



CITY COUNCIL REPORT

Administrative Business Department

PURPOSE OF REPORT

This report is intended to assist the Mayor, Council Members and other interested parties in understanding the purpose of the Administrative Business Department and a few of the functions, projects and activities that the Department materially participated in during 2024. The report is abbreviated and does not reflect:

1. The totality of the Department's accomplishments, activities or responsibilities.
2. The efforts expended by the Department on the activities.
3. The demands the activities placed on the Department's limited staffing, time and resources.

The Department, while incredibly proud of the work that was accomplished, does not take singular credit for any of the accomplishments documented herein as success was only achieved through significant collective efforts and contributions from numerous elected representatives, city personnel, community members and others.

THE DEPARTMENT'S MISSION, VISION and PRIMARY OBJECTIVE

Our Mission is to work in partnership with the Mayor, City Council Members, all Departments, and citizens to facilitate excellence in public service.

Our Vision is excellence in the management of carefully garnered public resources.

Our Primary Objective is to provide financial management, information, and business products to policy makers, departments, agencies, investors, and the community so they can have confidence in the City of Red Wing's government, make informed decisions, and achieve their goals and objectives.

DEPARTMENT PERSONNEL

The Department consists of 9 full-time employees and 1 part-time employee. They are Marshall Hallock C.P.A., Director; Tony Schultz, Finance and Accounting Manager; Jen Barber – Capital Investment Program Manager; Jeff Cunningham – Risk and Safety Manager; Donna Kujala, Accounting Technician – Utility Billing; Lauri Johnson, Accounting Technician – AR, AP, Assessments; Cathy Phillips – Payroll Technician; Paul Thorsgaard – Accountant; Vacant – Accountant; and Victoria Grover, part-time Accounting Aide.

PRIOR YEAR ACCOMPLISHMENTS

Most Significant

1. Managed, with great assistance from other City Departments and personnel, the day-to-day, routine activities associated with the City's administration, finances and related activities. The activities were managed without material error or omission because of the care, exacting standards, significant skill, planning, effort, and the altruistic, staff's selfless commitment to excellence in service - as opposed to by sheer luck or good fortune. These routine activities include but are by no means limited to: strategic planning, financial planning, capital planning, budget development and coordination, capital financing, debt management, TIF and abatement administration, financial reporting, auditing,

maintenance of the City's financial transactions, general ledger, fixed assets and infrastructure, investment management, cash management, deposits, contracts administration, collection activities, assessments, ... issuing 100's or 1,000's of accounts receivables, warrants (checks), assessment searches, utility bills, utility auto pay drafts, ... processing numerous grants and awards, reconciling over \$30 million in cash receipts....

Budget

2. 2024 budget implementation, monitoring, and reporting.
3. 2025 budget and 2025-2029 CIP development and coordination.
4. Implemented enhancements to the ClearGov cloud-based Personnel module. The module provides management with access to the latest budget information and the ability to run scenarios on both wages, benefits, and vacancies. The enhancements implemented this year provide more detailed breakdowns on payroll and benefit related items. This allows for improved budget information to aid in cost scenarios for both benefit decisions and union negotiations. It integrates with the Operational Budget module and imports the data on the selected scenario directly into the budget module. This saves significant time and assists the departments and management to refine the budget process in this area.
5. Implemented enhancements to the ClearGov cloud-based capital improvement module. The module provides management and citizens access to the latest budget information from anywhere in the world where a web connection is available, integrates with the Digital Budget book, improves communications with the departments and assists in refining the budget process. This year's enhancements include adding the fund and account for each item, and the addition of more detailed cost information to assist in analyzing projects and their costs.

Financial Reporting

6. Awarded the Certificate of Achievement for Excellence in Financial Reporting. For the 16th consecutive year, the City was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada ("GFOA") for its 2023 Annual Comprehensive Financial Report ("ACFR"). The Certificate of Achievement for Excellence in Financial Reporting is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents an important and significant accomplishment by a government and its management. It reflects the commitment of the governing body and staff to meeting the highest principles of financial reporting.
7. Unqualified Audit Opinion Issued on 2023 ACFR. This is a "clean" audit opinion and the highest achievable.
8. Completed the City's 2023 Popular Annual Financial Report ("PAFR"). The purpose of the PAFR is to inform the community of the City's financial activity in a simple, easy-to-read format. The PAFR was distributed to the public as an insert in the February 2025 utility invoice mailing. The 2023 PAFR has been submitted to the Government Finance Officers Association of the United States and Canada ("GFOA") Popular Annual Financial Reporting Award program.
9. PAFR awarded the Popular Annual Financial Reporting Award from the Government Finance Officers Association of the United States and Canada ("GFOA") for the 3rd consecutive year for its 2022 PAFR. The award encourages state and local governments to extract information from their annual comprehensive financial reports to produce high quality reports specifically designed to be readily accessible and easily understandable to the public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.
10. Made progress in the development of the City's Budget Book. This work continues with the aim of improving it and submitting it to the GFOA's award program soon and publishing it on the web.

11. Continued refinements to the City's Truth-in-Taxation presentation to make it more relevant and understandable and thereby increase its appeal and taxpayer interest in it.

Capital Project Management

12. Capital Improvement Plan Improvements. Efforts to improve the process have been ongoing and continue to be integrated into the CIP process. In 2024 the City continued the implementation of ClearGov's CIP module to gain efficiencies and transparency in the CIP budgeting process.

Legislative and Regulatory/Policy Advocacy

13. Legislative and Regulatory Activities –
 - a. Fiscal Health. Monitored and reported on the State legislative developments related to and impacting the City's fiscal health. Participated in numerous policy development committees and legislative activities with the League of Minnesota Cities, Coalition of Greater Minnesota Cities, Coalition of Utility Cities, and Xcel's IRP Stakeholder Workshops to assist in developing and shaping State tax and fiscal policy, and addressing the impacts, issues, and concerns of serving as a host-community to a dual reactor nuclear power public utility.
 - b. Monitored activity related to the new State's Electric Generation Transition Aid Program that we created last year. This program essentially "back fills" the tax base lost because of an electric generation property retirement over a twenty year period. This grant program will be of significance importance to the community in future years.
 - c. Participated in the continuing efforts of the State Office of Energy Transition (OET).
 - d. Previously participated in efforts that obtained \$10,000,000 in funding for the State's Community Energy Transition Grant Program. This grant program will be of significance importance to the community in future years. The City received a \$1,000,000 award in 2024.
 - e. Participated in continued efforts to secure state financing (bonding) for projects of regional significance. We continue to work to position the City's capital investment priorities for successful inclusion in future State capital investment bills.
 - f. Stranded Spent nuclear Fuel. Participated in efforts to promote federal and state policy action regarding the stranded spent nuclear fuel ("SNF") issue.

Risk Management and Safety

14. Continued to serve a central role in providing guidance and support responding to and protecting city employees from workplace injuries.
15. Implemented new procedures and established consistency in respirator fit-testing procedure across the organization, implemented new training software, OSHA protocols, and updated systems to significantly improve testing and training efficiencies. These measures will reduce costs and provide employees with the convenience and ease of completing the training when it fits into their regular work hours.

Other

The Department participated in varying capacities and degrees in the following efforts.

16. Software and Systems were improved to better serve the public and organization.
 - a. Continued working with HR on addressing the HR/Payroll Business Process Study that Springbrook completed for us. This resulted in some cross-training, the reduction of redundancies, and efficiencies. The work is ongoing.
 - b. As previously mentioned, expanded the implementation of ClearGov. This will aid in future budgeting, the production of the Budget Book, CIP Book, and Popular Annual Financial Report, and ultimately with internal efficiencies, transparency, and the public's access to timely fiscal information.

17. Departmental Organization/Structure.

- a. We continue to review and reorganizing duties and responsibilities within the department and emphasize the need for succession planning and cross-training. With 60% of the Departmental staff being relatively new, and having less than 2 years with the City, our goal in 2025, as in 2024, is to invest in employees' development and training, cross training personnel, and creating and organizing the Department for successful succession planning.
- b. The Department reviewed, developed, and implemented several improved internal controls.

ADMINISTRATIVE BUSINESS DEPARTMENT METRICS -	2021	2022	2023	2024
Number of active funds managed	129	135	155	102
Number of accounts receivable invoices issued	4,214	4,507	4,723	4,773
Number of warrants (checks) issued	6,575	6,586	6,024	6,014
Number of assessment searches conducted	732	544	578	381
Number of new assessment rolls added	5	8	7	4
Number of new individual assessments added	244	431	391	316
Number of miscellaneous assessment notice letters issued	407	515	541	482
Number of ambulance bills	2,659	2,848	2,564	2,745
Ambulance funds - revenue recapture/collections	\$ 12,038	\$ 24,723	\$ 18,340	21,182
Ambulance funds – total revenue recapture/collections	\$ 638,490	\$ 640,208	\$ 658,548	\$ 679,730
Ambulance funds – Collection Agency Collections	\$ 17,321	\$ 14,668	\$ 25,484	22,854
Ambulance funds – total Collection Agency Collections	\$ 1,494,787	\$ 1,489,814	\$ 1,515,298	\$ 1,538,152
Cash, Coin, Checks, Credit Cards, EFTs, ACHs reconciled/deposited	\$23,958,586	\$38,843,483	\$30,208,797	31,003,622
PSN Utility Deposits	NA	NA	\$ 5,377,624	\$ 5,235,904
Number of utility bills issued	79,083	79,951	80,278	80,997
Value of utility bills issued	\$13,007,945	\$14,388,739	\$16,216,842	16,446,784
Number of new utility accounts opened	606	536	432	462
New utility auto-pay enrollees	175	226	235	229
Number of utility auto-pay drafts	25,518	26,093	27,163	28,132
Number of utility late notices issued	52	43	57	72
Number of W-2s Issued	342	424	425	431
Compensated Hours Tracked	457,213	475,194	466,780	494,608
Deferred Comp, Flexible Spending, HRA, HSA and PERA Accounts Managed	635	612	571	606
LMCIT - Property & Casualty Ins. - Annual Premium	\$ 364,043	\$ 383,030	\$ 458,502	\$ 474,961
LMCIT - Property & Casualty Ins. - Total Gross Incurred Claims (as of 9/30/2024)	\$ 225,986	\$ 258,356	\$ 131,186	\$ 73,750
LMCIT - Property & Casualty Ins. - Total Applied Deductible (as of 9/30/2024)	\$ 52,500	\$ 50,000	\$ 57,000	\$ 32,750
LMCIT - Workers' Compensation - Annual Premium (2024 non-audited)	\$ 443,717	\$ 491,929	\$ 578,190	\$ 506,091
LMCIT - Workers' Compensation Actual Incurred Losses (as of 9/30/2024)	\$ 131,539	\$ 19,896	\$ 308,833	\$ 307,683
Total Intergovernmental Revenue	\$ 6,701,733	\$ 4,489,347	\$ 5,541,642	TBD



Kay Kuhlmann
City Council
Administrator

Administrative Business Department

Marshall Hallock
Administrative
Business
Director

**Jeff
Cunningham**
Risk & Safety
Manager

Tony Schultz
Finance &
Accounting
Manager

Jen Barber
Capital
Investment
Program
Manager

**Victoria
Grover**
Accounting
Technician I

**Lauri
Johnson**
Accounting
Technician III

**Cathy
Phillips**
Accountant III
(Payroll)

**Donna
Kujala**
Accounting
Technician III

**Paul
Thorsgaard**
Accountant II

OPEN
Accountant II