CITY OF HASTINGS, NEBRASKA
MINUTES OF CITY COUNCIL WORKSESSION
Monday, March 18, 2024

Pursuant to due call and notice thereof, a Worksession of the City Council of the City of Hastings, Nebraska was conducted at the Hastings Municipal Airport, 3300 W. 12th Street, on March 18, 2024.

The meeting was called to order at 5:30 p.m. in Worksession by Council President Fong with the following members present: Steve Huntley, Jeniffer Beahm, Brad Consbruck, Butch Eley, Joy Huffaker, Marc Rowan, Shawn Hartmann, Corey Stutte. Absent: None.

The following City Officials were present: City Administrator, Shawn Metcalf; Asst. City Administrator, Mark Funkey; City Attorney, Jesse Oswald; Utility Manager, Kevin Johnson; City Clerk, Kimberly Jacobitz; Police Chief, Adam Story; Fire Chief, Brad Starling; Parks & Recreation Director, Jeff Hassenstab; Finance Director, Roger Nash; Information Technology Director, Erik Nielsen; Director of Engineering, Lee Vrooman; Director of Development Services, Chad Bunger; Director of Human Resources, Lori Hartman; Museum Director, Teresa Kreutzer-Hodson; Public Information Manager, Tony Herrman; Safety Director, Trent Clark; Environmental Engineering, Marty Stange.

The Pledge of Allegiance to the Flag of the United States of America was recited.

Moved by Butch Eley seconded by Shawn Hartmann to adopt current agenda for the March 18, 2024, Worksession. Roll Call: Ayes: Steve Huntley, Jeniffer Beahm, Brad Consbruck, Butch Eley, Joy Huffaker, Marc Rowan, Shawn Hartmann, Matt Fong. Nays: None. Absent: None. The motion carried.

Official Notice of the Worksession was published in the Hastings Tribune on Friday, March 15, 2024. Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is available for public review and a current copy of the Nebraska Open Meetings Act is posted and accessible to members of the public.

Presentation of Financial Audit for the City of Hastings and Utility Department ending September 30, 2023 - Almquist, Maltzahn, Galloway & Luth, P.C. (AMGL)

Roger Nash, Finance Director, introduced Marcy Luth, AMGL CPAs & Advisors, and explained that the audit can be found on the City's website. Ms. Luth indicated that the City received an unmodified opinion, which is what you want. She concentrated on the bench-marking and five-year trends and comparisons with cities our size across Nebraska. A few of the cities utilized for comparison were Kearney, Columbus, Fremont, Norfolk, North Platte, and Bellevue. All communities are different and have different goals, so you need to be aware of that when looking at the information. Ratios and recommendations were discussed on the following: 1) Unrestricted Net Position/Total net Position: Government Wide, Governmental Activities, and Business-Type Activities 2) Top Revenue Sources: Sales Tax, Property Taxes, Grants and Contributions, and State Allocation. 3) State Allocations: Highway Allocation, Municipal Equalization 4) Governmental Expenses (Excludes Capital Outlay): General Government, Public Safety, Public Works, Culture and Recreation. 5) Outstanding GO Debt/Valuation 6) Unassigned Fund Balance/General Fund Expenditures 7) Months Expense in Street Cash Reserve 8) Levy Rates: General, Debt Service 9) Net Depreciable Capital Assets/Original Cost: Governmental Activities, Business-type Activities 10) Operating Income/Total Operating Revenue: Electric, Gas, Water, Pollution Control, Street Lighting, Landfill, and Internal Service Funds 11) Debt Coverage Ratio: Electric, Landfill, Combined System Utilities 12) Cash, Investments, and Treasurer Cash: Governmental Activities and business-type Activities.

Marcy mentioned Management's Discussion and Analysis and the comparative information included in the audit, which is the only place in the financials where you can compare to the prior year. There was quite a bit of capital activity, which is listed under Capital Assets within the audit. Long-term outstanding debt at the end of the current fiscal year for the City of Hastings was $13,944,203. Of this amount, $4,252,194 comprises debt backed by the full faith and credit of the government. The remainder of the City of Hastings' debt represents bonds secured solely by specified revenue sources and financing agreements. The City was not required to do a Single-Audit this year. The City of Hastings' total debt decreased by $1,807,949 (11.5%) during the current fiscal year due to scheduled principal payments. The City of Hastings had a total of cash and investments of $127,333,840. Of that amount, about $22 million was restricted to spend for specific purposes. Marcy explained construction commitments for this fiscal year at approximately $5.3 million. She explained the number of TIF projects and years remaining on those agreements. The City of Hastings was compliant with all the budget stipulations. This year we were not subject to the extra single audit procedures. They did an alternate procedure on the ARPA funds that were spent.

Audit findings that were noted:
1) A parcel owned by the CRA has an assessed valuation of approximately $80,000; however, the property is not suitable for development. They recommended working with the City to transfer the property in order to avoid paying unnecessary property taxes.
2) At September 30, 2023, bank balances at Wells Fargo exceeded FDIC coverage and pledged collateral by $559,994. We recommend monitoring bank balances compared to collateral and requesting the bank to assign additional collateral if necessary in the future.
3) The City had not received a stop loss reimbursement from Sun Life since May 19, 2023, despite the fact that the monthly reporting from HUB noted eligible stop loss claims of approximately $1 million. Upon investigation, it was determined that BCBS of Nebraska was not delivering the correct reporting to Sun Life resulting in the City being owed approximately $1 million of stop loss health insurance at year end. We recommend developing a process to monitor third parties to ensure that the City is receiving all eligible stop loss insurance to ensure adequate self-insurance cash flow. Roger Nash explained the process of claim payments and reimbursements for the claims. The City has received the payments now of $1,071,493, so we have been made whole. The third-party provider usually pays throughout the year.

Audit findings for the Utility Department:
1) Prior to the audit, the due to/due from accounts for the Utility Funds were out of balance by $346,905. Much of this variance was created by the capital asset conversion project in Munis, but $48,534 of the variance related to amounts due to PPGA. We recommend reconciling the due to/due from accounts monthly and verifying that they remain in balance each month.

Moved by Shawn Hartmann seconded by Joy Huffaker there being no further business to come before the council to adjourn at 6:07 P.M. Roll Call: Ayes: Steve Huntley, Jeniffer Beahm, Brad Consbruck, Butch Eley, Joy Huffaker, Marc Rowan, Shawn Hartmann, Matt Fong. Nays: None. Absent: None. The motion carried.