

# **City of Ralston, Nebraska**

Independent Auditor's Reports and Financial Statements

September 30, 2018



**City of Ralston, Nebraska**  
**September 30, 2018**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the cash basis of accounting described in Note 1; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the 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, 2018, 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 the Basis of Accounting paragraph included below for the governmental activities, each major governmental fund and fiduciary funds.

### ***Basis of Accounting***

As described in Note 1 to the basic financial statements, the City prepares its 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.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 statements are not affected by this missing information.

***BKD, LLP***

Omaha, Nebraska  
March 21, 2019

**City of Ralston, Nebraska**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Governmental Activities (Cash Basis)</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>			
Cash and cash equivalents	\$ 3,042,121	\$ 852,652	\$ 3,894,773
Certificates of deposit	167,049	-	167,049
Accounts receivable, net	-	133,428	133,428
Due from other governments	-	751,963	751,963
Inventories	-	81,663	81,663
Capital assets, net of accumulated depreciation	-	35,001,954	35,001,954
	<u>3,209,170</u>	<u>36,821,660</u>	<u>40,030,830</u>
Total assets			
Deferred outflows of resources	-	45,366	45,366
	<u>-</u>	<u>45,366</u>	<u>45,366</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
Accounts payable	-	447,318	447,318
Accrued interest payable	-	213,840	213,840
Accrued liabilities	-	54,955	54,955
Unearned revenue	-	435,650	435,650
Noncurrent liabilities			
Unearned revenue - real estate	-	700,000	700,000
Net pension liability	-	9,688	9,688
Accrued compensated balances			
Payable within one year	-	58,781	58,781
Payable in more than one year	-	15,309	15,309
Bonds payable			
Payable within one year	-	2,166,429	2,166,429
Payable in more than one year	-	35,525,871	35,525,871
	<u>-</u>	<u>39,627,841</u>	<u>39,627,841</u>
Total liabilities			
Deferred inflows of resources	-	77,170	77,170
	<u>-</u>	<u>77,170</u>	<u>77,170</u>
<b>Net Position</b>			
Net investment in capital assets	-	(2,690,346)	(2,690,346)
Restricted	2,692,454	770,610	3,463,064
Unrestricted	516,716	(918,249)	(401,533)
	<u>516,716</u>	<u>(918,249)</u>	<u>(401,533)</u>
Total net position	<u>\$ 3,209,170</u>	<u>\$ (2,837,985)</u>	<u>\$ 371,185</u>

**City of Ralston, Nebraska**  
**Statement of Activities**  
**Year Ended September 30, 2018**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue 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	\$ 1,409,948	\$ 506,046	\$ 550	\$ -	\$ (903,352)	\$ -	\$ (903,352)
Public safety	1,773,129	-	-	-	(1,773,129)	-	(1,773,129)
Public works	1,321,902	-	783,115	-	(538,787)	-	(538,787)
Cultural and recreational	752,555	-	-	-	(752,555)	-	(752,555)
Economic and community development	2,232,537	1,464,183	1,007,354	-	239,000	-	239,000
Debt service	450,128	-	-	-	(450,128)	-	(450,128)
<b>Total governmental activities</b>	<b>7,940,199</b>	<b>1,970,229</b>	<b>1,791,019</b>	<b>-</b>	<b>(4,178,951)</b>	<b>-</b>	<b>(4,178,951)</b>
Business-Type Activities							
Sewer	975,426	1,076,138	-	-	-	100,712	100,712
Arena	9,027,075	5,144,907	3,066,645	-	-	(815,523)	(815,523)
<b>Total business-type activities</b>	<b>10,002,501</b>	<b>6,221,045</b>	<b>3,066,645</b>	<b>-</b>	<b>-</b>	<b>(714,811)</b>	<b>(714,811)</b>
<b>Total Primary Government</b>	<b>\$ 17,942,700</b>	<b>\$ 8,191,274</b>	<b>\$ 4,857,664</b>	<b>\$ -</b>	<b>(4,178,951)</b>	<b>(714,811)</b>	<b>(4,893,762)</b>
<b>General Revenues</b>							
Property taxes					2,998,699	-	2,998,699
Intergovernmental					314,400	-	314,400
Sales taxes					1,680,334	-	1,680,334
Investment income					17,320	1,393	18,713
Issuance of long-term debt					1,210,000	-	1,210,000
Transfers					(1,817,192)	1,817,192	-
Miscellaneous					132,356	54,159	186,515
<b>Total general revenues and transfers</b>					<b>4,535,917</b>	<b>1,872,744</b>	<b>6,408,661</b>
<b>Change in Net Position</b>					<b>356,966</b>	<b>1,157,933</b>	<b>1,514,899</b>
<b>Net Position, Beginning of Year</b>					<b>2,852,204</b>	<b>(3,995,918)</b>	<b>(1,143,714)</b>
<b>Net Position, End of Year</b>					<b>\$ 3,209,170</b>	<b>\$ (2,837,985)</b>	<b>\$ 371,185</b>

**City of Ralston, Nebraska**  
**Balance Sheet – Cash Basis**  
**Governmental Funds**  
**September 30, 2018**

	<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	\$ 516,716	\$ 790,376	\$ 1,326,518	\$ 70,763	\$ 337,748	\$ 3,042,121
Certificates of deposit	-	-	167,049	-	-	167,049
Total assets	<u>\$ 516,716</u>	<u>\$ 790,376</u>	<u>\$ 1,493,567</u>	<u>\$ 70,763</u>	<u>\$ 337,748</u>	<u>\$ 3,209,170</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b>						
Restricted for						
Streets	-	790,376	-	-	-	790,376
Community development	-	-	1,493,567	-	337,748	1,831,315
Debt service	-	-	-	70,763	-	70,763
Unassigned	516,716	-	-	-	-	516,716
Total fund balances	<u>516,716</u>	<u>790,376</u>	<u>1,493,567</u>	<u>70,763</u>	<u>337,748</u>	<u>3,209,170</u>
Total liabilities and fund balances	<u>\$ 516,716</u>	<u>\$ 790,376</u>	<u>\$ 1,493,567</u>	<u>\$ 70,763</u>	<u>\$ 337,748</u>	<u>\$ 3,209,170</u>

**City of Ralston, Nebraska**  
**Statement of Revenues, Expenditures and Changes in Fund**  
**Balances – Cash Basis – Governmental Funds**  
**Year Ended September 30, 2018**

	General Fund	Street Fund	Lottery Fund	Debt Service Fund	Community Development Fund	Total
<b>Revenues</b>						
Property taxes	\$ 2,347,414	\$ -	\$ -	\$ 651,285	\$ -	\$ 2,998,699
Intergovernmental	255,310	783,115	-	59,090	-	1,097,515
Sales taxes	1,680,334	-	-	-	-	1,680,334
Program income	550	-	-	-	1,007,354	1,007,904
Charges for services	321,192	-	-	-	-	321,192
Keno income	-	-	1,464,183	-	-	1,464,183
Permits and fees	184,854	-	-	-	-	184,854
Investment income	6,558	-	7,397	1,654	1,711	17,320
Miscellaneous	61,974	-	70,382	-	-	132,356
<b>Total revenues</b>	<b>4,858,186</b>	<b>783,115</b>	<b>1,541,962</b>	<b>712,029</b>	<b>1,009,065</b>	<b>8,904,357</b>
<b>Expenditures</b>						
Current						
General government	1,281,345	-	-	-	-	1,281,345
Public safety	1,773,129	-	-	-	-	1,773,129
Public works	-	804,661	-	-	-	804,661
Cultural and recreational	752,555	-	-	-	-	752,555
Economic and community development	-	-	659,016	-	1,573,521	2,232,537
Capital outlay	128,603	517,241	-	-	-	645,844
Debt service						
Principal	-	-	-	390,000	-	390,000
Interest and fiscal charges	-	-	-	45,878	-	45,878
Debt issuance costs	-	14,250	-	-	-	14,250
<b>Total expenditures</b>	<b>3,935,632</b>	<b>1,336,152</b>	<b>659,016</b>	<b>435,878</b>	<b>1,573,521</b>	<b>7,940,199</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>922,554</b>	<b>(553,037)</b>	<b>882,946</b>	<b>276,151</b>	<b>(564,456)</b>	<b>964,158</b>
<b>Other Financing Sources (Uses)</b>						
Issuance of long-term debt	-	1,210,000	-	-	-	1,210,000
Transfers in	104,457	115,741	-	180,000	-	400,198
Transfers out	(614,631)	(180,000)	(729,998)	(692,761)	-	(2,217,390)
<b>Total other financing sources (uses)</b>	<b>(510,174)</b>	<b>1,145,741</b>	<b>(729,998)</b>	<b>(512,761)</b>	<b>-</b>	<b>(607,192)</b>
<b>Change in Fund Balances</b>	<b>412,380</b>	<b>592,704</b>	<b>152,948</b>	<b>(236,610)</b>	<b>(564,456)</b>	<b>356,966</b>
<b>Fund Balance, Beginning of Year</b>	<b>104,336</b>	<b>197,672</b>	<b>1,340,619</b>	<b>307,373</b>	<b>902,204</b>	<b>2,852,204</b>
<b>Fund Balance, End of Year</b>	<b>\$ 516,716</b>	<b>\$ 790,376</b>	<b>\$ 1,493,567</b>	<b>\$ 70,763</b>	<b>\$ 337,748</b>	<b>\$ 3,209,170</b>



# City of Ralston, Nebraska

## Balance Sheet

### Proprietary Funds

September 30, 2018

	<b>Business-Type Activities</b>		
	<b>Sewer Fund</b>	<b>Arena Fund</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 780,116	\$ 72,536	\$ 852,652
Accounts receivable, net	124,030	9,398	133,428
Due from other governments	-	751,963	751,963
Inventories	-	81,663	81,663
	904,146	915,560	1,819,706
<b>Noncurrent Assets</b>			
Capital assets, net of accumulated depreciation	221,168	34,780,786	35,001,954
<b>Deferred Outflows of Resources</b>			
Deferred for pensions	4,660	40,706	45,366
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,129,974</b>	<b>\$ 35,737,052</b>	<b>\$ 36,867,026</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 209,575	\$ 237,743	\$ 447,318
Accrued compensated absences	9,403	49,378	58,781
Accrued interest payable	1,317	212,523	213,840
Accrued liabilities	6,036	48,919	54,955
Unearned revenue	-	435,650	435,650
Current portion of long-term debt	76,429	2,090,000	2,166,429
	302,760	3,074,213	3,376,973
<b>Noncurrent Liabilities</b>			
Unearned revenue - real estate	-	700,000	700,000
Accrued compensated absences	15,309	-	15,309
Net pension liability	995	8,693	9,688
Long-term debt	79,571	35,446,300	35,525,871
	95,875	36,154,993	36,250,868
Total liabilities	398,635	39,229,206	39,627,841
<b>Deferred Inflows of Resources</b>			
Deferred for pensions	7,926	69,244	77,170
<b>Net Position</b>			
Net investment in capital assets	65,168	(2,755,514)	(2,690,346)
Restricted for debt service	-	770,610	770,610
Unrestricted	658,245	(1,576,494)	(918,249)
	723,413	(3,561,398)	(2,837,985)
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,129,974</b>	<b>\$ 35,737,052</b>	<b>\$ 36,867,026</b>

**City of Ralston, Nebraska**  
**Statement of Revenues, Expenses and Changes in**  
**Net Position – Proprietary Funds**  
**Year Ended September 30, 2018**

	<b>Business-Type Activities</b>		
	<b>Sewer Fund</b>	<b>Arena Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 1,076,138	\$ -	\$ 1,076,138
Food and beverage sales	-	2,232,447	2,232,447
Event revenue	-	2,126,014	2,126,014
Rent income	-	442,420	442,420
Advertising revenue	-	188,446	188,446
Suite and premium seat revenue	-	155,580	155,580
Miscellaneous	9,161	44,998	54,159
	<u>1,085,299</u>	<u>5,189,905</u>	<u>6,275,204</u>
<b>Operating Expenses</b>			
Sewer service	634,778	-	634,778
Arena operations	-	2,409,647	2,409,647
Event expenses	-	2,043,923	2,043,923
Food and beverage cost of sales	-	800,640	800,640
General and administrative	305,301	660,253	965,554
Depreciation	26,885	858,662	885,547
Repairs and maintenance	2,784	534,550	537,334
	<u>969,748</u>	<u>7,307,675</u>	<u>8,277,423</u>
<b>Operating Income (Loss)</b>	<u>115,551</u>	<u>(2,117,770)</u>	<u>(2,002,219)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental	-	3,066,645	3,066,645
Interest income	-	1,393	1,393
Interest expense	(5,678)	(1,719,400)	(1,725,078)
	<u>(5,678)</u>	<u>1,348,638</u>	<u>1,342,960</u>
<b>Other Financing Sources</b>			
Transfers in	-	1,817,192	1,817,192
<b>Change in Net Position</b>	109,873	1,048,060	1,157,933
<b>Net Position, Beginning of Year</b>	<u>613,540</u>	<u>(4,609,458)</u>	<u>(3,995,918)</u>
<b>Net Position, End of Year</b>	<u>\$ 723,413</u>	<u>\$ (3,561,398)</u>	<u>\$ (2,837,985)</u>

**City of Ralston, Nebraska**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	<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	\$ 1,091,918	\$ 5,404,338	\$ 6,496,256
Payments to suppliers	(722,458)	(4,396,519)	(5,118,977)
Payments to employees	(171,521)	(2,367,381)	(2,538,902)
Net cash provided by (used in) operating activities	<u>197,939</u>	<u>(1,359,562)</u>	<u>(1,161,623)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Repayments on revolving credit agreement	-	(160,000)	(160,000)
Transfers from other funds	-	1,817,192	1,817,192
Net cash provided by noncapital financing activities	<u>-</u>	<u>1,657,192</u>	<u>1,657,192</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for acquisition of capital assets	(156,493)	-	(156,493)
Principal paid on long-term debt	(66,000)	(3,000,000)	(3,066,000)
Proceeds from issuance of long-term debt	147,000	1,100,000	1,247,000
Proceeds from intergovernmental revenues	-	3,025,835	3,025,835
Interest and fiscal charges paid	(4,778)	(1,698,172)	(1,702,950)
Net cash used in capital and related financing activities	<u>(80,271)</u>	<u>(572,337)</u>	<u>(652,608)</u>
<b>Cash Flows from Investing Activities</b>			
Interest received	-	1,393	1,393
<b>Net Change in Cash and Cash Equivalents</b>	117,668	(273,314)	(155,646)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>662,448</u>	<u>345,850</u>	<u>1,008,298</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 780,116</u>	<u>\$ 72,536</u>	<u>\$ 852,652</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating income (loss)	\$ 115,551	\$ (2,117,770)	\$ (2,002,219)
Depreciation	26,885	858,662	885,547
Changes in operating assets and liabilities			
Accounts receivable	6,619	82,876	89,495
Inventories	-	(32,650)	(32,650)
Deferred outflows for pensions	1,290	(7,028)	(5,738)
Accrued expenses	179	(399,286)	(399,107)
Accounts payable	49,926	107,421	157,347
Unearned revenue	-	131,557	131,557
Net pension liability	(1,639)	(5,427)	(7,066)
Deferred inflows for pensions	(872)	22,083	21,211
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 197,939</u>	<u>\$ (1,359,562)</u>	<u>\$ (1,161,623)</u>

**City of Ralston, Nebraska**  
**Statement of Fiduciary Net Position – Cash Basis**  
**September 30, 2018**

	<b>Pension Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 210,621
Investments	5,346,491
Total assets	5,557,112
<b>Liabilities - Due to Others</b>	-
<b>Net Position Restricted for Pensions</b>	\$ 5,557,112

**City of Ralston, Nebraska**  
**Statement of Changes in Fiduciary Net Position – Cash Basis**  
**Year Ended September 30, 2018**

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Contributions	
Employer	\$ 276,558
Employee	142,547
Rollovers	4,595
Net appreciation in fair value of investments	280,650
Total additions	704,350
<b>Deductions</b>	
Benefit payments	274,460
Total deductions	274,460
<b>Net Increase in Net Position</b>	429,890
<b>Net Position Restricted for Pensions</b>	
Beginning of year	5,127,222
End of year	\$ 5,557,112

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2018

### 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.

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. Blended component units, although legally separate entities, are, in substance, part of the government's operations and thus are presented as such.

#### ***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. 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.

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2018

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

#### ***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:

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.

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2018

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

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

##### 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

Civilian Employee and Police Pension Plan Funds – The pension plan funds account for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and general city employees.



**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**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 Treasurer who then reviews the requests with the department heads.
2. After this review process has been completed, the City Treasurer presents these budget requests 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, 2018. 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, 2018**

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

***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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed.

***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.

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2018

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

#### ***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.

#### ***Unearned Revenue Real Estate – Arena Fund***

The City has entered into a real estate purchase agreement for the retail store portion of the sports and event center. Under the terms of the agreement, the City is required to repurchase the property from the buyer at the buyer's option at certain dates as defined in the contract. If the buyer does not exercise the option to force the City to repurchase the real estate, the City maintains a perpetual option to repurchase the retail space. The real estate agreement does not meet the criteria for the sale of capital assets and the funds received under the agreement are recorded as unearned revenue.

#### ***Compensated Absences***

In the Sewer and Arena Funds, vacation and sick leave are accrued as the benefits are earned if the leave is attributable to past service and it is probable the City will compensate the employee for such benefits. Such accruals are based on current salary rates and include salary-related payments directly and incrementally associated with payments made for compensated absences on termination. In the governmental funds, compensated absences are recorded when paid.

#### ***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.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

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

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

*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.

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, deferred outflows of resources, deferred inflows of resources 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.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 2: Arena Liquidity Plans**

The Arena Fund has a net position deficit of \$3,561,398 as of September 30, 2018, and has recognized an operating activities cash flow deficit of \$1,359,562 for the year ended September 30, 2018.

Management believes that the operations of the facility will continue to improve and generate smaller deficits to be covered by other City funds. Management also believes that the City will continue to meet its debt service obligations and that the other general revenues of the City will be sufficient to meet the operational needs of all City funds, including the Arena. The City has entered into a management agreement, effective April 1, 2019, with a third-party for management of the operations of the Arena Fund. This third-party has experience with other entertainment venues and the City believes this expertise will benefit numerous aspects of the Arena Fund. Management is currently in negotiations to increase the sporting events at the arena, as well as additional concerts, events, and floor shows. Management will continue to evaluate the need for additional or increased fees, including, but not limited to, parking fees, online ticket sales fees, and facilities fees. Management also intends to renegotiate certain contracts for rental space and advertising rights. Management has a reasonable expectation that the City has adequate resources to continue to operate the facility for the foreseeable future.

**Note 3: 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.

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, 2018, approximately \$135,000 the City's deposits at a single financial institution were uninsured and uncollateralized. The City's remaining deposits in excess of FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the City.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 3: Deposits and Investments - Continued**

***Pension Trust Fund Investments***

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

At September 30, 2018, 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	\$ 210,621	N/A
Mutual funds - fixed income	1,255,815	N/A
Mutual funds - bonds	93,580	N/A
Mutual funds - equities	<u>3,997,096</u>	N/A
	<u>\$ 5,557,112</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.

***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.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 3: Deposits and Investments - Continued**

***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	\$ 3,894,773
Certificates of deposit	167,049
Fiduciary funds statement of net position	
Cash and cash equivalents	\$ 210,621
Investments	5,346,491

**Note 4: 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
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Certificates of deposit and money market mutual funds are carried at amortized cost, and thus are not included within the fair value hierarchy. 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, 2018.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 5: Capital Assets - Sewer and Arena Funds**

Capital assets activity for the year ended September 30, 2018, 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	<u>8,623,388</u>	<u>-</u>	<u>-</u>	<u>8,623,388</u>
Capital assets, being depreciated				
Building and improvements	31,037,166	-	-	31,037,166
Furniture and fixtures	4,624,268	-	-	4,624,268
Machinery and equipment	647,630	156,493	-	804,123
Total capital assets, being depreciated	<u>36,309,064</u>	<u>156,493</u>	<u>-</u>	<u>36,465,557</u>
Less accumulated depreciation for				
Building and improvements	4,119,864	785,537	-	4,905,401
Furniture and fixtures	4,531,980	69,425	-	4,601,405
Machinery and equipment	549,600	30,585	-	580,185
Total accumulated depreciation	<u>9,201,444</u>	<u>885,547</u>	<u>-</u>	<u>10,086,991</u>
Total capital assets, being depreciated, net	<u>27,107,620</u>	<u>(729,054)</u>	<u>-</u>	<u>26,378,566</u>
Business-type activities capital assets, net	<u>\$ 35,731,008</u>	<u>\$ (729,054)</u>	<u>\$ -</u>	<u>\$ 35,001,954</u>

Depreciation was charged to functions/programs as follows:

<b>Business-Type Activities</b>	
Sewer	\$ 26,885
Arena	<u>858,662</u>
	<u>\$ 885,547</u>



**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 6: Long-term Liabilities**

The following is a summary of long-term liabilities activity of the City for the year ended September 30, 2018:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
General obligation bonds payable	\$ 1,725,000	\$ 1,210,000	\$ 390,000	\$ 2,545,000	\$ 305,000
<b>Business-Type Activities</b>					
<b>Bonds and Notes</b>					
Sewer revenue bond	\$ 75,000	\$ -	\$ 35,000	\$ 40,000	\$ 40,000
General obligation bonds payable	37,270,000	1,100,000	3,000,000	35,370,000	1,930,000
Notes payable	2,440,000	147,000	191,000	2,396,000	196,429
Unamortized issuance discounts	(122,426)	-	(8,726)	(113,700)	-
Net bonds and notes	<u>39,662,574</u>	<u>1,247,000</u>	<u>3,217,274</u>	<u>37,692,300</u>	<u>2,166,429</u>
<b>Other Liabilities</b>					
Unearned revenue - real estate	700,000	-	-	700,000	-
Compensated absences	81,270	43,042	50,222	74,090	58,781
Net pension liability	16,754	-	10,400	6,354	-
	<u>798,024</u>	<u>43,042</u>	<u>60,622</u>	<u>780,444</u>	<u>58,781</u>
Business-type activities long-term liabilities	<u>\$ 40,460,598</u>	<u>\$ 1,290,042</u>	<u>\$ 3,277,896</u>	<u>\$ 38,472,744</u>	<u>\$ 2,225,210</u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 6: Long-term Liabilities - Continued**

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

<b>Original Amount</b>	<b>Issued</b>	<b>Issue</b>	<b>Interest Rate</b>	<b>Dates Due</b>	<b>Date Callable</b>	<b>Interest Date</b>	<b>Outstanding</b>
<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	\$ 440,000
235,000	8/23/2011	Highway Allocation Fund Pledge Bonds	0.65 - 2.80	Ser. '13 to '19	2016	Semiannually	35,000
255,000	8/7/2012	Highway Allocation Fund Pledge Bonds	0.45 - 1.60	Ser. '13 to '19	2017	Semiannually	40,000
530,000	4/9/2013	Highway Allocation Fund Pledge Bonds	0.40 - 2.15	Ser. '13 to '22	2018	Semiannually	250,000
530,000	9/3/2014	Highway Allocation Fund Pledge Bonds	0.45 - 2.70	Ser. '15 to '24	2019	Semiannually	370,000
300,000	8/21/2015	Highway Allocation Fund Pledge Bonds	0.90 - 2.30	Ser. '17 to '22	2020	Semiannually	200,000
405,000	10/6/2017	Street Improvement Bond Anticipation Notes	1.50	10/15/2020	2018	Semiannually	405,000
400,000	9/25/2018	Highway Allocation Fund Pledge Bonds	2.35 - 3.60	Ser. '19 to '28	2023	Semiannually	400,000
405,000	9/25/2018	Street Improvement Bond Anticipation Notes	2.35	10/15/2020	2019	Semiannually	405,000
Total General Obligation Bonds							<u>\$ 2,545,000</u>
<b>Business-Type Activities</b>							
Revenue Bonds							
\$ 420,000	9/22/2004	Sewer Revenue Bonds	1.65 - 4.45	Ser. '05 to '19	2009	Semiannually	<u>\$ 40,000</u>
General Obligation Bonds							
\$ 7,930,000	8/30/2011	General Obligation Arena Bonds	1.15 - 4.50	Ser. '15 to '31	2016	Semiannually	\$ 6,515,000
630,000	8/30/2011	General Obligation Arena Bonds	2.10 - 4.85	Ser. '15 to '31	2016	Semiannually	520,000
10,000,000	2/1/2012	General Obligation Arena Bonds Series A	2.00 - 5.00	Ser. '15 to '31	2017	Semiannually	8,460,000
10,440,000	5/22/2012	General Obligation Arena Bonds Series B	1.40 - 5.00	Ser. '14 to '31	2017	Semiannually	8,330,000
4,245,000	9/25/2012	Lease Purchase Bonds	1.65 - 5.10	Ser. '13 to '27	2017	Semiannually	3,060,000
4,075,000	6/1/2012	Vehicle Off-Street Parking Bonds	0.55 - 3.70	Ser. '14 to '32	2017	Semiannually	3,190,000
4,295,000	5/1/2013	Vehicle Off-Street Parking Bonds	2.30 - 6.00	Ser. '17 to '33	2018	Semiannually	4,195,000
1,100,000	5/15/2018	Promissory Note	5.00	5/15/2020	2018	Semiannually	<u>1,100,000</u>
Total General Obligation Bonds							<u>\$ 35,370,000</u>
Notes Payable							
\$ 2,600,000	Various	Note Payable - Revolving	6.50	12/1/2021	N/A	Monthly	\$ 2,280,000
147,000	1/5/2018	Note Payable - Equipment	2.625	9/1/2021	N/A	Monthly	<u>116,000</u>
Total Notes Payable							<u>\$ 2,396,000</u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 6: Long-term Liabilities - Continued**

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
<b>Governmental Activities General Obligation Bonds</b>		
2019	\$ 305,000	\$ 62,202
2020	280,000	55,891
2021	1,100,000	37,158
2022	295,000	27,068
2023	180,000	19,190
2024-2028	<u>385,000</u>	<u>26,235</u>
	<u>\$ 2,545,000</u>	<u>\$ 227,744</u>
<b>Business-Type Activities Revenue Bonds</b>		
2019	<u>\$ 40,000</u>	<u>\$ 1,780</u>
<b>Business-Type Activities General Obligation Bonds</b>		
2019	\$ 1,930,000	\$ 1,531,568
2020	3,090,000	1,478,529
2021	2,060,000	1,363,358
2022	2,155,000	1,295,165
2023	2,165,000	1,218,003
2024-2028	12,685,000	4,725,218
2029-2033	<u>11,285,000</u>	<u>1,529,608</u>
	<u>\$ 35,370,000</u>	<u>\$ 13,141,449</u>
<b>Business-Type Activities Notes Payable</b>		
2019	\$ 196,429	\$ 150,918
2020	198,962	140,584
2021	<u>2,000,609</u>	<u>22,226</u>
	<u>\$ 2,396,000</u>	<u>\$ 313,728</u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 6: Long-term Liabilities - Continued**

***Line of Credit***

The City has an unsecured revolving line of credit at a local financial institution, expiring in June 2019, that has a maximum limit of \$500,000, with an interest rate of 5.25% and payments due on demand. No amounts were drawn on this line of credit during the year ended September 30, 2018.

***Pledged Revenue***

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 2028. The total principal and interest remaining to be paid on the bonds is \$1,407,911, with annual payments expected to require approximately 35% of revenues.

The Sewer Fund Revenue Bonds are secured by a pledge of future revenues derived from the operation of the city-owned sanitary sewer system through final maturity of the bonds in 2019. The total principal and interest remaining to be paid on the bonds is \$41,780, with annual payments expected to require approximately 4% of revenues.

**Note 7: Retirement Plans**

***Civilian Employee Pension Plan***

**Statement of Fiduciary Net Position – Cash Basis**  
**September 30, 2018**

<b>Assets</b>	
Cash and cash equivalents	\$ 173,852
Investments	3,477,484
	3,651,336
Total assets	3,651,336
<b>Liabilities - Due to Others</b>	-
<b>Net Position Restricted for Pensions</b>	\$ 3,651,336

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 7: Retirement Plans - Continued**

**Statement of Changes in Fiduciary Net Position – Cash Basis**  
**Year Ended September 30, 2018**

<b>Additions</b>	
Contributions	
Employer	\$ 193,174
Employee	69,163
Net appreciation in fair value of investments	<u>155,233</u>
Total additions	<u>417,570</u>
 <b>Deductions</b>	
Benefit payments	<u>222,582</u>
Total deductions	<u>222,582</u>
<b>Net Increase in Net Position</b>	194,988
 <b>Net Position Restricted for Pensions</b>	
Beginning of year	<u>3,456,348</u>
End of year	<u>\$ 3,651,336</u>

**Plan Description** – The Civilian Employee 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 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 15 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.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 7: Retirement Plans - Continued**

**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 2018 were \$193,174. Amounts contributed by employees during 2018 totaled \$69,163.

**Plan Membership** – At September 30, 2018, membership in the Civilian Plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	20
Total	55

**Net Pension Liability** – The Civilian Plan’s net pension liability was measured as of September 30, 2018 based on an actuarial valuation as of August 1, 2018 rolled forward to September 30, 2018. The components of the net pension liability of the Civilian Plan at September 30, 2018, were as follows:

Total pension liability	\$ 3,702,334
Plan fiduciary net position (market value)	(3,651,336)
Net pension liability	\$ 50,998
Plan fiduciary net position as a percentage of the total pension liability	98.62%

**Actuarial Assumptions** – The total pension liability as of September 30, 2018, 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	5.00%
Long-term rate of return, net of investment expense, including price inflation	6.50%

Mortality rates are based on the RP-2014 Total Dataset Mortality Table with generational projection using Scale MP-2018.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 7: Retirement Plans - Continued**

**Discount Rate** – The discount rate used to measure the total pension liability at September 30, 2018 was 6.50%, which was unchanged from the prior discount rate used to measure the total pension liability at September 30, 2017. 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.

**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 estimate of geometric real rate of return for each major asset class included in the Civilian Plan’s target asset allocation as of September 30, 2018, are summarized in the following table.

<b>Asset Class</b>	<b>Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	7.00%	0.57%
Core Fixed Income	28.00%	1.94%
Non-US Fixed Income	9.00%	0.73%
Large Cap US Equities	40.00%	4.83%
Small Cap US Equities	5.00%	5.57%
Developed Foreign Equities	11.00%	5.11%
	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 6.50%, as well as what the Civilian Plan’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	<b>1% Decrease 5.50%</b>	<b>Current Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
Net pension liability	\$ 467,000	\$ 50,998	\$ (306,588)

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2018

### Note 7: Retirement Plans - Continued

#### *Changes in the Net Pension Liability*

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at Beginning of Year</b>	\$ 3,583,891	\$ 3,456,348	\$ 127,543
Changes for the year			
Service cost	236,794	-	236,794
Interest	225,833	-	225,833
Differences between expected and actual experience	(112,128)	-	(112,128)
Assumption changes	(9,474)	-	(9,474)
Employer contributions	-	193,174	(193,174)
Employee contributions	-	69,163	(69,163)
Net investment income	-	155,233	(155,233)
Benefit payments, including member refunds	(222,582)	(222,582)	-
Net changes	118,443	194,988	(76,545)
<b>Balance at End of Year</b>	<u>\$ 3,702,334</u>	<u>\$ 3,651,336</u>	<u>\$ 50,998</u>

***Deferred Inflows and Outflows of Resources Related to Pensions*** – Under GASB 68, 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, 2018, 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	\$ -	\$ (16,506)
Changes of assumptions	238,797	(7,866)
Differences between expected and actual experience	-	(381,835)
Total	<u>\$ 238,797</u>	<u>\$ (406,207)</u>



**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 7: Retirement Plans - 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>	
2019	\$ (21,370)
2020	(63,910)
2021	(53,842)
2022	(17,083)
2023	<u>(11,205)</u>
	<u>\$ (167,410)</u>

***Police Pension Plan***

**Statement of Fiduciary Net Position – Cash Basis  
September 30, 2018**

<b>Assets</b>	
Cash and cash equivalents	\$ 36,769
Investments	<u>1,869,007</u>
Total assets	<u>1,905,776</u>
 <b>Liabilities - Due to Others</b>	
	<u>-</u>
 <b>Net Position Restricted for Pensions</b>	 <u><u>\$ 1,905,776</u></u>

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 7: Retirement Plans - Continued**

***Police Pension Plan - Continued***

**Statement of Changes in Fiduciary Net Position – Cash Basis**  
**Year Ended September 30, 2018**

<b>Additions</b>	
Contributions	
Employer	\$ 83,384
Employee	73,384
Rollovers	4,595
Net appreciation in fair value of investments	<u>125,417</u>
Total additions	<u>286,780</u>
 <b>Deductions</b>	
Benefit payments	<u>51,878</u>
Total deductions	<u>51,878</u>
<b>Net Increase in Net Position</b>	234,902
 <b>Net Position Restricted for Pensions</b>	
Beginning of year	<u>1,670,874</u>
End of year	\$ <u>1,905,776</u>

The City's single employer Police 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, 2018, there were 13 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 6% 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 \$83,384 and members contributed \$73,384 for 2018. No forfeitures were used to reduce City contributions during 2018. The Police Plan assets are held by a leading Nebraska financial institution, with administration services provided by an actuarial firm.

**City of Ralston, Nebraska**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 8: Interfund Balances and Activity**

Transfers included in the financial statements during the year ended September 30, 2018 consisted of:

<b>Transfer From</b>	<b>Transfer To</b>				<b>Total</b>
	<b>General</b>	<b>Street</b>	<b>Debt Service</b>	<b>Arena</b>	
General	\$ -	\$ -	\$ -	\$ 614,631	\$ 614,631
Street	-	-	180,000	-	180,000
Lottery	104,457	115,741	-	509,800	729,998
Debt Service	-	-	-	692,761	692,761
Total	<u>\$ 104,457</u>	<u>\$ 115,741</u>	<u>\$ 180,000</u>	<u>\$ 1,817,192</u>	<u>\$ 2,217,390</u>

Additional detail on these transfers is provided below:

From Lottery to General, Street and Arena for scheduled capital projects	\$ 229,998
From Street to Debt Service for certain highway bond payments	180,000
From General to Arena for pension costs initially paid by the General Fund	55,187
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	559,444
From Debt Service to Arena for property tax collections that were intended to be used for Arena debt service, but are initially collected within the Debt Service Fund	692,761
From Lottery to Arena for cash flow purposes	<u>500,000</u>
	<u>\$ 2,217,390</u>

# City of Ralston, Nebraska

## Notes to Financial Statements

September 30, 2018

### **Note 9: 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, 2018 were approximately \$252,000.

### **Note 10: 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.

#### ***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.

## **Required Supplementary Information**

**City of Ralston, Nebraska**  
**Budgetary Comparison Schedule – Cash Basis**  
**General Fund**  
**Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,982,467	\$ 1,982,467	\$ 2,347,414	\$ 364,947
Intergovernmental	87,525	87,525	255,310	167,785
Sales taxes	1,600,000	1,600,000	1,680,334	80,334
Grant income	-	-	550	550
Charges for services	300,000	300,000	321,192	21,192
Permits and fees	177,000	177,000	184,854	7,854
Investment income	-	-	6,558	6,558
Miscellaneous	76,850	76,850	61,974	(14,876)
	4,223,842	4,223,842	4,858,186	634,344
<b>Expenditures</b>				
General government	1,457,830	1,457,830	1,281,345	176,485
Public safety	1,956,183	1,956,183	1,773,129	183,054
Cultural and recreational	908,010	908,010	752,555	155,455
Capital outlay	145,170	145,170	128,603	16,567
Miscellaneous	65,000	65,000	-	65,000
	4,532,193	4,532,193	3,935,632	596,561
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(308,351)</b>	<b>(308,351)</b>	<b>922,554</b>	<b>1,230,905</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	125,170	125,170	104,457	(20,713)
Transfers out	(350,000)	(350,000)	(614,631)	(264,631)
	(224,830)	(224,830)	(510,174)	(285,344)
<b>Change in Fund Balance</b>	<b>\$ (533,181)</b>	<b>\$ (533,181)</b>	<b>\$ 412,380</b>	<b>\$ 945,561</b>

**City of Ralston, Nebraska**  
**Budgetary Comparison Schedule – Cash Basis**  
**Street Fund**  
**Year Ended September 30, 2018**

	<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>				
Intergovernmental	\$ 737,510	\$ 737,510	\$ 783,115	\$ 45,605
Miscellaneous	6,300	6,300	-	(6,300)
Total revenues	<u>743,810</u>	<u>743,810</u>	<u>783,115</u>	<u>39,305</u>
<b>Expenditures</b>				
Public works	856,000	856,000	804,661	51,339
Capital outlay	498,692	498,692	517,241	(18,549)
Debt service	-	-	14,250	(14,250)
Total expenditures	<u>1,354,692</u>	<u>1,354,692</u>	<u>1,336,152</u>	<u>18,540</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(610,882)</u>	<u>(610,882)</u>	<u>(553,037)</u>	<u>57,845</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	400,000	400,000	1,210,000	810,000
Transfers in	98,692	98,692	115,741	17,049
Transfers out	-	-	(180,000)	(180,000)
Total other financing sources	<u>498,692</u>	<u>498,692</u>	<u>1,145,741</u>	<u>647,049</u>
<b>Change in Fund Balance</b>	<u>\$ (112,190)</u>	<u>\$ (112,190)</u>	<u>\$ 592,704</u>	<u>\$ 704,894</u>

**City of Ralston, Nebraska**  
**Budgetary Comparison Schedule – Cash Basis**  
**Lottery Fund**  
**Year Ended September 30, 2018**

	<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	\$ 1,400,000	\$ 1,400,000	\$ 1,464,183	\$ 64,183
Investment income	1,000	1,000	7,397	6,397
Miscellaneous	-	-	70,382	70,382
Total revenues	<u>1,401,000</u>	<u>1,401,000</u>	<u>1,541,962</u>	<u>140,962</u>
<b>Expenditures</b>				
Economic and community development	<u>629,500</u>	<u>629,500</u>	<u>659,016</u>	<u>(29,516)</u>
Total expenditures	<u>629,500</u>	<u>629,500</u>	<u>659,016</u>	<u>(29,516)</u>
<b>Excess of Revenues Over Expenditures</b>	771,500	771,500	882,946	111,446
<b>Transfers Out</b>	<u>(233,662)</u>	<u>(233,662)</u>	<u>(729,998)</u>	<u>(496,336)</u>
<b>Change in Fund Balances</b>	<u>\$ 537,838</u>	<u>\$ 537,838</u>	<u>\$ 152,948</u>	<u>\$ (384,890)</u>



**City of Ralston, Nebraska**  
**Required Supplementary Information**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>					
Service cost	\$ 236,794	\$ 256,946	\$ 234,430	\$ 215,084	\$ 202,145
Interest	225,833	230,948	226,653	241,941	199,518
Effect of economic/demographic gains or losses	(112,128)	(182,121)	(193,117)	(93,771)	75,094
Assumption changes	(9,474)	337,473	-	-	-
Benefit payments	<u>(222,582)</u>	<u>(272,386)</u>	<u>(151,227)</u>	<u>(174,126)</u>	<u>(205,891)</u>
Net change in total pension liability	118,443	370,860	116,739	189,128	270,866
Total pension liability - beginning	<u>3,583,891</u>	<u>3,213,031</u>	<u>3,096,292</u>	<u>2,907,164</u>	<u>2,636,298</u>
Total pension liability - ending	<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	\$ 193,174	\$ 206,899	\$ 187,063	\$ 255,090	\$ 212,054
Contributions - employee	69,163	86,899	87,063	86,008	92,054
Net investment income (loss)	155,233	388,406	254,998	(17,602)	211,563
Benefit payments	<u>(222,582)</u>	<u>(272,386)</u>	<u>(151,227)</u>	<u>(174,126)</u>	<u>(205,891)</u>
Net change in plan fiduciary net position	194,988	409,818	377,897	149,370	309,780
Plan fiduciary net position - beginning	<u>3,456,348</u>	<u>3,046,530</u>	<u>2,668,633</u>	<u>2,519,263</u>	<u>2,209,483</u>
Plan fiduciary net position - ending	<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 Liability</b>	<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	98.62%	96.44%	94.82%	86.19%	86.66%
Covered payroll	\$ 1,213,386	\$ 1,448,317	\$ 1,451,050	\$ 1,459,989	\$ 1,420,467
Net pension liability as a percentage of covered payroll	4.20%	8.81%	11.47%	29.29%	27.31%

Note 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.

**Schedule of Investment Returns**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	4.48%	12.59%	9.36%	-0.68%	9.47%

# City of Ralston, Nebraska

## Required Supplementary Information

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

	2018	2017	2016	2015	2014
Actuarially determined employer contribution	\$ 195,411	\$ 204,628	\$ 143,079	\$ 147,383	\$ 159,536
Actual employer contribution	193,174	206,899	187,063	255,090	212,054
Annual contribution deficiency (excess)	\$ 2,237	\$ (2,271)	\$ (43,984)	\$ (107,707)	\$ (52,518)
Covered payroll	\$ 1,213,386	\$ 1,448,317	\$ 1,451,050	\$ 1,459,989	\$ 1,420,467
Actual contributions as a percentage of covered payroll	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:	8/1/2017	8/1/2016	8/1/2015	8/1/2014	8/1/2013
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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:

	Entry Age Normal 20 years, level dollar, open	Entry Age Normal 20 years, level dollar, open	Entry Age Normal 20 years, level percent, open	Entry Age Normal 20 years, level percent, open	Entry Age Normal 20 years, level percent, open
Actuarial cost method:					
Amortization method:					
Remaining amortization period:	20 years	20 years	20 years	20 years	20 years
Asset valuation method:	Market	Market	Market	Market	Market
Inflation:	2.60%	3.00%	3.00%	3.00%	3.00%
Salary increases:	5.00%	5.00%	5.00%	5.00%	5.00%
Investment rate of return:	6.50%	7.50%	7.50%	7.50%	7.50%

Changes of benefit and funding terms: The following changes to the plan provisions were reflected in the valuation performed as of August 1:

8/1/2017 valuation:

- Employees who are hired on or after July 1, 2017 are not eligible to participate in the Plan.

Changes in actuarial assumptions and methods:

8/1/2017 valuation:

- The assumed rate of investment return was lowered from 7.50% to 6.50%.
- The assumed rate of inflation was lowered from 3.00% to 2.60%.
- The mortality improvement scale changed from MP-2016 to MP-2017.
- The UAL amortization period was changed from an open 20-year period to a closed 20-year period that began August 1, 2016.

8/1/2016 valuation:

- The mortality improvement scale changed from MP-2015 to MP-2016.

8/1/2015 valuation:

- The mortality improvement scale changed from MP-2014 to MP-2015.