employees. The onboarding process for new hires involves UKG, managed by Human Resources, and a notification is sent to Finance to finalize the hiring process. The Finance department verifies the information using a start/stop sheet, which is eventually returned to Human Resources with the necessary departmental approvals. A manual upload is then performed to OpenGov for payroll purposes.

Employee Reimbursements

The Finance department processes a variety of employee reimbursements (e.g., uniforms, mileage, lodging, and travel). Depending on union association, receipts may be required for reimbursement or an allowance may be granted to the employee. Reimbursement levels adhere to the General Services Administration standards.

Payroll – Current State

Payroll

Department Head

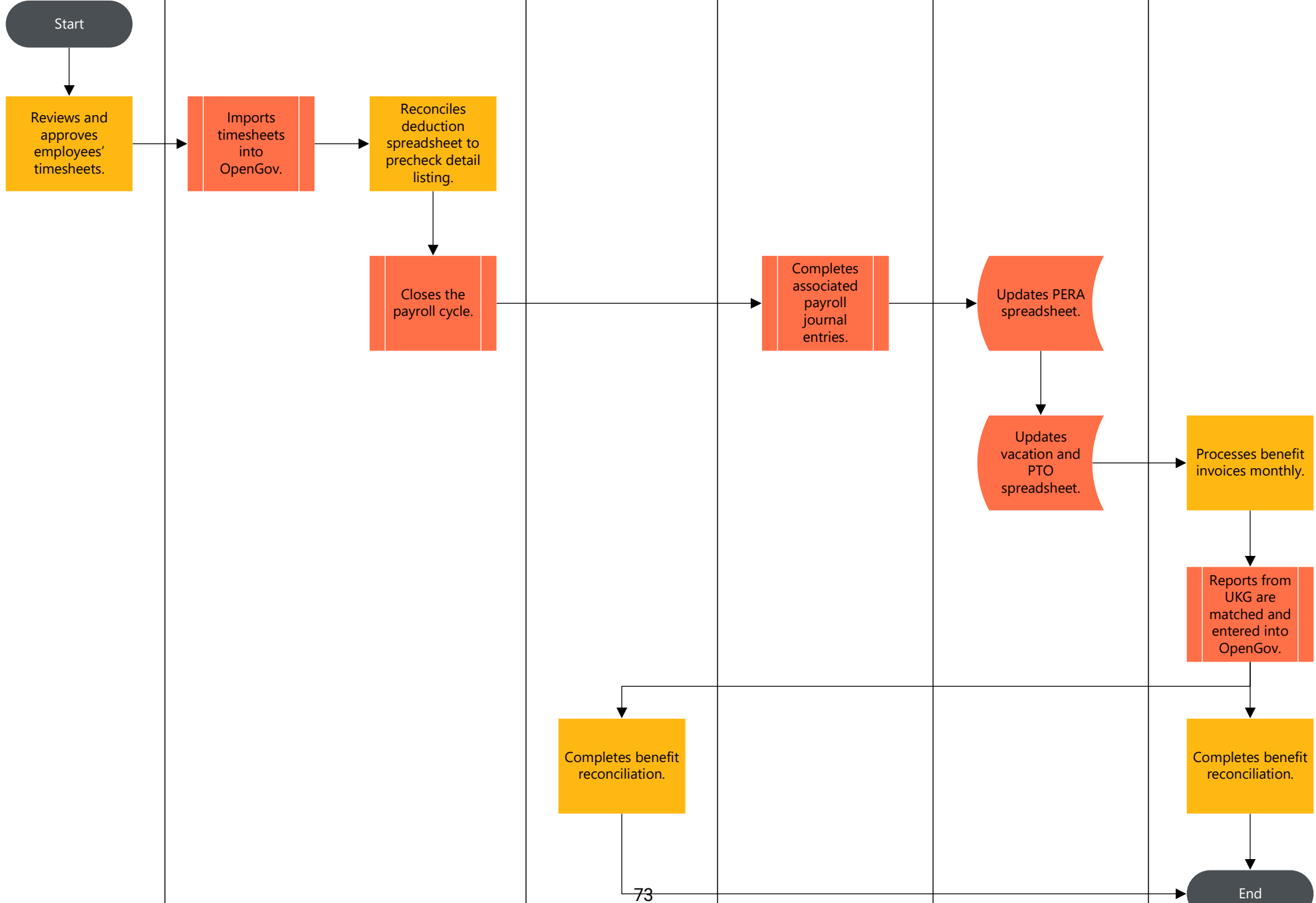
Accounting Specialist

Human Resources

Accounting Analyst

Accounting Clerk

Finance



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Findings

Finding 1

Current Condition

The payroll files in UKG are exclusively accessible by the Accounting Specialist, and others can only access these files by utilizing the Accounting Specialist's login information. This restricted access protocol lacks flexibility and poses potential security risks.

Opportunities for Improvement

Implementing a role-based access control system would ensure that multiple authorized personnel can access payroll files securely. This would enhance operational flexibility and provide backup in case the primary staff member is unavailable.

Threats or Weaknesses

The current access arrangement increases the risk of unauthorized access if credentials are compromised. It also creates a single point of failure, which can disrupt payroll processing if the Accounting Specialist is unavailable due to unforeseen circumstances.

Recommendations

Establish a role-based access control system within UKG. This system should grant access to payroll files based on specific roles and responsibilities, ensuring that authorized personnel can perform necessary tasks without compromising security.

Priority

High

Finding 2

Current Condition

The approval of timesheets from each respective department is required by 10 AM on the Monday following the end of a pay period. However, there is no established protocol to ensure adherence to this deadline, which can result in delays in the payroll processing cycle.

Opportunities for Improvement

Implementing a structured protocol for timesheet approval would ensure that each department adheres to the deadline consistently. This would facilitate timely payroll processing, reduce administrative bottlenecks, and enhance overall operational efficiency within the finance department.

Threats or Weaknesses

Without a formal protocol to ensure timely timesheet approval, there is an increased risk of delays in the payroll process. Such delays can lead to inaccurate payroll disbursements, employee dissatisfaction, and potential financial discrepancies. The absence of accountability in timesheet management undermines the reliability of payroll processing.

Recommendations

Develop and implement a standardized protocol for timesheet approval. This protocol should include clear deadlines, reminders for department heads prior to the approval deadline, and a system for tracking adherence to the deadline. Additionally, consider integrating automated notifications within UKG to alert departments of upcoming deadlines and any pending approvals.

Priority

High

Finding 3

Current Condition

Reimbursements (e.g., uniforms, mileage, lodging, and travel) may require submission of receipts depending on union association. There is a lack of a standardized tracking mechanism for these reimbursements.

Opportunities for Improvement

Implementing a centralized system for tracking all employee reimbursements would provide a comprehensive view of expenses, ensure compliance with reimbursement policies, and facilitate budget management.

Threats or Weaknesses

The absence of a standardized tracking system increases the risk of overpayments, financial inaccuracies, and potential misuse of funds. It also complicates budget forecasting and financial planning.

Recommendations

Develop a centralized reimbursement tracking system that captures all relevant data, including receipts and allowances. This system should provide real-time reporting capabilities to monitor expenditures and ensure compliance with City policies.

Priority

Medium

Finding 4

Current Condition

Both the HR and Finance departments share responsibility for benefit reconciliation. This overlap in duties can lead to inefficiencies, miscommunication, and potential discrepancies in the management of employee benefits.

Opportunities for Improvement

Streamlining the reconciliation process by assigning clear responsibility to a single department can enhance efficiency and accuracy in managing employee benefits. By consolidating the reconciliation duties within the Finance department, the City can leverage its expertise in financial record-keeping and reporting to ensure precise and timely reconciliation of benefits.

Threats or Weaknesses

The dual handling of benefit reconciliation by both Human Resources and Finance can result in redundant efforts, conflicting interpretations of policies, and discrepancies between financial and Human Resource records. These issues can lead to errors in benefit administration, employee dissatisfaction, and compliance challenges.

Recommendations

Assign the responsibility for benefit reconciliation exclusively to the Finance department. This department should develop a comprehensive reconciliation process that includes regular reviews and verification of benefit-related transactions. Designating a specific team or individual within Finance to oversee this process can ensure consistent and accurate reconciliation. Additionally, regular communication channels should be established between Human Resources and Finance to facilitate information sharing and address any issues promptly.

Priority

Medium

Finding 5

Current Condition

Payroll journal entries are not consistently completed in a timely manner following the payroll processing cycle. Delays in recording these entries can impact financial reporting and reconciliation processes.

Opportunities for Improvement

Ensuring timely completion of payroll journal entries would enhance the accuracy of financial records and streamline the reconciliation process. This improvement would also facilitate more reliable financial reporting and analysis.

Threats or Weaknesses

The delay in posting payroll journal entries can lead to discrepancies between the general ledger and payroll records. This can complicate the reconciliation process, potentially leading to financial misstatements and affecting the City's ability to produce accurate financial reports.

Recommendations

Establish a formal timeline for completing payroll journal entries immediately following each payroll cycle. Implement a checklist to ensure all necessary steps are completed promptly, and designate accountability for this task within the Finance department. Consider integrating automated tools to assist in the timely posting of journal entries.

Priority

High

Finding 6

Current Condition

The current payroll process does not include a dedicated, formal review step by a designated reviewer prior to finalizing payroll. This absence of a structured review process increases the risk of errors in payroll calculations and processing.

Opportunities for Improvement

Implementing a formal payroll review process would enhance the accuracy and reliability of payroll processing. This review would serve as an additional checkpoint to identify and rectify errors before payroll is finalized, thereby improving financial accuracy and compliance.

Threats or Weaknesses

Without a dedicated payroll review process, there is an increased risk of payroll errors going unnoticed until after the payroll cycle is complete. This can lead to financial discrepancies, employee dissatisfaction due to incorrect pay, and potential compliance issues.

Recommendations

Establish a formal payroll review process that involves the Accounting Analyst (Supervisor). The Accounting Analyst (Supervisor) should perform a comprehensive review of all payroll data, calculations, and adjustments prior to finalization. The review process should include a checklist to ensure all critical elements are verified, and any discrepancies are resolved before payroll is processed. Implementing this step will provide an added layer of accuracy and accountability within the payroll process.

Priority

High

Finding 7

Current Condition

There is not a designated backup for payroll processing. The lack of a trained individual to step in during the Accounting Specialist's absence poses a risk to uninterrupted payroll processing.

Opportunities for Improvement

Designating and training a backup payroll processor would ensure continuity in payroll operations, regardless of personnel availability. This measure would mitigate risks associated with unexpected absences or turnover, maintaining consistent payroll processing and employee satisfaction.

Threats or Weaknesses

The absence of a backup payroll processor can lead to delays or disruptions in payroll processing during the primary processor's absence due to illness, vacation, or unforeseen circumstances. This can result in late payments to employees, increased workload for other staff members, and potential compliance issues.

Recommendations

Train the Accounting Analyst (Supervisor) to serve as a backup payroll processor. The Accounting Analyst (Supervisor) should receive comprehensive training on all aspects of payroll processing and systems used by the City. Establish clear protocols and documentation to facilitate a smooth transition in the event the backup processor needs to assume payroll responsibilities. Regular cross-training sessions should be scheduled to keep the backup processor updated on any changes in payroll procedures or systems.

Priority

High

Finding 8

Current Condition

The payroll process lacks comprehensive documentation detailing the procedures, protocols, and system operations involved in payroll processing. This deficiency in documentation can hinder process consistency, training, and troubleshooting efforts.

Opportunities for Improvement

Creating detailed documentation of the payroll process would establish a standardized reference for payroll operations, facilitate training of new staff, and aid in troubleshooting and process improvement initiatives. Comprehensive documentation would enhance operational efficiency and reduce reliance on individual knowledge.

Threats or Weaknesses

The absence of thorough payroll documentation presents several risks, including inconsistencies in payroll processing, challenges in onboarding new payroll staff, and difficulties in resolving processing errors or system issues. This can lead to payroll inaccuracies, increased training time, and reduced operational resilience.

Recommendations

Develop a detailed payroll process manual that outlines all steps, protocols, system operations, and contingencies involved in payroll processing. This manual should include process flowcharts, system screenshots, checklists, and contact points for additional support. Regular updates to the documentation should be scheduled to reflect any changes in payroll procedures, systems, or regulations. Encourage staff feedback on the documentation to ensure clarity and comprehensiveness. This initiative will support consistent payroll processing and enhance departmental knowledge management.

Priority

High

Payroll – Future State

The future state of payroll is centered around efficiency, document management, and workflow.

The benefit reconciliation process is designed to achieve efficiency, accuracy, and transparency by centralizing responsibility within the Human Resources department and utilizing advanced electronic systems. The new process will leverage technology to fully integrate with existing Human Resources management systems and financial platforms, ensuring seamless data flow and coordination.

To accommodate this streamlined workflow, Human Resources personnel will utilize a dedicated benefits management module that interfaces directly with UKG and OpenGov. This module will allow Human Resources staff to access, update, and reconcile employee benefit records electronically, reducing the potential for manual errors and discrepancies.

Employee benefit data entry will be decentralized, allowing Human Resources staff to input changes or updates directly into the system in real time. This approach will enable timely updates to benefit records and ensure that all changes are immediately reflected in the payroll and financial systems.

The reconciliation process will begin with the automated extraction of benefit data from the payroll system. This data will be cross-referenced with Human Resource records to identify any discrepancies or inconsistencies. Automated alerts will notify Human Resources staff of any issues that require attention, allowing for prompt resolution.

All benefit adjustments, additions, or deletions will be documented electronically within the system, eliminating the need for paper records and ensuring a comprehensive audit trail. The electronic document management system will retain these records for the appropriate retention period, facilitating easy access and retrieval for audits or reviews.

The Human Resources department will generate detailed reconciliation reports at regular intervals, providing a clear overview of benefit allocations and any discrepancies identified. These reports will be reviewed by the Human Resources Manager, who will propose necessary adjustments and approve final reconciliations.

To ensure the accuracy of employee benefit records, the Human Resources department will conduct monthly reconciliations of benefit liabilities, interfacing with OpenGov to verify that all deductions and contributions are correctly accounted for. This process will be supported by an electronic dashboard that allows Human Resources staff to monitor reconciliation status and track progress in real time.

Incorporating an electronic payment feature, the system will facilitate the processing of benefit payments through ACH where available. For payments that require checks, a Positive Pay file will be prepared and uploaded to the bank to ensure secure and accurate processing.

Overall, this future state aims to enhance the efficiency and reliability of the benefit reconciliation process, reduce administrative burdens, and improve the accuracy of employee benefit records, thereby fostering greater employee satisfaction and compliance with organizational policies and regulations.

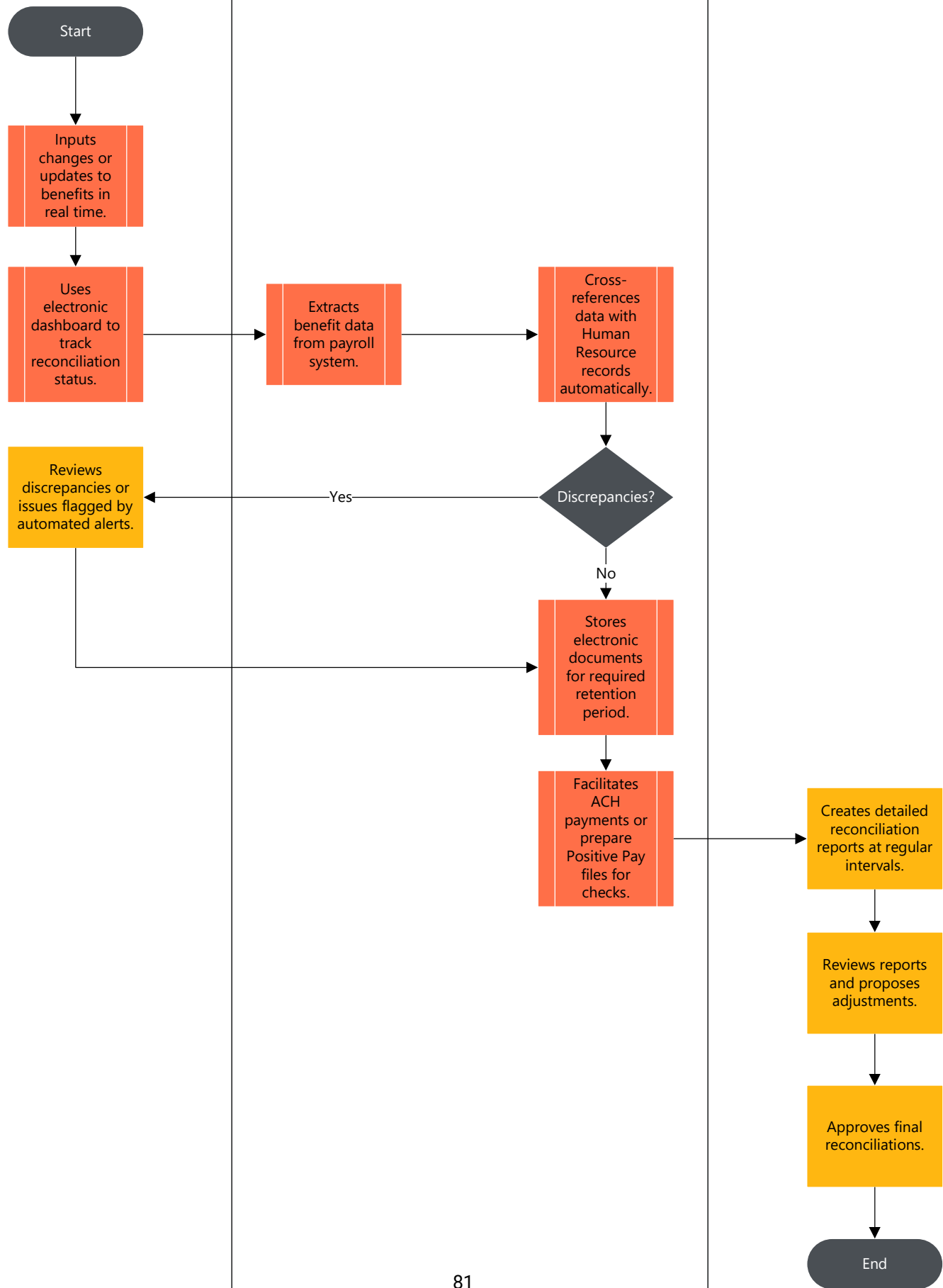
Payroll – Future State

Payroll

Human Resources Personnel

Financial Systems (Automation)

Human Resources Manager



Accounts Payable

Accounts Payable

Objective

To review, document, and evaluate the procedures associated with the accounts payable transaction cycle.

Procedures

The accounts payable process is decentralized and begins with the receipt of invoices from various vendors and service providers via email or mail. Upon email receipt, the Accounting Specialist routes the invoices to the appropriate department for coding and moves the email to an Outlook folder. If the Accounting Specialist does not know which department to send the invoice, the Accounting Specialist contacts the vendor for department identification. The departments code the appropriate invoices and enter the invoices in OpenGov using the accounts payable module. The accounts payable module automatically routes the invoices for approval; approval authority is dependent on the level of staff. The approval process for invoices involves multiple layers of authorization, depending on the amount and nature of the expenditure.

Once the invoice is approved in OpenGov, the Accounting Specialist verifies coding and tax and ensures that approvals are appropriate. The Accounting Specialist enters the batch total in a spreadsheet which is used to tie out the batch prior to processing. If the total does not match, the Accounting Specialist runs an open invoice report in OpenGov to identify the discrepancy. Late bills are a recurring issue, leading to finance charges, and some lines of credit carry an interest rate of 33%. Upon identifying a late fee, the Accounting Specialist contacts the originating department to request the fee be waived by the vendor.

New vendor setups involve obtaining necessary tax forms, such as W-9s, which is the responsibility of the department using the new vendor. Only the Finance Department can add new vendors in OpenGov; however, department staff cannot enter invoices until a vendor is established. Vendor changes follow a formal process in which the Accounting Specialist confirms the requested changes directly with the vendor.

Check Run and ACH

Check runs occur every two weeks, with Wednesday mornings as the processing deadline. Invoices submitted by Tuesday's end are included in the next Council meeting's finance packet for approval.

Manual checks, typically for purchases where the total amount is unknown, are occasionally issued. Pre-numbered check stock is securely stored in a locked cabinet in the Finance Department. These checks must be signed by the City Administrator and the Finance Director.

Purchasing Cards

The department head requests a new purchasing card for a staff member through an email to the Accounting Specialist. This email includes the necessary approvals, along with specified daily and monthly spending limits for the requested card. Prior to the issuance of the purchasing card, the staff member and department head are required to sign a form acknowledging the card's terms and conditions. This form is sent to the Human Resources department for filing. The new card holder is also provided a procedure document on how to upload receipts to the US Bank portal.

Upon receiving an email from the department head, the Accounting Specialist is authorized to temporarily increase the purchasing card limit for one-time purchases. However, there is not a formal process in place to ensure that the one time increase is subsequently decreased.

Human Resources is responsible for collecting purchasing cards from terminated staff members or those who no longer need purchasing cards. Once collected, Human Resources notifies the Accounting Specialist that the card has been retrieved and subsequently shredded. The Accounting Specialist is tasked with terminating the credit card through US Bank upon notification from either Human Resources or the department head.

Currently, the Finance Department does not possess a comprehensive checklist or database that details which individuals within the City have been issued purchasing cards and what each approved spending limit is.

Occasionally, a personal purchase is made using a purchasing card. The Accounting Specialist reminds the staff member of the appropriate purchasing card usage, and any personal purchases are required to be reimbursed immediately via check. This reimbursement can be facilitated through written or verbal communication. The Accounting Specialist attaches a copy of the reimbursement check to the relevant statement.

Purchasing card users are responsible for coding each transaction and uploading the corresponding receipt in the US Bank portal. In addition, the purchasing card holders receive a monthly statement from the Accounting Specialist in which the coding for each transaction is documented. The coded statement is emailed to the Accounting Specialist along with copies of the corresponding receipts. The Accounting Specialist verifies the coding done by the purchasing card holders directly in US Bank is appropriate for each transaction. The Accounting Specialist imports the transaction data to OpenGov for payment processing.

Rebates

Purchases from Menards often have an 11% rebate offer included on the receipt. The Accounting Specialist shreds the rebate offer.

Internal Service Fund

Cost allocations for internal service funds are not updated.

Vehicle Replacement Fund

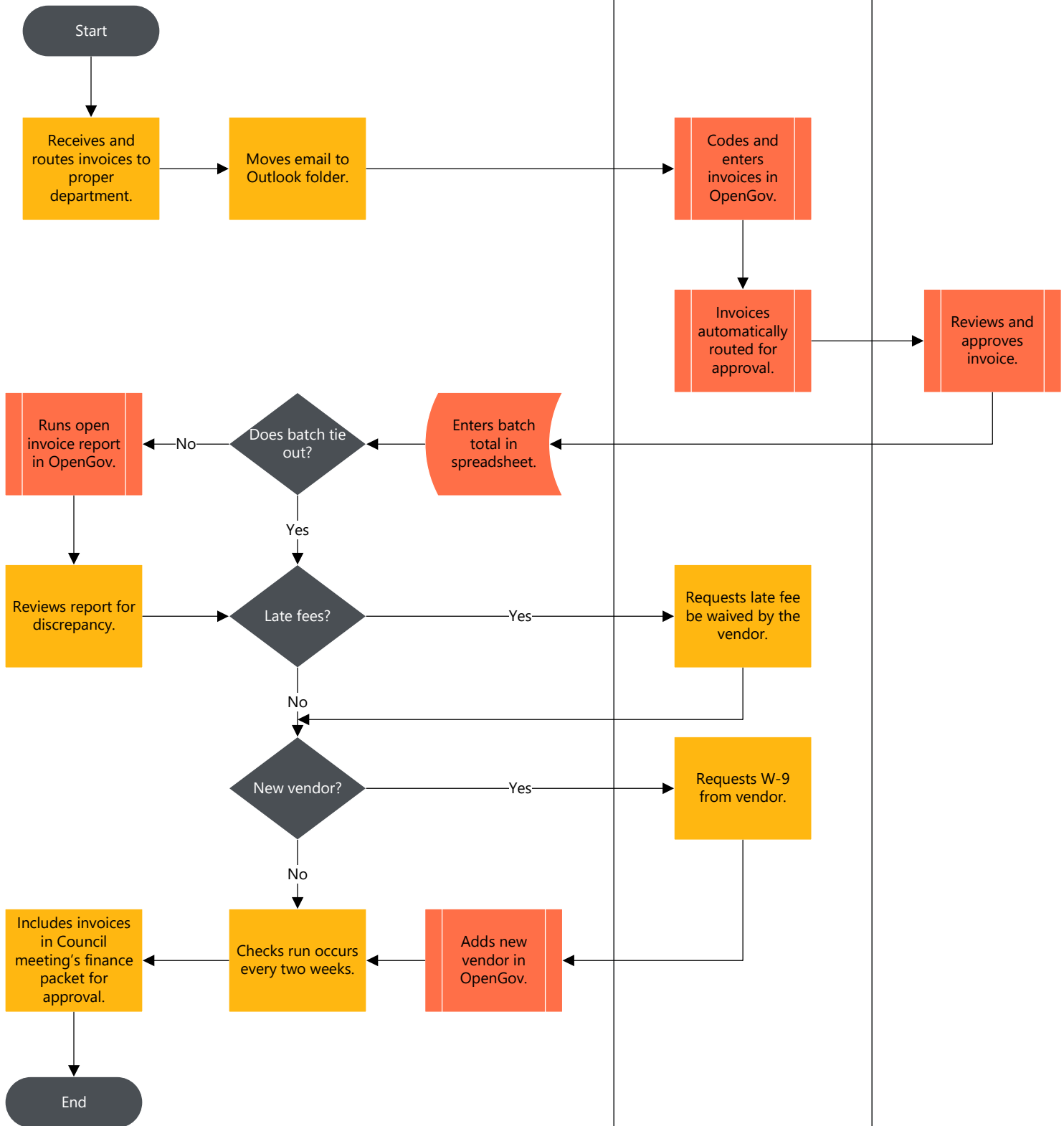
The vehicle replacement fund consists of contributions from operating budget throughout the City. Historically, the contribution amount lacked a consistent methodology. A vehicle replacement fund spreadsheet is used to track vehicles by department. This spreadsheet consists of a projected replacement year and replacement cost. It does not allocate the replacement cost annually to fund the replacement during the projected replacement year. Due to the master spreadsheet not being kept up to date by Finance, many departments track vehicle replacements on a separate spreadsheet which has led to some confusion with different naming conventions for the vehicles. The spreadsheet is not integrated with OpenGov, Cartegraph, or Plan It.

Accounts Payable (Check & ACH) – Current State

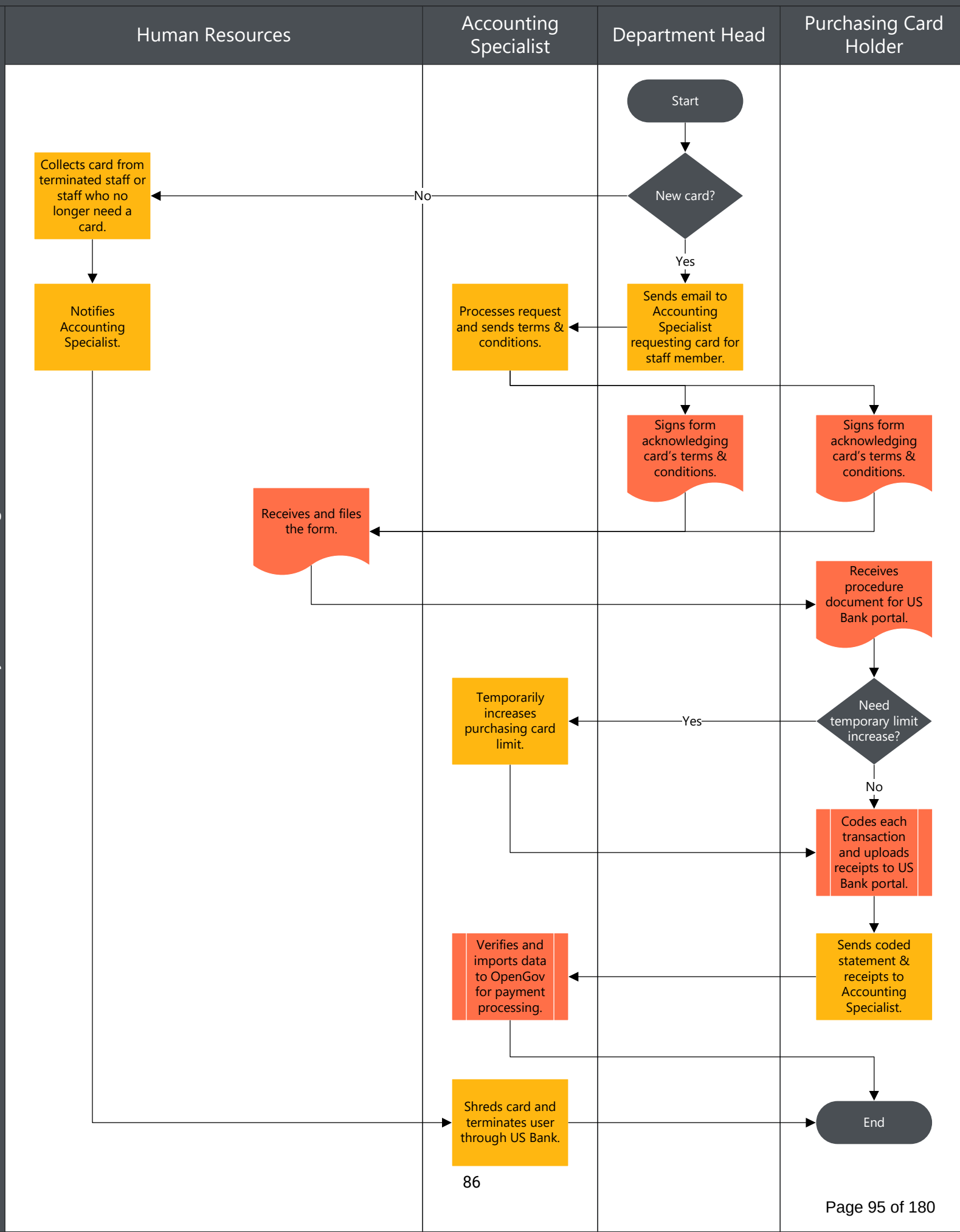
Accounting Specialist

Department Staff

Department Head



Accounts Payable (Purchasing Card) – Current State



Findings

Finding 1

Current Condition

New vendors are created without a formal review process.

Opportunities for Improvement

A structured review process ensures all new vendors are thoroughly vetted for compliance with financial and regulatory standards prior to being set up in the system.

Threats or Weaknesses

Without a formal review process, there is an increased risk of engaging with vendors who may not meet the City's compliance requirements. This oversight can lead to financial inaccuracies, potential legal issues, and a lack of accountability in vendor management.

Recommendations

Develop and implement a standardized review process for all new vendors. This process should include verifying compliance with necessary legal and financial standards, collecting required documentation such as IRS Form W-9 forms, and obtaining appropriate departmental approvals before vendor set up.

Priority

Medium

Finding 2

Current Condition

There are no written procedures or guidelines for coding transactions.

Opportunities for Improvement

Developing clear procedures and guidelines can improve consistency and accuracy in transaction coding, leading to better financial reporting and analysis.

Threats or Weaknesses

The absence of standardized procedures can result in inconsistent coding, errors in financial data, and difficulties in auditing and compliance. The same type of transaction could be coded inconsistently resulting in misleading financial reports and additional time and resources for recording at year-end.

Recommendations

Prepare written procedures and guidelines for coding based on the approved budget to ensure the agreed upon process is consistently followed and transactions are coded in a consistent manner.

Priority

Low

Finding 3

Current Condition

The accounts payable process relies heavily on manual data entry and validation, which can be inefficient and prone to errors.

Opportunities for Improvement

Automating parts of the accounts payable process can streamline operations, reduce errors, and free up staff time for more value-added activities.

Threats or Weaknesses

Manual processes increase the risk of human error, can lead to delayed payments, and may result in inaccuracies in financial reporting.

Recommendations

Invest in an accounts payable automation solution that integrates with OpenGov. This software should be able to automatically capture and validate invoice data, match invoices to purchase orders, and manage approvals. Additionally, provide training to staff on the new system to ensure a smooth transition and maximize its benefits.

Priority

High

Finding 4

Current Condition

The email account used for accounts payable is also utilized for other communications.

Opportunities for Improvement

Streamlining email usage can improve the efficiency of accounts payable processes by ensuring that relevant communications are easily accessible and prioritized.

Threats or Weaknesses

Using a shared email system for accounts payable and other communications increases the risk of important accounts payable emails being overlooked or delayed, potentially affecting payment timelines and vendor relationships.

Recommendations

Create a dedicated email address specifically for accounts payable communications. This will help segregate accounts payable-related emails from other communications, ensuring that accounts payable staff can focus on relevant tasks without unnecessary distractions. Additionally, set up automated filters and folders within the email system to organize incoming accounts payable-related emails and prioritize urgent communications.

Priority

Low

Finding 5

Current Condition

Temporary vendors are not utilized for processing reimbursements, potentially limiting flexibility and efficiency in handling one-time or infrequent transactions.

Opportunities for Improvement

Leveraging temporary vendors for reimbursements can streamline the process for handling occasional transactions, reduce administrative overhead, and improve payment efficiency.

Threats or Weaknesses

Not using temporary vendors for reimbursements can lead to delays in payment processing, increased administrative workload for setting up permanent vendor accounts for one-time transactions, and potential inefficiencies in managing ad-hoc expenses.

Recommendations

Implement a policy that allows for the use of temporary vendor accounts specifically for reimbursements. This can facilitate quicker processing of one-time payments without the need to establish permanent vendor accounts. Ensure that there are clear guidelines and controls in place to manage these temporary accounts and monitor transactions to prevent misuse.

Priority

Low

Finding 6

Current Condition

The approval authority within the City is unclear and redundant, leading to confusion and inefficiencies in decision-making processes.

Opportunities for Improvement

Clarifying and streamlining approval authority can enhance efficiency, reduce bottlenecks, and improve accountability and transparency in decision-making.

Threats or Weaknesses

Unclear and redundant approval processes can result in delays, increased risk of errors, and frustration among staff, potentially hindering organizational performance and affecting stakeholder confidence.

Recommendations

Develop a clear and streamlined approval hierarchy that specifies who has the authority to approve various types of transactions or decisions. Ensure that these guidelines are documented and communicated effectively to all staff.

Priority

High

Finding 7

Current Condition

Delays in payments can harm vendor relationships, lead to extra costs due to late fees or penalties, and pose a risk of statutory noncompliance.

Opportunities for Improvement

Improving the payment process can enhance vendor relationships, reduce costs associated with late payments, and ensure compliance with payment terms and statutory requirements.

Threats or Weaknesses

Late payments can lead to strained vendor relationships, potential disruptions in supply or service, increased costs due to penalties or loss of early payment discounts, and expose the City to unnecessary statutory risk.

Recommendations

Centralize and automate the accounts payable process to improve processing time and reduce bottlenecks.

Priority

High

Finding 8

Current Condition

There is no systematic review or verification of vendor records.

Opportunities for Improvement

Implementing a vendor audit process can enhance data accuracy, improve compliance, and optimize vendor management by ensuring all records are current and vendors are active.

Threats or Weaknesses

Without regular audits, the City risks maintaining outdated or incorrect vendor information, which can result in transaction errors, delayed payments, potential fraud, and weakened vendor relationships.

Recommendations

The Accounting Specialist regularly reviews vendor accounts for activity, deactivating vendors that are no longer be used.

Priority

Low

Finding 9

Current Condition

The City's disbursement process involves multiple staff members handling payments. This decentralized approach increases the risk of untracked transactions, errors, and compliance issues. With several individuals involved, maintaining consistent and accurate financial records becomes challenging, potentially compromising oversight.

Opportunities for Improvement

Centralizing the disbursement process can enhance oversight and control. By consolidating responsibilities within a dedicated team or system, the City can improve transaction tracking and accountability. Standardized procedures and technology solutions can ensure all disbursements are accurately recorded and monitored.

Threats or Weaknesses

The current practice increases the likelihood of untracked transactions, leading to discrepancies and potential financial losses. Errors, such as duplicate payments or fund misallocation, are more likely, and there is a greater risk of non-compliance with regulations, which could result in audits or penalties.

Recommendations

Centralize the disbursement process by assigning it to a dedicated team or system. Implement standardized procedures and use OpenGov to automate and monitor transactions. Provide regular training for staff to ensure adherence to best practices and compliance.

Priority

High

Finding 10

Current Condition

Community members' reimbursement requests are taking a long time to process, resulting in delays and possible dissatisfaction among those waiting for payments.

Opportunities for Improvement

Streamlining the reimbursement process can significantly reduce wait times, enhance efficiency, and improve satisfaction among community members by ensuring timely payments.

Threats or Weaknesses

Prolonged delays in processing reimbursement requests can lead to frustration among community members, decreased trust in the City's financial processes, and potential reputational damage.

Recommendations

Provide clear guidelines to community members for submitting complete requests, including necessary documentation. Enhance communication by providing updates on request statuses and establish a dedicated point of contact for inquiries. Set specific timelines for each stage of the process and monitor compliance to maintain efficiency.

Priority

Medium

Finding 11

Current Condition

The Finance Department currently lacks a comprehensive checklist or database that tracks which individuals within the City have been issued purchasing cards and their respective approved spending limits.

Opportunities for Improvement

Developing a centralized database or checklist can provide clear visibility into purchasing card distribution and spending limits, enhance oversight, and ensure accountability in financial transactions.

Threats or Weaknesses

Without a comprehensive system to track purchasing card issuance and spending limits, there is an increased risk of unauthorized spending, lack of accountability, and potential financial discrepancies.

Recommendations

Create and implement a centralized database that records details of all individuals with purchasing cards, including their approved spending limits. Ensure the database is regularly updated and accessible to relevant personnel for monitoring and compliance purposes. Regular audits should be conducted to ensure accuracy and adherence to spending policies.

Priority

High

Finding 12

Current Condition

While the Finance Department has established procedures for addressing personal purchases made with purchasing cards, there is currently no formal awareness or documentation outlining the consequences for repeat offenders.

Opportunities for Improvement

Implementing a formal policy that clearly documents the consequences for repeat offenders can help deter misuse, promote accountability, and ensure consistent enforcement across the City.

Threats or Weaknesses

The absence of documented consequences for repeat offenders may lead to continued misuse of purchasing cards, financial loss, and a lack of accountability, potentially damaging the City's integrity and trust.

Recommendations

Develop and communicate a formal policy that specifies the consequences for repeat personal purchases using purchasing cards. This policy should include escalating penalties ranging from warnings to revocation of card privileges, depending on the frequency and severity of violations. Ensure that all cardholders are aware of the policy through training sessions or informational materials. Implement a tracking system to monitor violations and enforce the policy consistently. Regularly review and update the policy to adapt to changing circumstances and maintain its effectiveness.

Priority

High

Finding 13

Current Condition

There is no formal process in place to ensure that purchasing card limits are reverted to the original thresholds after a one-time increase has been granted.

Opportunities for Improvement

Establishing a formal process to confirm the reversion of purchasing card limits can enhance financial control, prevent unauthorized spending, and ensure compliance with established spending policies.

Threats or Weaknesses

Without a formalized process to revert purchasing card limits, there is a risk of overspending, budgetary discrepancies, and potential financial misuse due to prolonged or unchecked increased limits.

Recommendations

Develop a standardized procedure for managing temporary purchasing card limit increases, including automatic reversion to original thresholds after the specified period or transaction. Implement an alert system to notify relevant personnel when a temporary limit increase is nearing expiration, prompting them to verify the reversion. Ensure that all changes to purchasing card limits are documented and approved by department heads. Regular audits should be conducted to ensure compliance with these procedures and identify any discrepancies.

Priority

High

Finding 14

Current Condition

Staff members are sharing purchasing cards, which can lead to challenges in tracking individual transactions and maintaining accountability for purchases.

Opportunities for Improvement

Assigning individual purchasing cards to staff members can improve accountability, enhance tracking of transactions, and reduce the risk of unauthorized or inappropriate spending.

Threats or Weaknesses

Sharing purchasing cards among staff can result in a lack of transparency and accountability, making it difficult to trace transactions back to specific individuals, potentially leading to misuse and financial discrepancies.

Recommendations

Issue individual purchasing cards to staff members to ensure that each transaction can be accurately attributed to a specific person. Establish clear policies regarding the use of purchasing cards, including guidelines for appropriate spending and documentation requirements. Conduct training sessions to ensure that staff understand their responsibilities and the consequences of misuse. Implement regular audits of purchasing card transactions to detect any irregularities and enforce accountability.

Priority

High

Finding 15

Current Condition

Staff are required to upload receipts and code transactions in the purchasing card portal, then code on statements and email receipts, which leads to duplication of efforts and inefficiencies in the reconciliation process.

Opportunities for Improvement

Streamlining the transaction coding and reconciliation process can reduce administrative overhead, improve accuracy, and enhance efficiency in managing purchasing card transactions.

Threats or Weaknesses

The current process of coding transactions in multiple places can lead to inconsistencies, errors, and increased administrative workload, potentially causing delays in reconciliation and financial reporting.

Recommendations

Implement an integrated system where transaction coding is centralized, allowing staff to enter and update information in one location. Automate the reconciliation process where possible to reduce manual effort and minimize errors. Develop clear guidelines for uploading receipts and coding transactions to ensure consistency and accuracy. Provide training to staff on any new systems or processes to ensure smooth implementation and adoption. Regularly review the process to identify areas for further improvement.

Priority

Medium

Finding 16

Current Condition

The City does not receive any rebates for transactions made using purchasing cards.

Opportunities for Improvement

Exploring rebate programs offered by purchasing card providers can lead to cost savings and provide additional financial benefits for the City.

Threats or Weaknesses

By not taking advantage of rebate programs, the City misses out on potential savings, which could be used to offset costs or reinvest in other areas.

Recommendations

Research purchasing card providers that offer rebate programs and evaluate the potential benefits and savings that could provide. Consider negotiating with current or new providers to include rebate options as part of the contract. Analyze the City's spending patterns to determine which rebate programs would be most beneficial. Regularly review the effectiveness of rebate programs and make adjustments as necessary to optimize savings.

Priority

Medium

Finding 17

Current Condition

The Accounting Specialist shreds Menards rebate documents.

Opportunities for Improvement

Properly managing and utilizing rebate documents can help the City capture potential savings and ensure that all available rebates are redeemed.

Threats or Weaknesses

Shredding rebate documents results in lost financial opportunities and potential inefficiencies.

Recommendations

Implement a policy for managing and processing rebate documents to ensure the rebates are properly handled and redeemed. Regularly audit rebate handling practices to ensure compliance and identify areas for improvement.

Priority

Medium

Finding 18

Current Condition

Cost allocations for internal service funds are not regularly updated, which may lead to inaccurate financial reporting and misalignment of expenses with actual service usage.

Opportunities for Improvement

Regularly updating cost allocations can improve financial accuracy, ensure equitable distribution of costs among departments, and enhance budget planning and decision-making.

Threats or Weaknesses

Outdated cost allocations can result in financial imbalances, with some departments being overcharged or undercharged for services. This can lead to budgetary issues and reduce the effectiveness of financial management.

Recommendations

Review and update cost allocation methodologies regularly to reflect changes in service usage, costs, and City priorities. Engage stakeholders from relevant departments to ensure that the allocation process is transparent and meets the needs of the City. Utilize data and analytics to inform the allocation process and ensure that it reflects actual service usage and costs. Establish a regular review cycle for cost allocations to ensure they remain current and relevant. Provide training for staff involved in the allocation process to ensure they understand the principles and practices of accurate cost allocation.

Priority

High

Finding 19

Current Condition

The Accounting Specialist is responsible for recording accounts payable invoices in OpenGov and processing payments (e.g., printing checks, processing ACH and wire transfers).

Opportunities for Improvement

The Accounting Specialist is involved in both the recording and disbursement functions.

Threats or Weaknesses

The lack of segregation of duties can lead to vulnerabilities in the financial process, increasing the risk of unauthorized transactions and misappropriation of funds. This situation may compromise the integrity of financial operations and undermine trust in the City's financial management practices.

Recommendations

Implement an approval process where the Accounting Analyst (Supervisor) verifies and authorizes payments before checks are printed or files are sent to the bank for payment.

Priority

High

Finding 20

Current Condition

The City's vehicle replacement fund is supported by contributions from the operating budgets of various departments. However, there is no standardized method for determining the contribution amounts from each department.

Opportunities for Improvement

Developing a consistent and transparent method for calculating departmental contributions to the vehicle replacement fund can ensure equitable distribution of costs and better financial planning.

Threats or Weaknesses

The lack of a consistent methodology for determining contributions can lead to discrepancies and potential imbalances in fund allocation. This may result in some departments over-contributing while others under-contribute, ultimately affecting the availability of funds for necessary vehicle replacements.

Recommendations

Establish a standardized formula or set of criteria for calculating departmental contributions to the vehicle replacement fund. This formula should consider factors such as the number of vehicles, usage rates, and replacement schedules to ensure fair and adequate funding.

Priority

Medium

Accounts Payable and Purchasing – Future State

The future state of accounts payable is centered around electronic workflow and document management.

Vendors are encouraged to submit invoices electronically to a central accounts payable email address for the City. All other invoices are to be sent to the City office with the attention of Accounting Specialist. When the invoice is received, it is uploaded into the accounts payable workflow solution. The software uses optical character recognition (OCR) to read specific datapoints on the invoice (e.g., invoice number, invoice date, vendor name, amount) and uses AI (artificial intelligence) to correctly suggest invoice coding. This reduces the amount of data entry. Once scanned, the Accounting Specialist reviews the data results to ensure accuracy and the appropriate vendor matching. If a new vendor must be established, the Accounting Specialist requests a W-9 and places a temporary hold on further processing of the invoice. The Accounting Analyst (Supervisor) reviews all new vendors.

Once all invoices have been validated, the Accounting Specialist determines who is responsible for general ledger coding of the invoice and selects that individual from a drop-down list. The invoice is electronically routed to that individual for review and approval. Once the general ledger coding and initial review is complete, the invoice routes appropriately based on amount and staff level, per pre-designed workflow programmed into the software. After all the necessary approvals have been received, the invoice is routed back to the Accounting Specialist for further review and processing. To maintain proper controls and ensure the accuracy of general ledger coding and other invoice details, the Finance Department retains the ability to post accounts payable invoices to the system.

The Accounting Specialist will review items such as invoice number, amount paid, general ledger distribution, project accounting, sales tax, and general ledger date are checked for accuracy

Weekly, all invoices that have completed the finance review are batched. A draft claims register is generated and sent to the Accounting Analyst (Supervisor) for approval prior to initiating payment. For electronic funds transfer, a payment file is generated and uploaded to the third-party processor, including applicable remittance advice. All remaining payments are processed via a paper check, which includes electronic signatures. A file is uploaded to the bank and a claims register is generated. A final copy of the claims register is sent to the Finance Director for inclusion in the City Council's packet.

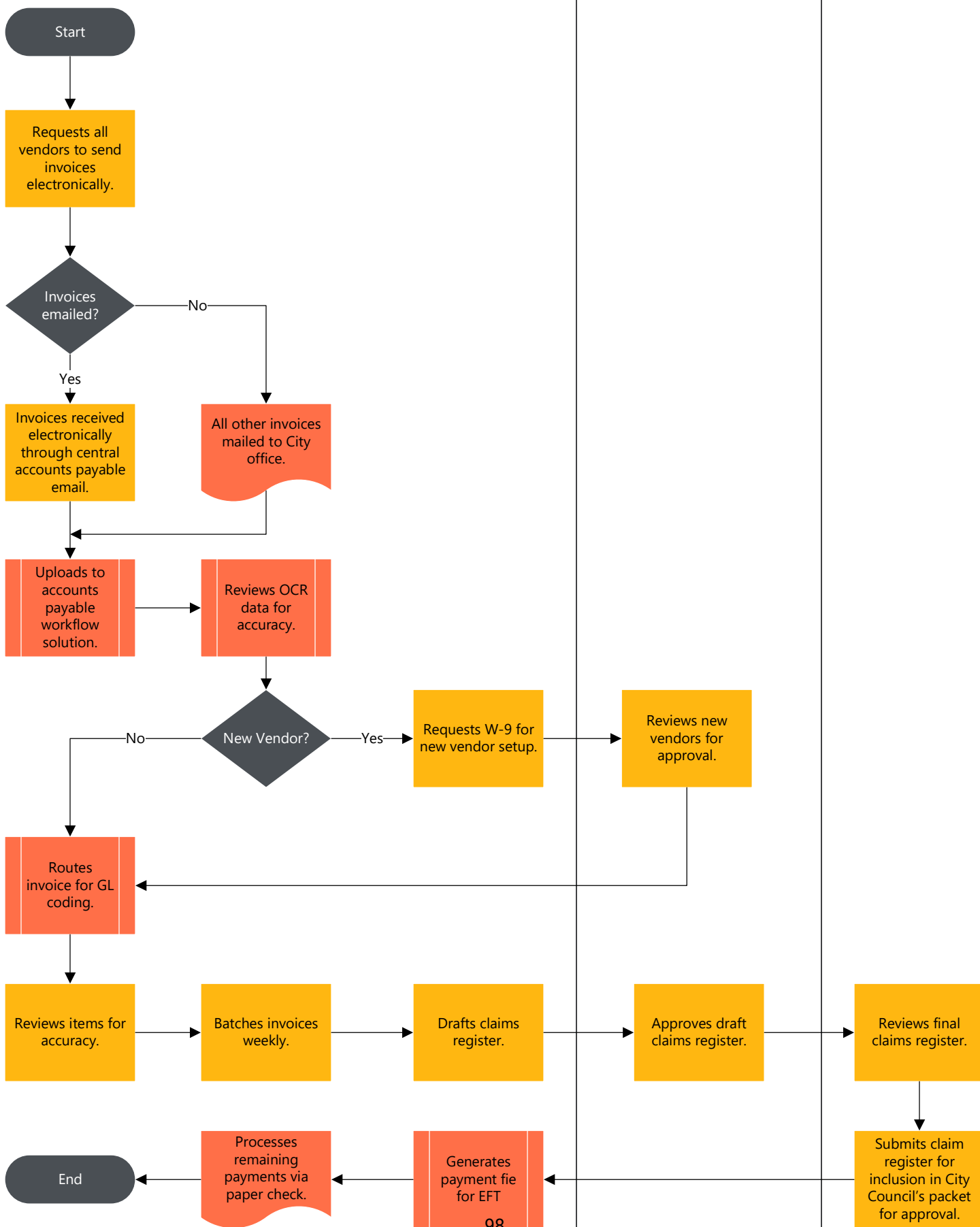
Accounts Payable – Future State

Accounts Payable

Accounting Specialist

Accounting Analyst

Finance Director



Inventory and Capital Assets

Inventory and Capital Assets

Objective

To review, document, and evaluate the procedures associated with inventory and capital assets.

Procedures

Inventory

The Finance Department does not track inventory, and the daily management of inventory is delegated to the discretion of the operational teams. Due to this, the Finance Department does not have any inventory to report. As a result, the City does not have an established inventory management method (e.g., LIFO, FIFO). Many departments make purchases for items as needed rather than having an inventory supply on hand.

The airport fuel inventory is tracked daily by the Airport Manager using a meter number and is managed by Avfuel.

Electrical supplies (e.g., lights) at the airport are kept on hand, however; there is not an inventory record. The Airport Manager visually identifies when an inventory item needs to be replaced.

Capital Assets (Workflow Mapping Below)

The Finance Department oversees the record-keeping and management of capital assets. The Accounting Specialist has assumed additional responsibilities related to capital assets due to staffing constraints. This includes managing capital asset forms which are completed by departments to add a new capital asset. Owatonna Public Utilities (OPU) is restricted from owning land; as a result, any land acquired by OPU is transferred to the City's ownership. Assets are recorded with information including the cost of acquisition and the method by which it was purchased.

The Finance Department currently uses a combination of spreadsheets and internal review of the general ledger to track capital assets.

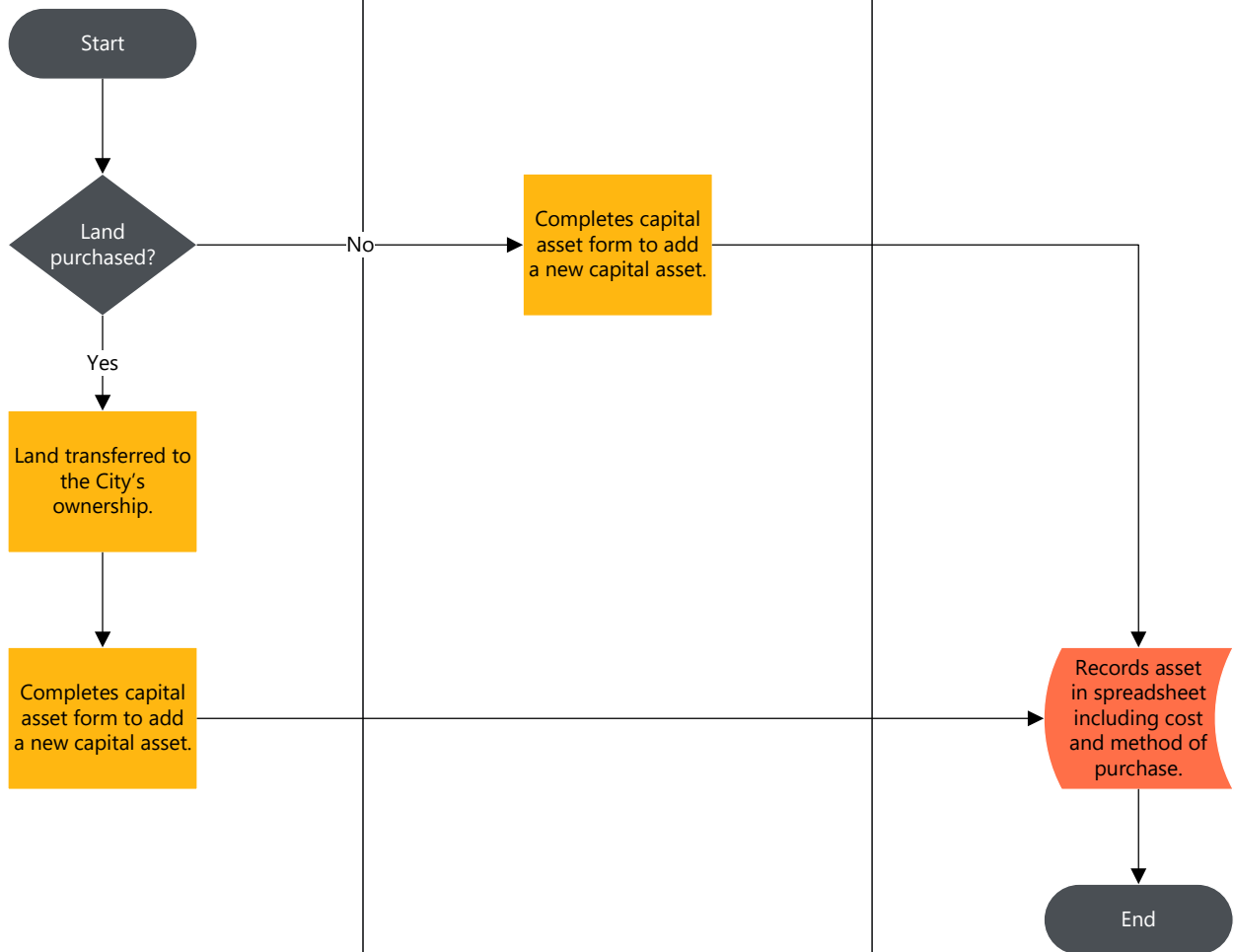
The long-term plan is in OpenGov, although it is not integrated with the financial module. Instead, these projects are maintained on a separate spreadsheet.

Capital Assets – Current State

Owatonna Public Utilities

Departments

Accounting Specialist



Findings

Finding 1

Current Condition

Inventory items are not being tracked in the inventory system, which can lead to inefficiencies, inaccuracies in inventory levels, and potential loss or misplacement of items.

Opportunities for Improvement

Implementing a comprehensive inventory tracking system can enhance visibility, improve inventory management, and ensure accurate record-keeping.

Threats or Weaknesses

Failure to track inventory items can result in overstocking or stockouts, leading to operational disruptions and financial losses. It also increases the risk of theft and loss due to lack of oversight.

Recommendations

Adopt an inventory management system that allows for real-time tracking of inventory items, providing accurate data on stock levels and movement. Conduct a full inventory audit to establish baseline data and identify discrepancies. Implement barcode or RFID technology to streamline tracking and improve accuracy. Train staff on the use of inventory tracking systems and the importance of accurate record-keeping. Establish regular inventory reviews and reconciliations to ensure that the system reflects actual inventory levels and to quickly address any discrepancies.

Priority

High

Finding 2

Current Condition

Municipal assets are tracked manually using spreadsheets, which can be time-consuming, prone to errors, and inefficient for large-scale asset management.

Opportunities for Improvement

Implementing an asset management system can automate tracking, improve accuracy, enhance reporting capabilities, and streamline asset management processes.

Threats or Weaknesses

Manual tracking increases the risk of data entry errors, inconsistent records, and difficulties in generating comprehensive reports, potentially leading to mismanagement of assets and financial inaccuracies.

Recommendations

Migrate existing asset data from spreadsheets into OpenGov, ensuring data accuracy during the transition. Train staff on the OpenGov asset management system to ensure smooth adoption and effective use. Establish protocols for regular data updates and reviews to maintain accuracy and accountability. Utilize OpenGov's reporting capabilities to generate insights and support decision-making regarding asset maintenance, replacement, and budgeting.

Priority

High

Finding 3

Current Condition

Assets are not being updated for trade-ins, which can result in inaccurate asset records and potentially affect financial reporting and decision-making.

Opportunities for Improvement

Updating asset records to reflect trade-ins ensures accurate tracking of asset value, enhances transparency in asset management, and can optimize financial planning.

Threats or Weaknesses

Failure to update asset records for trade-ins may lead to discrepancies in asset valuations, complicate audits, and hinder effective asset management and budgeting.

Recommendations

Establish a policy for updating asset records promptly following trade-ins, ensuring accurate reflection of asset status and value. Integrate asset management systems to automatically capture trade-in transactions and update records accordingly. Train staff on the importance of updating asset records and the process for recording trade-ins. Conduct regular audits of asset records to ensure all trade-ins are accurately captured and reflected in the system. Use updated asset records to inform strategic decisions related to asset utilization, replacement, and investment.

Priority

High

Finding 4

Current Condition

There is not a flag for potential capital assets when processing accounts payable, potentially leading to misclassification of expenses and inaccurate financial reporting.

Opportunities for Improvement

Implementing a system to flag capital assets during accounts payable processing can improve expense categorization, ensure compliance with accounting standards, and enhance financial reporting accuracy.

Threats or Weaknesses

Without a capital asset flag, expenses may be misclassified, leading to incorrect financial statements and potential non-compliance with accounting regulations or standards.

Recommendations

Develop and integrate a capital asset flagging system into the accounts payable processing workflow to identify and classify transactions involving capital assets. Update accounting software or systems to incorporate this functionality, ensuring it aligns with accounting standards and organizational requirements. Train accounts payable staff on the importance of correctly identifying capital asset transactions and using the flagging system. Conduct regular reviews and audits of accounts payable transactions to ensure capital assets are correctly flagged and reported. Utilize flagged data to support accurate financial reporting and informed decision-making related to capital asset management.

Priority

High

Finding 5

Current Condition

The City uses project codes to track capital projects, but the application is limited and not consistently implemented. This inconsistency can lead to challenges in tracking project expenditures, monitoring project progress, and ensuring financial accountability.

Opportunities for Improvement

Expanding the use of project codes for all capital projects across departments can enhance the City's ability to manage and oversee these projects effectively. Consistent use of project codes will improve transparency, allowing for more precise tracking of expenses, better resource allocation, and clearer insight into project timelines and milestones.

Threats or Risks

Without a standardized approach to using project codes, the City faces the risk of financial mismanagement and inefficiencies in project execution. Inadequate tracking can result in budget overruns, delayed project completion, and difficulties in performing accurate financial analysis. Additionally, the lack of uniformity can lead to non-compliance with financial regulations and reporting requirements, increasing the risk of audit findings and reputational harm.

Recommendations

The City should implement a standardized system for assigning project codes across all departments. This will ensure consistency and improve the ability to track project expenses and progress. Additionally, the City should provide targeted training sessions for staff involved in capital projects to ensure they understand how to use project codes effectively.

Priority

Medium

Finding 6

Current Condition

There is not a formalized process in place for Finance to review City Council meeting minutes specifically to identify and track financial transactions or decision which can result in missed opportunities to ensure all financial transactions are accurately recorded and aligned with the City's financial policies and objectives.

Opportunities for Improvement

Establishing a routine for the Finance Director to review City Council meeting minutes can significantly improve the tracking and management of financial transactions. This practice would ensure that all financial decisions made during Council meetings are promptly identified and recorded in OpenGov. It also provides an opportunity to verify compliance with financial policies and enhance transparency in financial reporting.

Threats or Risks

Without a formal review process, there is a risk that financial transactions discussed or approved in Council meetings may not be accurately captured in the City's financial records. This can lead to discrepancies, non-compliance with financial policies, and potential audit issues. Moreover, the lack of oversight may result in missed opportunities to address financial concerns or discrepancies early on, potentially leading to larger issues over time.

Recommendations

The Finance Director should establish a formal procedure to regularly review City Council meeting minutes with a focus on identifying and tracking financial transactions. This process should include a method for documenting and integrating these transactions in OpenGov. Additionally, the Finance Director should collaborate with relevant departments to ensure that any financial actions arising from Council meetings are executed in compliance with established policies. This proactive approach will enhance financial oversight, improve the accuracy of financial records, and ensure that all financial decisions are aligned with the City's objectives.

Priority

High

Inventory and Capital Assets – Future State

The future state of the City's inventory system integrates efficiency and automation to minimize manual labor while maximizing accuracy and accountability. As a module in OpenGov, the City utilizes advanced inventory management software that automatically tracks and updates inventory levels in real-time. The system is designed to automatically generate alerts for low stock levels, prompting timely reorders that prevent shortages without requiring constant oversight from staff. It also integrates with vendor databases, allowing for automated purchase orders that are generated based on predefined thresholds and usage patterns, thus streamlining procurement processes and ensuring optimal supply levels.

Furthermore, this ideal inventory system incorporates robust reporting features, providing detailed analytics on inventory trends and usage patterns. These insights enable departments to make informed decisions about purchasing and stocking strategies, aligning inventory management with budgetary goals and operational needs. The system also supports mobile access, enabling staff to monitor and manage inventory remotely, thereby enhancing flexibility and responsiveness.

The future state of the capital assets process is centered around utilization of the fixed asset accounting module, utilization of project accounting, utilization of capital asset flags in the accounts payable process and continued use of best practice work papers to account for capital asset activity and electronic records management.

After completion of the annual audit, the fixed asset software should be rolled forward for the new year.

Quarterly, the Accounting Specialist pulls a consolidated report of the general ledger activity into a capital asset workbook in Excel. Invoices are reviewed to ensure an addition is proper and a separate tab maintained within the workbook for the general ledger activity of each project that is in process. At year end, retainage is included in the value of the construction in progress and the general ledger entries prepared to reconcile to the work paper.

Single invoice acquisitions (e.g., equipment) may be recorded in the fixed asset software on a quarterly basis and general ledger entries are recorded, as appropriate, in preparation for year-end. These individual purchases are also added to an 'additions' tab within the capital asset workbook in Excel. The workbook is setup to accommodate an easy import of the pertinent data fields into OpenGov.

If multiple invoices must be combined to reflect the value of the capital asset addition, the 'additions' tab within the capital asset workbook reflects the combination. The acquisition is recorded in OpenGov on a quarterly basis, at the combined value of all invoices, and the general ledger entries are recorded, as appropriate. Again, the Excel workbook is set up to accommodate an easy import of the pertinent data fields into OpenGov.

Capital asset invoices are also to be reviewed for trade-ins. If a trade-in is acknowledged on an invoice, both the disposal and the acquisition are recorded on the Excel workbook (disposal tab and additions tab), in OpenGov, and the appropriate entries made to the general ledger to reflect the sale and purchase.

Finally, City Council minutes are reviewed by the Accounting Specialist, at least quarterly, to identify other possible additions and disposals. In addition, Council minutes authorizing the final payment to a contractor may signify substantial completion and the capitalization of items in construction in progress.

With regard to disposals, sales of assets are properly coded to 'sale of fixed asset' or similar account throughout the year. General ledger activity is reviewed quarterly, and the fixed asset system and Excel workbook are updated to reflect any disposals that have occurred.

Source documents related to capital assets (e.g., invoices and receipts) are maintained as per the Future State sections within this report.

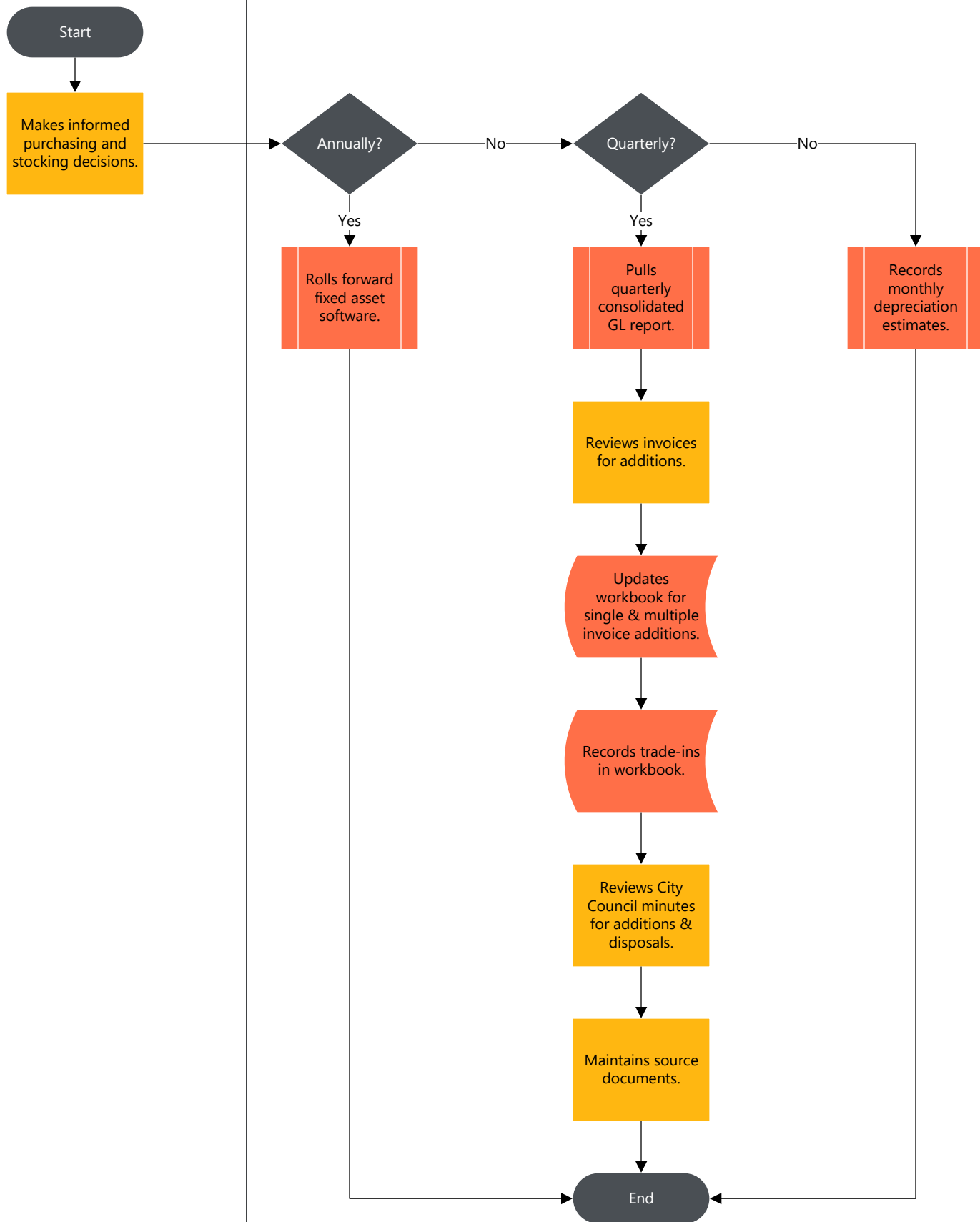
Once all disposals and additions have been recorded in OpenGov, depreciation is calculated, and the entries recorded to the general ledger.

Monthly depreciation estimates are recorded based on the prior year actual depreciation expense as part of the month-end procedures.

Inventory & Capital Assets – Future State

City Staff

Accounting Specialist



Financial Reporting

Financial Reporting

Objective

To review, document, and evaluate the procedures associated with financial reporting and approvals.

Procedures

Daily

Two daily spreadsheets are maintained by the Finance staff. There is a spreadsheet tracking received credit card payments against bank deposits, and there is a spreadsheet for cash balances by fund. These spreadsheets are also used in the bank reconciliation process.

Monthly

The Finance Department uploads a finance packet for biweekly council meetings to Civic Clerk, with a submission deadline of Thursday noon and distribution on Fridays.

Period-end Closing Procedures

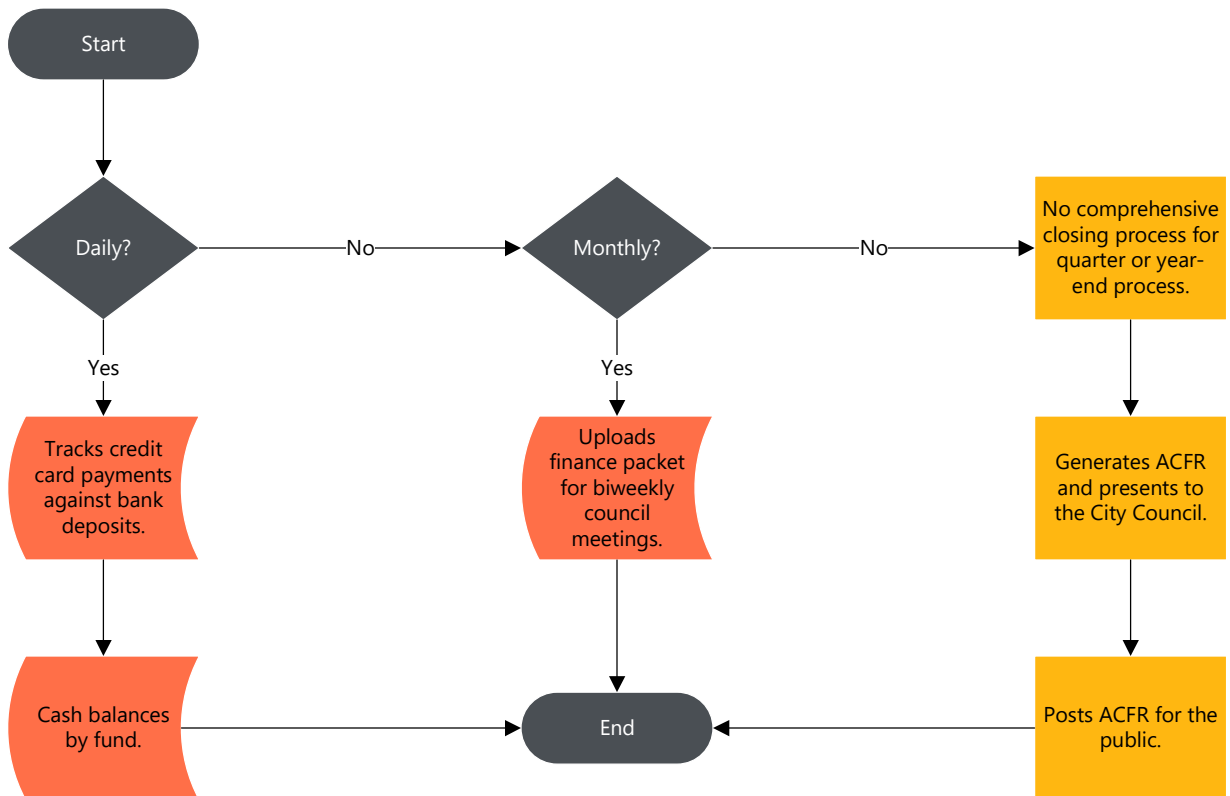
A comprehensive closing process is not being used for month, quarter, and year-end processes.

Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report (ACFR) offers a comprehensive overview of the City's financial performance and position, adhering to the guidelines set forth by the Governmental Accounting Standards Board (GASB).

The ACFR undergoes a rigorous review process, including an independent audit conducted by an external accounting firm. This audit ensures the accuracy and reliability of the financial statements. Once finalized, the ACFR is presented to the City Council and made publicly available.

Finance Staff



Findings

Finding 1

Current Condition

There is a lack of training on generating and interpreting reports, which may result in underutilization of available data and insights for decision-making.

Opportunities for Improvement

Providing training on report generation and interpretation can empower staff, enhance data-driven decision-making, and improve organizational efficiency.

Threats or Weaknesses

Without adequate training, staff may struggle to generate meaningful reports, leading to missed opportunities for insights and potential inefficiencies in operations and strategy.

Recommendations

Develop a comprehensive training program focused on report generation, customization, and interpretation, tailored to meet the needs of different roles within the City. Incorporate hands-on sessions where staff can practice generating reports relevant to their responsibilities and learn how to interpret the data effectively. Utilize examples of impactful reports to illustrate best practices and the potential benefits of robust reporting. Encourage continuous learning by providing access to resources, such as tutorials and guides, for ongoing skill development. Monitor the effectiveness of training by gathering feedback from participants and assessing improvements in report usage and quality.

Priority

Medium

Finding 2

Current Condition

Department heads are not receiving necessary reports, which may hinder their ability to make informed decisions and manage departmental operations effectively.

Opportunities for Improvement

Ensuring timely and accurate delivery of reports to department heads can enhance communication, improve decision-making processes, and foster accountability.

Threats or Weaknesses

The lack of access to reports can lead to information gaps, inefficient resource allocation, and difficulty in monitoring and achieving departmental goals.

Recommendations

Identify the specific reports needed by each department head and establish a standardized reporting schedule to ensure regular and timely delivery. Utilize an automated system to distribute reports, reducing the risk of human error and ensuring consistent access to up-to-date information. Set up a centralized reporting platform where department heads can access reports as needed, providing greater flexibility and control. Train staff responsible for report generation and distribution on best practices to ensure accuracy and timeliness. Conduct regular reviews with department heads to assess the effectiveness of reports and make adjustments based on feedback to better meet their needs.

Priority

Medium

Finding 3

Current Condition

Reports generated from OpenGov are in a format that may be considered inadequate or difficult to use, potentially impacting data analysis and decision-making.

Opportunities for Improvement

Improving report formats can enhance readability, usability, and the effectiveness of the data presented, leading to better insights and more informed decision-making.

Threats or Weaknesses

Poorly formatted reports can lead to misinterpretation of data, decreased efficiency in decision-making, and frustration among users who rely on these reports.

Recommendations

Engage with stakeholders to identify specific issues with current report formats and gather input on desired improvements. Work with OpenGov support or technical teams to customize report templates and improve formatting to better suit City needs. Consider training sessions for users to help them understand how to manipulate reports to meet their requirements, if customization options are limited. Explore alternative reporting tools or integrations that can enhance report formatting while maintaining the use of OpenGov data. Regularly review report formats and gather feedback to ensure ongoing improvements align with user needs and City objectives.

Priority

Medium

Finding 4

Current Condition

Financial reports are not currently being provided to the City Council, which may result in a lack of transparency and insufficient information for governance and oversight.

Opportunities for Improvement

Providing regular financial reports to the City Council can enhance transparency, support informed decision-making, and foster accountability in municipal governance.

Threats or Weaknesses

Without access to financial reports, the City Council may face challenges in understanding the financial health and operational efficiency of the municipality, which could impact strategic planning and resource allocation.

Recommendations

Identify the types of financial reports that are most relevant and useful for the City Council, such as budget summaries, expenditure reports, and financial forecasts. Establish a regular reporting schedule to ensure the City Council receives timely and accurate financial information. Develop clear and concise report formats that highlight key financial data and insights, making them accessible and easy to understand for Council members. Implement an automated system for generating and distributing financial reports to ensure consistency and reduce the risk of errors or delays. Provide training or briefing sessions to the City Council on interpreting financial reports to enhance their understanding and ability to make informed decisions.

Priority

High

Financial Reporting – Future State

The future state of the reporting process is designed to enhance efficiency, accuracy, and strategic decision-making, focusing on comprehensive month-end, quarter-end, and annual reporting procedures. This forward-thinking approach aims to support the City's strategic objectives and operational excellence while fostering a culture of transparency and accountability.

The month-end procedures begin with the timely completion of recurring journal entries and an analytical review. These steps are essential in setting the stage for generating interim financial reports for the City Council. The process entails conducting detailed variance analyses and implementing any necessary adjusting entries, ensuring the precision and reliability of interim financial reports that guide the City Council's decisions.

Each department is assigned a dedicated Finance liaison, serving as a crucial link between the Finance Department and individual departments. The liaison addresses queries, provides insights into budgets and financial matters, and enhances understanding of financial dynamics. Regular monthly meetings between the liaison and departmental leaders facilitate open communication and rapport-building. During these sessions, participants review budget-to-actual reports, identify incorrect coding, and rectify discrepancies. This collaborative approach not only improves the accuracy of financial data but also empowers departments with greater financial acumen.

In the streamlined financial management process, departments have access to customized financial dashboards tailored to the department's specific needs. These dashboards provide real-time information, allowing department leaders to monitor budgets, expenditures, and financial performance with precision. The integration of advanced data visualization tools ensures that financial reports are generated seamlessly, transforming raw data into easy-to-understand visual formats. This approach enables departments to quickly identify trends, make informed decisions, and effectively manage their financial resources. By having immediate access to up-to-date financial data, departments can enhance transparency, improve accountability, and foster a proactive approach to financial planning and management. The overall impact of these improvements is a more efficient, informed, and responsive financial management system that supports the City's strategic objectives and operational excellence.

The period close process, including the preparation of the Annual Comprehensive Financial Report, is seamlessly integrated into the future state. The ACFR consolidates all financial data, providing a comprehensive overview of the City's financial performance and position. The process involves a meticulous reconciliation of accounts, verification of asset and liability balances, and adherence to Governmental Accounting Standards Board guidelines. An independent audit ensures the accuracy and reliability of the financial statements, reinforcing stakeholder confidence in the City's financial management practices.

The availability of up-to-date financial data enhances transparency and accountability across departments. With immediate access to current financial metrics, department leaders can adopt a proactive approach to financial planning and management. This capability enables swift responses to emerging challenges and opportunities, ensuring alignment with the City's strategic goals.

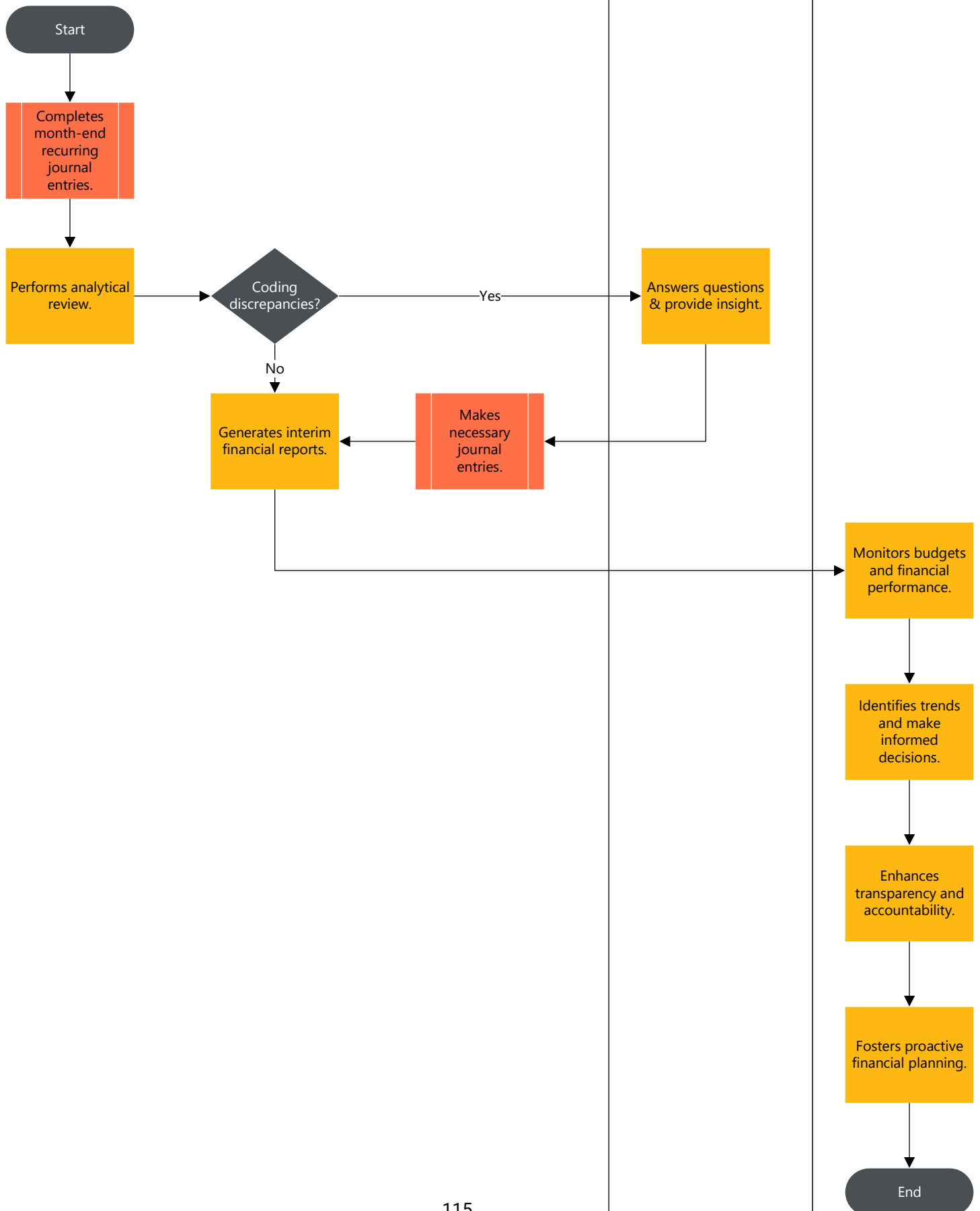
The improvements in the financial reporting process result in a system that is more efficient, informed, and responsive. Streamlined processes and enhanced analytical capabilities provide a robust foundation for financial planning and oversight, supporting the City's strategic objectives. The future state of financial reporting not only optimizes operational performance but also strengthens the City's commitment to transparency, accountability, and excellence in governance. These advancements position the City to meet the needs of its residents and stakeholders effectively, ensuring sustainable growth and development for the community.

Financial Reporting – Future State

Accounting Team

Finance Liaison

Department Leaders



Overall Conclusions/Observations

Overall Conclusions/Observations

The primary areas outlined in this report that will lead to significant efficiencies in the operating cycles include:

1. Implementing technology to greatly minimize duplication of effort, especially in key areas like accounts receivable, accounts payable, and cash receipting. Automating these functions will enhance efficiency, reduce errors, and strengthen internal controls. This strategy also boosts communication between departments, fortifies internal controls across all functional areas, and enables the production of monthly financial reports and account reconciliations.
2. The elimination of redundant processes within the Finance division is a critical observation within this report.
3. The improved utilization of workflow software. By utilizing workflow software, the City will recognize immediate improvements in process flow, efficiencies, and accuracy of inputs. By combining workflow software with process changes, the City will strengthen internal controls, streamline processes, and create capacity for City staff. This recommendation relates to accounting functions, such as payroll, accounts payable, accounts receivable, cash receipting, and permitting.
4. Streamlining data entry in accounts payable and accounts receivable greatly enhances the productivity of the Finance Department and reduces duplication of effort City wide. This will eliminate duplication of efforts and time spent unnecessarily passing paperwork around.
5. Overhaul the purchasing card program and its related policies to minimize purchasing card transactions and substantially reduce the number of cardholders.

To create immediate efficiencies and strengthen internal controls while streamlining processes, we recommend the following areas be addressed first

- Review and improve the accounts payable process. Consider incorporating accounts payable automation.
- Utilize the accounts receivable module in OpenGov for accounts receivable invoicing and tracking. Centralize the accounts receivable process in OpenGov to streamline invoice management and improve payment tracking to ensure all accounts receivable activity is efficiently recorded and to minimize errors or missed payments.
- Improve internal controls in all areas including cash receipting and cash handling.

As the City continues to evaluate and implement its interdepartmental processes, Abdo can be a partner to ensure a smooth implementation, paying special attention to how those processes are implemented. By focusing both on how systems and processes are currently structured and how each could be more efficient and effective, a streamlined process will be achieved.

We would like to take this opportunity to thank the Owatonna staff and City Council for their ongoing support of this project. It has been a pleasure working with the City and we look forward to continuing our on-going relationship.



Preserving the Past **ENHANCING THE EXPERIENCE**

Seating Replacement Proposal for the Sharon Stark Auditorium
Merrill Hall – West Hills Complex, Owatonna, Minnesota

Submitted to the Minnesota State Historic Preservation Office

For more than 60 years, the Little Theatre of Owatonna has served as a steward of the historic theater within Merrill Hall—bringing this space to life through performance, community, and shared experience.

This proposal outlines a carefully considered seating replacement project designed to preserve the architectural character of the auditorium while improving accessibility, comfort, and long-term sustainability.

With deep respect for the past, this project ensures the continued vitality of this historic space for generations to come.

April 2026



**Little Theatre
of Owatonna**

A National Register Historic Property

LittleTheatreofOwatonna.org

Page 127 of 180

Subject: SHPO Review Request – Seating Replacement Project

Little Theatre of Owatonna – Merrill Hall, West Hills Complex

On behalf of the Little Theatre of Owatonna (LTO), we respectfully submit this request for review and consultation under the Minnesota Historic Sites Act regarding a proposed seating replacement project within the Sharon Stark Auditorium, located in Merrill Hall on the West Hills Complex in Owatonna, Minnesota.

LTO has served as the steward and primary user of this historic theater space for over 60 years. As caretakers, we are deeply committed to preserving the architectural integrity and historic character of Merrill Hall while ensuring that the facility remains safe, accessible, and actively used by the public.

Project Overview

The proposed project involves the removal and replacement of existing fixed auditorium seating, originally installed circa 1933. While the seating received minor updates approximately 40 years ago (fabric covering and padding), it has now reached the end of its functional life. Many seats exhibit structural deterioration, worn and fraying materials, and dimensional limitations that no longer meet modern expectations for safety, accessibility, or audience comfort.

These conditions have increasingly created a barrier to public use, limiting attendance and restricting access—particularly for patrons with mobility needs.

The project has received:

- **Unanimous approval** from the West Hills Commission
 - **Approval from the City of Owatonna Inspector's Office** for safety and ADA compliance
 - **Support from the City Administrator**, with a City Council work session scheduled for April 14
-

Historic Considerations & Design Approach

We fully recognize that the auditorium is a **primary interior space** and that the seating constitutes a **character-defining feature** of the historic property. With that understanding, LTO has taken extensive steps to ensure that the proposed replacement seating is both **compatible and respectful of the original design**.

Working with H2I Group—an experienced firm with a national portfolio of historic theater projects—and Irwin Seating Company, we have selected a seating design that closely reflects the defining characteristics of the original installation, including:

- Wood seat backs and armrests
- Metal cast aisle standards consistent in form and presence with historic seating
- Scale and layout that preserves the visual rhythm of the auditorium

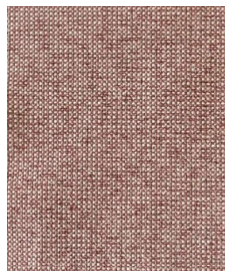
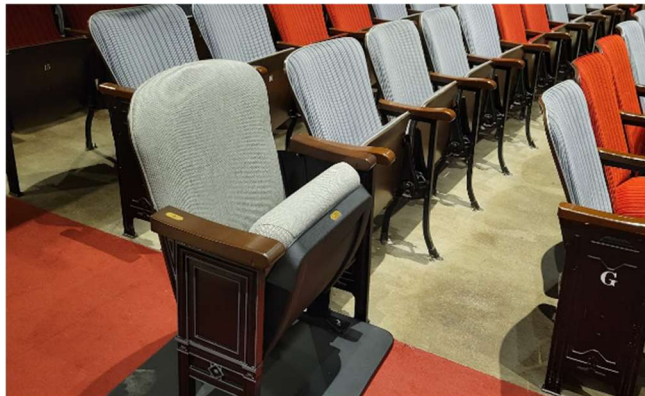


Additionally, the selected metal cast aisle standards incorporates a **floral motif inspired by existing decorative elements** found on the exterior of Merrill Hall and within the auditorium's interior columns. This thoughtful detail strengthens the visual connection between the new seating and the building's historic architectural language.

We have prepared comparative materials, including:

- Existing vs. proposed seating side-by-side
- Detail imagery of cast aisle standards and ornamental elements
- Photographs of relevant architectural features within Merrill Hall

These materials are included for your review.



Fabric Color for the seats – We have selected a blend of the red/gray for the fabric on the seats that coordinates well with the rest of the auditorium.



Example of cast aisle standards design chosen – will be black with a gray outline to match existing cast aisle standards. This design of the cast aisle standards was chosen as it draws from our building in several ways and reinforces the historic elements of the building and auditorium.



Minimizing Impact / Ensuring Continued Use

Beyond aesthetics, this project is critical to the **continued viability of the historic space**. The current seating configuration restricts accessibility and patron comfort to a degree that threatens long-term use of the auditorium.

The replacement will:

- Improve **ADA accessibility and mobility accommodations**
- Increase **patron comfort and safety**
- Ensure compliance with current building standards
- Sustain the building as an **active community asset rather than a static artifact**

While the seating count will be modestly reduced (from approximately 360 to 334 seats), this adjustment allows for improved spacing and accessibility while maintaining the overall integrity of the auditorium layout.

Qualified Project Team

LTO has assembled a team with demonstrated experience in historic environments:

- **H2I Group** – Specialists in historic theater seating installations across the country, including projects at the Paradise Center for the Arts (Faribault) and Paramount Theatre (Austin, MN)
- **Irwin Seating Company** – Manufacturer with extensive experience producing historically sensitive seating solutions
- **Mohs Contracting** – Local contractor with deep familiarity with the West Hills Complex, including LTO's recent rigging system upgrade, which preserved the theater's operational safety

All partners share a commitment to preserving historic integrity while enabling functional longevity.

Broader Preservation Context

The West Hills Complex, listed on the National Register of Historic Places, represents a significant chapter in Minnesota's history as the former State School for Dependent and Neglected Children. LTO operates within the original theater space used by residents of that institution, continuing a legacy of performance and community engagement.



In addition to the auditorium, LTO has recently restored and opened public access to the **Mural Room in Merrill Hall**, featuring rare works by WPA-era artist Miriam Ibling. This effort reflects our broader mission: not only to preserve historic spaces, but to **activate and interpret them for public benefit**.

Project Timeline

The Little Theatre of Owatonna has developed the following project schedule to ensure a thoughtful, efficient process that minimizes disruption to the historic space while maintaining project feasibility:

- **April 20, 2026**
Target date to finalize and place order for new seating. This timeline is necessary due to an approximate 20-week manufacturing lead time for custom components, including historically compatible cast aisle standards.
- **Late June 2026 (on or about June 29, 2026)**
Removal of existing seating will begin immediately following the close of LTO's production of *The Wizard of Oz*. This timing ensures that no active programming is disrupted and allows for a controlled transition into construction.
- **July 2026**
Following seat removal, Mohs Contracting will complete required concrete work, including removal and reconfiguration of existing seat pads and improvements necessary to support ADA-compliant seating areas.
- **August–September 2026**
Delivery and installation of new seating by H2I Group and partners, coordinated to ensure proper fit within the historic space and alignment with existing architectural features.
- **October 2026**
Project completion targeted in advance of the opening production of LTO's 2026–2027 season, returning the auditorium to active use as a fully functional, accessible, and historically respectful performance space.

This timeline has been intentionally structured to allow for proper review, careful implementation, and minimal impact to the historic fabric of the building while ensuring the continued viability of the space as an active community resource.

Conclusion

This seating project represents a carefully considered effort to **balance preservation with sustainability**. Without intervention, the deteriorating seating will continue to limit access and use, ultimately placing the long-term viability of the historic theater at risk.

By contrast, this project:

- Preserves the **visual and material character** of the auditorium
- Enhances **accessibility and public use**
- Ensures the **continued life of a historically significant space**

We respectfully request SHPO's guidance and support as we move forward, and we welcome any recommendations to further minimize impacts and align with preservation best practices.

We appreciate your time and consideration and look forward to working collaboratively through this review process.

Sincerely,



Michael Jensen
President
Little Theatre of Owatonna

507-456-1445 (cell)

mjensen@trimgraphics.com



Victoria Bartkowiak
Executive Director
Little Theatre of Owatonna

906-204-5237 (cell)

ltomn@outlook.com

Addendum A: Existing and Original Seating Documentation

To support SHPO's review of the proposed seating replacement project, the following images are provided for reference:

- Existing auditorium seating (current condition)
- Original seating (historic condition, where available)
- Comparative views illustrating changes over time

These materials are intended to further document the evolution of seating within the Sharon Stark Auditorium and to provide additional context for evaluating the compatibility of the proposed replacement seating with the historic character of the space.



Figure 1: Existing auditorium seating (current condition), Sharon Stark Auditorium, Merrill Hall (view from Stage)



Figure 2: Existing auditorium seating (current condition), Sharon Stark Auditorium, Merrill Hall (view from balcony)



Figure 3: Detail of existing seating showing wear and material deterioration

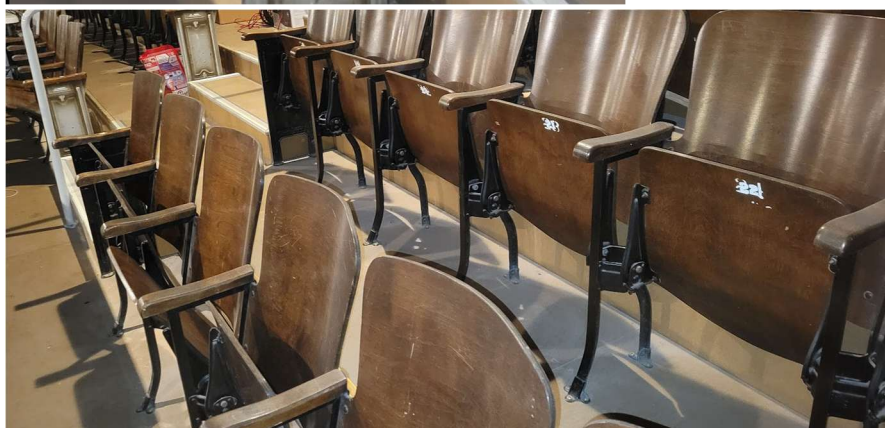
Addendum A: LTO Seating Proposal to SHPO



Figures 4-6: Historic seating (circa 1933, if known), Sharon Stark Auditorium

This original seating still exists in the balcony of the theatre. We have no plans to alter that seating.

For productions we do not allow the general public access to this space to view the shows.



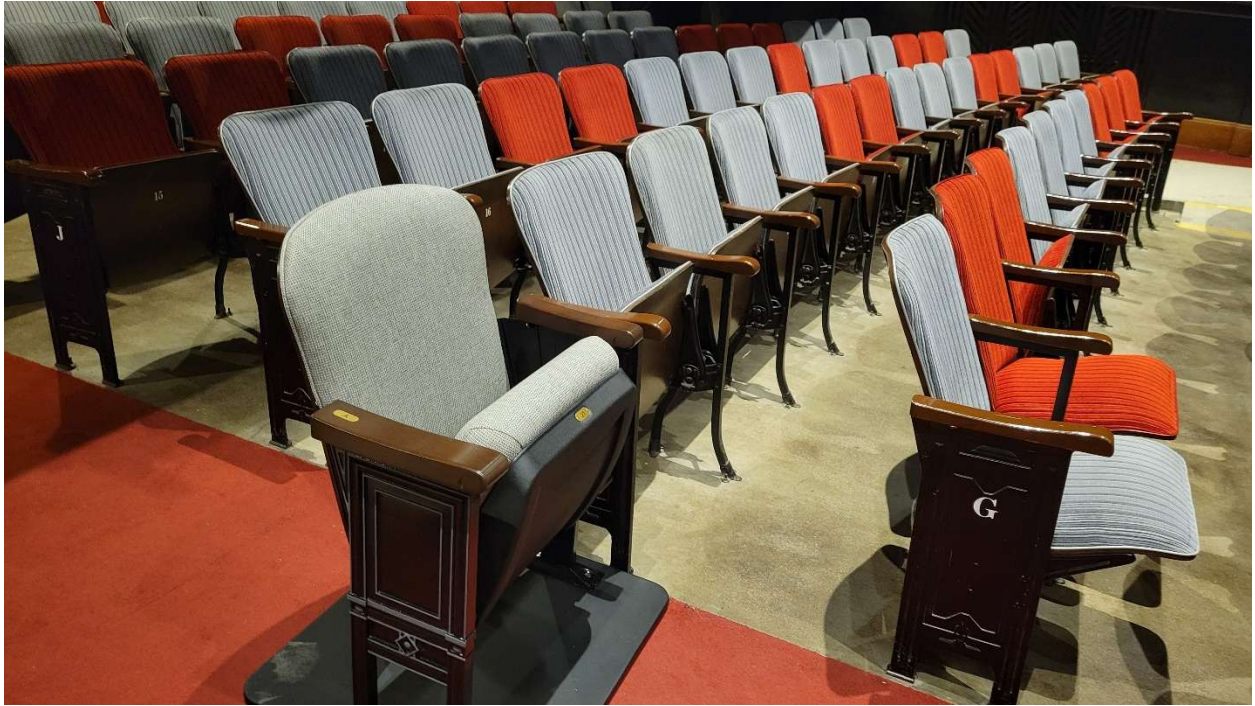
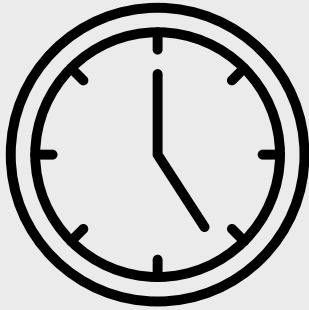


Figure 7: Comparison of current seating & proposed seating profiles

MARCH 15 - MARCH 19 STREET DIVISION SNOW REMOVAL STATS

TOTAL ACCUMULATION: 12 INCHES



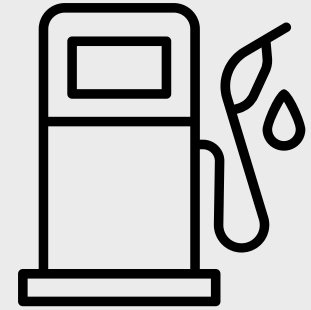
882

hours of
plowing



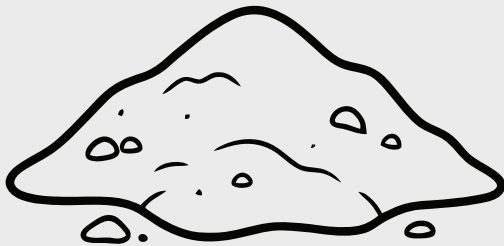
29

pieces of
equipment



2,683

gallons of
fuel



50

tons of
sand/salt



166

hours contracted
hauling



34,605

operation
update views

\$ ESTIMATED TOTAL COST: \$78,000



Main Street Landscaping

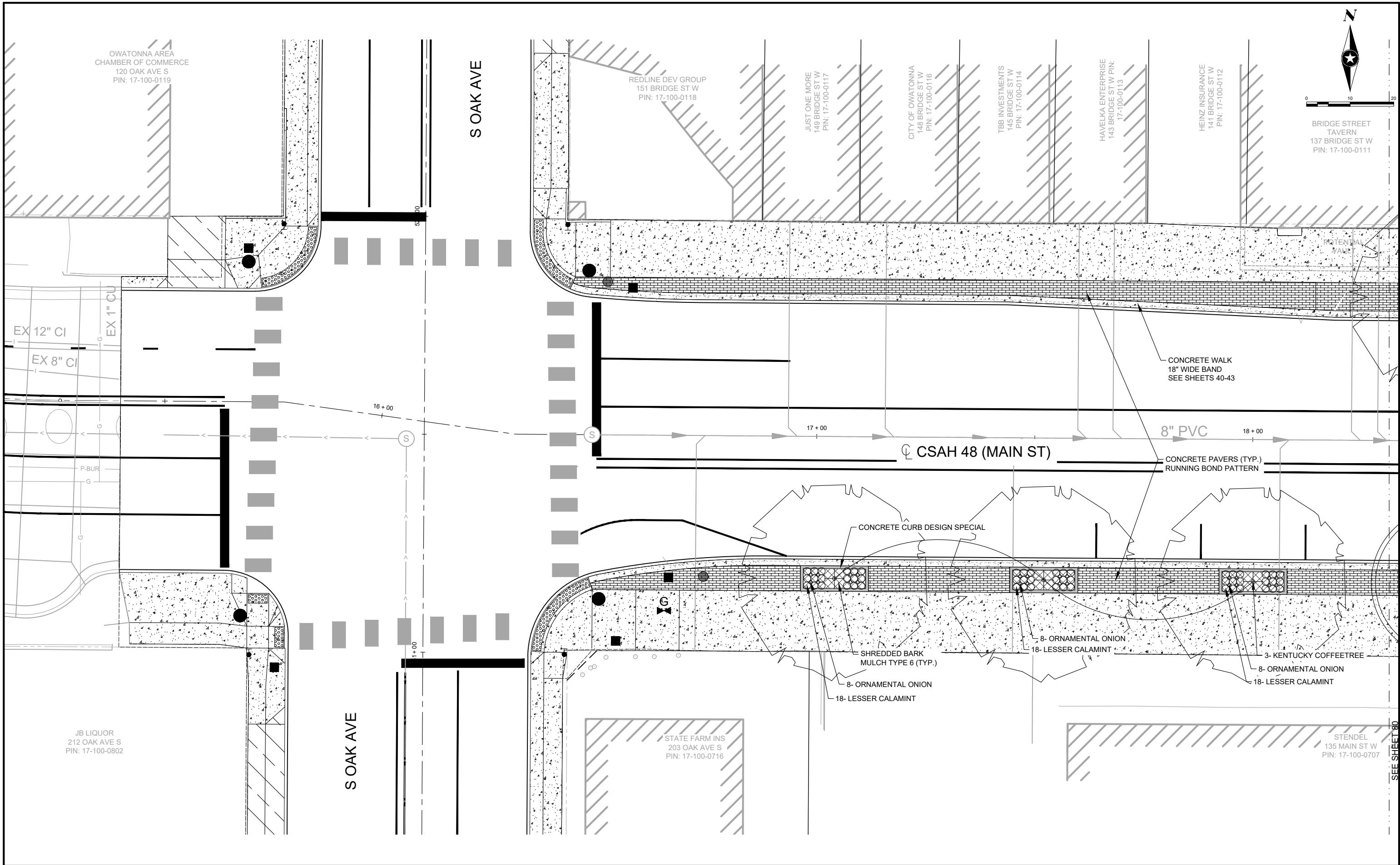
Option 1

Cost Estimate: \$529,160.00

Overview:

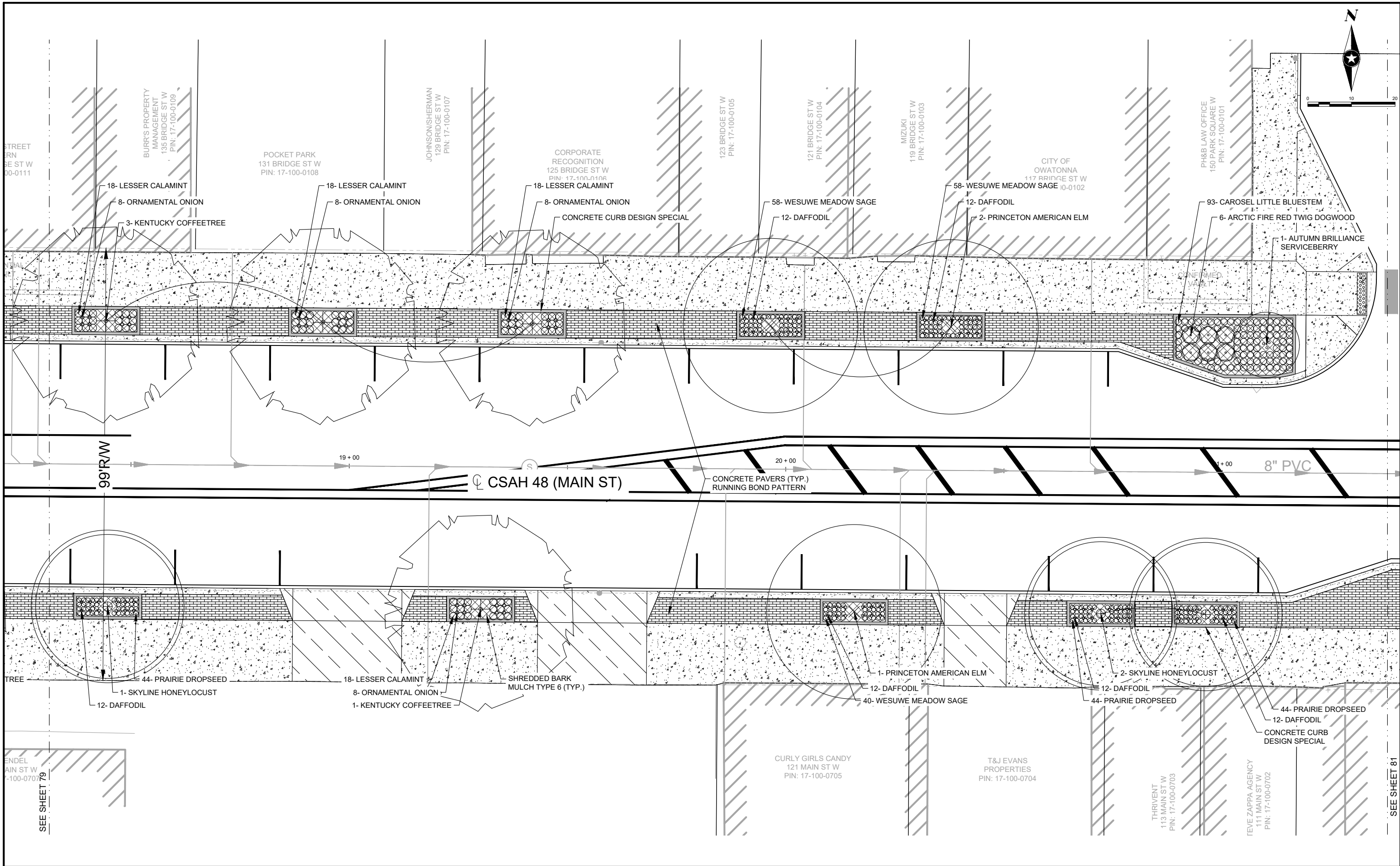
- Highest-cost option.
- Concrete planting beds extending from Oak to Elm with the largest quantity of trees, shrubs, and perennials.
- Decorative concrete pavers installed from Oak to Elm.
- Trash receptacles throughout.

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SEH Project	STEEL 185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date	SEH	I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.	CSAH 48 (MAIN STREET) RECONSTRUCTION	LANDSCAPE PLAN - 1	79
Drawn By	VT	.			.				KARL WEISSENBOERN	OWATONNA, MINNESOTA		of 181
Designed By	VT	.			.				DATE 03-23-26	S.P. 074-070-012		Page 139 of 180
Checked By	KW	.			.				LICENSE NO. 23817			

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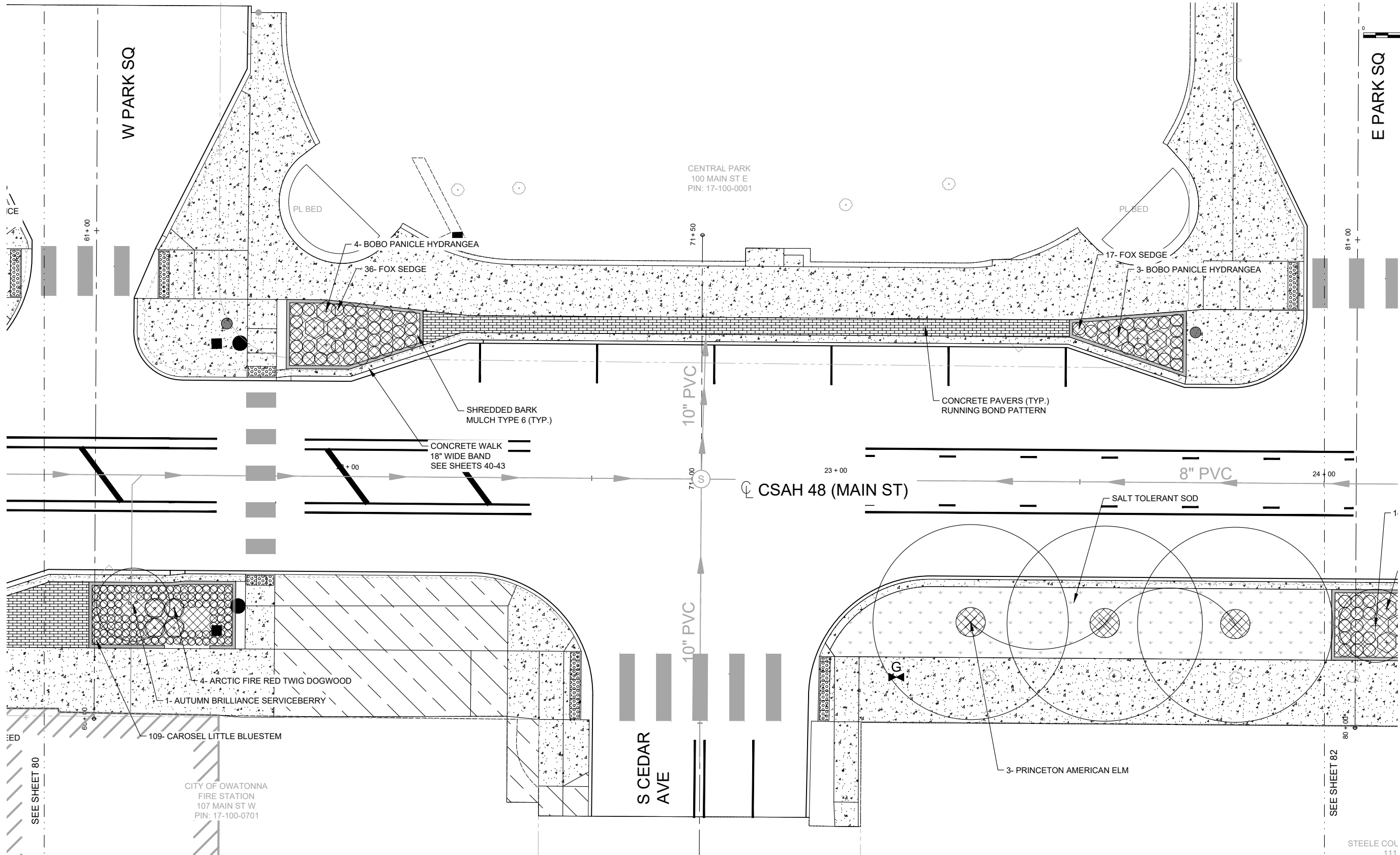
SEH Project	STEEL 185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date	CSAH 48 (MAIN STREET) RECONSTRUCTION	OWATONNA, MINNESOTA	S.P. 074-070-012	LANDSCAPE PLAN - 2	80
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Designed By	VT											Page 140 of 180
Checked By	KW											



I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

KARL WEISSENBOERN
DATE: 03-23-26 LICENSE NO: 23817

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SEH Project	STEEL 185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
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Designed By	VT						
Checked By	KW						



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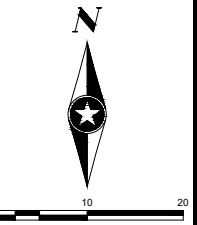
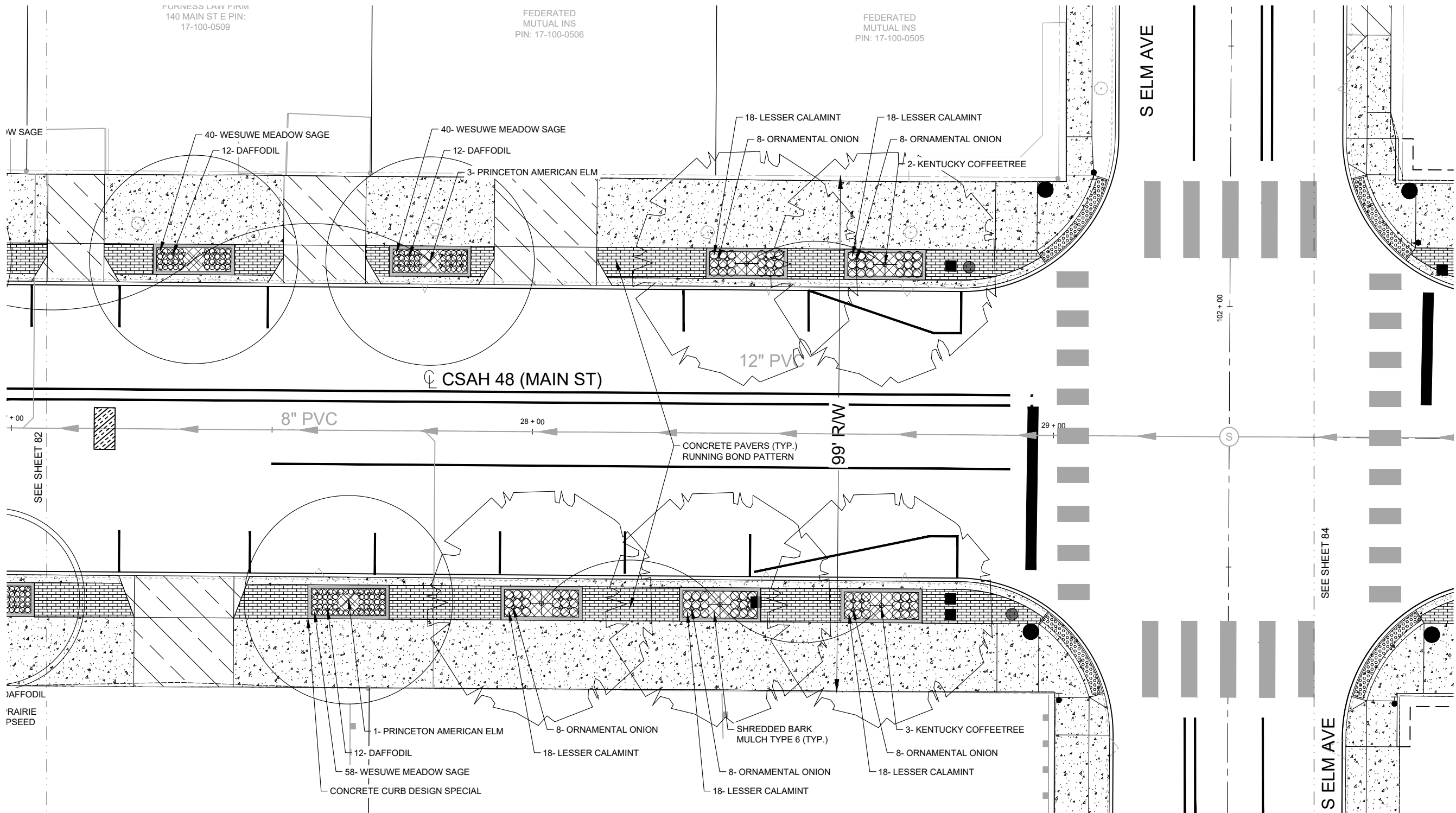
KARL WEISSENBOERN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 3

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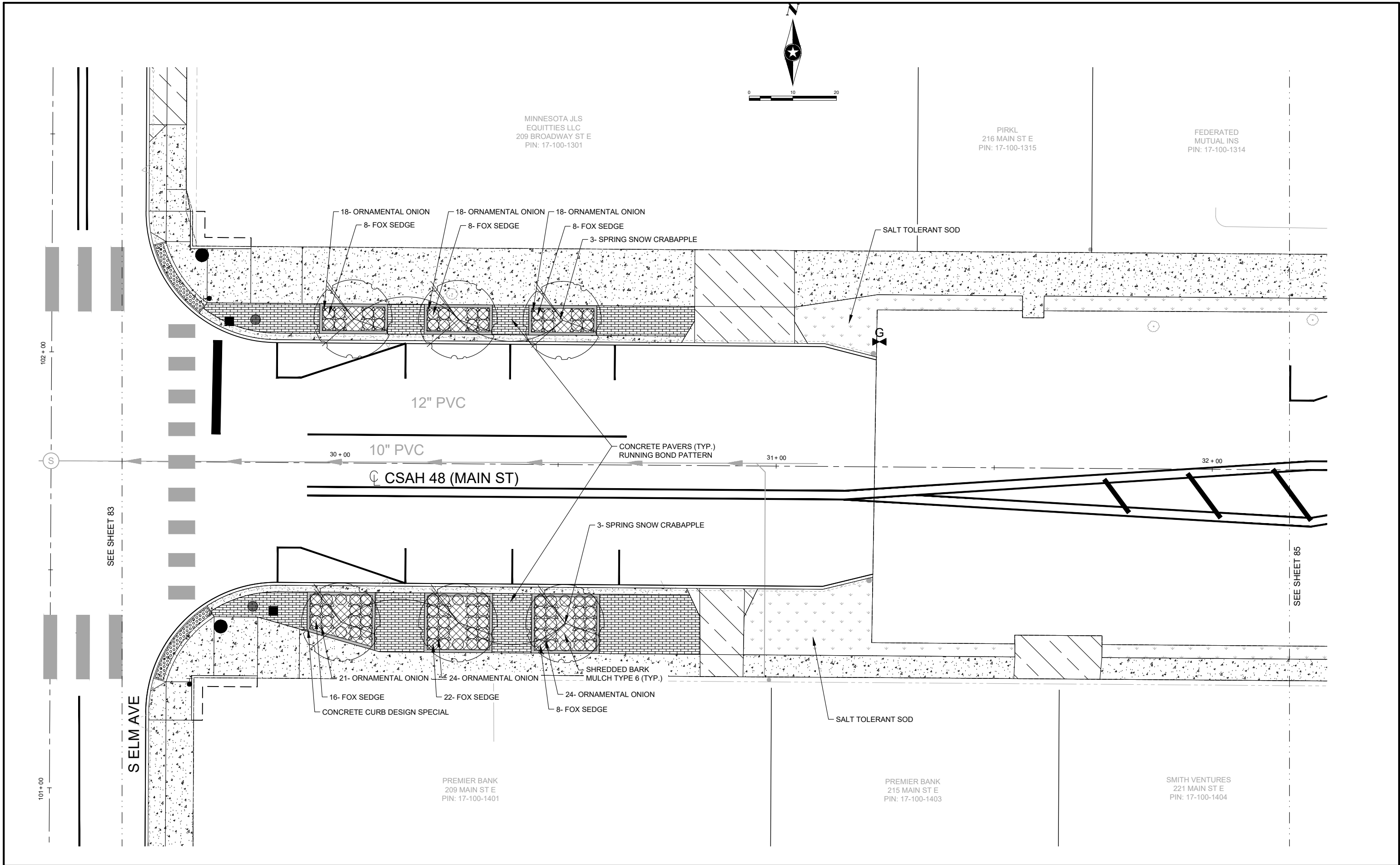
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KARL WEISSENBOERN
DATE: 03-23-26 LICENSE NO: 23817

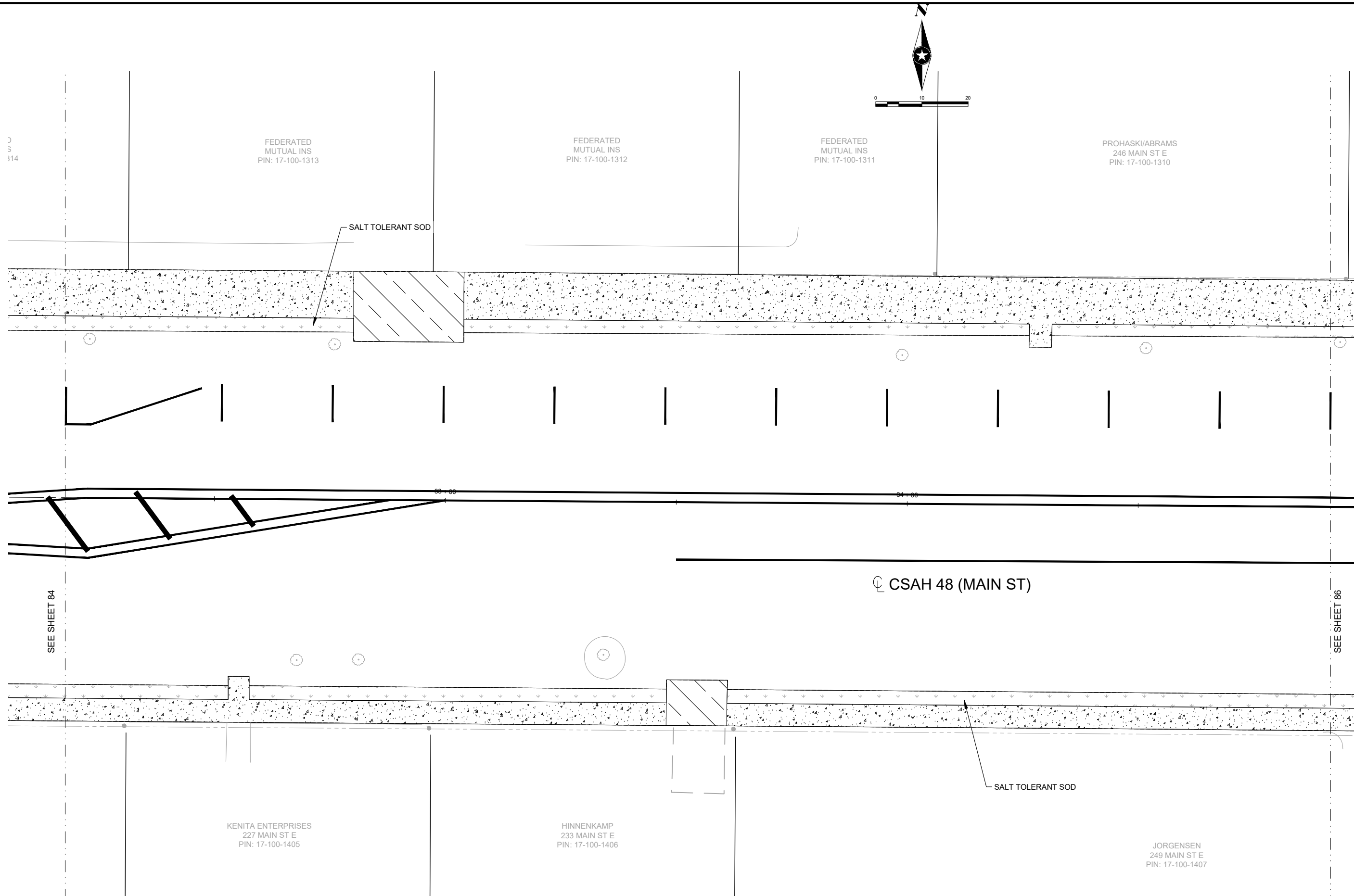
CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 5

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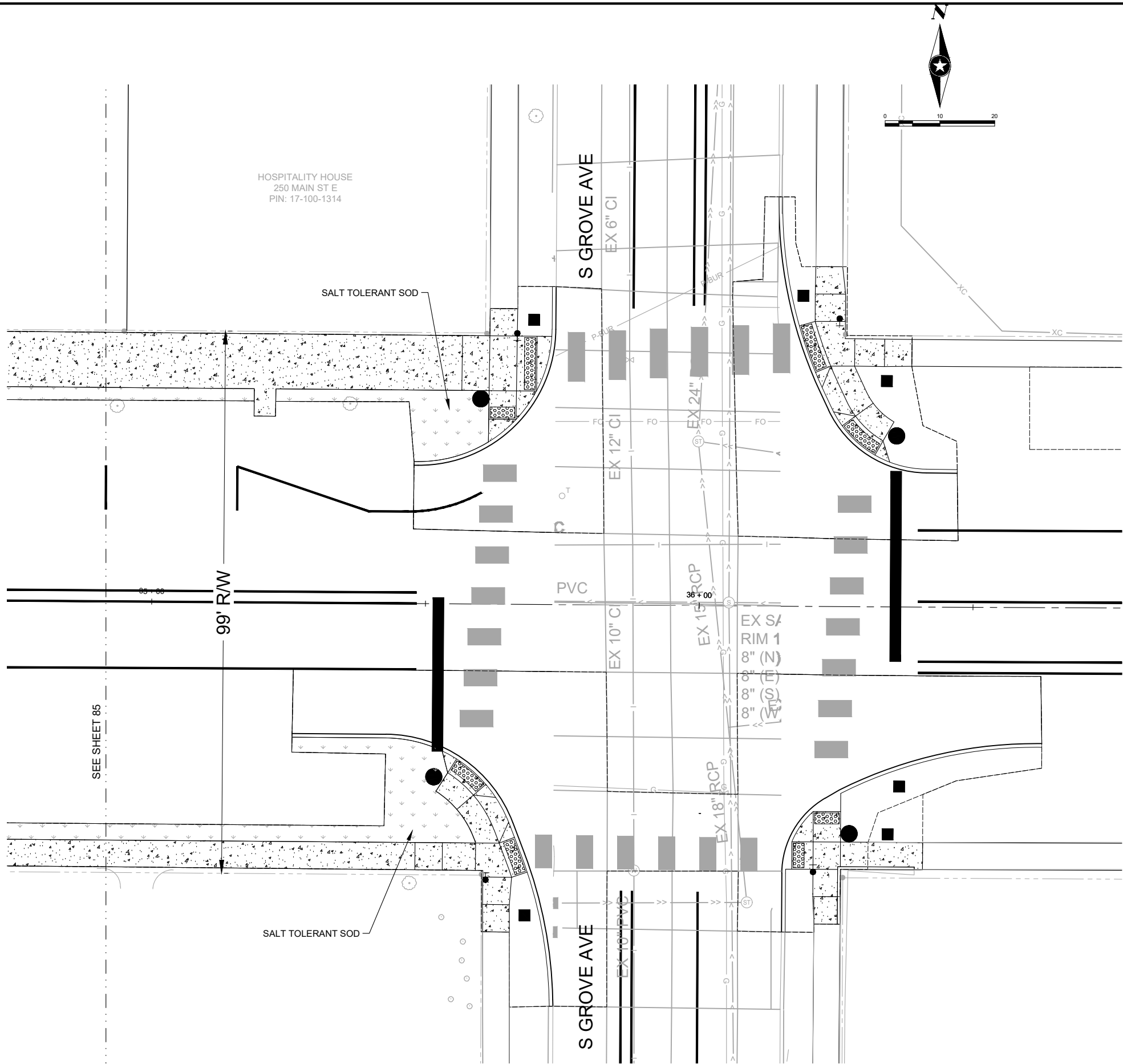
Karl Weissenborn
KARL WEISSENBOERN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 7

85

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SEH Project	STEEL185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
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CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 8

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of 181

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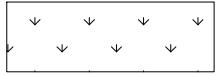
PLANTING SCHEDULE				
Quantity	Common Name	Scientific Name	Size	Notes
33	Shade Trees			
11	Skyline Honeylocust	<i>Gleditsia triacanthos</i> 'Skyline'	2.5" Cal B&B	
12	Kentucky Coffeetree	<i>Gymnocladus dioica</i> 'Espresso'	2.5" Cal B&B	
10	Princeton American Elm	<i>Ulmus americana</i> 'Princeton'	2.5" Cal B&B	
15	Understory Trees			
6	Autumn Brilliance Serviceberry	<i>Amelanchier x Grandiflora</i> 'Autumn Brilliance'	1.5" Cal B&B	Clump form
6	Spring Snow Crabapple	<i>Malus x</i> 'Spring Snow'	1.5" Cal B&B	
3	Ivory Silk Japanese Tree Lilac	<i>Syringa reticulata</i> 'Ivory Silk'	1.5" Cal B&B	
80	Deciduous Shrubs			
10	Arctic Fire Red Twig Dogwood	<i>Cornus stolonifera</i> 'Farrow'	5 Gal Cont.	
16	Bobo Panicle Hydrangea	<i>Hydrangea paniculata</i> 'ILVOBO'	5 Gal Cont.	
54	Red Sprite Winterberry	<i>Ilex verticillata</i> 'Red Sprite'	5 Gal Cont.	
15	Coniferous Shrubs			
15	Green Velvet Boxwood	<i>Buxus x</i> 'Green Velvet'	5 Gal Cont.	
1819	Perennials			
334	Lesser Calamint	<i>Calamintha nepta</i>	1 Gal Cont.	
224	Fox Sedge	<i>Carex vulpinoidea</i>	1 Gal Cont.	
334	Wesuwe Meadow Sage	<i>Salvia nemorosa</i> 'Wesuwe'	1 Gal Cont.	
202	Carousel Little Bluestem	<i>Schizachyrium scoparium</i> 'Carousel'	1 Gal Cont.	
725	Prairie Dropseed	<i>Sporobolus heterolepis</i> 'Tara'	1 Gal Cont.	
383	Bulbs			
219	Purple Sensation Ornamental Onion	<i>Allium x</i> 'Purple Sensation'	1 Gal. Cont.	
164	Actaea Poeticus Daffodil	<i>Narcissus x</i> 'Actaea'	1 Gal. Cont.	

Item Number	Item Description	Units	Quantity
2531.503	Concrete Curb Design Special	LF	2309
2540.602	Waste Receptacle	Each	10
2540.603	Landscape Edger	LF	132
2540.618	Concrete Pavers	SF	7300
2571.502	Deciduous Trees 2" CAL B&B	Each	33
2571.502	Deciduous Trees 1.5" CAL B&B	Each	15
27571.502	Shrubs No. 5 Cont.	Each	95
27571.502	Perennial No. 1 Cont.	Each	2202
2574.507	Boulevard Topsoil Borrow	CY	732
2575.504	Sodding Type Salt Tolerant	SY	362
2575.507	Mulch Material Type 6	CY	115

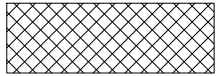
PATTERN KEY FOR LANDSCAPE PLAN



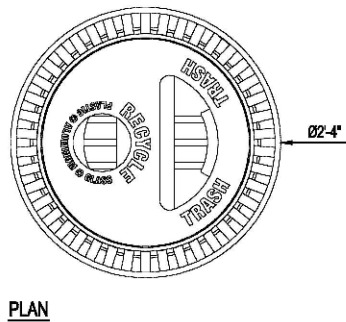
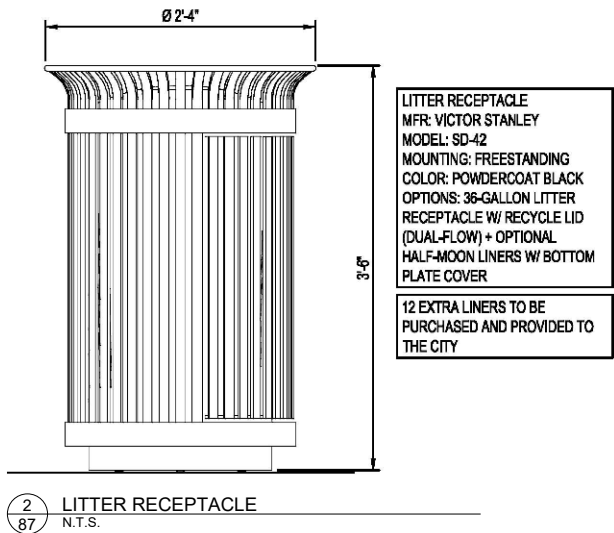
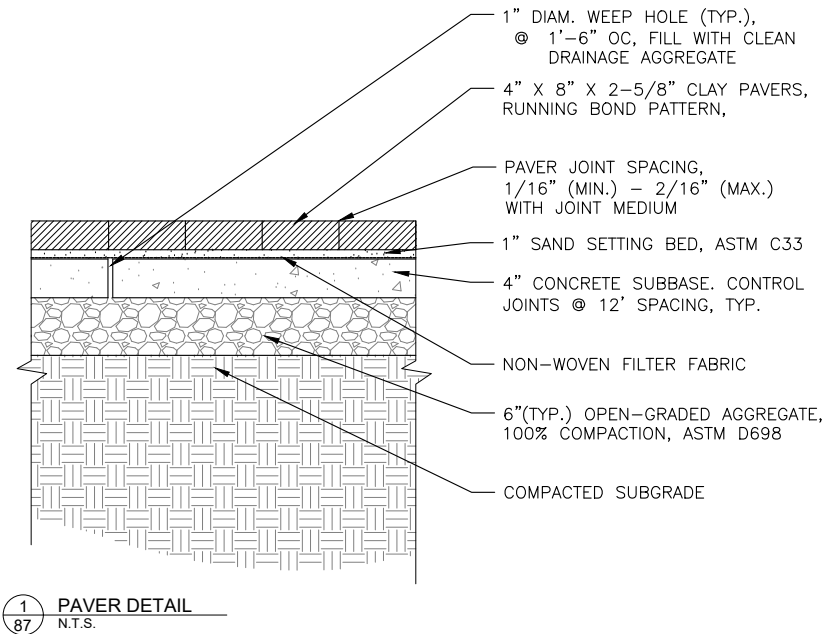
CONCRETE PAVERS
RUNNING BOND PATTERN
7300 SQFT



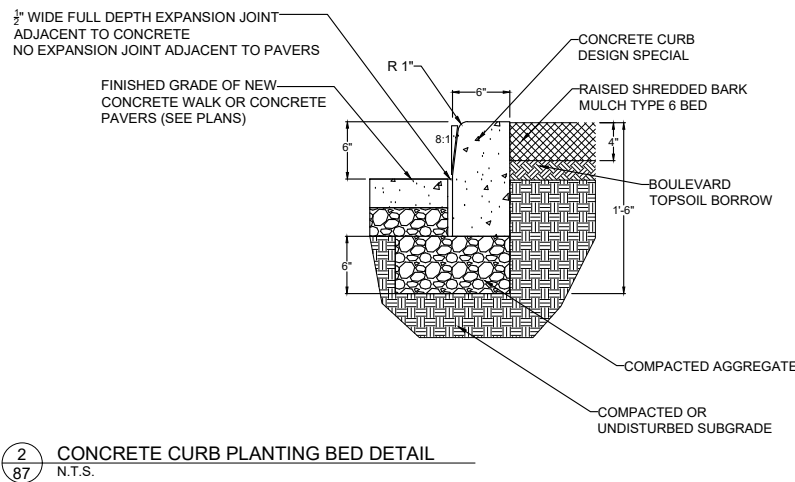
SODDING TYPE SALT TOLERANT
POP-UP HEAD IRRIGATION, BY OTHERS
3260 SQFT



MULCH MATERIAL TYPE 6
DRIP IRRIGATION, BY OTHERS
115 CY



PLAN



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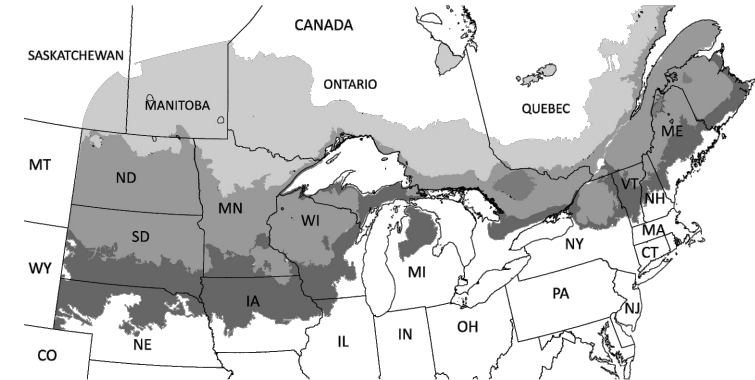
KARL WEISSENBOERN
DATE: 03-23-26 LICENSE NO: 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE SCHEDULE

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GENERAL NOTES	
SEE SPECIAL PROVISIONS FOR SPECIFIC PROJECT REQUIREMENTS.	
REFER TO SPECIFICATIONS 2571, 2572, 3861 AND THE INSTALLATION AND CONTRACT ADMINISTRATION MANUAL FOR MnDOT LANDSCAPE PROJECTS FOR GENERAL REQUIREMENTS.	
ACCEPT ALL PLANT STOCK IN ACCORDANCE WITH SPEC. 3861 PRIOR TO PLANTING.	
DEMONSTRATE COMPETENCY FOR ALL PLANT INSTALLATION OPERATIONS IN ACCORDANCE WITH SPECIFICATION 2571.3F1, AND FOR SOIL CULTIVATION IN ACCORDANCE WITH SPEC. 2571.3D.2.	
FOR PLANTING PLAN DIMENSIONS, STATED DIMENSIONS SUPERCEDE SCALING FROM PLAN.	
PLANT TREES AND SHRUBS AT THE CORRECT HEIGHT WITH A VISIBLE ROOT FLARE.	
WATERING GUIDELINES (SEE SPECIFICATION 2571.3G)	
MONITOR AND MAINTAIN SOIL MOISTURE AT ADEQUATE BUT NOT EXCESSIVE LEVELS TO A DEPTH OF 16". THE AMOUNTS LISTED BELOW ARE GUIDELINES.	
PLANT TYPE	AVERAGE GALLONS OF WATER PER APPLICATION
TREES - MACHINE MOVED	50-100
TREES - BALLED AND BURLAPPED	20
TREES - BARE ROOT AND CONTAINER	15
SHRUBS - BALLED AND BURLAPPED	10
SHRUBS - BARE ROOT AND CONTAINER	7
WOODY SEEDLINGS	4
PERENNIALS AND VINES	3



COMPLETE THE CERTIFICATE OF COMPLIANCE TO DOCUMENT THAT ALL PLANT STOCK FURNISHED BY THE CONTRACTOR ON THIS PROJECT IS A OR B:

A. GROWN AND CULTIVATED ON STATE-INSPECTED NURSERIES WITHIN THE ACCEPTABLE PLANT STOCK GROWING RANGE LIMITS FOR AT LEAST THE PREVIOUS TWO YEARS;

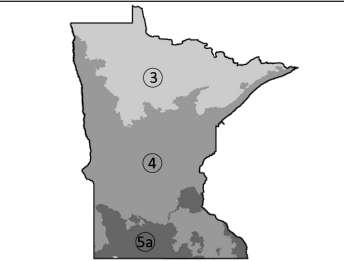
OR

B. GROWN OUTSIDE OF THE ACCEPTABLE PLANT STOCK GROWING RANGE LIMITS IF THE SEED SOURCE OR ROOT AND GRAFT STOCK IS CERTIFIED AND DOCUMENTED AS ORIGINATING WITHIN THE ACCEPTABLE PLANT STOCK GROWING RANGE LIMITS.

MAP ADAPTED FROM 2023 USDA PLANT HARDINESS AND 2010 CANADA EXTREME MINIMUM TEMPERATURE ZONES. THIS IS NOT THE OFFICIAL USDA PLANT HARDINESS MAP.

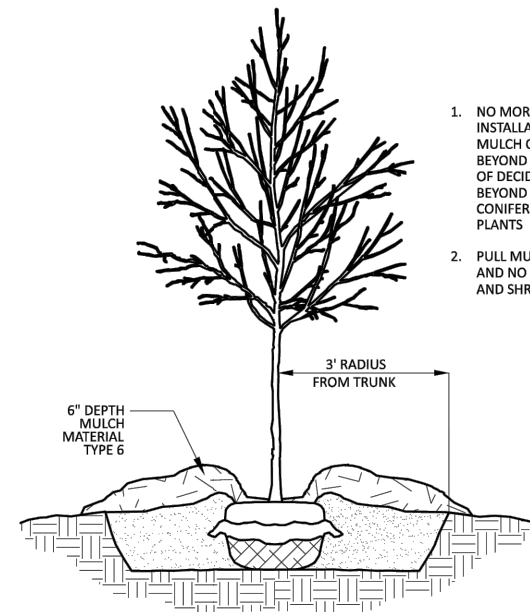
ACCEPTABLE PLANT HARDINESS ZONES		
LEGEND	ZONE	MINIMUM TEMPERATURE RANGE
	3	-30 to -40 F
	4	-20 to -30 F
	5a	-15 to -20 F
UNACCEPTABLE ZONES ARE 0, 1, 2, 5b, 6 (AND HIGHER)		

1 ACCEPTABLE PLANT STOCK GROWING RANGE



- BARE ROOT PERENNIALS FOLLOW THE DECIDUOUS BARE ROOT PLANTING DATES.
- DATES MAY CHANGE DEPENDING UPON SEASONAL CONDITIONS, AS APPROVED BY THE ENGINEER.
- FALL PLANTING IS NOT ALLOWED FOR BARE ROOT FORM OF THE FOLLOWING SPECIES: HAWTHORN, DOGWOOD, POPLAR, HACKBERRY, LINDEN, IRONWOOD, HONEYLOCUST, BIRCH, MOUNTAIN ASH MAPLE, WILLOW, CRABAPPLE, PLUM/CHERRY, OAKS, AND SUMAC.
- ALL REPLACEMENT PLANTS MUST BE PLACED DURING MONTH OF MAY (SPRING PLANTING) AND SEPTEMBER (FALL PLANTING) DURING THE FIRST YEAR OF THE PLANT ESTABLISHMENT PERIOD.
- TRANSPLANT TREE (MACHINE MOVED) PLANTING DATES ARE SPECIFIED IN THE SPECIAL PROVISIONS.

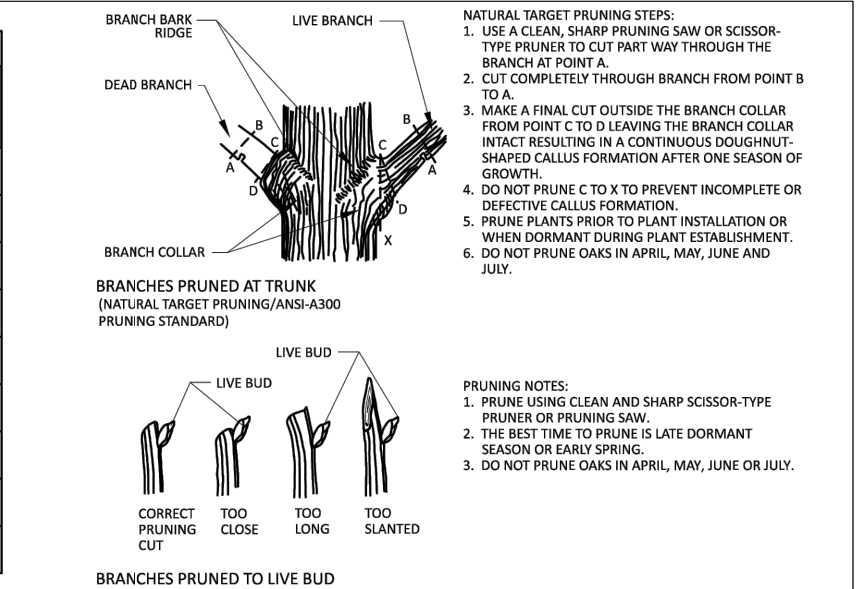
2 PLANT INSTALLATION PERIOD



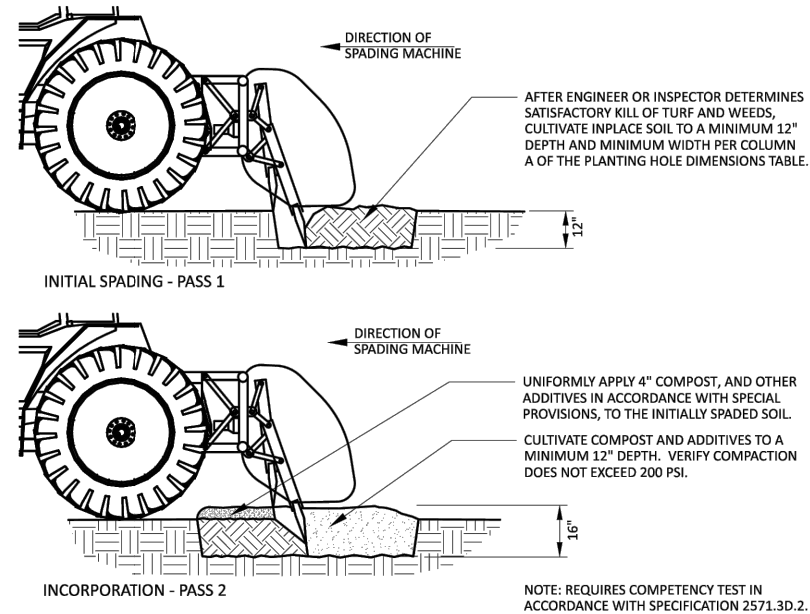
4 MULCH PLACEMENT

- NO MORE THAN 7 DAYS AFTER PLANT INSTALLATION PLACE 6" OF TYPE 6 MULCH ON PLANTING SOIL TO 3' BEYOND THE TRUNK OR OUTER STEM OF DECIDUOUS PLANTS, AND TO 3' BEYOND OUTER BRANCHES OF CONIFERS AND MACHINE MOVED PLANTS
- PULL MULCH BACK NO LESS THAN 3" AND NO MORE THAN 6" FROM TREES AND SHRUBS OR MAIN STEM.

PLANTING DATES BY ZONE				
SEASON	PLANT TYPE	3	4	5a
SPRING	DECIDUOUS	BARE ROOT	APRIL 21 TO JUNE 1	APRIL 7 TO JUNE 1
			APRIL 21 TO JUNE 30	APRIL 1 TO JUNE 30
	CONIFEROUS	BARE ROOT	APRIL 21 TO JUNE 1	APRIL 7 TO MAY 17
			APRIL 21 TO JUNE 30	APRIL 1 TO JUNE 30
	PERENNIALS	MAY 1 TO JUNE 30	MAY 1 TO JUNE 30	MAY 1 TO JUNE 30
FALL	DECIDUOUS	BARE ROOT	APRIL 21 TO JUNE 1	APRIL 7 TO JUNE 1
			APRIL 21 TO JUNE 30	APRIL 1 TO JUNE 30
	CONIFEROUS	BARE ROOT	OCT 1 TO NOV 1	OCT 15 TO NOV 15
			OCT 15 TO NOV 1	OCT 15 TO NOV 15
FALL	CONIFEROUS	BARE ROOT	AUG 15 TO SEPT 15	AUG 15 TO SEPT 15
			AUG 15 TO SEPT 15	SEPT 1 TO OCT 1
FALL	PERENNIALS	BARE ROOT	AUG 15 TO SEPT 15	AUG 15 TO SEPT 15
			AUG 15 TO SEPT 15	SEPT 1 TO OCT 1



3 PRUNING



5 PLANTING SOIL

Carol Zoff

Digitally signed by Carol Zoff
Date: 2025.08.01 13:05:44 -05'00'

LICENSE NUMBER 26552

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

LEAD EXPERT OFFICE

MARNI KARNOWSKI
CHIEF ENVIRONMENTAL OFFICER
OFFICE OF ENVIRONMENTAL STEWARDSHIP

STANDARD PLANTING DETAILS

APPROVED: 08-12-2025
REVISED:

THOMAS STYRBICKI
STATE DESIGN ENGINEER

STANDARD PLAN 5-297.301

1 OF 4

mm

DEPARTMENT OF TRANSPORTATION

STATE PROJ. NO.

TRUNK HWY.

SHEET NO.

TOTAL SHEETS

SEH Project	STEEL 185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
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KARL WEISSENBOERN
DATE: 03-23-26 LICENSE NO: 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE DETAILS 1

88

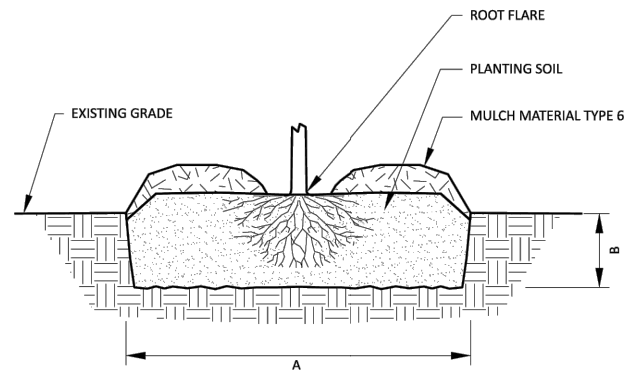
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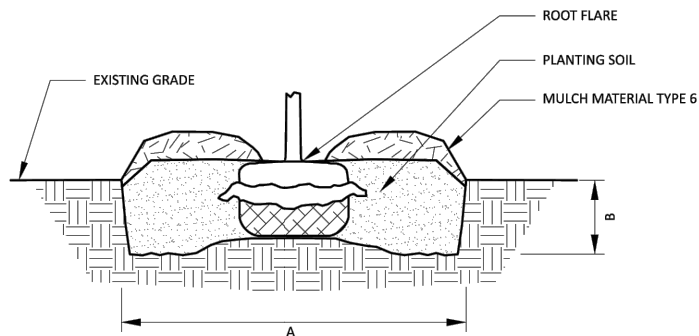
PLANTING HOLE DIMENSIONS			
PLANT TYPE	PLANT AND CONTAINER SIZE	(A) MINIMUM HOLE WIDTH	(B) APPROXIMATE HOLE DEPTH
DECIDUOUS & ORNAMENTAL TREES	3' BR	46"	13"
	4' BR	46"	14"
	5' BR	48"	14"
	6' BR	54"	15"
	7' BR	60"	16"
	8' BR	66"	19"
	1" CAL BR	54"	14"
	1.25" CAL BR	60"	14"
	1.5" CAL BR	66"	15"
	2" CAL BR	84"	19"
	4' B&B	42"	11"
	5' B&B	48"	12"
	6' B&B	52"	14"
	8' B&B	66"	16"
	10' B&B	66"	16"
	12' B&B	48"	16"
	1" CAL B&B	54"	14"
	1.25" CAL B&B	56"	15"
	1.5" CAL B&B	61"	15"
	1.75" CAL B&B	66"	16"
	2" CAL B&B	72"	16"
	2.5" CAL B&B	84"	19"
	3" CAL B&B	96"	20"
DECIDUOUS SHRUBS, ROSES, AND PERENNIALS	12" BR	24"	7"
	15" BR	28"	8"
	18" BR	30"	8"
	2' BR	33"	9"
	3' BR	42"	11"
	4' BR	48"	12"
CONIFEROUS TREES	5' BR	54"	14"
	6' BR	60"	14"
	2' B&B	36"	10"
	3' B&B	42"	11"
	4' B&B	51"	13"
	5' B&B	60"	13"
AT LEAST 2/3 OF ALL CONIFER BRANCHES WILL CONTAIN TERMINAL BUDS	6' B&B	66"	15"
	7' B&B	72"	16"
	8' B&B	81"	18"
	18"	24"	7"
CONIFEROUS SHRUBS (UPRIGHT)	3'	48"	12"
CONIFEROUS SHRUBS (SPREADING) (SPR)	18" SPR	30"	8"
	2' SPR	36"	9"
CONTAINER GROWN PLANTS	CELLPACKS/PLUGS	6"	2.5"
	4" CONT	11"	4"
	6" / 1 QT CONT	15"	5.5"
	1# CONT	18"	6"
	2# CONT	23"	7.5"
	3# CONT	29"	8.5"
	5# CONT	30"	11"
	7# CONT	37"	11"
	15# CONT	44"	14"
	10# CONT	45"	15"
SEEDLINGS	20# CONT	60"	16"
	6" SEEDLING	15"	14"
	12" SEEDLING	23"	16"
	18" SEEDLING	30"	16"
VINES	24" SEEDLING	36"	18"
	1 YR MED BR	15"	11"
	1 YR NO 1 BR	17"	14"
	2 YR MED BR	33"	12"
	2 YR NO 1 BR	42"	15"

1. DEMONSTRATE COMPETENCY IN ACCORDANCE WITH SPECIFICATION 2571.3F.1.
2. SOAK ROOTS IN WATER FOR AT LEAST ONE HOUR BUT NOT MORE THAN 24 HOURS PRIOR TO PLANTING.
3. PREPARE HOLE PER PLANTING HOLE DIMENSIONS TABLE (AxB).
4. PROVIDE CORRECTIVE PRUNING.
5. TRANSFER PLANT DIRECTLY FROM WATER TO HOLE.
6. PLACE ROOT FLARE AT OR UP TO 2" ABOVE THE FINISHED SOIL ELEVATION.
7. SPREAD ROOTS OUT EVENLY.
8. PLUMB AND BACKFILL WITH PLANTING SOIL.
9. WATER IN ACCORDANCE WITH WATERING GUIDELINES.



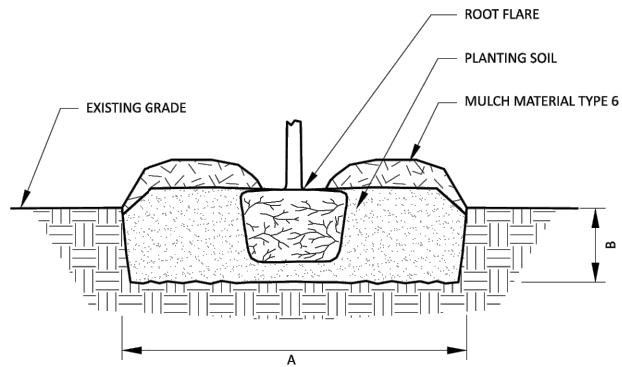
1 BARE ROOT STOCK (BR)

1. DEMONSTRATE COMPETENCY IN ACCORDANCE WITH SPECIFICATION 2571.3F.1.
2. PREPARE HOLE PER PLANTING DIMENSIONS (AxB).
3. PLACE ROOT FLARE AT OR UP TO 2" ABOVE FINISHED GRADE.
4. SET ROOT BALL ON UNDISTURBED NATIVE OR THOROUGHLY COMPACTED PLANTING SOIL WITH BURLAP AND/OR WIRE BASKET INTACT.
5. REMOVE TOP 2/3 OR TOP TWO HORIZONTAL RINGS OF BASKET AND BURLAP, WHICHEVER IS GREATER.
6. SLIT REMAINING BURLAP AT 6" INTERVALS.
7. PRUNE STEM GIRDLING ROOTS AND BRANCHES.
8. BACKFILL WITH PLANTING SOIL TO APPROXIMATELY 12" BELOW TOP OF BALL.
9. PLACE WATER ON BACKFILLED SOIL TO REMOVE AIR.
10. PLUMB AND BACKFILL THE REMAINDER OF THE HOLE WITH PLANTING SOIL.
11. WATER WITHIN 2 HOURS TO SETTLE PLANT AND SOILS, AND FILL VOIDS.
12. REPEAT BACKFILL AND WATER APPLICATIONS AS NECESSARY (SEE WATERING GUIDELINES ON SHEET 1 OF 4.)
13. PLACE MULCH WITHIN 48 HOURS OF THE LAST WATERING UNLESS SOIL MOISTURE EXCEEDS GUIDELINES.
14. REMOVE ALL DISCARDED MATERIALS AND DISPOSE OF OFF-SITE.

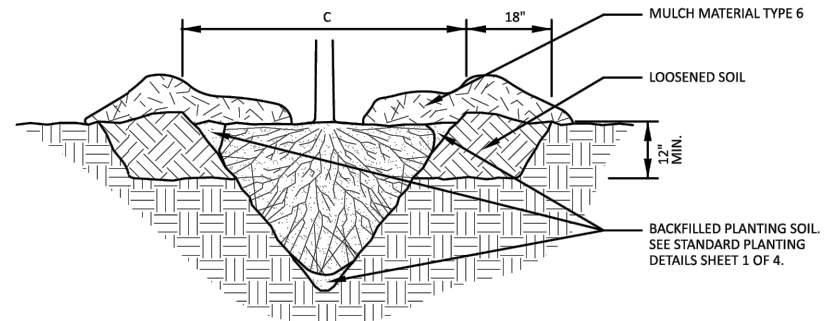


3 BALL & BURLAP STOCK (B&B)

1. DEMONSTRATE COMPETENCY IN ACCORDANCE WITH SPECIFICATION 2571.3F.1.
2. PREPARE HOLE PER PLANTING HOLE DIMENSIONS (AxB).
3. PROVIDE CORRECTIVE PRUNING.
4. REMOVE CONTAINER AND SCORE OUTSIDE OF SOIL MASS TO REDIRECT AND REMOVE OR CORRECT STEM GIRDLING ROOTS.
5. SET PLANT ON UNDISTURBED NATIVE SOIL OR THOROUGHLY COMPACTED PLANTING SOIL. PLACE PLANT SO THE TOP OF THE ROOT FLARE IS AT OR UP TO 2" ABOVE FINISHED GRADE.
6. PLUMB AND BACKFILL WITH PLANTING SOIL.
7. WATER IN ACCORDANCE WITH WATERING GUIDELINES.



2 CONTAINER STOCK (CONT)



1. DEMONSTRATE COMPETENCY IN ACCORDANCE WITH 2571.3F.1.
2. SCARIFY SIDES AND BOTTOM OF HOLE.
3. PROVIDE CORRECTIVE BRANCH PRUNING.
4. SET PLANT ON NATIVE SOIL AT SAME DEPTH AS IT WAS PREVIOUSLY GROWN.
5. PLUMB AND BACKFILL WITH PLANTING SOIL.
6. AFTER PLANTING, LOOSEN THE SOIL IMMEDIATELY ADJACENT TO THE ROOT BALL TO A MINIMUM DISTANCE OF 18" AND A MINIMUM DEPTH OF 12".
7. WATER THOROUGHLY WITHIN 2 HOURS TO SETTLE PLANT AND FILL VOIDS.
8. BACK FILL VOIDS AND WATER A SECOND TIME.
9. PLACE MULCH WITHIN 48 HOURS OF THE SECOND WATERING UNLESS SOIL MOISTURE IS EXCESSIVE.

MINIMUM TREE SPADE SIZE REQUIREMENTS

(C) SPADE DIAMETER SIZE	OAK TREE, CALIPER	DECIDUOUS / ORNAMENTAL TREE, CALIPER	CONIFEROUS TREE HEIGHT
42"	1" to 1.5"	2" to 3"	5' to 7'
60"	1.5" to 2.5"	3" to 4"	7' to 9'
78"	2.5" to 3.5"	4" to 6"	9' to 14'
85"	3.5" to 5"	6" to 8"	14' to 18'

Carol Zoff
LICENSSED LANDSCAPE ARCHITECT
DATE

Digitally signed by Carol Zoff
Date: 2025.08.01 13:15:48 -05'00'

LICENSE NUMBER
26552

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

LEAD EXPERT OFFICE

MARNI KARNOWSKI
CHIEF ENVIRONMENTAL OFFICER
OFFICE OF ENVIRONMENTAL STEWARDSHIP

STANDARD PLANTING DETAILS

APPROVED: 08-12-2025
REVISED:

THOMAS STYRBICKI
STATE DESIGN ENGINEER

STANDARD PLAN
5-297.301

2 OF 4



STANDARD PLAN

STATE PROJ. NO.

SHEET NO.

TRUNK HWY.

TOTAL SHEETS

SEH Project	STEEL 185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
Drawn By	VT	.			.		
Designed By	VT	.			.		
Checked By	KW	.			.		

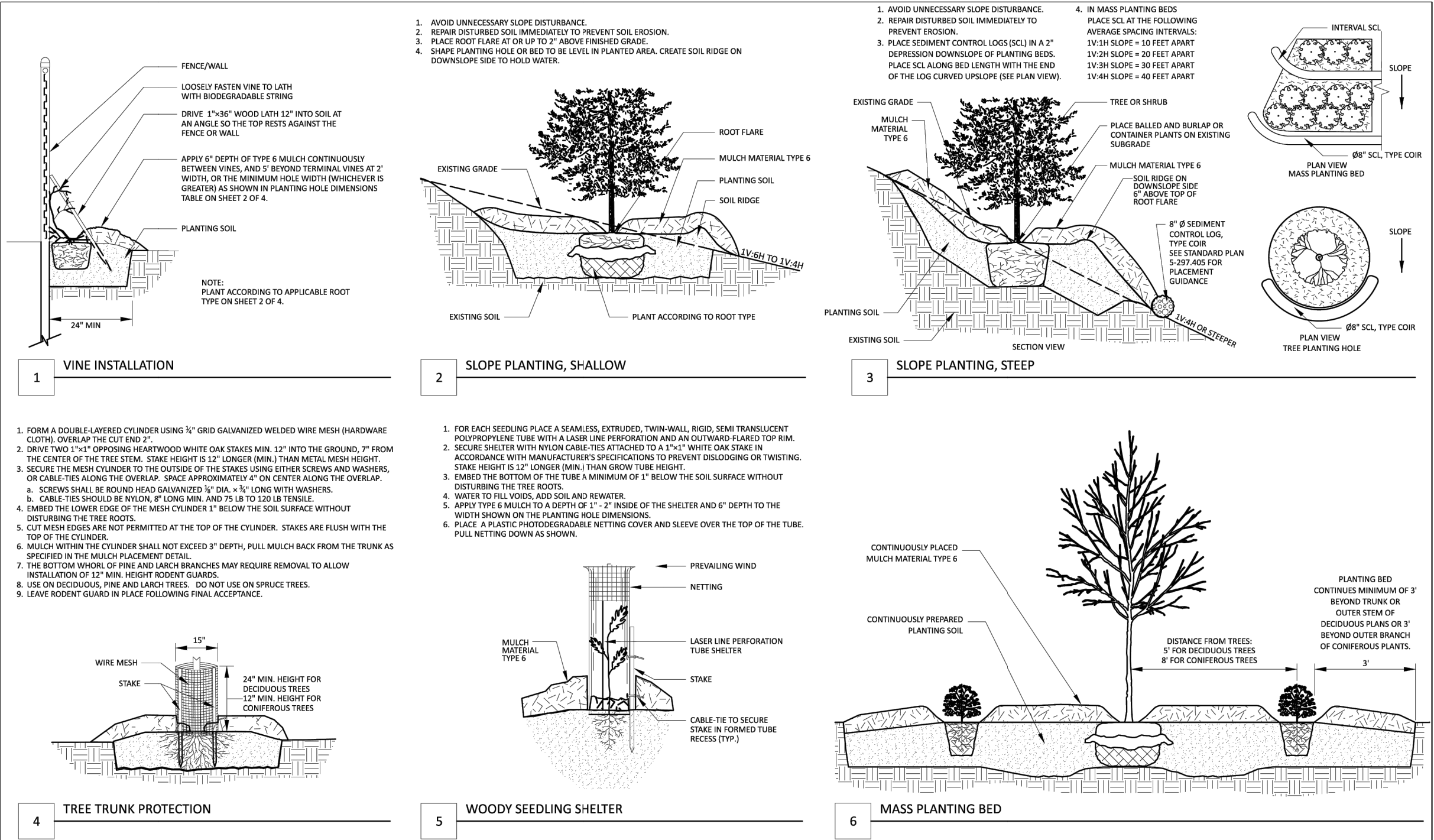


I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.
KARL WEISSENBOERN
DATE: 03-23-26 LICENSE NO: 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE DETAILS 2

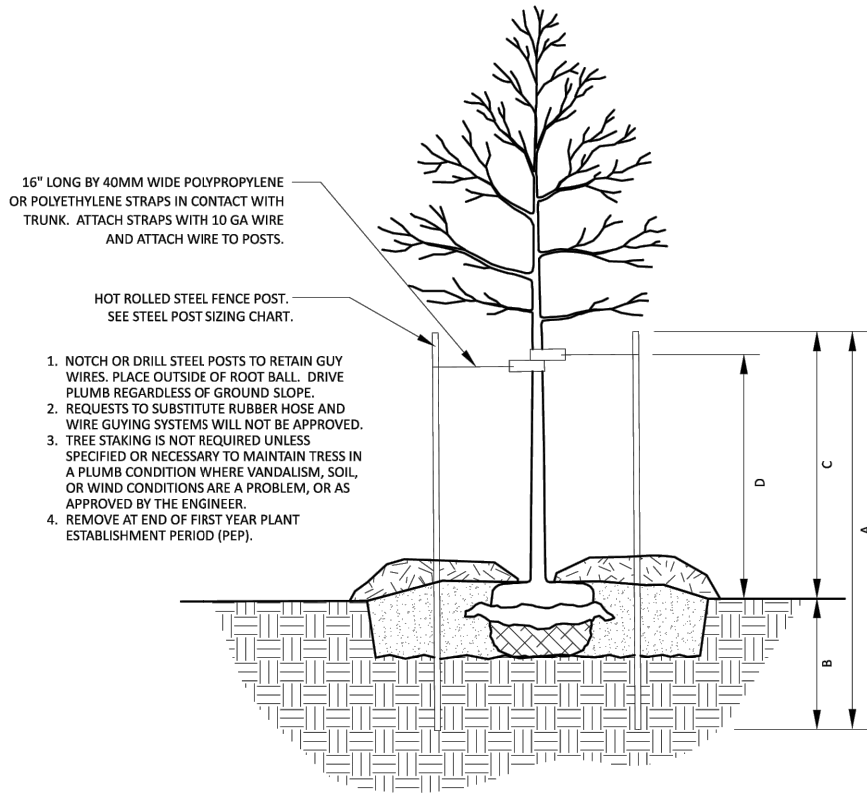
89



Carol Zoff Digitally signed by Carol Zoff Date: 2025.08.01 13:24:52 -05'00' LICENSED LANDSCAPE ARCHITECT		LICENSE NUMBER 26552	I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.	LEAD EXPERT OFFICE	MARNI KARNOWSKI CHIEF ENVIRONMENTAL OFFICER OFFICE OF ENVIRONMENTAL STEWARDSHIP	STANDARD PLANTING DETAILS	APPROVED: 08-12-2025 REVISED:	THOMAS STYRICKI STATE DESIGN ENGINEER	STANDARD PLAN 5-297.301	3 OF 4
m DEPARTMENT OF TRANSPORTATION		STANDARD PLAN				STATE PROJ. NO.		SHEET NO.		
						TRUNK HWY.		TOTAL SHEETS		

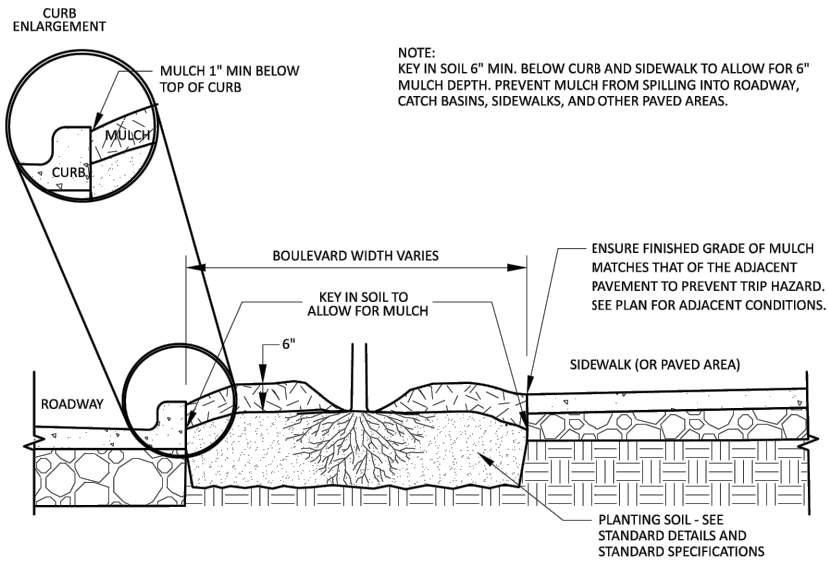
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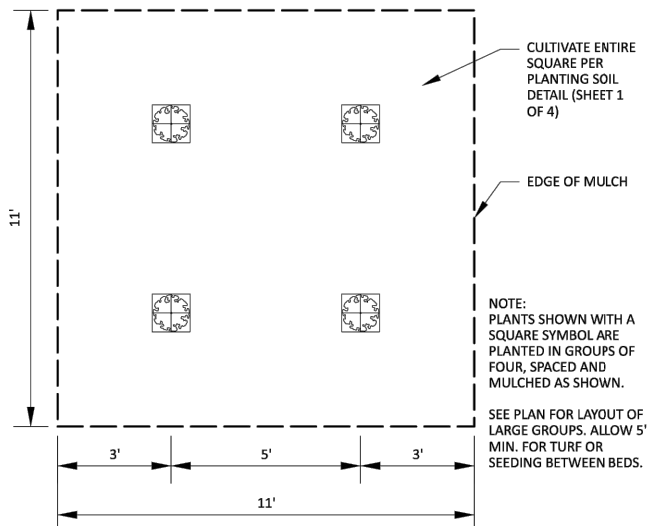


1 STAKING AND GUYING

STEEL POST SIZING					
TREE CALIPER	STEEL POST TYPE	A	B	C	D
LESS THAN 4"	HOT-ROLLED STEEL FENCE POST (SPEC. 3403) OR APPROVED EQUAL	7'	3' MIN	4'	3'
GREATER THAN 4"	2.2 LB. FLANGED CHANNEL SIGN POST (SPEC. 3401) OR APPROVED EQUAL	10'	4' MIN	6'	5'



2 MULCH AGAINST CURB, SIDEWALK, OR PAVED AREA



3 FOUR-SQUARE GROUP PLANTING

Carol Zoff
LICENSED LANDSCAPE ARCHITECT

Digitally signed by Carol Zoff
Date: 2025.08.01 13:29:49 -05'00'
DATE

LICENSE
NUMBER
26552

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LEAD
EXPERT
OFFICE

MARNI KARNOWSKI
CHIEF ENVIRONMENTAL OFFICER
OFFICE OF
ENVIRONMENTAL STEWARDSHIP

STANDARD PLANTING DETAILS

APPROVED: 08-12-2025
REVISED:

THOMAS STYRBICKI
STATE DESIGN ENGINEER

STANDARD
PLAN
5-297.301

4 OF 4



STANDARD PLAN

STATE PROJ. NO.

SHEET NO.

TRUNK HWY.

TOTAL SHEETS

SEH Project	STEEL 185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
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Designed By	VT	.			.		
Checked By	KW	.			.		



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KARL WEISSENBOERN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE DETAILS 4

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of 181



Main Street Landscaping

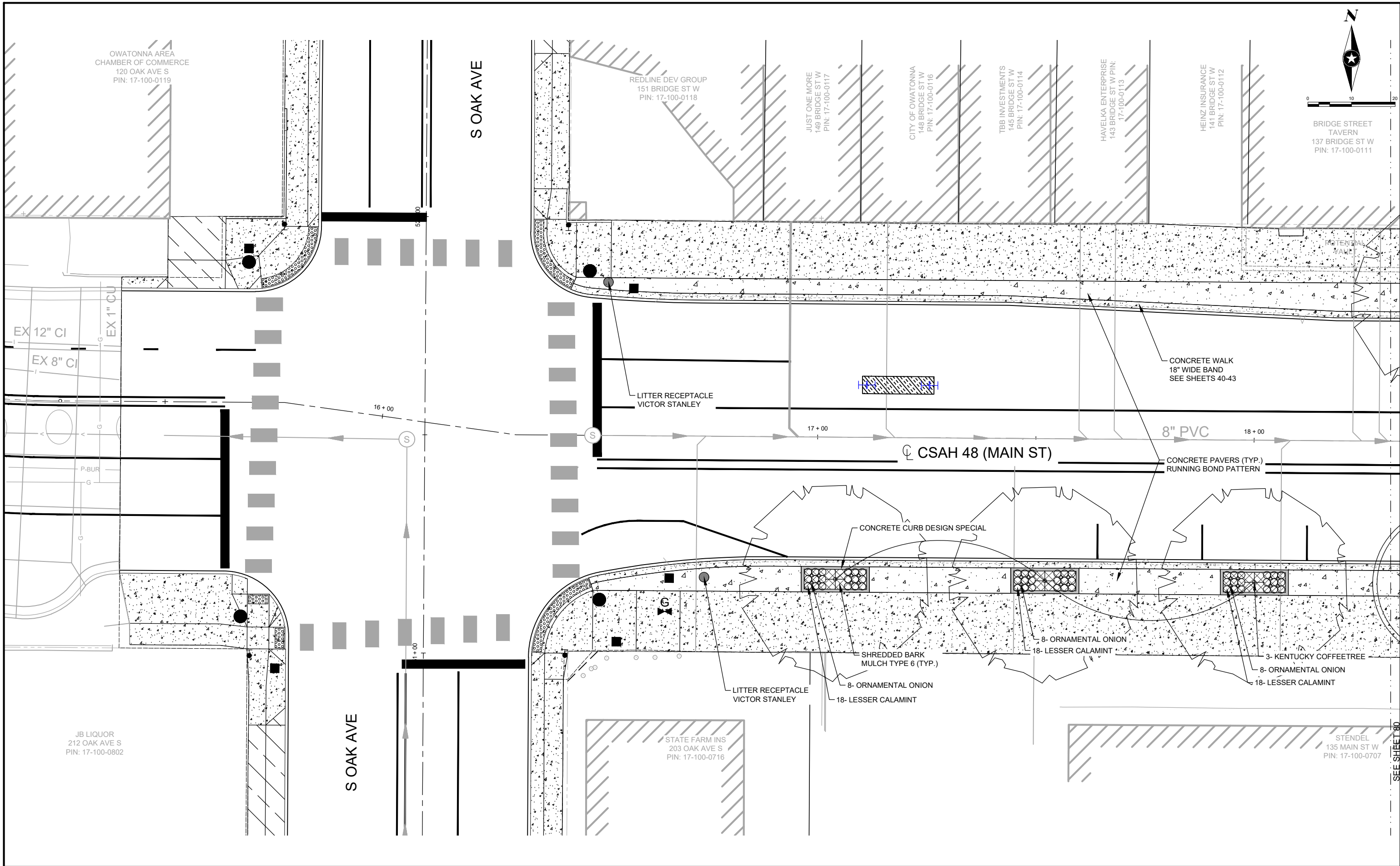
Option 2

Cost Estimate: \$249,982.50

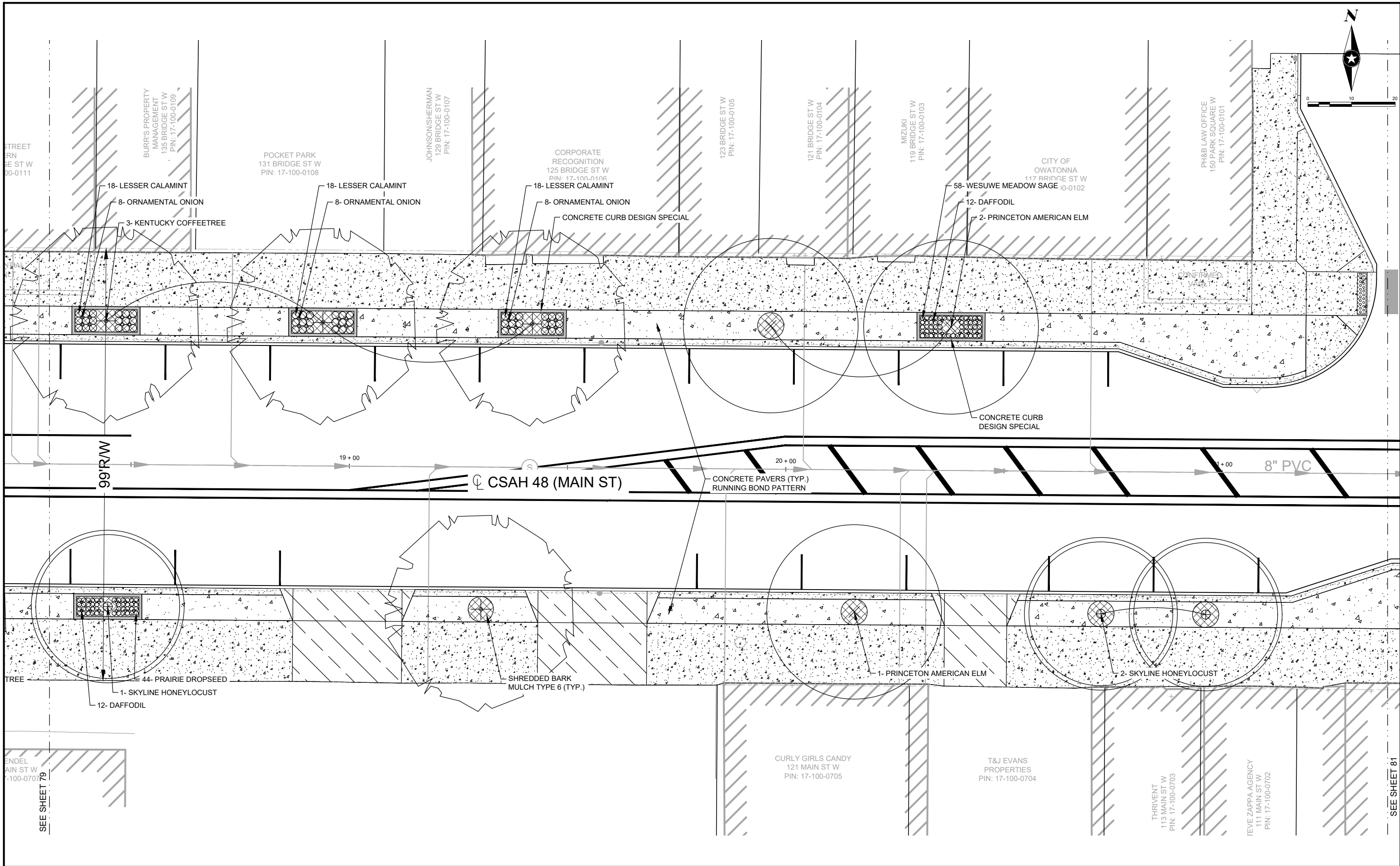
Overview:

- Lowest-cost option.
- No decorative pavers.
- Fewest number of plants and shrubs with reduced concrete landscaped planting beds.
- Trash receptacles throughout.

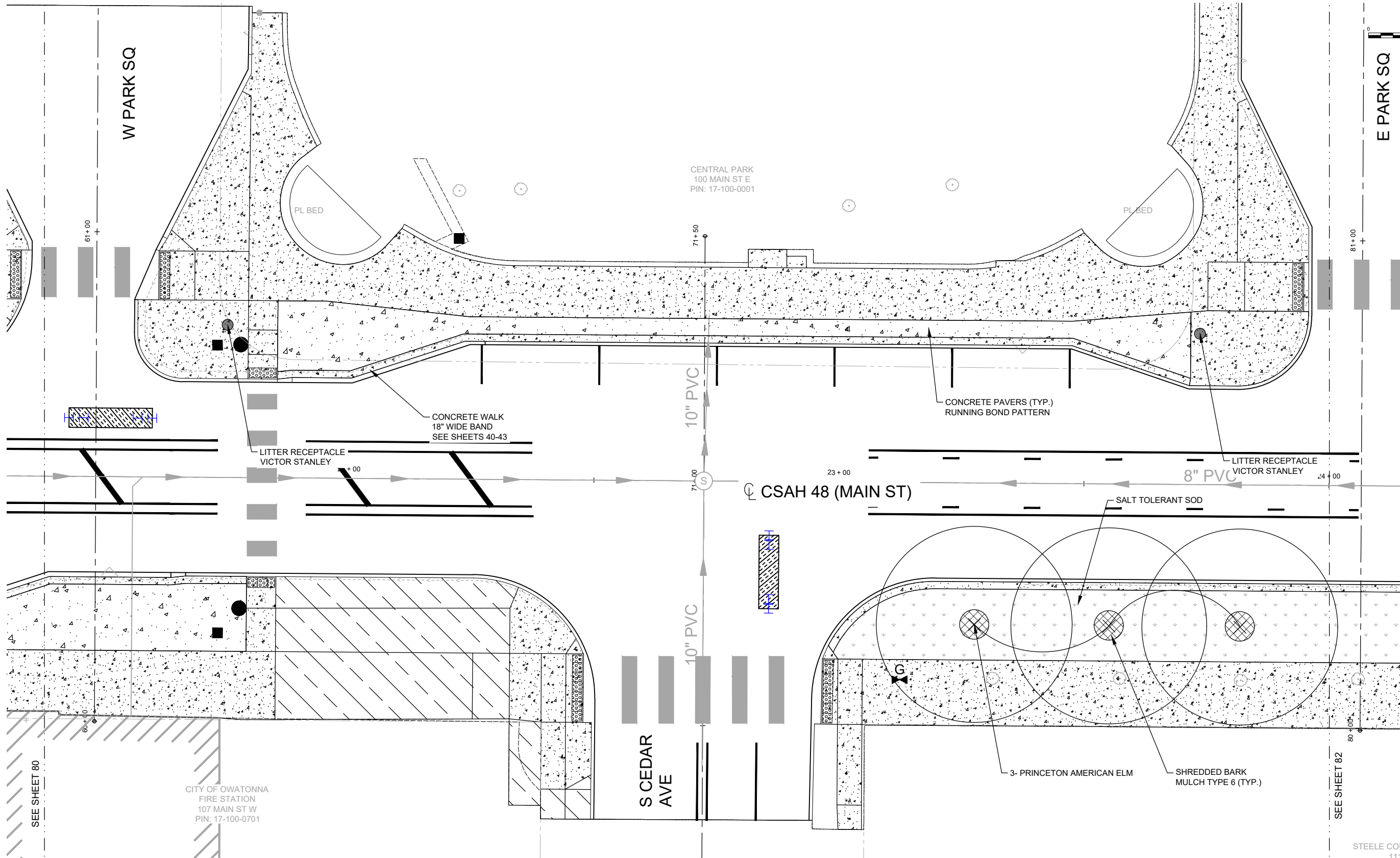
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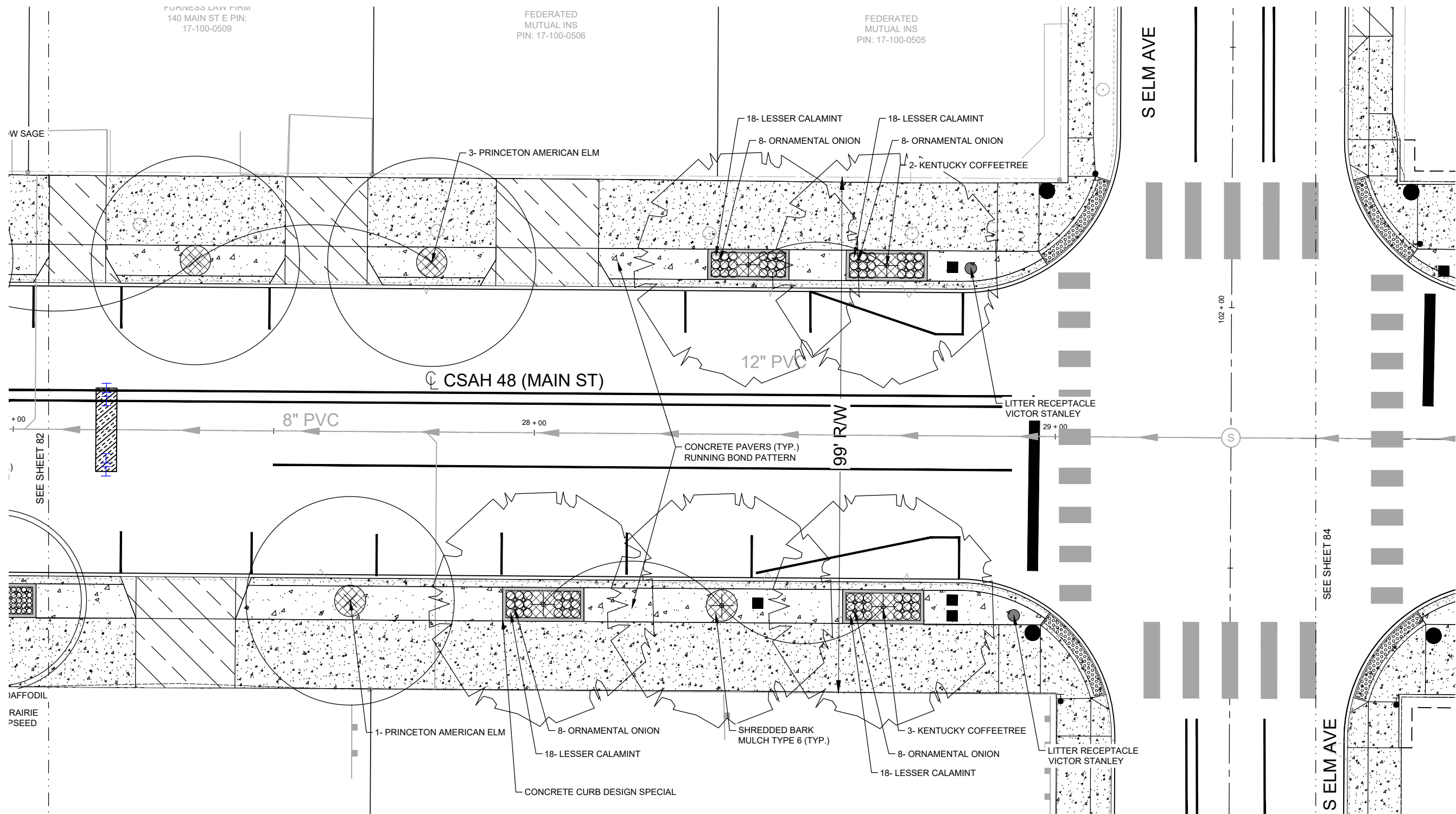
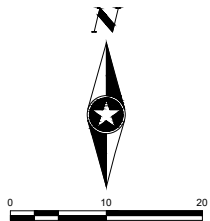


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SEH Project	STEEL185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
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Designed By	VT						
Checked By	KW						



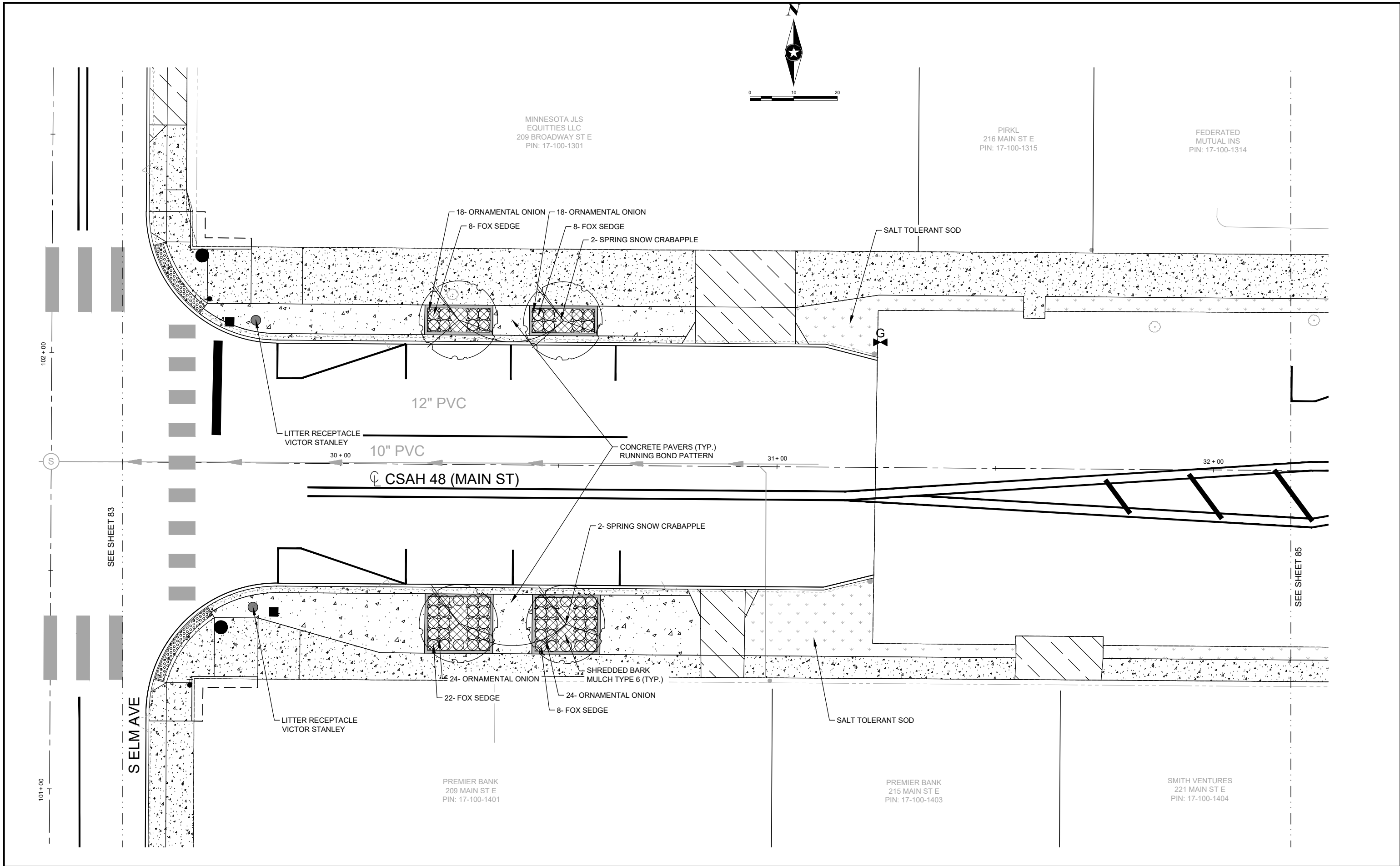
I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

KARL WEISSENBORN
DATE 03-23-26 LICENSE NO. 23817

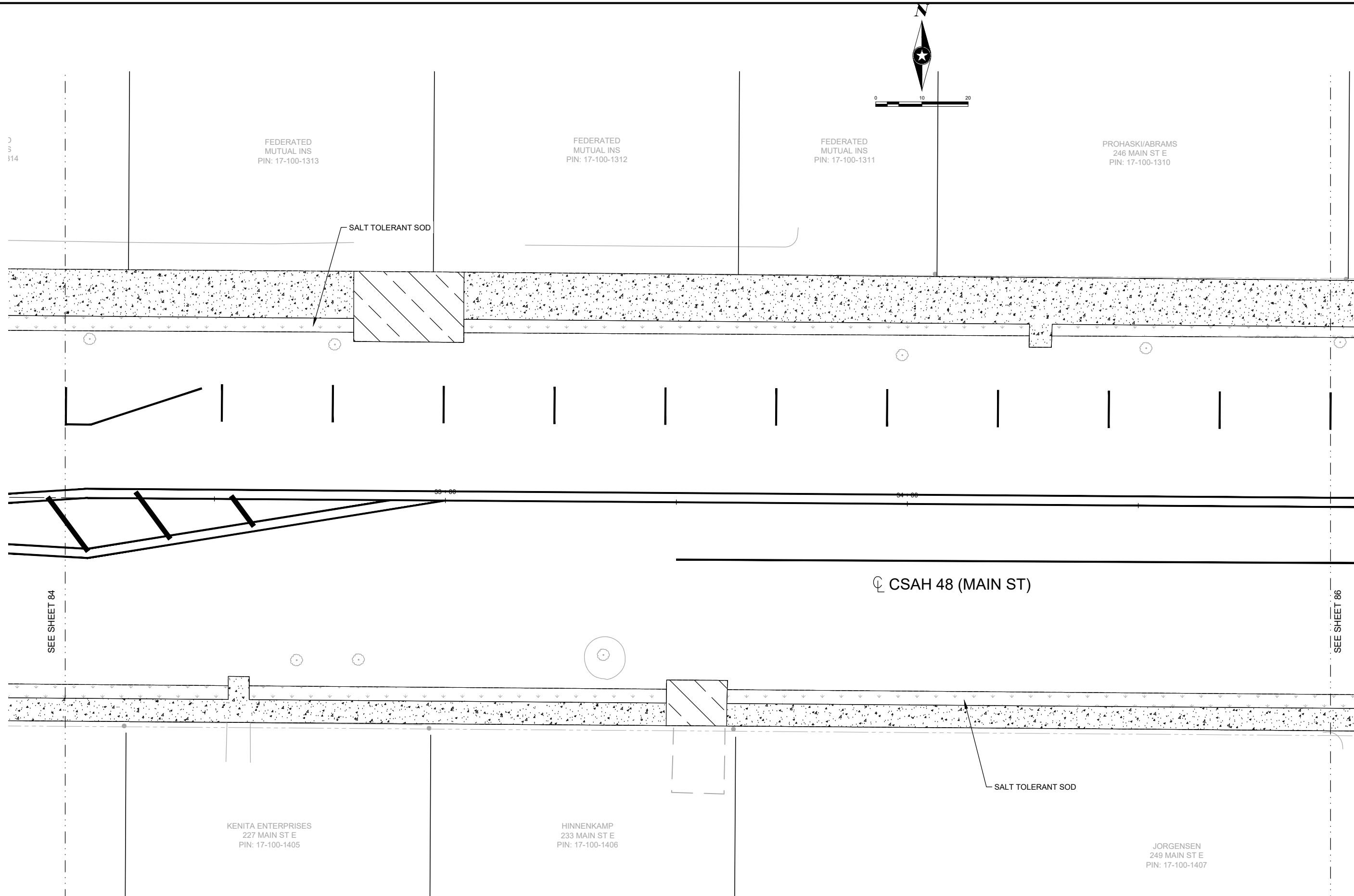
CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 5
REDUCED OPTION 1

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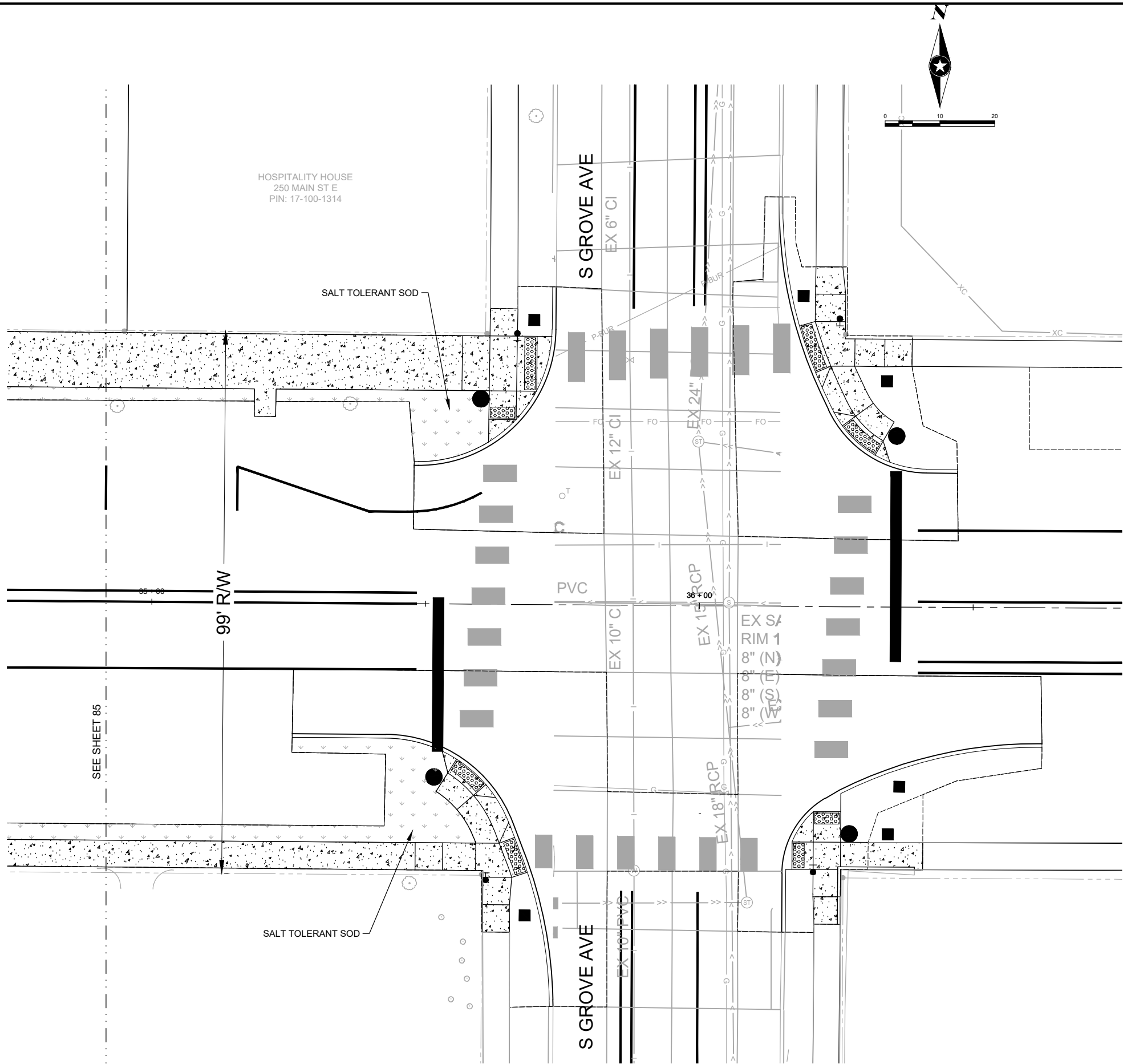
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Drawn By	VT	.	.	.	.						
Designed By	VT	.	.	.	.						
Checked By	KW	.	.	.	.						

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Karl Weissenborn
KARL WEISSENBORN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 8
REDUCED OPTION 1

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PLANTING SCHEDULE				
Quantity	Common Name	Scientific Name	Size	Notes
33	Shade Trees			
11	Skyline Honeylocust	<i>Gleditsia triacanthos</i> 'Skyline'	2.5" Cal B&B	
12	Kentucky Coffeetree	<i>Gymnocladus dioica</i> 'Espresso'	2.5" Cal B&B	
10	Princeton American Elm	<i>Ulmus americana</i> 'Princeton'	2.5" Cal B&B	
4	Understory Trees			
4	Spring Snow Crabapple	<i>Malus</i> x 'Spring Snow'	1.5" Cal B&B	
15	Coniferous Shrubs			
15	Green Velvet Boxwood	<i>Buxus</i> x 'Green Velvet'	5 Gal Cont.	
528	Perennials			
180	Lesser Calamint	<i>Calamintha nepta</i>	1 Gal Cont.	
46	Fox Sedge	<i>Carex vulpinoidea</i>	1 Gal Cont.	
98	Wesuwe Meadow Sage	<i>Salvia nemorosa</i> 'Wesuwe'	1 Gal Cont.	
204	Prairie Dropseed	<i>Sporobolus heterolepis</i> 'Tara'	1 Gal Cont.	
236	Bulbs			
164	Purple Sensation Ornamental Onion	<i>Allium</i> x 'Purple Sensation'	1 Gal. Cont.	
72	Actaea Poeticus Daffodil	<i>Narcissus</i> x 'Actaea'	1 Gal. Cont.	

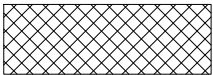
Reduced Option 1

Item Number	Item Description	Units	Quantity
2521.518	6" Concrete Walk	SF	10413
2531.503	Concrete Curb Design Special	LF	858
2540.602	Waste Receptacle	Each	10
2540.603	Landscape Edger	LF	310
2571.502	Deciduous Trees 2" CAL B&B	Each	33
2571.502	Deciduous Trees 1.5" CAL B&B	Each	4
27571.502	Perennial No. 1 Cont.	Each	764
2574.507	Boulevard Topsoil Borrow	CY	437
2575.504	Sodding Type Salt Tolerant	SY	232
2575.507	Mulch Material Type 6	CY	19

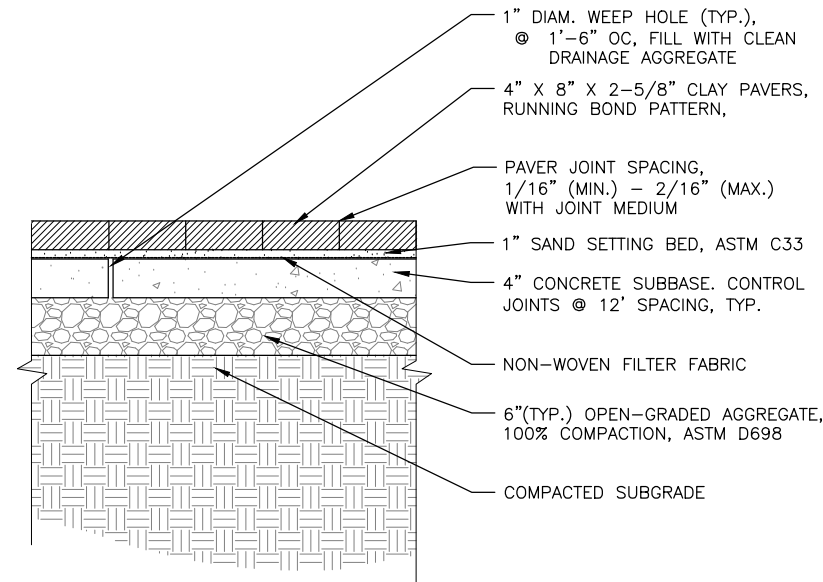
PATTERN KEY FOR LANDSCAPE PLAN



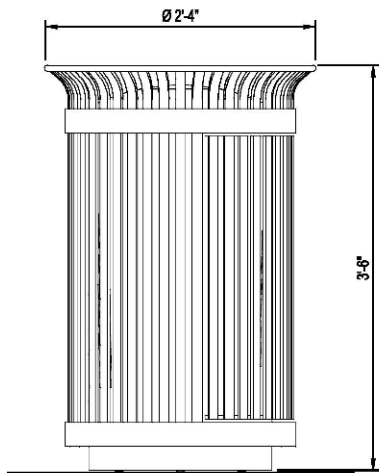
SODDING TYPE SALT TOLERANT
POP-UP HEAD IRRIGATION, BY OTHERS
3260 SQFT



MULCH MATERIAL TYPE 6
DRIP IRRIGATION, BY OTHERS
115 CY



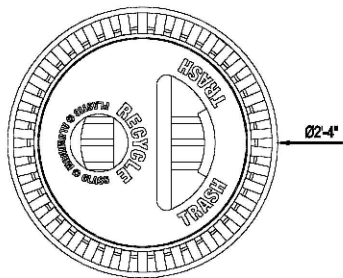
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87 PAVER DETAIL
N.T.S.



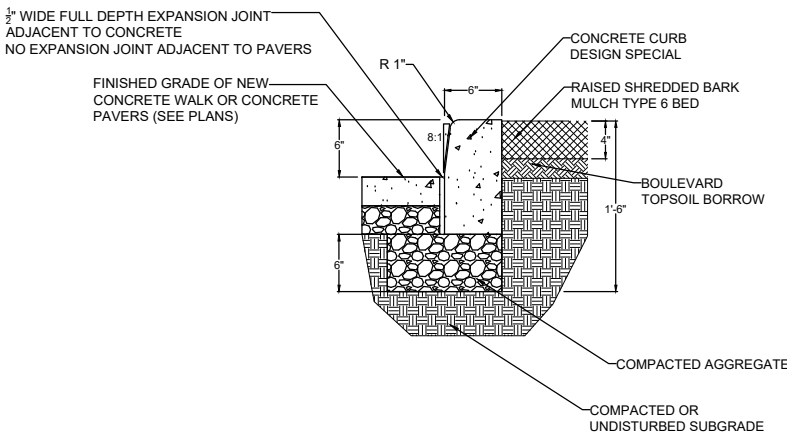
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87 LITTER RECEPTACLE
N.T.S.

LITTER RECEPTACLE
MFR: VICTOR STANLEY
MODEL: SD-42
MOUNTING: FREESTANDING
COLOR: POWDERCOAT BLACK
OPTIONS: 36-GALLON LITTER
RECEPTACLE W/ RECYCLE LID
(DUAL-FLOW) + OPTIONAL
HALF-MOON LINERS W/ BOTTOM
PLATE COVER

12 EXTRA LINERS TO BE
PURCHASED AND PROVIDED TO
THE CITY



PLAN



2
87 CONCRETE CURB PLANTING BED DETAIL
N.T.S.

SEH Project	STEEL185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
Drawn By	VT	.			.		
Designed By	VT	.			.		
Checked By	KW	.			.		



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KARL WEISSENBORN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE SCHEDULE
REDUCED OPTION 1



Main Street Landscaping

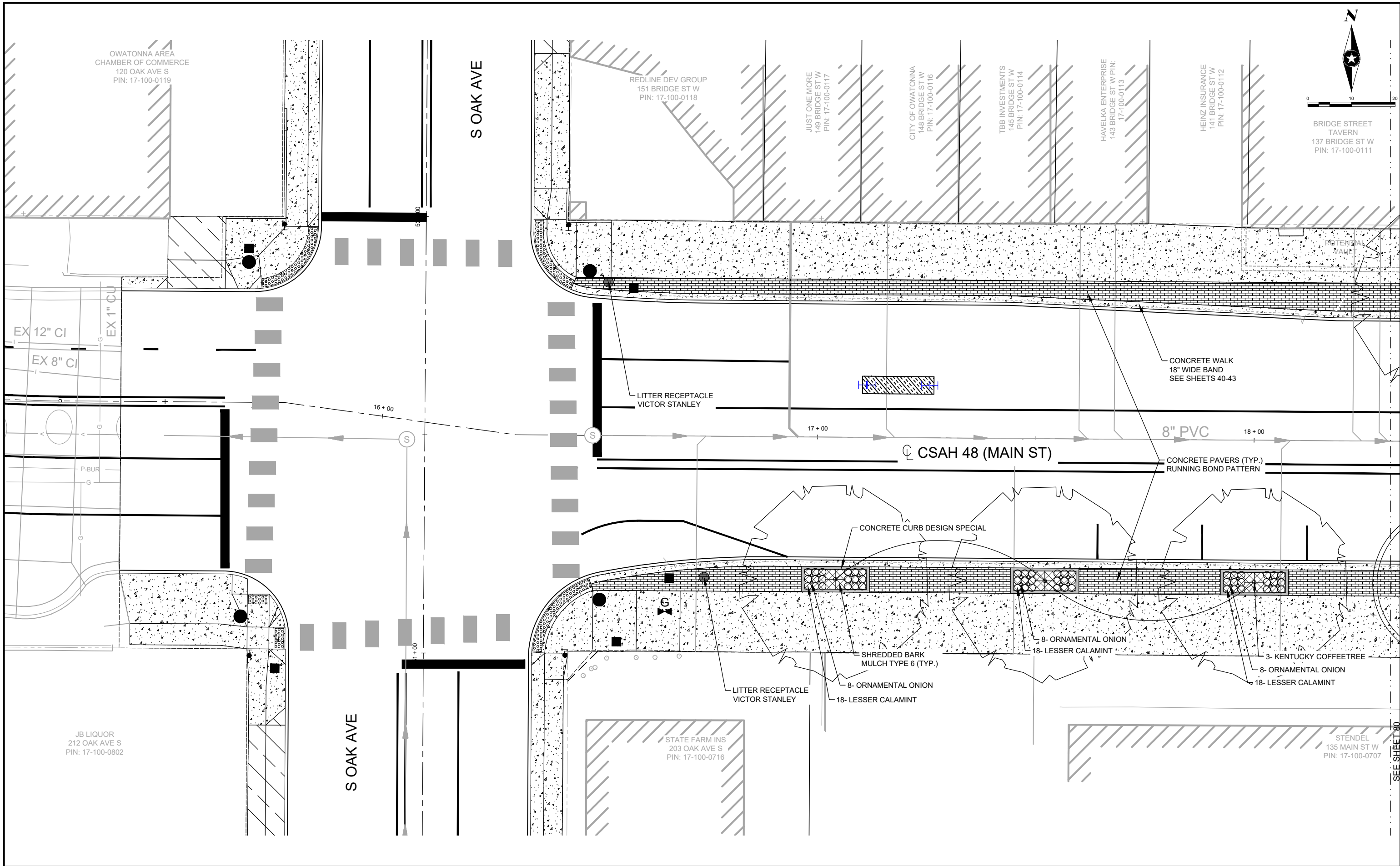
Option 3

Cost Estimate: \$314,590.00

Overview:

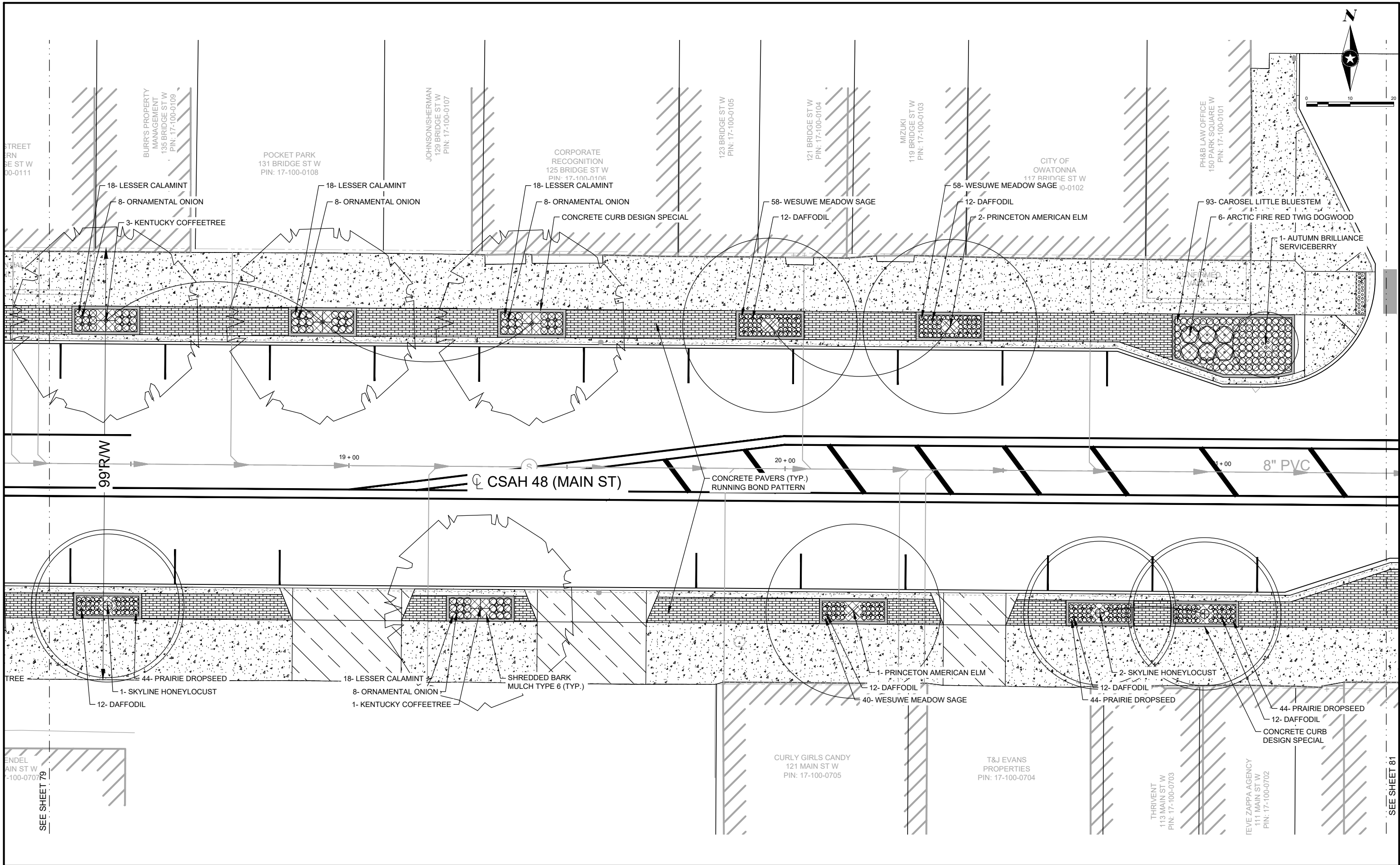
- Medium-cost option.
- Concrete landscaped beds extending up to East Park Square.
- Decorative pavers installed up to East Park Square. Sod applied beyond East Park Square.
- No landscaping beds beyond East Park Square.
- Trash receptacles throughout.

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Drawn By	VT								KARL WEISSENBOERN	OWATONNA, MINNESOTA		of 181
Designed By	VT								DATE 03-23-26	S.P. 074-070-012		Page 163 of 180
Checked By	KW								LICENSE NO. 23817			

Save: 3/31/2026 1:38 PM vorzewski Plot: 3/31/2026 2:08 PM X:\PT\STEEEL\185067\5-final-dsgn\51-drawings\25-Plan\AST 185067\LA_Option3.dwg



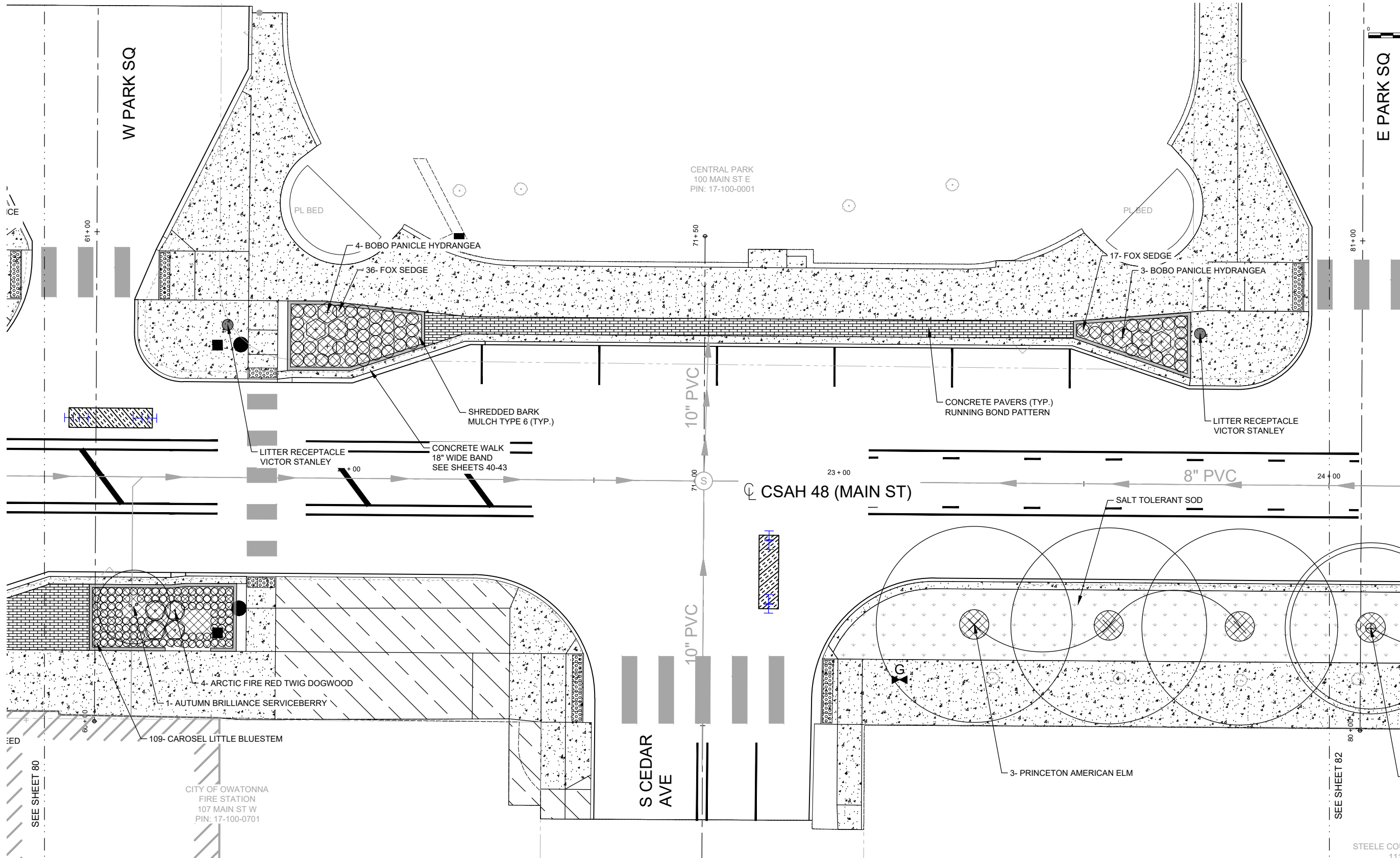
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Drawn By	VT											of 181
Designed By	VT											Page 164 of 180
Checked By	KW											



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KARL WEISSENBOERN
DATE: 03-23-26 LICENSE NO: 23817

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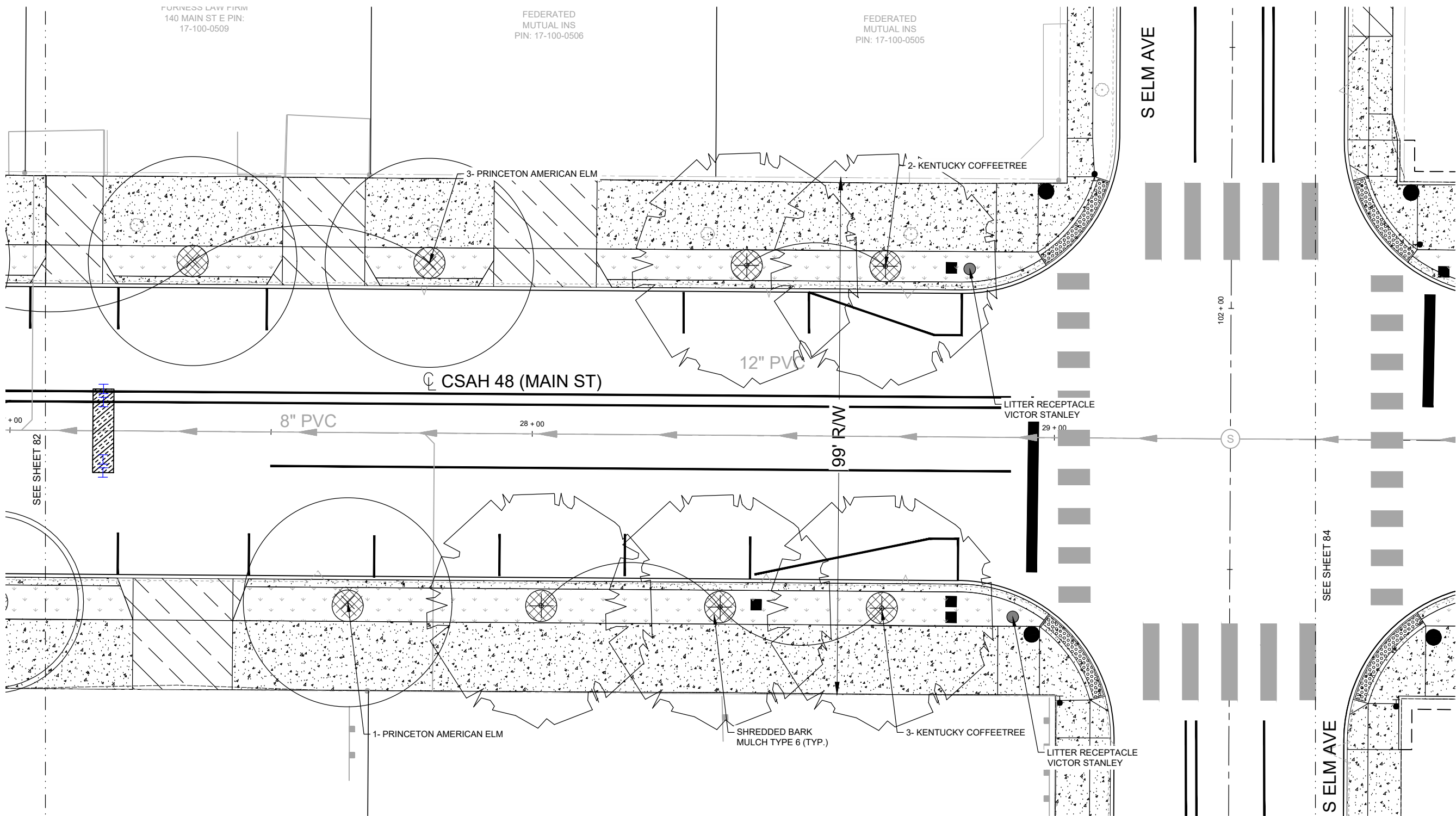
CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 3
REDUCED OPTION 2

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of 181

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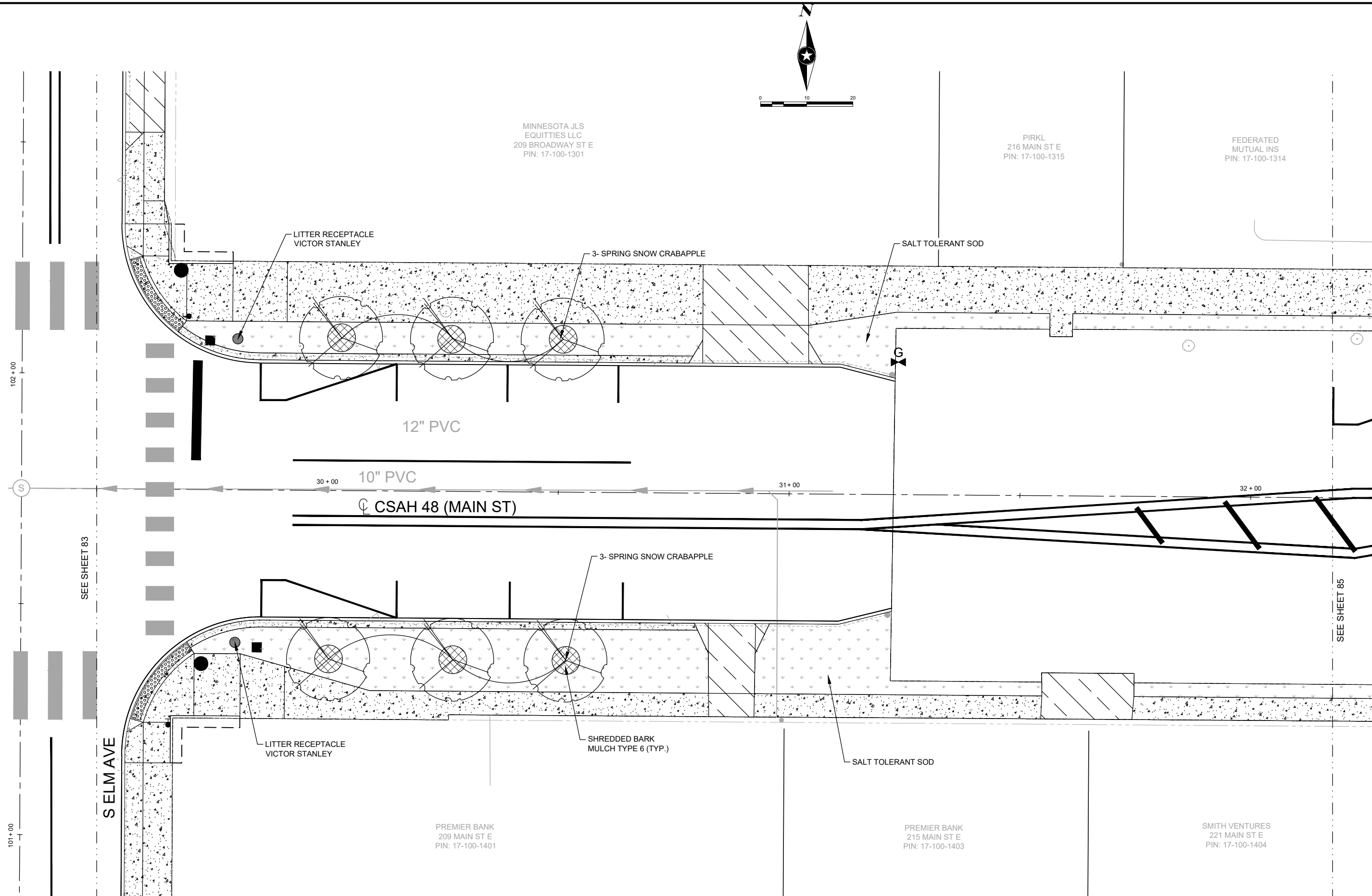
KARL WEISSENBOERN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 5
REDUCED OPTION 2

83

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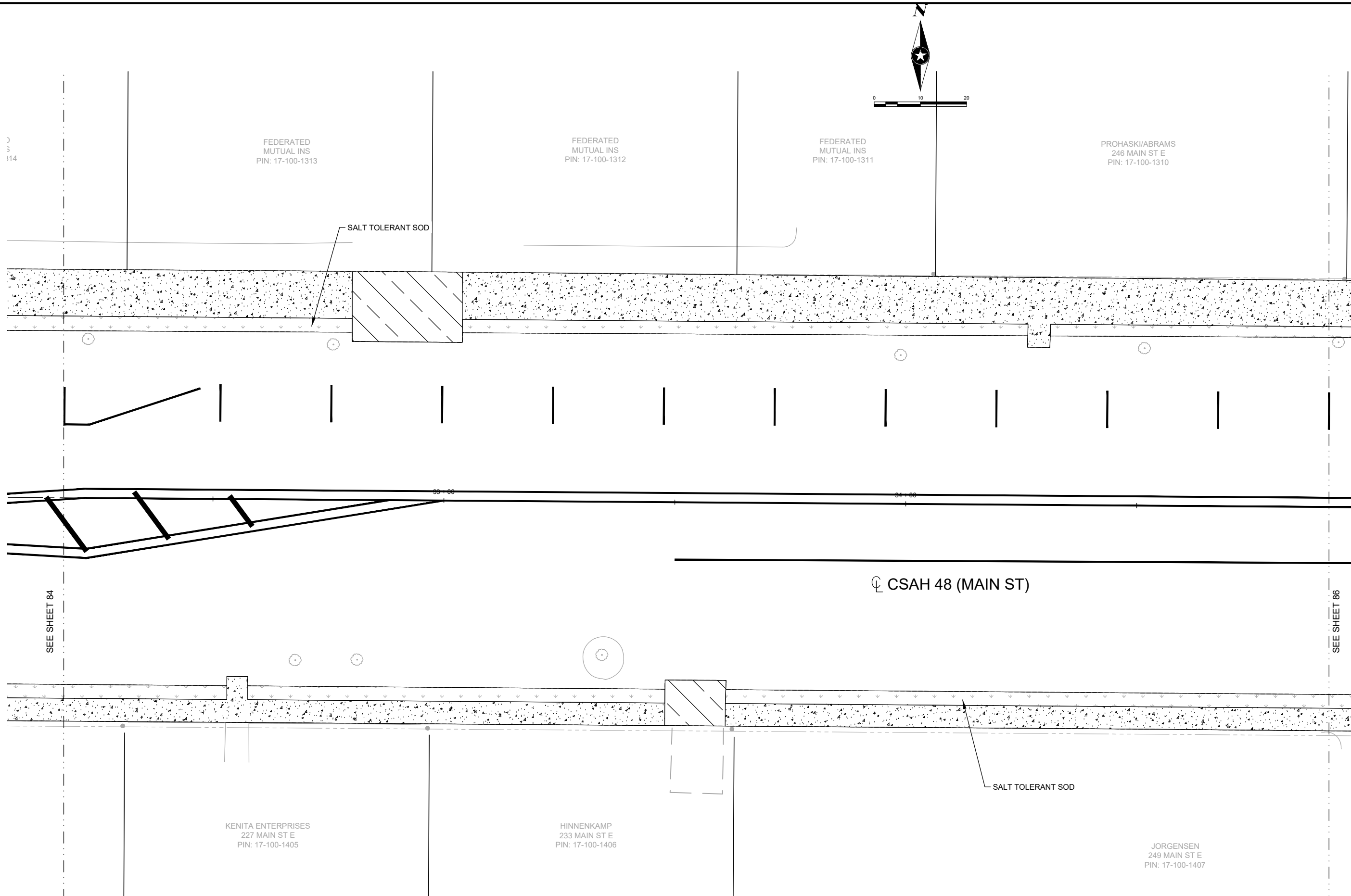
KARL WEISSENBORN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 6
REDUCED OPTION 2

84

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Designed By	VT	.			.		
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Karl Weissenborn
KARL WEISSENBORN
DATE 03-23-26 LICENSE NO. 23817

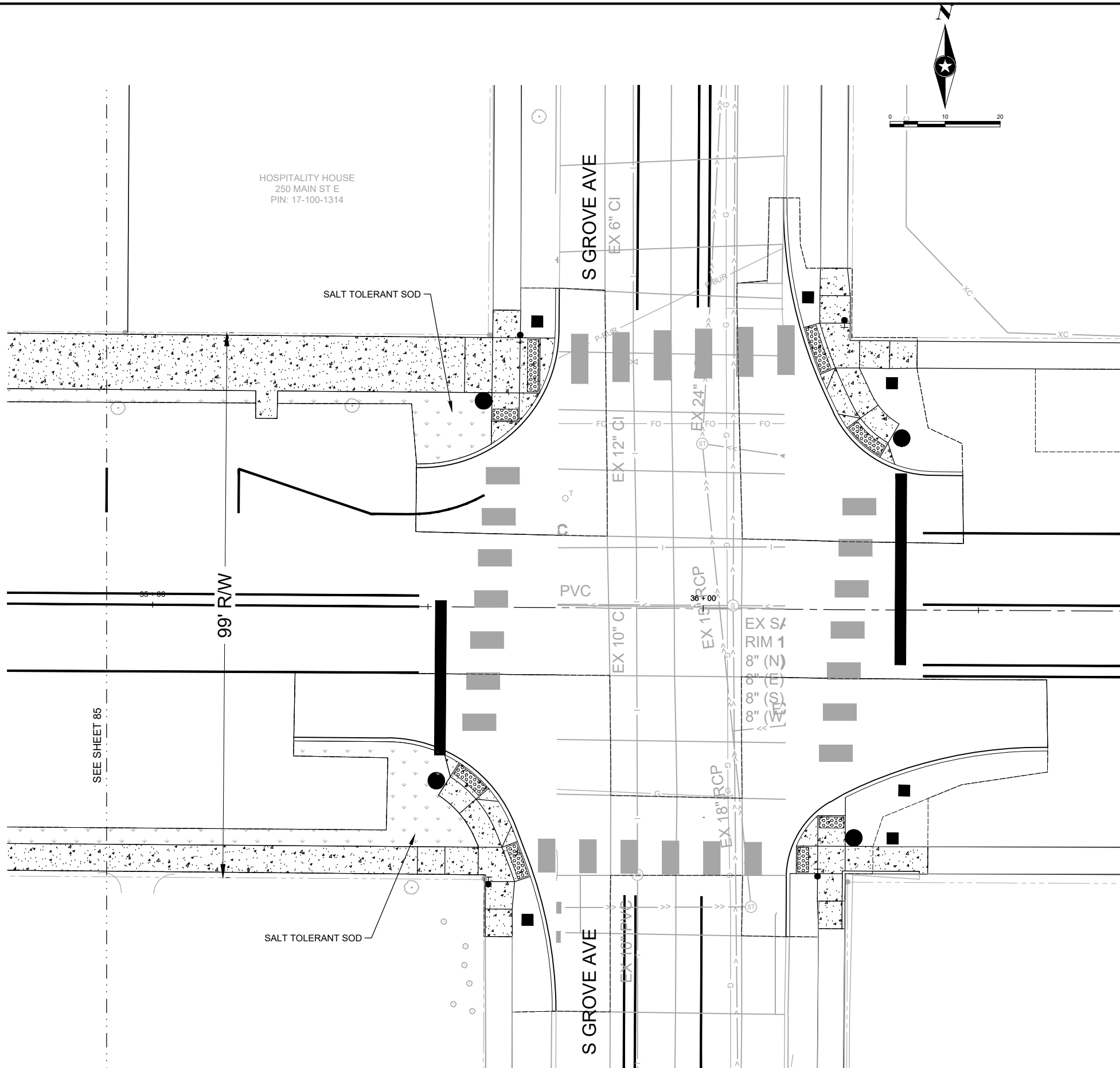
CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 7
REDUCED OPTION 2

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SEH Project	STEEL185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
Drawn By	VT	.			.		
Designed By	VT	.			.		
Checked By	KW	.			.		



I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

Karl Weissenborn
KARL WEISSENBORN
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE PLAN - 8
REDUCED OPTION 2

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of 181

Save: 3/31/2026 1:38 PM vorzewski Plot: 3/31/2026 2:19 PM X:\PT\ST\STEEL1185067\5-final-dsgn\51-drawings\25-Plant\AST 185067LA_Option3.dwg

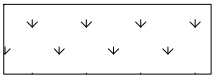
PLANTING SCHEDULE REDUCED OPTION 2				
Quantity	Common Name	Scientific Name	Size	Notes
40	Shade Trees			
12	Skyline Honeylocust	<i>Gleditsia triacanthos</i> 'Skyline'	2.5" Cal B&B	
15	Kentucky Coffeetree	<i>Gymnocladus dioica</i> 'Espresso'	2.5" Cal B&B	
13	Princeton American Elm	<i>Ulmus americana</i> 'Princeton'	2.5" Cal B&B	
8	Understory Trees			
2	Autumn Brilliance Serviceberry	<i>Amelanchier x Grandiflora</i> 'Autumn Brilliance'	1.5" Cal B&B	Cump form
6	Spring Snow Crabapple	<i>Malus</i> x 'Spring Snow'	1.5" Cal B&B	
17	Deciduous Shrubs			
10	Arctic Fire Red Twig Dogwood	<i>Cornus stolonifera</i> 'Farrow'	5 Gal. Cont.	
7	Bobo Panicle Hydrangea	<i>Hydrangea paniculata</i> 'ILVOBO'	5 Gal. Cont.	
669	Perennials			
126	Lesser Calamint	<i>Calamintha nepta</i>	1 Gal. Cont.	
53	Fox Sedge	<i>Carex vulpinoidea</i>	1 Gal. Cont.	
156	Wesuwe Meadow Sage	<i>Salvia nemorosa</i> 'Wesuwe'	1 Gal. Cont.	
202	Carosel Little Bluestem	<i>Schizachyrium scoparium</i> 'Carosel'	1 Gal. Cont.	
132	Prairie Dropseed	<i>Sporobolus heterolepis</i> 'Tara'	1 Gal. Cont.	
128	Bulbs			
56	Purple Sensation Ornamental Onion	<i>Allium</i> x 'Purple Sensation'	1 Gal. Cont.	
72	Actaea Poeticus Daffodil	<i>Narcissus</i> x 'Actaea'	1 Gal. Cont.	

Reduced Option 2			
Item Number	Item Description	Units	Quantity
2531.503	Concrete Curb Design Special	LF	868
2540.602	Waste Receptacle	Each	10
2540.603	Landscape Edger	LF	622
2540.618	Concrete Pavers	SF	4314
2571.502	Deciduous Trees 2" CAL B&B	Each	40
2571.502	Deciduous Trees 1.5" CAL B&B	Each	8
27571.502	Shrubs No. 5 Cont.	Each	17
27571.502	Perennial No. 1 Cont.	Each	797
2574.507	Boulevard Topsoil Borrow	CY	218
2575.504	Sodding Type Salt Tolerant	SY	1590
2575.507	Mulch Material Type 6	CY	55

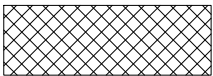
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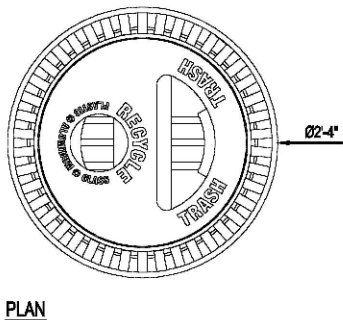
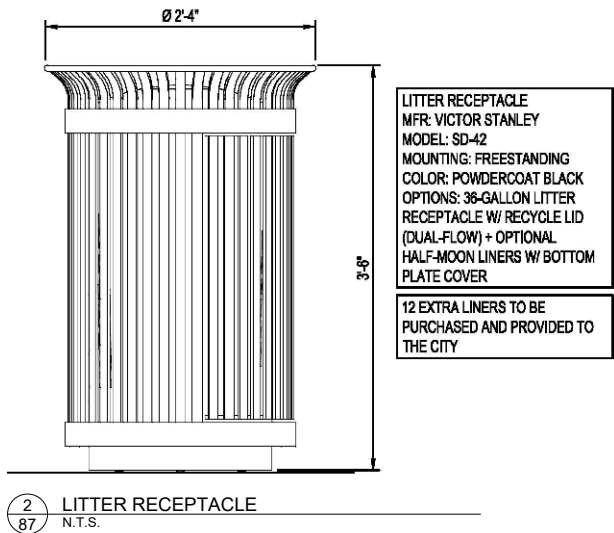
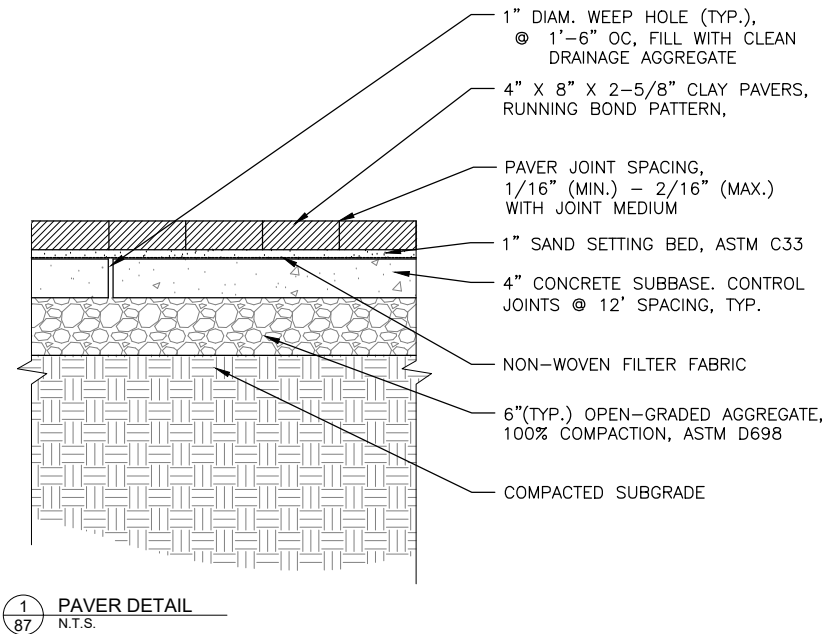
CONCRETE PAVERS
RUNNING BOND PATTERN
7300 SQFT



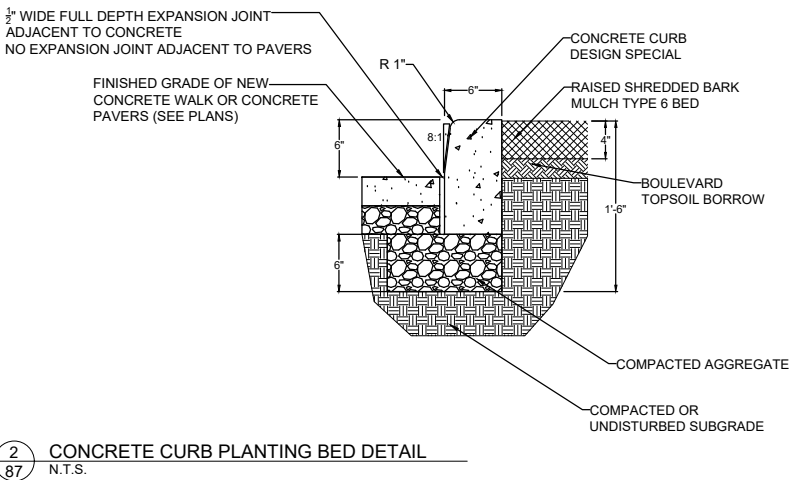
SODDING TYPE SALT TOLERANT
POP-UP HEAD IRRIGATION, BY OTHERS
3260 SQFT



MULCH MATERIAL TYPE 6
DRIP IRRIGATION, BY OTHERS
115 CY



PLAN



SEH Project	STEEL185067	Rev.#	Plan Revision Issue Description	Date	Rev.#	Sheet Revision Issue Description	Date
Drawn By	VT	.			.		
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Checked By	KW	.			.		

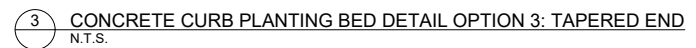


I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL LANDSCAPE ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

KARL WEISSENBERG
DATE 03-23-26 LICENSE NO. 23817

CSAH 48 (MAIN STREET)
RECONSTRUCTION
OWATONNA, MINNESOTA S.P. 074-070-012

LANDSCAPE SCHEDULE
REDUCED OPTION 2



KARL WEISSENBORN
DATE 03-23-26 LICENSE NO. 23817

OWATONNA, MINNESOTA S.P. 074-070-012

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3.31.26

Full Option

Item Number	Item Description	Units	Quantity	Unit Cost	Subtotal
2531.503	Concrete Curb Design Special	LF	2309	\$ 50.00	\$ 115,450.00
2540.602	Waste Receptacle	Each	10	\$ 1,000.00	\$ 10,000.00
2540.603	Landscape Edger	LF	132	\$ 25.00	\$ 3,300.00
2540.618	Concrete Pavers	SF	7300	\$ 30.00	\$ 219,000.00
2571.502	Deciduous Trees 2" CAL B&B	Each	33	\$ 800.00	\$ 26,400.00
2571.502	Deciduous Trees 1.5" CAL B&B	Each	15	\$ 600.00	\$ 9,000.00
27571.502	Shrubs No. 5 Cont.	Each	95	\$ 90.00	\$ 8,550.00
27571.502	Perennial No. 1 Cont.	Each	2202	\$ 40.00	\$ 88,080.00
2574.507	Boulevard Topsoil Borrow	CY	732	\$ 45.00	\$ 32,940.00
2575.504	Sodding Type Salt Tolerant	SY	362	\$ 20.00	\$ 7,240.00
2575.507	Mulch Material Type 6	CY	115	\$ 80.00	\$ 9,200.00

Total Full Option	\$ 529,160.00
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Reduced Option 1

Item Number	Item Description	Units	Quantity	Unit Cost	Subtotal
2521.518	6" Concrete Walk	SF	10413	\$ 10.00	\$ 104,132.00
2531.503	Concrete Curb Design Special	LF	858	\$ 50.00	\$ 42,915.50
2540.602	Waste Receptacle	Each	10	\$ 1,000.00	\$ 10,000.00
2540.603	Landscape Edger	LF	310	\$ 25.00	\$ 7,750.00
2571.502	Deciduous Trees 2" CAL B&B	Each	33	\$ 800.00	\$ 26,400.00
2571.502	Deciduous Trees 1.5" CAL B&B	Each	4	\$ 600.00	\$ 2,400.00
27571.502	Perennial No. 1 Cont.	Each	764	\$ 40.00	\$ 30,560.00
2574.507	Boulevard Topsoil Borrow	CY	437	\$ 45.00	\$ 19,665.00
2575.504	Sodding Type Salt Tolerant	SY	232	\$ 20.00	\$ 4,640.00
2575.507	Mulch Material Type 6	CY	19	\$ 80.00	\$ 1,520.00

Total Reduced Option 1	\$ 249,982.50
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Note: 6" Concrete walk is in addition to concrete walk found earlier in the plan.

Reduced Option 2

Item Number	Item Description	Units	Quantity	Unit Cost	Subtotal
2531.503	Concrete Curb Design Special	LF	868	\$ 50.00	\$ 43,400.00
2540.602	Waste Receptacle	Each	10	\$ 1,000.00	\$ 10,000.00
2540.603	Landscape Edger	LF	622	\$ 25.00	\$ 15,550.00
2540.618	Concrete Pavers	SF	4314	\$ 30.00	\$ 129,420.00
2571.502	Deciduous Trees 2" CAL B&B	Each	40	\$ 800.00	\$ 32,000.00
2571.502	Deciduous Trees 1.5" CAL B&B	Each	8	\$ 600.00	\$ 4,800.00
27571.502	Shrubs No. 5 Cont.	Each	17	\$ 90.00	\$ 1,530.00
27571.502	Perennial No. 1 Cont.	Each	797	\$ 40.00	\$ 31,880.00
2574.507	Boulevard Topsoil Borrow	CY	218	\$ 45.00	\$ 9,810.00
2575.504	Sodding Type Salt Tolerant	SY	1590	\$ 20.00	\$ 31,800.00
2575.507	Mulch Material Type 6	CY	55	\$ 80.00	\$ 4,400.00

Total Reduced Option 2	\$ 314,590.00
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TRANSACTION CONFIRMATION

3/31/26

Confirmation ID:

Effective Date:

This Transaction Confirmation ("**Transaction Confirmation**") is subject to these terms listed herein between Seller and Buyer dated as of the Effective Date. Buyer and Seller may be referred to individually as a "**Party**" and collectively as the "**Parties**."

SELLER:

City of Owatonna

Attn:

Phone:

BUYER:

Owatonna Public Utilities

Attn:

Phone:

Start Date: First Day Seller notifies Buyer biogas is ready for delivery.

End Date: October 31, 2027

Extensions: May be extended in successive 12-month terms by mutual written agreement prior to expiration

Contract Quantity and Delivery:

Seller will deliver up to 50 MMBtu/day of biogas; actual volumes will vary with production.

Buyer is obligated to take up to 50 MMBtu/day, and no more, unless separately agreed.

Gas must meet Buyer's pipeline quality standards. If standards are not met, Seller will immediately divert gas to flare or correct quality before resuming delivery.

Delivery point is at the interconnection of the biogas facility with the Buyer's natural gas distribution system.

Contract Price:

For volumes delivered on a given gas day, the price will be the Daily Index minus \$0.10/MMBtu. The Daily Index is defined as: the lower of the two following midpoints published in Platts Gas Daily publication Daily Price Survey under the table "Upper Midwest":

- a) Northern, Ventura Midpoint
- b) Northern, Demarc Midpoint

Additional volumes in excess of 50 MMBtu/day shall be based on the then current spot market price, or the Contract Price (Daily Index minus \$0.10/MMBtu) at the Buyer's discretion.

"Operational Flow Order" should an operational flow order (OFO), or other utility or pipeline restriction occur that impacts the Gas sale and purchase obligations subject to this Transaction Confirmation, Seller will adjust Seller's daily nomination to match allowable balances for Buyer's volumetric requirements as determined by Buyer and communicated to Seller. The pricing of the Gas Volumes received during an OFO will be based on then current spot market price, the Contract price, or the monthly arithmetic average of the Platts Gas Daily "Final Daily Price Survey" Midpoint price for "Northern, Ventura", not including the Midpoint prices for the OFO days in accordance with Northern Natural Gas imbalance cashout calculation, as determined by Buyer in its discretion.

Additional Terms and Conditions:

1) Green Attributes Excluded.

Environmental or renewable credits (e.g. RINs, LCFS credits, avoided emissions rights) remain with the Seller and are not conveyed under this agreement.

2) Transportation, Nominations, and Imbalances.

The Seller is responsible for moving the gas to the delivery point, and the Buyer is responsible for moving it from there. Both parties must coordinate nominations and give each other timely notice so that transport deadlines are met and daily delivery quantities are clear. If actual deliveries differ from scheduled amounts, the party noticing the difference must promptly notify the other. Both sides will use reasonable efforts to avoid pipeline imbalance charges. If such charges occur, they will be paid by the party whose actions caused them—Buyer if the issue is with receipts, Seller if the issue is with deliveries.

3) Billing, Payment, and Audit:

The Seller will send the Buyer a monthly invoice for gas delivered, plus any other applicable charges, with standard supporting documentation by the 10th business day of every month. If actual delivery volumes aren't available at billing time, the invoice will be based on scheduled volumes and later adjusted when actual numbers are known. The Buyer or Buyer's agent must pay the invoice in full by the due date, which is the later of the stated payment date or 10 days after receiving the invoice (or the next business day if that falls on a weekend/holiday).

4) Force Majeure

Neither party is responsible for failing to deliver or receive gas if a Force Majeure event—something beyond their control like natural disasters, extreme weather, equipment failure, pipeline outages, labor disputes, terrorism, or government orders—prevents performance. The affected party must promptly notify the other, try to minimize the impact, and resume performance as soon as possible. Force Majeure does not cover economic hardship, loss of market, or loss of gas supply.

5) Title, Warranty, and Indemnity

- The Seller is responsible for and assumes any liability for the gas up to the delivery point, and the Buyer is responsible for and assumes any liability after the gas is delivered at the delivery point.
- The Seller warrants that it has the right to sell the gas and will transfer clear, good, and marketable title to the Buyer, free of liens or other claims. Except for this warranty and the authority warranties previously provided, all other warranties, including any implied warranties of merchantability or fitness for a particular purpose, are disclaimed.
- Indemnification. Each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party, and its respective officers, employees and members and agents (the "Indemnified Party"), from and against any and all claims and demands for, or litigation with respect to, all damages which may arise out of or be caused by the Indemnifying Party or its agents, employees, contractors or subcontractors with respect to the Indemnifying Party's performance of its obligations under this Agreement. The Indemnified Party, at its expense, shall have the right to participate in the defense of any Claims or litigation and shall have the right to approve any settlement, which approval shall not be unreasonably withheld. The indemnification provision of this Section shall not apply to damages or other losses proximately caused by or resulting from the negligence or willful misconduct of the Indemnified Party. All indemnification obligations shall survive termination, expiration or cancellation of this Agreement.

6) Market Disruption.

If a Market Disruption Event occurs, the parties will work in good faith to agree on a replacement price for the Floating Price or a method to calculate it for the affected day. If they cannot agree within two business days, each party will get two quotes from non-affiliated market participants for similar gas near the delivery point, and the replacement price will be the average of the four quotes. If one party does not provide quotes, the price will be based on the other party's quotes alone. A Market Disruption Event happens if the index fails to publish necessary data, trading is suspended or discontinued, the index or exchange is unavailable or closed, or both parties agree the pricing method has materially changed. All calculations will be rounded to three decimal places.

7) Default

If either Party shall default in the observance or performance of any of the covenants, obligations or conditions in this Agreement, which is required to be observe or performed, and such default shall continue for sixty (60) days after written notice to defaulting Party, then the non-defaulting Party may treat the occurrence of any one or more of the foregoing events as a breach of this Agreement and thereupon at its option may terminate this Agreement, in addition to exercising all other rights and remedies provided at law or in equity.

8) Dispute Resolution

The parties agree that any dispute, claim or controversy arising out of or relating to this Agreement including any action in tort, contract or otherwise, at equity or at law (a "Dispute"), shall first be addressed through good faith negotiations. If good faith negotiations fail, the parties may pursue mediation or any other avenue available at law or equity to address the dispute.

9) Mutual Termination.

The Parties may terminate this Agreement at any time by mutual agreement in writing, unless otherwise prohibited by law.

"Seller":

The City of Owatonna

By: _____
Name: _____
Title: _____

"Buyer":

Owatonna Public Utilities

By: _____
Name: _____
Title: _____

Attachment A
Nomination and Invoicing Process Detail

The City of Owatonna (City) is not normally engaged in the business of selling natural gas and does not maintain expertise in pricing and scheduling. Owatonna Public Utilities (OPU) relies on The Energy Authority (TEA) to transact its natural gas purchases. Accordingly, payment to the City will be made through TEA. TEA requires an invoice from the City in order to issue payment.

This attachment outlines how the City, OPU, and TEA will coordinate nominations and invoicing for gas deliveries.

- The City will email TEA at least 15 days prior to the start of each gas month. This email will provide the City's best estimate of the average daily production in MMBtu/day and note any days when gas is not expected to flow due to scheduled maintenance or other anticipated outages.
- Actual hourly and daily gas flow data will be transmitted electronically to TEA by OPU as part of its standard system reporting.
- TEA will track daily volumes and contract prices throughout the month and will deliver a report to the City within 5 business days following the last gas day of the month.
- Using TEA's report, the City will prepare and email an invoice to TEA no later than the 10th business day of the following month.
- TEA will remit payment to the City electronically and include the associated costs and volumes in its invoice to OPU.

Deer Management (cull) Updates

City Council Study Session, April 7, 2026

DNR Statement regarding the program (2026):

It is the time of year the Department of Natural Resources begins the deer season setting process. I recommend Owatonna continue the special hunt within the city similar to past years. My personal observations are that deer numbers are robust in Owatonna and the surrounding vicinity. Winter conditions were such that we don't expect deer were stressed. We anticipate good numbers of fawns to be born this spring. We will be recommending liberal deer harvest strategies outside of the city limits this fall.

Hunting in Owatonna can help stabilize deer populations, but importantly, it also helps to keep deer from becoming too habituated to people. It is important to continue efforts to help keep numbers in a range that is socially acceptable to most citizens as well as to mitigate deer grazing and browsing impacts to park vegetation and impacts to peoples' yards and gardens. I know there are some folks concerned about hunting in the city limits. Nevertheless, I recommend continuing with controlled archery hunts as a safe means to help manage deer numbers toward a goal of avoiding greater conflicts with deer that can arise due to deer damage to property and natural habitats or disease concerns.

Thank you for your consideration. Please feel free to contact me if you have questions or need more information.

Program history

In 2014, Park & Rec was directed/asked by Council to develop a deer management program to cull the herd within the City.

Total deer taken (since 2014) – 217

2014 - 22	2015 – 33	2016 – 16	2017 – 5
2018 – 11	2019 – 20	2020 – 10	2021 – 34
2022 – 32	2023 – 34	2024 – 37	2025 – 27

Discussion items and changes proposed for 2026:

A committee of staff members including police and parks & recreation discussed potential changes as suggested by hunters, park board, public and staff.

Pre-season – prepare an article with the DNR that explains the need for the city cull that includes CWD, public safety, deer habituation to people, etc. This will also include an overview of safety precautions (signage, proficiency testing, etc.).

Dates – season lengths and timing will remain the same.

Proficiency Testing & Preference Points – four arrows at two different distances, all arrows must hit vital targets, only one chance at the test. Points are earned for each season hunted and a point for each deer taken (cumulative). More accuracy in the proficiency testing earns additional preference points (non-cumulative counts only for current year). These points determine selection order of hunters choosing parks and seasons.

Type of Hunt – move from Earn-a-Buck to an Either Sex hunt. The last two years hunters have reported many times bucks presenting ethical shots and does have remained out of range. Bag limit would remain at five, with only one buck.

Locations –

Cashman – currently has two zones, will go back to one.

Kaplan's Woods – currently has three zones, will continue to monitor. Numbers dropped significantly this year with the change from four to three zones (dropped from seven to two).

Leo Rudolph – remove from hunt due to low numbers.

Mineral Springs – currently one zone with two stands, one season; move to one zone with one stand, two seasons. Stand will be the northernmost stand from 2025. Staff and public report the most deer seen in this area. (See map below)

TPL Land Donation Area – not yet hunted. Proposing two zones (there are two natural entrances) and two seasons. DNR rule of thumb is one hunter per seven acres, this parcel is 46 acres. Staff will need to determine zones and stand locations.

Hammann, Kaplan's Woods Parkway, Kriesel, Lake Chase, Maple Creek, Nass Woods, North Straight River Parkway will all remain the same.

Location sharing (hunter request) – currently hunters may share a location/season to maximize program success. (will remain the same). Hunters have requested to be in the same zone, using both stands at the same time. Staff decided not to allow this request.



MINERAL SPRINGS PARK

Deer Stand Locations



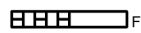
 Hunt Sign Location

 Hunting Stand

 Hunting Zones

 Park



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0 100 200

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This information is a compilation of records, information, and data located in various city, county, and state offices and other sources, affecting the area shown, and is to be used for reference purposes only.

April 02, 2026