

# City of Ralston, Nebraska

## Independent Auditor's Report and Financial Statements

September 30, 2022



**City of Ralston, Nebraska**  
**September 30, 2022**

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## Independent Auditor's Report

The Honorable Mayor and Members of the City Council  
City of Ralston, Nebraska

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ralston, Nebraska (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ralston, Nebraska, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America for the business-type activities and each major proprietary fund, and in accordance with the cash basis of accounting described in Note 1 of the basic financial statements for the governmental activities, each major governmental fund and the aggregate remaining fund information.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis of Accounting**

We draw attention to Note 1 of the basic financial statements, which describes the basis of accounting. The City prepares the financial statements for its governmental activities, each major governmental fund and fiduciary funds on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the cash basis of accounting described in Note 1 of the basic financial statements and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statement are not affected by this missing information.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparisons and pension information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**FORVIS,LLP**

Omaha, Nebraska  
March 16, 2023

**City of Ralston, Nebraska**  
**Statement of Net Position**  
**September 30, 2022**

	<b>Governmental Activities (Cash Basis)</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,038,784	\$ 2,359,750	\$ 5,398,534
Cash and investments held with trustee	3,727,089	-	3,727,089
Accounts receivable, net	-	209,651	209,651
Due from other governments	-	1,343,202	1,343,202
Inventories	-	9,840	9,840
Prepaid expenses	-	55,487	55,487
Capital assets, net of accumulated depreciation	-	32,307,033	32,307,033
	<u>6,765,873</u>	<u>36,284,963</u>	<u>43,050,836</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	-	449,619	449,619
Accrued interest payable	-	151,507	151,507
Accrued liabilities	-	593,721	593,721
Unearned revenue	-	245,613	245,613
Noncurrent liabilities			
Bonds payable			
Payable within one year	-	2,262,411	2,262,411
Payable in more than one year	-	24,271,827	24,271,827
	<u>-</u>	<u>27,974,698</u>	<u>27,974,698</u>
Total liabilities			
<b>Net Position</b>			
Net investment in capital assets	-	5,772,795	5,772,795
Restricted	4,473,256	1,856,748	6,330,004
Unrestricted	2,292,617	680,722	2,973,339
	<u>6,765,873</u>	<u>8,310,265</u>	<u>15,076,138</u>
Total net position			

**City of Ralston, Nebraska**  
**Statement of Activities**  
**Year Ended September 30, 2022**

Functions / Programs	Expenses/ Disbursements	Program Revenues/Receipts			Net (Expense/Disbursements) Revenue/Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities (Cash Basis)	Business-Type Activities	Total
<b>Primary Government</b>							
Governmental Activities (Cash basis)							
General government	\$ 2,182,763	\$ 848,397	\$ 23,101	\$ -	\$ (1,311,265)	\$ -	\$ (1,311,265)
Public safety	2,108,745	-	-	-	(2,108,745)	-	(2,108,745)
Public works	3,194,773	-	1,614,216	-	(1,580,557)	-	(1,580,557)
Cultural and recreational	532,531	-	-	-	(532,531)	-	(532,531)
Economic and community development	1,450,056	1,598,925	-	-	148,869	-	148,869
Debt service	440,367	-	-	-	(440,367)	-	(440,367)
Total governmental activities	9,909,235	2,447,322	1,637,317	-	(5,824,596)	-	(5,824,596)
Business-Type Activities							
Sewer	1,103,441	1,166,960	-	-	-	63,519	63,519
Arena	13,055,387	9,568,679	4,355,391	-	-	868,683	868,683
Total business-type activities	14,158,828	10,735,639	4,355,391	-	-	932,202	932,202
<b>Total Primary Government</b>	<b>\$ 24,068,063</b>	<b>\$ 13,182,961</b>	<b>\$ 5,992,708</b>	<b>\$ -</b>	<b>(5,824,596)</b>	<b>932,202</b>	<b>(4,892,394)</b>
<b>General Revenues</b>							
Property taxes					3,760,939	-	3,760,939
Intergovernmental					499,096	-	499,096
Sales taxes					2,227,579	-	2,227,579
Investment income (loss)					(732,700)	274	(732,426)
Transfers					(1,171,940)	1,171,940	-
Miscellaneous					313,382	87,488	400,870
Total general revenues and transfers					4,896,356	1,259,702	6,156,058
<b>Change in Net Position</b>					(928,240)	2,191,904	1,263,664
<b>Net Position, Beginning of Year</b>					7,694,113	6,118,361	13,812,474
<b>Net Position, End of Year</b>					<b>\$ 6,765,873</b>	<b>\$ 8,310,265</b>	<b>\$ 15,076,138</b>

**City of Ralston, Nebraska**  
**Balance Sheet – Cash Basis**  
**Governmental Funds**  
**September 30, 2022**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Lottery Fund</b>	<b>Debt Service Fund</b>	<b>Community Development Fund</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 2,221,513	\$ 152,151	\$ 488,048	\$ 144,311	\$ 32,761	\$ 3,038,784
Cash and investments held with trustee	-	-	-	-	3,727,089	3,727,089
Due from other City funds	71,104	-	-	-	-	71,104
	<u>2,292,617</u>	<u>152,151</u>	<u>488,048</u>	<u>144,311</u>	<u>3,759,850</u>	<u>6,836,977</u>
Total assets	<u>\$ 2,292,617</u>	<u>\$ 152,151</u>	<u>\$ 488,048</u>	<u>\$ 144,311</u>	<u>\$ 3,759,850</u>	<u>\$ 6,836,977</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Due to other City funds	\$ -	\$ -	\$ -	\$ -	\$ 71,104	\$ 71,104
<b>Fund Balances</b>						
Restricted for						
Streets	-	152,151	-	-	-	152,151
Community development	-	-	488,048	-	3,688,746	4,176,794
Debt service	-	-	-	144,311	-	144,311
Unassigned	2,292,617	-	-	-	-	2,292,617
	<u>2,292,617</u>	<u>152,151</u>	<u>488,048</u>	<u>144,311</u>	<u>3,688,746</u>	<u>6,765,873</u>
Total fund balances	<u>2,292,617</u>	<u>152,151</u>	<u>488,048</u>	<u>144,311</u>	<u>3,688,746</u>	<u>6,765,873</u>
Total liabilities and fund balances	<u>\$ 2,292,617</u>	<u>\$ 152,151</u>	<u>\$ 488,048</u>	<u>\$ 144,311</u>	<u>\$ 3,759,850</u>	<u>\$ 6,836,977</u>



**City of Ralston, Nebraska**  
**Statement of Revenues, Expenditures and Changes in Fund**  
**Balances – Cash Basis – Governmental Funds**  
**Year Ended September 30, 2022**

	General Fund	Street Fund	Lottery Fund	Debt Service Fund	Community Development Fund	Total
<b>Revenues</b>						
Property taxes	\$ 2,827,980	\$ -	\$ -	\$ 932,959	\$ -	\$ 3,760,939
Intergovernmental	414,070	895,600	-	85,026	-	1,394,696
Sales taxes	1,676,579	551,000	-	-	-	2,227,579
Charges for services	404,750	-	-	-	-	404,750
Keno income	-	-	1,598,925	-	-	1,598,925
Permits and fees	443,647	-	-	-	-	443,647
Grants and donations	23,101	718,616	-	-	-	741,717
Investment income (loss)	426	-	1,425	289	(734,840)	(732,700)
Miscellaneous	172,769	77,421	53,192	-	10,000	313,382
<b>Total revenues</b>	<b>5,963,322</b>	<b>2,242,637</b>	<b>1,653,542</b>	<b>1,018,274</b>	<b>(724,840)</b>	<b>10,152,935</b>
<b>Expenditures</b>						
Current						
General government	2,049,454	-	-	-	-	2,049,454
Public safety	2,108,745	-	-	-	-	2,108,745
Public works	-	1,145,264	-	-	-	1,145,264
Cultural and recreational	532,531	-	-	-	-	532,531
Economic and community development	-	-	729,048	-	721,008	1,450,056
Capital outlay	133,309	2,049,509	-	-	-	2,182,818
Debt service						
Principal	-	340,000	-	55,000	-	395,000
Interest and fiscal charges	-	33,598	-	11,769	-	45,367
<b>Total expenditures</b>	<b>4,824,039</b>	<b>3,568,371</b>	<b>729,048</b>	<b>66,769</b>	<b>721,008</b>	<b>9,909,235</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,139,283</b>	<b>(1,325,734)</b>	<b>924,494</b>	<b>951,505</b>	<b>(1,445,848)</b>	<b>243,700</b>
<b>Other Financing Uses</b>						
Transfers in	-	832,007	-	-	-	832,007
Transfers out	(359,940)	-	(812,000)	(832,007)	-	(2,003,947)
<b>Total other financing uses</b>	<b>(359,940)</b>	<b>832,007</b>	<b>(812,000)</b>	<b>(832,007)</b>	<b>-</b>	<b>(1,171,940)</b>
<b>Change in Fund Balances</b>	<b>779,343</b>	<b>(493,727)</b>	<b>112,494</b>	<b>119,498</b>	<b>(1,445,848)</b>	<b>(928,240)</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,513,274</b>	<b>645,878</b>	<b>375,554</b>	<b>24,813</b>	<b>5,134,594</b>	<b>7,694,113</b>
<b>Fund Balance, End of Year</b>	<b>\$ 2,292,617</b>	<b>\$ 152,151</b>	<b>\$ 488,048</b>	<b>\$ 144,311</b>	<b>\$ 3,688,746</b>	<b>\$ 6,765,873</b>

**City of Ralston, Nebraska**  
**Balance Sheet**  
**Proprietary Funds**  
**September 30, 2022**

	<b>Business-Type Activities</b>		
	<b>Sewer Fund</b>	<b>Arena Fund</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 804,757	\$ 1,554,993	\$ 2,359,750
Accounts receivable, net	87,105	122,546	209,651
Due from other governments	-	1,343,202	1,343,202
Inventories	-	9,840	9,840
Prepaid expenses	-	55,487	55,487
	<u>891,862</u>	<u>3,086,068</u>	<u>3,977,930</u>
<b>Noncurrent Assets</b>			
Capital assets, net of accumulated depreciation	97,624	32,209,409	32,307,033
	<u>97,624</u>	<u>32,209,409</u>	<u>32,307,033</u>
<b>Total Assets</b>	<u>\$ 989,486</u>	<u>\$ 35,295,477</u>	<u>\$ 36,284,963</u>
<b>Liabilities and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 196,930	\$ 252,689	\$ 449,619
Accrued interest payable	-	151,507	151,507
Accrued liabilities	-	593,721	593,721
Unearned revenue	-	245,613	245,613
Current portion of long-term debt	-	2,262,411	2,262,411
	<u>196,930</u>	<u>3,505,941</u>	<u>3,702,871</u>
<b>Noncurrent Liabilities</b>			
Long-term debt	-	24,271,827	24,271,827
	<u>-</u>	<u>24,271,827</u>	<u>24,271,827</u>
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>24,271,827</u>	<u>24,271,827</u>
<b>Net Position</b>			
Net investment in capital assets	97,624	5,675,171	5,772,795
Restricted for debt service	-	1,856,748	1,856,748
Unrestricted	694,932	(14,210)	680,722
	<u>792,556</u>	<u>7,517,709</u>	<u>8,310,265</u>
<b>Total net position</b>	<u>792,556</u>	<u>7,517,709</u>	<u>8,310,265</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 989,486</u>	<u>\$ 35,295,477</u>	<u>\$ 36,284,963</u>

**City of Ralston, Nebraska**  
**Statement of Revenues, Expenses and Changes in**  
**Net Position – Proprietary Funds**  
**Year Ended September 30, 2022**

	<b>Business-Type Activities</b>		
	<b>Sewer Fund</b>	<b>Arena Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 1,166,960	\$ -	\$ 1,166,960
Food and beverage sales	-	2,294,173	2,294,173
Event revenue	-	6,704,508	6,704,508
Facility use revenue	-	228,726	228,726
Advertising revenue	-	234,605	234,605
Suite and premium seat revenue	-	69,075	69,075
Merchandise sales	-	37,592	37,592
Miscellaneous	-	87,488	87,488
	<hr/>	<hr/>	<hr/>
Total operating revenues	1,166,960	9,656,167	10,823,127
<b>Operating Expenses</b>			
Sewer service	788,794	-	788,794
Arena operations	-	2,786,788	2,786,788
Event expenses	-	6,787,865	6,787,865
Food and beverage cost of sales	-	853,939	853,939
General and administrative	283,461	134,109	417,570
Depreciation	31,097	886,302	917,399
Repairs and maintenance	89	283,939	284,028
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,103,441	11,732,942	12,836,383
<b>Operating Income (Loss)</b>	<hr/>	<hr/>	<hr/>
	63,519	(2,076,775)	(2,013,256)
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental	-	4,355,391	4,355,391
Interest income	-	274	274
Interest expense	-	(1,322,445)	(1,322,445)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	-	3,033,220	3,033,220
<b>Other Financing Sources</b>			
Transfers in	-	1,171,940	1,171,940
	<hr/>	<hr/>	<hr/>
<b>Change in Net Position</b>	63,519	2,128,385	2,191,904
<b>Net Position, Beginning of Year</b>	<hr/>	<hr/>	<hr/>
	729,037	5,389,324	6,118,361
<b>Net Position, End of Year</b>	<hr/>	<hr/>	<hr/>
	\$ 792,556	\$ 7,517,709	\$ 8,310,265

**City of Ralston, Nebraska**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2022**

	<b>Business-Type Activities</b>		
	<b>Sewer Fund</b>	<b>Arena Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 1,217,580	\$ 9,512,665	\$ 10,730,245
Payments to suppliers	(1,014,860)	(9,318,571)	(10,333,431)
Payments to employees	-	(1,287,383)	(1,287,383)
Net cash provided by (used in) operating activities	<u>202,720</u>	<u>(1,093,289)</u>	<u>(890,569)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for acquisition of capital assets	(11,320)	(113,352)	(124,672)
Principal paid on long-term debt	-	(2,247,108)	(2,247,108)
Proceeds from intergovernmental revenues	-	4,071,727	4,071,727
Interest and fiscal charges paid	-	(1,322,096)	(1,322,096)
Transfers from other funds	-	1,171,940	1,171,940
Net cash provided by (used in) capital and related financing activities	<u>(11,320)</u>	<u>1,561,111</u>	<u>1,549,791</u>
<b>Cash Flows from Investing Activities</b>			
Interest received	-	274	274
<b>Net Change in Cash and Cash Equivalents</b>	191,400	468,096	659,496
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>613,357</u>	<u>1,086,897</u>	<u>1,700,254</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 804,757</u>	<u>\$ 1,554,993</u>	<u>\$ 2,359,750</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating income (loss)	\$ 63,519	\$ (2,076,775)	\$ (2,013,256)
Depreciation	31,097	886,302	917,399
Changes in operating assets and liabilities			
Accounts receivable	50,620	(87,964)	(37,344)
Inventories	-	20,136	20,136
Prepaid expenses	-	56,847	56,847
Accrued expenses	-	305,934	305,934
Accounts payable	57,484	(142,231)	(84,747)
Unearned revenue	-	(55,538)	(55,538)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 202,720</u>	<u>\$ (1,093,289)</u>	<u>\$ (890,569)</u>

**City of Ralston, Nebraska**  
**Statement of Fiduciary Net Position – Cash Basis**  
**September 30, 2022**

	<b>Pension Trust Funds</b>	<b>Custodial Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,097	\$ -
Investments	3,923,833	-
Total assets	3,926,930	-
<b>Liabilities - Due to Others</b>		
	-	-
<b>Net Position</b>		
Restricted for pensions	3,926,930	-
Total liabilities and net position	\$ 3,926,930	\$ -

**City of Ralston, Nebraska**  
**Statement of Changes in Fiduciary Net Position – Cash Basis**  
**Year Ended September 30, 2022**

	<b>Pension Trust Funds</b>	<b>Custodial Fund</b>
<b>Additions</b>		
Contributions		
Employer	\$ 48,900	\$ -
Employee	20,680	-
Net depreciation in fair value of investments	(349,336)	-
Tax increment financing receipts	-	665,593
Total additions	(279,756)	665,593
<b>Deductions</b>		
Benefit payments	231,206	-
Tax increment financing disbursements	-	665,593
Total deductions	231,206	665,593
<b>Change in Net Position</b>	(510,962)	-
<b>Net Position, Beginning of Year</b>	4,437,892	-
<b>Net Position, End of Year</b>	\$ 3,926,930	\$ -

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations and Reporting Entity***

The City of Ralston (the City) is located in Douglas County, Nebraska, and was first incorporated in 1912 under the provisions of the constitution and the general statutes of the State of Nebraska. The City operates under a mayor-council form of government and provides a full range of services including public safety, roads, sanitation, culture and recreation, planning, zoning, and general administrative services to its residents.

The accompanying financial statements present the City as the primary government. In determining its financial reporting entity, the City has considered all potential component units for which it is financially accountable, including other organizations which are fiscally dependent on the City, or the significance of their relationship with the City is such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability, which was used in making this evaluation.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and thus are presented as such. On July 31, 2007, the City of Ralston Municipal Facilities Corporation (Corporation) was established for the purpose of acquiring and/or leasing buildings, equipment, and facilities to the City of Ralston. As the Corporation was formed as a not-for-profit corporation with the City as the sole corporate member, the City has determined the Corporation to be a blended component unit. The Community Redevelopment Authority of the City of Ralston (the Authority) is also included as a fiduciary component unit of the City of Ralston, Nebraska, as the Mayor of the City has the responsibility for appointing members of the governing board of the Authority.

During 2019, the City entered into a Management Agreement with Global Spectrum, L.P. d/b/a Spectra Venue Management (Spectra) for the administration and operation of the City's Arena. Under the Management Agreement, the City retains ownership of all facilities, data, equipment and materials, while Spectra acts as the sole and exclusive manager and operator of the Arena facilities. For these services, Spectra earns a fixed management fee plus certain financial and qualitative incentive fees. The Management Agreement extends through September 30, 2024 and may be renewed for an additional five-year period upon mutual written agreement between the City and Spectra. During 2022, Oak View Group completed an acquisition of Spectra and assumed the rights and obligations under the Management Agreement with the City.

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

In the Statement of Net Position, Statement of Activities, and the fund financial statements, governmental activities and fiduciary funds are presented using the cash basis of accounting. This basis recognizes assets, net position/fund balance, revenues and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The City's business-type activities, in the Statement of Net Position, Statement of Activities, and the fund financial statements, are presented using the total economic resources measurement focus and accrual basis of accounting.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued***

This basis recognizes revenues when earned, and expenses are recognized when they are incurred, regardless of the timing of the related cash flows. Unbilled service revenues are accrued in the period of consumption.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Government-Wide and Fund Financial Statements***

***Government-Wide Financial Statements*** - The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

***Fund Financial Statements*** - Fund Financial Statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, fund balance/net position, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:



**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Government-Wide and Fund Financial Statements - Continued***

1. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**Major Governmental Funds**

The City reports the following major governmental funds:

- The General Fund finances the day-to-day operation of the basic governmental activities, such as legislative, judicial, administration, parks and recreation, public safety, public works and public library.
- The Street Fund accounts for the resources obtained to fund the maintenance and betterment of highways and streets. The primary source of revenue for the fund is state highway allocations.
- The Lottery Fund accounts for the resources obtained from sponsoring keno operations, the funds from which are used for community betterment.
- The Debt Service Fund accounts for resources obtained and used for the payment of interest and principal on general long-term debt obligations.
- The Community Development Fund accounts for various economic and community development resources including grants and revolving loan programs.

**Major Enterprise Funds**

The City reports the following major enterprise funds:

- The Sewer Fund accounts for the activities of the City's sewer utility.
- The Arena Fund accounts for the activities of the City's sports and event center.

**Fiduciary Funds**

The Pension Trust Funds account for the receipt, investment and distribution of retirement contributions made for the benefit of general city employees participating in the City's defined benefit pension plan. The Custodial Fund accounts for resources held by the City in a custodial capacity, for the benefit of other governments or outside organizations.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Budget and Budgetary Accounting***

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City's department and division heads prepare and submit budget requests for the following fiscal year to the City's Finance Committee who then reviews the requests with the department heads.
2. After this review process has been completed, these budget requests are presented to the Mayor and City Council along with recommendations as to what changes, if any, should be made. These budget requests and recommendations are reviewed by the City Council at meetings open to the public.
3. A public hearing on the budget is then conducted at a City Council meeting to obtain comments from citizens.
4. Prior to September 20, the City Council legally enacts the ensuing fiscal year's budget through the passage of a resolution adopting the budget.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. The budgets adopted are stated on a cash basis. Budgetary comparisons are presented in the financial statements for all funds which adopt a budget and are on the budgetary basis which is not in accordance with accounting principles generally accepted in the United States of America.

***Cash, Cash Equivalents, Investments and Investment Income***

The City maintains a cash deposit pool that is available for use by all funds. The pool consists of bank deposits. The equity of proprietary funds in this pool is considered to be cash and cash equivalents for purposes of the statement of cash flows. The pension trust funds consider all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents held within the pension trust funds consist of money market funds at September 30, 2022. In addition, cash and deposits are separately held by several of the City's funds.

Statutes authorize the City to invest in collateralized bank certificates of deposit, time deposits, obligations of the United States Government and selected Federal Agency securities. Certificates of deposit are carried at amortized cost, and all other investments are carried at fair value. Pension trust fund investments are reported at fair value. Fair value is determined using quoted market prices.

Investment income is assigned to the funds with which the related investment asset is associated, except for investments related to bond issues which are legally required to be assigned to the Debt Service Fund.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Cash and Investments Held with Trustee***

The City has been named as the beneficiary of a charitable bequest from a donor, whereby an account has been established at the Nebraska Community Foundation (the Foundation) and monies deposited into the account from the donor are to be used specifically for the City's Hinge Project and related development. The Foundation acts as the Trustee for the account and has the responsibility to approve distributions to the City from the account, once the City is able to substantiate that eligible expenditures have been incurred. Any interest and investment earnings from the cash and investment funds held with the Trustee are allocated to the balance held for the benefit of the City. During the 2022 fiscal year, distributions of \$549,905 were made from the account to the City for project costs and are recorded as expenditures in the City's financial statements.

***Property Taxes***

The following is a summary of the tax payment dates for the City's property tax levies:

1. Real estate tax levies for all political subdivisions in Douglas County are certified by the County Board on or before October 15 of each year. The first and second halves of the taxes become delinquent on the following April 1, and August 1, respectively.
2. Personal property taxes are due November 1 of each year and may be paid in two equal installments. The first and second halves of the taxes become delinquent on December 1, and July 1, respectively.
3. Motor vehicle taxes are due when an application is made for registration of a motor vehicle.

***Keno Revenue***

Keno revenue is recorded by the City in the period in which it is received. Commissions paid to the Keno operator are netted against gross revenue.

***Capital Assets – Sewer and Arena Funds***

Capital assets of the Sewer Fund consist solely of machinery and equipment, while capital assets of the Arena Fund consist of land, building and improvements, furniture and fixtures, and machinery and equipment. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Machinery and equipment and furniture and fixtures are being depreciated using the straight-line method over 5 to 25 years. Building and improvements are being depreciated using the straight-line method over 35 years.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Due From Other Governments – Arena Fund***

Amounts due from other governments consist of amounts due from the State of Nebraska under provisions of the Sports Arena Facility Financing Assistance Act. Amounts are recorded when certified by the State Tax Commissioner.

***Inventories – Arena Fund***

Inventories consist of food and beverage items at the City’s Arena Fund. Inventories are stated at cost, which is determined using the first-in, first-out (FIFO) method.

***Risk Management***

The City is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

***Fund Balance – Governmental Funds***

The fund balances for the City’s governmental funds are displayed in five components:

*Nonspendable* – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

*Restricted* – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Committed fund balances may be used only for the specific purposes determined by formal action (ordinance or resolution) of the City Council. Commitments may be changed or lifted only by issuance of a resolution or ordinance by the City Council.

*Assigned* – Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Fund Balance – Governmental Funds - Continued***

Fund balances are classified as restricted, committed, assigned or unassigned. When expenditures are incurred that use funds from more than one classification, the city will generally determine the order which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business circumstances, or other constraints. If no other constraints exist, the order of spending of resources will be restricted, committed, assigned and, lastly, unassigned.

***Net Position***

Net position is displayed in three components:

*Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*Restricted net position* – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations or other governments; or by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

***Use of Estimates***

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

**Note 2: Deposits and Investments**

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The City’s deposit policy for custodial credit risk requires compliance with the provisions of the state law.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 2: Deposits and Investments - Continued**

***Deposits - Continued***

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Nebraska; bonds of any city, county, school district or special road district of the State of Nebraska; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2022, the City’s deposit balances totaled \$6,131,258, and deposit balances in excess of FDIC limits, totaling \$5,131,258 are covered by collateral held in a Federal Reserve pledge account or by an agent for the City.

***Investments Held with Trustee***

The investments held with trustee represent an investment pool maintained by the Nebraska Community Foundation (the Foundation). Investment decisions related to the investment pool are made by investment managers selected and approved by the Foundation’s Board of Directors and must adhere to the Nebraska Community Foundation Investment Policy, adopted by the Foundation’s Board of Directors. The City’s investments at the Foundation are invested in accordance with the equity-weighted asset allocation model, which sets investment targets of 75% for equities and 25% for fixed income investments. The investment policy also states that fixed income investments must have an equivalent credit quality of investment grade or better, as measured by certain credit ratings for each specific investment type. The City’s allocated balance of the investment pool can be liquidated at any time, with 30 days notice provided to the Foundation.

***Pension Trust Funds Investments***

The City’s pension trust funds are allowed to invest in domestic and international equity funds, domestic and foreign bonds and other alternative investments.

At September 30, 2022, the City’s pension trust funds had the following investments:

<b>Type</b>	<b>Carrying Value</b>	<b>Credit Rating</b>
Money market mutual funds	\$ 3,097	N/A
Mutual funds - fixed income	1,394,631	N/A
Mutual funds - equities	2,529,202	N/A
	<u>\$ 3,926,930</u>	

***Custodial Credit Risk*** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 2: Deposits and Investments - Continued**

***Pension Trust Fund Investments - Continued***

***Interest Rate Risk*** – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City uses its pension investment advisor to monitor market conditions and investment securities to determine the maximum yield that can be obtained while minimizing the impact of rising interest rates. The money market and mutual funds are considered investments with a maturity of less than 1 year because they are redeemable in full immediately.

***Credit Risk*** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City uses its pension investment advisor to monitor investments and minimize the impact of credit risk.

***Concentration of Credit Risk*** – The pension advisory committee does not have any specific limitation on investments with a single issuer or mutual fund. The pension trust funds utilize various mutual fund groups to diversify investments.

***Summary of Carrying Values***

The carrying values of the City’s deposits and investments are included in the statements of net position as follows:

Government-wide statement of net position	
Cash and cash equivalents	\$ 5,398,534
Cash and investments held with trustee	
Cash held with trustee	751,542
Investments held with trustee	2,975,547
Fiduciary funds statement of net position	
Cash and cash equivalents	\$ 3,097
Investments	3,923,833

**Note 3: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 3: Disclosures About Fair Value of Assets and Liabilities - Continued**

**Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Money market mutual funds are carried at amortized cost, and thus are not included within the fair value hierarchy. The investments held with trustee are measured on a recurring basis and are classified within Level 2 of the fair value hierarchy at September 30, 2022. The Pension Trust Funds' investments in mutual funds are measured at fair value on a recurring basis, and are classified within Level 1 of the fair value hierarchy at September 30, 2022.

**Note 4: Capital Assets - Sewer and Arena Funds**

Capital assets activity for the year ended September 30, 2022, was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-Type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 8,623,388	\$ -	\$ -	\$ 8,623,388
Total capital assets, not being depreciated	8,623,388	-	-	8,623,388
Capital assets, being depreciated				
Building and improvements	31,189,805	-	-	31,189,805
Furniture and fixtures	4,900,591	59,342	-	4,959,933
Machinery and equipment	1,022,993	65,330	-	1,088,323
Total capital assets, being depreciated	37,113,389	124,672	-	37,238,061
Less accumulated depreciation for				
Building and improvements	7,267,555	788,526	-	8,056,081
Furniture and fixtures	4,654,910	42,633	-	4,697,543
Machinery and equipment	714,552	86,240	-	800,792
Total accumulated depreciation	12,637,017	917,399	-	13,554,416
Total capital assets, being depreciated, net	24,476,372	(792,727)	-	23,683,645
Business-type activities capital assets, net	<u>\$ 33,099,760</u>	<u>\$ (792,727)</u>	<u>\$ -</u>	<u>\$ 32,307,033</u>



**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 4: Capital Assets - Sewer and Arena Funds - Continued**

Depreciation was charged to functions/programs as follows:

**Business-Type Activities**

Sewer	\$ 31,097
Arena	<u>886,302</u>
	<u><u>\$ 917,399</u></u>

**Note 5: Long-term Liabilities**

The following is a summary of long-term liabilities activity of the City for the year ended September 30, 2022:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General obligation bonds	\$ 1,960,000	\$ -	\$ 395,000	\$ 1,565,000	\$ 285,000
Notes payable - Direct borrowing	<u>486,578</u>	<u>-</u>	<u>28,676</u>	<u>457,902</u>	<u>29,740</u>
Governmental activities long-term liabilities	<u><u>\$ 2,446,578</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 423,676</u></u>	<u><u>\$ 2,022,902</u></u>	<u><u>\$ 314,740</u></u>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 28,290,000	\$ -	\$ 2,155,000	\$ 26,135,000	\$ 2,165,000
Notes payable - Direct borrowing	570,142	-	92,108	478,034	97,411
Unamortized issuance discounts	<u>(87,522)</u>	<u>-</u>	<u>(8,726)</u>	<u>(78,796)</u>	<u>-</u>
Business-type activities long-term liabilities	<u><u>\$ 28,772,620</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,238,382</u></u>	<u><u>\$ 26,534,238</u></u>	<u><u>\$ 2,262,411</u></u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 5: Long-term Liabilities - Continued**

Long-term debt of the City is comprised of the following individual issues:

Original Amount	Issued	Issue	Interest Rate	Dates Due	Date Callable	Interest Date	Outstanding
<b>Governmental Activities</b>							
General Obligation Bonds							
\$ 760,000	8/10/2010	Vehicle Off-Street Parking Bonds	0.75 - 4.10	Ser. '11 to '26	2015	Semiannually	\$ 235,000
530,000	9/3/2014	Highway Allocation Fund Pledge Bonds	0.45 - 2.70	Ser. '15 to '24	2019	Semiannually	130,000
400,000	9/25/2018	Highway Allocation Fund Pledge Bonds	2.35 - 3.60	Ser. '19 to '28	2023	Semiannually	200,000
1,100,000	9/2/2020	Highway Allocation Fund Pledge Bonds	1.25 - 2.25	Ser. '22 to '31	2025	Semiannually	1,000,000
		Total General Obligation Bonds					<u>\$ 1,565,000</u>
Notes Payable - Direct borrowing							
\$ 541,878	10/7/2019	Note Payable - Equipment	3.71	10/7/2034	N/A	Annually	<u>\$ 457,902</u>
<b>Business-Type Activities</b>							
General Obligation Bonds							
\$ 7,930,000	8/30/2011	General Obligation Arena Bonds	1.15 - 4.50	Ser. '15 to '31	2016	Semiannually	\$ 5,090,000
630,000	8/30/2011	General Obligation Arena Bonds	2.10 - 4.85	Ser. '15 to '31	2016	Semiannually	385,000
10,000,000	2/1/2012	General Obligation Arena Bonds Series A	2.00 - 5.00	Ser. '15 to '31	2017	Semiannually	6,480,000
10,440,000	5/22/2012	General Obligation Arena Bonds Series B	1.40 - 5.00	Ser. '14 to '31	2017	Semiannually	6,030,000
4,245,000	9/25/2012	Lease Purchase Bonds	1.65 - 5.10	Ser. '13 to '27	2017	Semiannually	1,735,000
4,075,000	6/1/2012	Vehicle Off-Street Parking Bonds	0.55 - 3.70	Ser. '14 to '32	2017	Semiannually	2,420,000
4,295,000	5/1/2013	Vehicle Off-Street Parking Bonds	2.30 - 6.00	Ser. '17 to '33	2018	Semiannually	3,995,000
		Total General Obligation Bonds					<u>\$ 26,135,000</u>
Notes Payable - Direct borrowing							
\$ 700,100	3/19/2020	Note Payable - Facility Purchase	5.00	3/19/2027	N/A	Monthly	<u>\$ 478,034</u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 5: Long-term Liabilities - Continued**

Annual requirements to pay principal and interest to maturity on outstanding debt follow:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
<b>Governmental Activities General Obligation Bonds</b>		
2023	\$ 285,000	\$ 35,748
2024	285,000	28,781
2025	230,000	21,483
2026	175,000	15,478
2027	110,000	11,080
2028-2032	480,000	20,791
	<u>\$ 1,565,000</u>	<u>\$ 133,361</u>
<b>Governmental Activities Notes Payable - Direct Borrowing</b>		
2023	\$ 29,740	\$ 18,014
2024	30,843	16,911
2025	31,988	15,766
2026	33,175	14,580
2027	34,405	13,349
2028-2032	192,146	46,624
2033-2037	105,605	10,007
	<u>\$ 457,902</u>	<u>\$ 135,251</u>
<b>Business-Type Activities General Obligation Bonds</b>		
2023	\$ 2,165,000	\$ 1,218,003
2024	1,980,000	1,138,563
2025	2,095,000	1,060,573
2026	2,585,000	963,048
2027	2,840,000	849,233
2028-2032	13,220,000	2,168,410
2033-2037	1,250,000	75,000
	<u>\$ 26,135,000</u>	<u>\$ 7,472,830</u>
<b>Business-Type Activities Notes Payable - Direct Borrowing</b>		
2023	\$ 97,411	\$ 21,628
2024	102,395	16,645
2025	108,189	10,851
2026	113,140	5,899
2027	56,899	3,288
	<u>\$ 478,034</u>	<u>\$ 58,311</u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 5: Long-term Liabilities - Continued**

***Line of Credit***

The City has an unsecured revolving line of credit at a local financial institution, expiring in December 2049, that has a maximum limit of \$500,000, with an interest rate of 6.25% and payments due on demand. No amounts were drawn on this line of credit during the year ended September 30, 2022.

***Pledged Revenue and Collateral***

The Highway Allocation Fund Pledge Bonds are secured by a pledge of the revenues received from the City's annual allocation of the State of Nebraska Highway Funds, through final maturity of the bonds in 2031. The total principal and interest remaining to be paid on the bonds is \$1,439,120, with annual payments expected to require approximately 42% of revenues.

The equipment note payable is collateralized by the equipment financed with the borrowing and the facilities purchase note payable is collateralized by certain other assets of the City. The Commercial Security Agreements for the notes payable include several instances which would constitute an event of default under the agreement, including, but not limited to, non-payment or other defaults, insolvency, and a material adverse change in the City's financial condition. Under the Commercial Security Agreements, in the event of such default, the lender has the ability to take possession of the collateral or also declare any outstanding indebtedness immediately due and payable.

**Note 6: Retirement Plans**

***Civilian Employee Defined Benefit Pension Plan***

***Plan Description*** – The Civilian Employee Defined Benefit Pension Plan (Civilian Plan) is a single-employer defined benefit pension plan administered by the City. The City Council serves as the Civilian Plan's board. Plan provisions are established by State Statutes and City ordinance, and can be amended by the City Council. All full-time City employees hired before July 1, 2017, that have reached the age of 21 are eligible to participate in the Civilian Plan. The City does not issue a separate report that includes financial statements and required supplementary information for the Civilian Plan.

***Benefits*** – City employees who retire at or after age 65 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 50% of his or her average compensation, multiplied by an accrued benefit adjustment. Benefits vest over ten years of service. For employees opting for early retirement, the monthly benefit is reduced by a factor which is based on the number of years before the normal retirement date. For employees retiring after the normal retirement, the monthly benefit is increased by a factor which is based on the number of years following the normal retirement date.

***Contributions and Funding Policy*** – City employees participating in the Civilian Plan are required to contribute 6% of their annual salary. The City is required to contribute the remaining amounts necessary to fund the Civilian Plan, including plan expenses, using a consistent actuarial method. City contributions for 2022 were \$25,412. Amounts contributed by employees during 2022 totaled \$25,412.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 6: Retirement Plans - Continued**

***Civilian Employee Defined Benefit Pension Plan - Continued***

***Plan Membership*** – At September 30, 2022, membership in the Civilian Plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	6
Total	36

***Net Pension Liability*** – The Civilian Plan’s net pension liability was measured as of September 30, 2022 based on an actuarial valuation as of August 1, 2022 rolled forward to September 30, 2022. The components of the net pension liability of the Civilian Plan at September 30, 2022, were as follows:

Total pension liability	\$ 4,611,762
Plan fiduciary net position (market value)	(3,489,258)
Net pension liability	\$ 1,122,504
Plan fiduciary net position as a percentage of the total pension liability	75.66%

***Actuarial Assumptions*** – The total pension liability as of September 30, 2022, was determined by an actuarial valuation using the entry age normal cost method, and included the following actuarial assumptions:

Price inflation	2.60%
Salary increases, including wage inflation	3.0 to 4.0%
Long-term rate of return, net of investment expense, including price inflation	5.70%

Mortality rates are based on the Pub-2010 General Mortality Table with generational improvements using Scale MP-2021. The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending July 31, 2018.

***Discount Rate*** – The discount rate used to measure the total pension liability at September 30, 2022 was 5.70%, which was a decrease from the prior discount rate of 5.75% used to measure the total pension liability at September 30, 2021. The projection of cash flows used to determine the discount rate assumed that the contributions from the City would be made at the full actuarial contribution amount determined each year. Based on that assumption, the Civilian Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive Civilian Plan employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2022

### Note 6: Retirement Plans - Continued

#### *Civilian Employee Defined Benefit Pension Plan - Continued*

**Long-term Rate of Return** – The long-term expected rate of return on pension plan investments is generally reviewed on a regular basis as part of the actuarial valuation process. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Actual long-term historical results achieved by the plan were also considered. Best estimates of geometric real rate of return for each major asset class included in the Civilian Plan’s target asset allocation as of September 30, 2022, are summarized in the following table.

<b>Asset Class</b>	<b>Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	38.00%	1.94%
Equities	46.00%	5.57%
Alternatives	16.00%	4.56%
	100.00%	

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Civilian Plan, calculated using the discount rate of 5.70%, as well as what the Civilian Plan’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.70%) or 1 percentage point higher (6.70%) than the current rate.

	<b>1% Decrease 4.70%</b>	<b>Current Discount Rate 5.70%</b>	<b>1% Increase 6.70%</b>
Net pension liability	\$ 1,637,046	\$ 1,122,504	\$ 694,877

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2022

### Note 6: Retirement Plans - Continued

#### *Civilian Employee Defined Benefit Pension Plan - Continued*

##### *Changes in the Net Pension (Asset) Liability*

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension (Asset) Liability (a) - (b)</b>
<b>Balance at Beginning of Year</b>	\$ 4,220,186	\$ 4,437,892	\$ (217,706)
Changes for the year			
Service cost	78,978	-	78,978
Interest	236,351	-	236,351
Differences between expected and actual experience	275,562	-	275,562
Assumption changes	23,261	-	23,261
Employer contributions	-	25,412	(25,412)
Employee contributions	-	25,412	(25,412)
Net investment loss	-	(776,882)	776,882
Benefit payments, including member refunds	(222,576)	(222,576)	-
Net changes	391,576	(948,634)	1,340,210
<b>Balance at End of Year</b>	<u>\$ 4,611,762</u>	<u>\$ 3,489,258</u>	<u>\$ 1,122,504</u>

**Deferred Inflows and Outflows of Resources Related to Pensions** – Under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Investment gains and losses are recognized over a closed five-year period. Economic and demographic gains and losses and changes in the total pension liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of September 30, 2022, the deferred inflows and outflows of resources are as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings	\$ 538,668	\$ -
Changes of assumptions	65,419	(3,721)
Differences between expected and actual experience	<u>107,048</u>	<u>(71,995)</u>
Total	<u>\$ 711,135</u>	<u>\$ (75,716)</u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 6: Retirement Plans - Continued**

***Civilian Employee Defined Benefit Pension Plan - Continued***

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized into pension expense as follows:

<b>Year Ended September 30,</b>	
2023	\$ 209,841
2024	107,917
2025	112,221
2026	<u>205,440</u>
	<u>\$ 635,419</u>

The Civilian Employee Defined Contribution Pension Plan is a single employer defined contribution pension plan administered by the City. As of September 30, 2022, there were seven active participants in the Plan. Benefit provisions are contained in the plan document and were established and can be amended by action of the City Council. All full-time City employees hired after July 1, 2017 are eligible to participate in the Plan. The Plan requires that City employees contribute 6% of eligible compensation each pay period. The City is required to match employee contributions, not to exceed 6% of eligible employee contributions. City contributions can be reduced using Plan forfeitures. City employees are vested in City matching contributions ratably over a ten-year period. Contributions to the Plan by the City were \$46,730 and members contributed \$46,730 during 2022. No forfeitures were used to reduce City contributions during 2022.

***Police Defined Contribution Pension Plan***

The City's single employer Police Defined Contribution Pension Plan (Police Plan) covers all uniformed employees of the Ralston Police Department. The Police Plan was converted effective January 1, 1984, from a defined benefit plan to a defined contribution plan. As of September 30, 2022, there were 17 active participants in the Police Plan. The Police Plan has no participants employed prior to January 1, 1984.

Benefit provisions are contained in the plan document and were established and can be amended by action of the City's governing body. The Police Plan requires that both the employee and the City contribute an amount equal to 7% of the employee's base salary per pay period. Any forfeitures shall first be used to reduce the City's contributions, then used to pay administrative costs of the Police Plan.

Contributions to the Police Plan by the City were \$108,470 and members contributed \$81,470 for 2022. No forfeitures were used to reduce City contributions during 2022.



**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 7: Interfund Balances and Activity**

Transfers included in the financial statements during the year ended September 30, 2022 consisted of the following:

From General to Arena for certain sales tax collections that were intended to be used for Arena purposes, but are initially collected within the General Fund	\$ 359,940
From Lottery to Arena for cash flow purposes	812,000
From Debt Service to Street for bond proceeds to be used for certain City street projects	<u>832,007</u>
	<u><u>\$ 2,003,947</u></u>

At September 30, 2022, the General Fund reported a due from other City funds balance of \$71,104 as a result of certain community development disbursements paid from general City funds, which will be reimbursed by the Community Development Fund during fiscal year 2023.

**Note 8: Tax Abatements**

The City provides tax abatements under the Tax Increment Financing Program (TIF). TIF provides property tax abatements to encourage improvements to blighted property. The program is established under the auspices of a state statute (Article 21, Section 18-2101 - 2144) empowering cities and counties to establish such programs. The abatements equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, are administered as a rebate of the incremental taxes generated from the improvements to property, and last for 15 years (or fewer, if the loan is paid off). Eligibility for approval requires the property to have no loss of pre-existing tax revenues, and the developer demonstrates the project is not feasible without TIF. Abatements are obtained through application by the property owner and are reviewed and approved by a TIF council prior to commencing the improvements. This refund reduces the net monthly property tax to the City of Ralston. The City of Ralston is not prohibited from releasing information that may be considered public record and therefore available to any entity submitting the proper request to the city clerk. Taxes abated under this program for the fiscal year ended September 30, 2022 were approximately \$193,000.

**Note 9: Contingencies**

***Federal and State Programs***

The City participates in a number of federal and state assistance programs. The programs are subject to financial and compliance audits or reviews. The amounts of expenditures, if any, which may be disallowed by the granting agencies, is not determinable; however, City officials do not believe such amounts would be significant.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 9: Contingencies - Continued**

***Claims and Litigation***

The City is involved in various litigation matters arising from the normal course of business. The outcome of such litigation is not expected to have a material effect on the City's financial position or results of operations.

**Note 10: Subsequent Events**

During 2022, the City entered into an Option Agreement for the purchase of a tract of land within City limits for future economic development purposes. In January 2023, the City amended this Option Agreement and agreed to a reduced total purchase price of \$3,000,000 and established a proposed transaction closing date of March 31, 2023. The purchase is intended to be completed with monies from the Community Development Fund.

## **Supplementary Information**

**City of Ralston, Nebraska**  
**Budgetary Comparison Schedule – Cash Basis**  
**General Fund**  
**Year Ended September 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 2,761,242	\$ 2,761,242	\$ 2,827,980	\$ 66,738
Intergovernmental	400,515	400,515	414,070	13,555
Sales taxes	1,309,000	1,309,000	1,676,579	367,579
Charges for services	377,000	377,000	404,750	27,750
Permits and fees	354,350	354,350	443,647	89,297
Grants and donations	53,000	53,000	23,101	(29,899)
Investment income	-	-	426	426
Miscellaneous	41,000	41,000	172,769	131,769
	<u>5,296,107</u>	<u>5,296,107</u>	<u>5,963,322</u>	<u>667,215</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
General government	2,048,381	2,048,381	2,049,454	(1,073)
Public safety	2,042,770	2,042,770	2,108,745	(65,975)
Cultural and recreational	539,942	539,942	532,531	7,411
Capital outlay	300,754	300,754	133,309	167,445
	<u>4,931,847</u>	<u>4,931,847</u>	<u>4,824,039</u>	<u>107,808</u>
<b>Total expenditures</b>				
<b>Excess of Revenues Over Expenditures</b>	<u>364,260</u>	<u>364,260</u>	<u>1,139,283</u>	<u>775,023</u>
<b>Other Financing Uses</b>				
Transfers out	(360,000)	(360,000)	(359,940)	60
	<u>(360,000)</u>	<u>(360,000)</u>	<u>(359,940)</u>	<u>60</u>
<b>Total other financing uses</b>				
<b>Change in Fund Balance</b>	<u>\$ 4,260</u>	<u>\$ 4,260</u>	<u>\$ 779,343</u>	<u>\$ 775,083</u>

**City of Ralston, Nebraska**  
**Budgetary Comparison Schedule – Cash Basis**  
**Street Fund**  
**Year Ended September 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 735,948	\$ 735,948	\$ 895,600	\$ 159,652
Sales taxes	551,000	551,000	551,000	-
Grants and donations	718,616	718,616	718,616	-
Miscellaneous	66,000	66,000	77,421	11,421
	<u>2,071,564</u>	<u>2,071,564</u>	<u>2,242,637</u>	<u>171,073</u>
<b>Expenditures</b>				
Public works	1,381,842	1,381,842	1,145,264	236,578
Capital outlay	1,832,720	1,832,720	2,049,509	(216,789)
Debt service	373,598	373,598	373,598	-
	<u>3,588,160</u>	<u>3,588,160</u>	<u>3,568,371</u>	<u>19,789</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,516,596)</u>	<u>(1,516,596)</u>	<u>(1,325,734)</u>	<u>190,862</u>
<b>Other Financing Sources</b>				
Transfers in	878,366	878,366	832,007	(46,359)
	<u>878,366</u>	<u>878,366</u>	<u>832,007</u>	<u>(46,359)</u>
<b>Change in Fund Balance</b>	<u>\$ (638,230)</u>	<u>\$ (638,230)</u>	<u>\$ (493,727)</u>	<u>\$ 144,503</u>

**City of Ralston, Nebraska**  
**Budgetary Comparison Schedule – Cash Basis**  
**Lottery Fund**  
**Year Ended September 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Keno income	\$ 1,500,000	\$ 1,500,000	\$ 1,598,925	\$ 98,925
Investment income	800	800	1,425	625
Miscellaneous	54,000	54,000	53,192	(808)
Total revenues	<u>1,554,800</u>	<u>1,554,800</u>	<u>1,653,542</u>	<u>98,742</u>
<b>Expenditures</b>				
Economic and community development	741,000	741,000	729,048	11,952
Total expenditures	<u>741,000</u>	<u>741,000</u>	<u>729,048</u>	<u>11,952</u>
<b>Excess of Revenues Over Expenditures</b>	<u>813,800</u>	<u>813,800</u>	<u>924,494</u>	<u>110,694</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(812,000)</u>	<u>(812,000)</u>	<u>(812,000)</u>	<u>-</u>
Total other financing uses	<u>(812,000)</u>	<u>(812,000)</u>	<u>(812,000)</u>	<u>-</u>
<b>Change in Fund Balances</b>	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 112,494</u>	<u>\$ 110,694</u>

## City of Ralston, Nebraska Supplementary Information

### **Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios For the Civilian Employee Pension Plan**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 78,978	\$ 84,413	\$ 132,340	\$ 181,107	\$ 236,794	\$ 256,946	\$ 234,430	\$ 215,084	\$ 202,145
Interest	236,351	231,894	233,905	231,300	225,833	230,948	226,653	241,941	199,518
Effect of economic/demographic gains or losses	275,562	(8,346)	69,021	(109,207)	(112,128)	(182,121)	(193,117)	(93,771)	75,094
Assumption changes	23,261	27,729	180,819	(12,019)	(9,474)	337,473	-	-	-
Benefit payments	(222,576)	(224,209)	(208,548)	(292,347)	(222,582)	(272,386)	(151,227)	(174,126)	(205,891)
Net change in total pension liability	391,576	111,481	407,537	(1,166)	118,443	370,860	116,739	189,128	270,866
Total pension liability - beginning	4,220,186	4,108,705	3,701,168	3,702,334	3,583,891	3,213,031	3,096,292	2,907,164	2,636,298
Total pension liability - ending	<u>\$ 4,611,762</u>	<u>\$ 4,220,186</u>	<u>\$ 4,108,705</u>	<u>\$ 3,701,168</u>	<u>\$ 3,702,334</u>	<u>\$ 3,583,891</u>	<u>\$ 3,213,031</u>	<u>\$ 3,096,292</u>	<u>\$ 2,907,164</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	\$ 25,412	\$ 69,275	\$ 37,620	\$ 122,445	\$ 193,174	\$ 206,899	\$ 187,063	\$ 255,090	\$ 212,054
Contributions - employee	25,412	31,123	37,620	57,615	69,163	86,899	87,063	86,008	92,054
Net investment income (loss)	(776,882)	687,259	260,805	207,898	155,233	388,406	254,998	(17,602)	211,563
Benefit payments	(222,576)	(224,209)	(208,548)	(292,347)	(222,582)	(272,386)	(151,227)	(174,126)	(205,891)
Net change in plan fiduciary net position	(948,634)	563,448	127,497	95,611	194,988	409,818	377,897	149,370	309,780
Plan fiduciary net position - beginning	4,437,892	3,874,444	3,746,947	3,651,336	3,456,348	3,046,530	2,668,633	2,519,263	2,209,483
Plan fiduciary net position - ending	<u>\$ 3,489,258</u>	<u>\$ 4,437,892</u>	<u>\$ 3,874,444</u>	<u>\$ 3,746,947</u>	<u>\$ 3,651,336</u>	<u>\$ 3,456,348</u>	<u>\$ 3,046,530</u>	<u>\$ 2,668,633</u>	<u>\$ 2,519,263</u>
<b>Net Pension (Asset) Liability</b>	<u>\$ 1,122,504</u>	<u>\$ (217,706)</u>	<u>\$ 234,261</u>	<u>\$ (45,779)</u>	<u>\$ 50,998</u>	<u>\$ 127,543</u>	<u>\$ 166,501</u>	<u>\$ 427,659</u>	<u>\$ 387,901</u>
Plan fiduciary net position as a percentage of the total pension liability	75.66%	105.16%	94.30%	101.24%	98.62%	96.44%	94.82%	86.19%	86.66%
Covered payroll	\$ 423,533	\$ 518,717	\$ 627,000	\$ 960,250	\$ 1,213,386	\$ 1,448,317	\$ 1,451,050	\$ 1,459,989	\$ 1,420,467
Net pension (asset) liability as a percentage of covered payroll	265.03%	-41.97%	37.36%	-4.77%	4.20%	8.81%	11.47%	29.29%	27.31%

### **Schedule of Investment Returns**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-17.91%	18.09%	7.09%	5.82%	4.48%	12.59%	9.36%	-0.68%	9.47%

#### **Note to Schedules:**

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

# City of Ralston, Nebraska

## Supplementary Information

### Schedule of Employer Contributions For the Civilian Employee Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	\$ 25,412	\$ 69,275	\$ 85,063	\$ 122,445	\$ 193,174	\$ 204,628	\$ 143,079	\$ 147,383	\$ 159,536
Actual employer contribution	<u>25,412</u>	<u>69,275</u>	<u>37,620</u>	<u>122,445</u>	<u>193,174</u>	<u>206,899</u>	<u>187,063</u>	<u>255,090</u>	<u>212,054</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,271)</u>	<u>\$ (43,984)</u>	<u>\$ (107,707)</u>	<u>\$ (52,518)</u>
Covered payroll	\$ 423,533	\$ 518,717	\$ 627,000	\$ 960,250	\$ 1,213,386	\$ 1,448,317	\$ 1,451,050	\$ 1,459,989	\$ 1,420,467
Actual contributions as a percentage of covered payroll	6.00%	13.36%	6.00%	12.75%	15.92%	14.29%	12.89%	17.47%	14.93%

**Notes to Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Valuation date: 8/1/2021 8/1/2020 8/1/2019 8/1/2018 8/1/2017 8/1/2016 8/1/2015 8/1/2014 8/1/2013

Actuarially determined contribution rates are calculated as of August 1, one year prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method:	Level dollar, closed	Level dollar, open	Level dollar, open	Level dollar, open	Level dollar, open	Level dollar, open	Level percent, open	Level percent, open	Level percent, open
Remaining amortization period:	24 years	25 years	17 years	18 years	20 years	20 years	20 years	20 years	20 years
Asset valuation method:	Market	Market	Market	Market	Market	Market	Market	Market	Market
Inflation:	2.60%	2.60%	2.60%	2.60%	2.60%	3.00%	3.00%	3.00%	3.00%
Salary increases:	3.00% to 4.00%	3.00% to 4.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Investment rate of return:	6.50%	6.50%	6.50%	6.50%	6.50%	7.50%	7.50%	7.50%	7.50%