



City of Ralston, Nebraska

Independent Auditor's Report and Financial Statements

September 30, 2023



City of Ralston, Nebraska
September 30, 2023

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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, 2023, 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, 2023, 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

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparisons and pension information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS,LLP

Omaha, Nebraska
March 15, 2024

City of Ralston, Nebraska
Statement of Net Position
September 30, 2023

	Governmental Activities (Cash Basis)	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,119,115	\$ 2,124,144	\$ 6,243,259
Cash and investments held with trustee	1,694,352	-	1,694,352
Accounts receivable, net	-	257,958	257,958
Due from other governments	-	989,396	989,396
Inventories	-	45,092	45,092
Prepaid expenses	-	72,412	72,412
Capital assets, net of accumulated depreciation	-	32,006,840	32,006,840
	<u>5,813,467</u>	<u>35,495,842</u>	<u>41,309,309</u>
Total assets			
Liabilities			
Accounts payable	-	592,390	592,390
Accrued interest payable	-	143,589	143,589
Accrued liabilities	-	260,695	260,695
Unearned revenue	-	279,076	279,076
Noncurrent liabilities			
Bonds payable			
Payable within one year	-	2,082,395	2,082,395
Payable in more than one year	-	22,198,508	22,198,508
	<u>-</u>	<u>25,556,653</u>	<u>25,556,653</u>
Total liabilities			
Net Position			
Net investment in capital assets	-	7,725,937	7,725,937
Restricted	2,826,226	1,615,762	4,441,988
Unrestricted	2,987,241	597,490	3,584,731
	<u>\$ 5,813,467</u>	<u>\$ 9,939,189</u>	<u>\$ 15,752,656</u>
Total net position			

City of Ralston, Nebraska

Statement of Activities

Year Ended September 30, 2023

Functions / Programs	Program Revenues/Receipts				Net (Expense/Disbursements) Revenue/Receipts and Changes in Net Position		
	Expenses/ Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities (Cash Basis)	Business-Type Activities	Total
Primary Government							
Governmental Activities (Cash basis)							
General government	\$ 2,649,099	\$ 900,044	\$ 92,162	\$ -	\$ (1,656,893)	\$ -	\$ (1,656,893)
Public safety	2,218,679	-	-	-	(2,218,679)	-	(2,218,679)
Public works	2,090,892	-	1,015,240	-	(1,075,652)	-	(1,075,652)
Cultural and recreational	583,665	-	-	-	(583,665)	-	(583,665)
Economic and community development	3,149,860	1,606,474	-	-	(1,543,386)	-	(1,543,386)
Debt service	368,502	-	-	-	(368,502)	-	(368,502)
Total governmental activities	<u>11,060,697</u>	<u>2,506,518</u>	<u>1,107,402</u>	<u>-</u>	<u>(7,446,777)</u>	<u>-</u>	<u>(7,446,777)</u>
Business-Type Activities							
Sewer	1,265,493	1,272,794	-	-	-	7,301	7,301
Arena	12,472,406	9,022,960	3,723,874	-	-	274,428	274,428
Total business-type activities	<u>13,737,899</u>	<u>10,295,754</u>	<u>3,723,874</u>	<u>-</u>	<u>-</u>	<u>281,729</u>	<u>281,729</u>
Total Primary Government	<u>\$ 24,798,596</u>	<u>\$ 12,802,272</u>	<u>\$ 4,831,276</u>	<u>\$ -</u>	<u>(7,446,777)</u>	<u>281,729</u>	<u>(7,165,048)</u>
General Revenues							
Property taxes					4,157,261	-	4,157,261
Intergovernmental					543,496	-	543,496
Sales taxes					2,303,442	-	2,303,442
Investment income					450,658	30,485	481,143
Transfers					(1,286,867)	1,286,867	-
Miscellaneous					326,381	29,843	356,224
Total general revenues and transfers					<u>6,494,371</u>	<u>1,347,195</u>	<u>7,841,566</u>
Change in Net Position					<u>(952,406)</u>	<u>1,628,924</u>	<u>676,518</u>
Net Position, Beginning of Year					<u>6,765,873</u>	<u>8,310,265</u>	<u>15,076,138</u>
Net Position, End of Year					<u>\$ 5,813,467</u>	<u>\$ 9,939,189</u>	<u>\$ 15,752,656</u>

City of Ralston, Nebraska
Balance Sheet – Cash Basis
Governmental Funds
September 30, 2023

	General Fund	Street Fund	Lottery Fund	Debt Service Fund	Community Development Fund	Total
Assets						
Cash and cash equivalents	\$ 2,987,241	\$ 290,334	\$ 600,201	\$ 173,802	\$ 67,537	\$ 4,119,115
Cash and investments held with trustee	-	-	-	-	1,694,352	1,694,352
Total assets	<u>\$ 2,987,241</u>	<u>\$ 290,334</u>	<u>\$ 600,201</u>	<u>\$ 173,802</u>	<u>\$ 1,761,889</u>	<u>\$ 5,813,467</u>
Liabilities and Fund Balances						
Liabilities						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances						
Restricted for						
Streets	-	290,334	-	-	-	290,334
Community development	-	-	600,201	-	1,761,889	2,362,090
Debt service	-	-	-	173,802	-	173,802
Unassigned	<u>2,987,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,987,241</u>
Total fund balances	<u>2,987,241</u>	<u>290,334</u>	<u>600,201</u>	<u>173,802</u>	<u>1,761,889</u>	<u>5,813,467</u>
Total liabilities and fund balances	<u>\$ 2,987,241</u>	<u>\$ 290,334</u>	<u>\$ 600,201</u>	<u>\$ 173,802</u>	<u>\$ 1,761,889</u>	<u>\$ 5,813,467</u>

City of Ralston, Nebraska
Statement of Revenues, Expenditures and Changes in Fund
Balances – Cash Basis – Governmental Funds
Year Ended September 30, 2023

	General Fund	Street Fund	Lottery Fund	Debt Service Fund	Community Development Fund	Total
Revenues						
Property taxes	\$ 3,205,769	\$ -	\$ -	\$ 951,492	\$ -	\$ 4,157,261
Intergovernmental	473,736	1,015,240	-	69,760	-	1,558,736
Sales taxes	1,823,442	480,000	-	-	-	2,303,442
Charges for services	393,950	-	-	-	-	393,950
Keno income	-	-	1,606,474	-	-	1,606,474
Permits and fees	506,094	-	-	-	-	506,094
Grants and donations	92,162	-	-	-	-	92,162
Investment income	4,623	-	4,281	2,539	439,215	450,658
Miscellaneous	162,342	60,283	53,559	-	50,197	326,381
Total revenues	<u>6,662,118</u>	<u>1,555,523</u>	<u>1,664,314</u>	<u>1,023,791</u>	<u>489,412</u>	<u>11,395,158</u>
Expenditures						
Current						
General government	2,520,266	-	-	-	-	2,520,266
Public safety	2,218,679	-	-	-	-	2,218,679
Public works	-	1,317,949	-	-	-	1,317,949
Cultural and recreational	583,665	-	-	-	-	583,665
Economic and community development	-	-	733,591	-	2,416,269	3,149,860
Capital outlay	128,833	772,943	-	-	-	901,776
Debt service						
Principal	28,676	230,000	-	55,000	-	313,676
Interest and fiscal charges	19,078	26,448	-	9,300	-	54,826
Total expenditures	<u>5,499,197</u>	<u>2,347,340</u>	<u>733,591</u>	<u>64,300</u>	<u>2,416,269</u>	<u>11,060,697</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>1,162,921</u>	<u>(791,817)</u>	<u>930,723</u>	<u>959,491</u>	<u>(1,926,857)</u>	<u>334,461</u>
Other Financing Sources (Uses)						
Transfers in	-	930,000	-	-	-	930,000
Transfers out	(468,297)	-	(818,570)	(930,000)	-	(2,216,867)
Total other financing sources (uses)	<u>(468,297)</u>	<u>930,000</u>	<u>(818,570)</u>	<u>(930,000)</u>	<u>-</u>	<u>(1,286,867)</u>
Change in Fund Balances	694,624	138,183	112,153	29,491	(1,926,857)	(952,406)
Fund Balance, Beginning of Year	<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>
Fund Balance, End of Year	<u>\$ 2,987,241</u>	<u>\$ 290,334</u>	<u>\$ 600,201</u>	<u>\$ 173,802</u>	<u>\$ 1,761,889</u>	<u>\$ 5,813,467</u>

City of Ralston, Nebraska

Balance Sheet

Proprietary Funds

September 30, 2023

	Business-Type Activities		
	Sewer Fund	Arena Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 755,185	\$ 1,368,959	\$ 2,124,144
Accounts receivable, net	97,475	160,483	257,958
Due from other governments	-	989,396	989,396
Inventories	-	45,092	45,092
Prepaid expenses	-	72,412	72,412
	852,660	2,636,342	3,489,002
Noncurrent Assets			
Capital assets, net of accumulated depreciation	77,859	31,928,981	32,006,840
Total Assets	\$ 930,519	\$ 34,565,323	\$ 35,495,842
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 127,159	\$ 465,231	\$ 592,390
Accrued interest payable	-	143,589	143,589
Accrued liabilities	-	260,695	260,695
Unearned revenue	-	279,076	279,076
Current portion of long-term debt	-	2,082,395	2,082,395
	127,159	3,230,986	3,358,145
Noncurrent Liabilities			
Long-term debt	-	22,198,508	22,198,508
	-	22,198,508	22,198,508
Net Position			
Net investment in capital assets	77,859	7,648,078	7,725,937
Restricted for debt service	-	1,615,762	1,615,762
Unrestricted	725,501	(128,011)	597,490
	803,360	9,135,829	9,939,189
Total Liabilities and Net Position	\$ 930,519	\$ 34,565,323	\$ 35,495,842

City of Ralston, Nebraska
Statement of Revenues, Expenses and Changes in
Net Position – Proprietary Funds
Year Ended September 30, 2023

	Business-Type Activities		
	Sewer Fund	Arena Fund	Total
Operating Revenues			
Charges for services	\$ 1,272,794	\$ -	\$ 1,272,794
Food and beverage sales	-	2,431,728	2,431,728
Event revenue	-	5,888,015	5,888,015
Facility use revenue	-	265,213	265,213
Advertising revenue	-	280,470	280,470
Suite and premium seat revenue	-	123,363	123,363
Merchandise sales	-	34,171	34,171
Miscellaneous	3,503	26,340	29,843
	<u>1,276,297</u>	<u>9,049,300</u>	<u>10,325,597</u>
Operating Expenses			
Sewer service	740,952	-	740,952
Arena operations	-	2,537,320	2,537,320
Event expenses	-	6,203,969	6,203,969
Food and beverage cost of sales	-	823,415	823,415
General and administrative	453,857	401,102	854,959
Depreciation	19,765	935,414	955,179
Repairs and maintenance	50,919	330,276	381,195
	<u>1,265,493</u>	<u>11,231,496</u>	<u>12,496,989</u>
Operating Income (Loss)	<u>10,804</u>	<u>(2,182,196)</u>	<u>(2,171,392)</u>
Nonoperating Revenues (Expenses)			
Intergovernmental	-	3,723,874	3,723,874
Interest income	-	30,485	30,485
Interest expense	-	(1,240,910)	(1,240,910)
	<u>-</u>	<u>2,513,449</u>	<u>2,513,449</u>
Other Financing Sources			
Transfers in	-	1,286,867	1,286,867
Change in Net Position	10,804	1,618,120	1,628,924
Net Position, Beginning of Year	<u>792,556</u>	<u>7,517,709</u>	<u>8,310,265</u>
Net Position, End of Year	<u>\$ 803,360</u>	<u>\$ 9,135,829</u>	<u>\$ 9,939,189</u>

City of Ralston, Nebraska
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2023

	Business-Type Activities		
	Sewer Fund	Arena Fund	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,265,927	\$ 9,044,826	\$ 10,310,753
Payments to suppliers	(1,315,499)	(8,541,565)	(9,857,064)
Payments to employees	-	(1,927,178)	(1,927,178)
Net cash used in operating activities	<u>(49,572)</u>	<u>(1,423,917)</u>	<u>(1,473,489)</u>
Cash Flows from Capital and Related Financing Activities			
Payments for acquisition of capital assets	-	(654,986)	(654,986)
Principal paid on long-term debt	-	(2,262,061)	(2,262,061)
Proceeds from intergovernmental revenues	-	4,077,680	4,077,680
Interest and fiscal charges paid	-	(1,240,102)	(1,240,102)
Transfers from other funds	-	1,286,867	1,286,867
Net cash provided by capital and related financing activities	<u>-</u>	<u>1,207,398</u>	<u>1,207,398</u>
Cash Flows from Investing Activities			
Interest received	-	30,485	30,485
Net Change in Cash and Cash Equivalents	(49,572)	(186,034)	(235,606)
Cash and Cash Equivalents, Beginning of Year	804,757	1,554,993	2,359,750
Cash and Cash Equivalents, End of Year	<u>\$ 755,185</u>	<u>\$ 1,368,959</u>	<u>\$ 2,124,144</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities			
Operating income (loss)	\$ 10,804	\$ (2,182,196)	\$ (2,171,392)
Depreciation	19,765	935,414	955,179
Changes in operating assets and liabilities			
Accounts receivable	(10,370)	(37,937)	(48,307)
Inventories	-	(35,252)	(35,252)
Prepaid expenses	-	(16,925)	(16,925)
Accrued expenses	-	(333,026)	(333,026)
Accounts payable	(69,771)	212,542	142,771
Unearned revenue	-	33,463	33,463
Net Cash Used in Operating Activities	<u>\$ (49,572)</u>	<u>\$ (1,423,917)</u>	<u>\$ (1,473,489)</u>

City of Ralston, Nebraska
Statement of Fiduciary Net Position – Cash Basis
September 30, 2023

	Pension Trust Funds	Custodial Fund
Assets		
Cash and cash equivalents	\$ 116,360	\$ -
Investments	3,587,934	-
Total assets	3,704,294	-
Liabilities - Due to Others		
	-	-
Net Position		
Restricted for pensions	3,704,294	-
Total liabilities and net position	\$ 3,704,294	\$ -

City of Ralston, Nebraska
Statement of Changes in Fiduciary Net Position – Cash Basis
Year Ended September 30, 2023

	Pension Trust Funds	Custodial Fund
Additions		
Contributions		
Employer	\$ 93,306	\$ -
Employee	25,980	-
Net depreciation in fair value of investments	(79,172)	-
Tax increment financing receipts	-	672,424
	40,114	672,424
Deductions		
Benefit payments	262,750	-
Tax increment financing disbursements	-	672,424
	262,750	672,424
Change in Net Position	(222,636)	-
Net Position, Beginning of Year	3,926,930	-
Net Position, End of Year	\$ 3,704,294	\$ -

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023. 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, 2023

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 2023 fiscal year, distributions of \$2,276,500 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, 2023

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, 2023

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, 2023

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, 2023, the City’s deposit balances totaled \$6,914,701, and deposit balances in excess of FDIC limits, totaling \$5,914,701 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, 2023, the City’s pension trust funds had the following investments:

Type	Carrying Value	Credit Rating
Money market mutual funds	\$ 116,360	N/A
Mutual funds - alternatives	655,028	N/A
Mutual funds - fixed income	1,226,494	N/A
Mutual funds - equities	<u>1,706,412</u>	N/A
	<u>\$ 3,704,294</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, 2023

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	\$ 6,243,259
Cash and investments held with trustee	
Cash held with trustee	496,225
Investments held with trustee	1,198,127
Fiduciary funds statement of net position	
Cash and cash equivalents	\$ 116,360
Investments	3,587,934

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, 2023

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, 2023. 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, 2023.

Note 4: Capital Assets - Sewer and Arena Funds

Capital assets activity for the year ended September 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities				
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	31,189,805	490,135	-	31,679,940
Furniture and fixtures	4,959,933	78,654	-	5,038,587
Machinery and equipment	1,088,323	86,197	-	1,174,520
Total capital assets, being depreciated	<u>37,238,061</u>	<u>654,986</u>	<u>-</u>	<u>37,893,047</u>
Less accumulated depreciation for				
Building and improvements	8,056,081	797,461	-	8,853,542
Furniture and fixtures	4,697,543	66,829	-	4,764,372
Machinery and equipment	800,792	90,889	-	891,681
Total accumulated depreciation	<u>13,554,416</u>	<u>955,179</u>	<u>-</u>	<u>14,509,595</u>
Total capital assets, being depreciated, net	<u>23,683,645</u>	<u>(300,193)</u>	<u>-</u>	<u>23,383,452</u>
Business-type activities capital assets, net	<u>\$ 32,307,033</u>	<u>\$ (300,193)</u>	<u>\$ -</u>	<u>\$ 32,006,840</u>

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

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

Depreciation was charged to functions/programs as follows:

Business-Type Activities	
Sewer	\$ 19,765
Arena	<u>935,414</u>
	<u>\$ 955,179</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, 2023:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities					
General obligation bonds	\$ 1,565,000	\$ -	\$ 285,000	\$ 1,280,000	\$ 285,000
Notes payable - Direct borrowing	<u>457,902</u>	<u>-</u>	<u>28,676</u>	<u>429,226</u>	<u>30,843</u>
Governmental activities long-term liabilities	<u>\$ 2,022,902</u>	<u>\$ -</u>	<u>\$ 313,676</u>	<u>\$ 1,709,226</u>	<u>\$ 315,843</u>
Business-Type Activities					
General obligation bonds	\$ 26,135,000	\$ -	\$ 2,165,000	\$ 23,970,000	\$ 1,980,000
Notes payable - Direct borrowing	478,034	-	97,061	380,973	102,395
Unamortized issuance discounts	<u>(78,796)</u>	<u>-</u>	<u>(8,726)</u>	<u>(70,070)</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 26,534,238</u>	<u>\$ -</u>	<u>\$ 2,253,335</u>	<u>\$ 24,280,903</u>	<u>\$ 2,082,395</u>

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

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
Governmental Activities							
General Obligation Bonds							
\$ 760,000	8/10/2010	Vehicle Off-Street Parking Bonds	0.75 - 4.10	Ser. '11 to '26	2015	Semiannually	\$ 180,000
530,000	9/3/2014	Highway Allocation Fund Pledge Bonds	0.45 - 2.70	Ser. '15 to '24	2019	Semiannually	65,000
400,000	9/25/2018	Highway Allocation Fund Pledge Bonds	2.35 - 3.60	Ser. '19 to '28	2023	Semiannually	140,000
1,100,000	9/2/2020	Highway Allocation Fund Pledge Bonds	1.25 - 2.25	Ser. '22 to '31	2025	Semiannually	<u>895,000</u>
Total General Obligation Bonds							<u>\$ 1,280,000</u>
Notes Payable - Direct borrowing							
\$ 541,878	10/7/2019	Note Payable - Equipment	3.71	10/7/2034	N/A	Annually	<u>\$ 429,226</u>
Business-Type Activities							
General Obligation Bonds							
\$ 7,930,000	8/30/2011	General Obligation Arena Bonds	1.15 - 4.50	Ser. '15 to '31	2016	Semiannually	\$ 5,055,000
630,000	8/30/2011	General Obligation Arena Bonds	2.10 - 4.85	Ser. '15 to '31	2016	Semiannually	350,000
10,000,000	2/1/2012	General Obligation Arena Bonds Series A	2.00 - 5.00	Ser. '15 to '31	2017	Semiannually	5,915,000
10,440,000	5/22/2012	General Obligation Arena Bonds Series B	1.40 - 5.00	Ser. '14 to '31	2017	Semiannually	5,115,000
4,245,000	9/25/2012	Lease Purchase Bonds	1.65 - 5.10	Ser. '13 to '27	2017	Semiannually	1,385,000
4,075,000	6/1/2012	Vehicle Off-Street Parking Bonds	0.55 - 3.70	Ser. '14 to '32	2017	Semiannually	2,215,000
4,295,000	5/1/2013	Vehicle Off-Street Parking Bonds	2.30 - 6.00	Ser. '17 to '33	2018	Semiannually	<u>3,935,000</u>
Total General Obligation Bonds							<u>\$ 23,970,000</u>
Notes Payable - Direct borrowing							
\$ 700,100	3/19/2020	Note Payable - Facility Purchase	5.00	3/19/2027	N/A	Monthly	<u>\$ 380,973</u>

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

Note 5: Long-term Liabilities - Continued

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

Year Ending September 30,	Principal	Interest
Governmental Activities General Obligation Bonds		
2024	\$ 285,000	\$ 28,781
2025	230,000	21,483
2026	175,000	15,478
2027	110,000	11,080
2028	130,000	9,183
2029-2033	<u>350,000</u>	<u>11,609</u>
	<u>\$ 1,280,000</u>	<u>\$ 97,614</u>
Governmental Activities Notes Payable - Direct Borrowing		
2024	\$ 30,843	\$ 16,911
2025	31,988	15,766
2026	33,175	14,580
2027	34,405	13,349
2028	35,682	12,072
2029-2033	199,274	39,496
2034-2038	<u>63,859</u>	<u>5,063</u>
	<u>\$ 429,226</u>	<u>\$ 117,237</u>
Business-Type Activities General Obligation Bonds		
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	3,185,000	713,803
2029-2033	<u>11,285,000</u>	<u>1,529,608</u>
	<u>\$ 23,970,000</u>	<u>\$ 6,254,828</u>
Business-Type Activities Notes Payable - Direct Borrowing		
2024	\$ 102,395	\$ 16,645
2025	108,189	10,851
2026	113,140	5,899
2027	<u>57,249</u>	<u>3,288</u>
	<u>\$ 380,973</u>	<u>\$ 36,683</u>

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

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 8.50% and payments due on demand. No amounts were drawn on this line of credit during the year ended September 30, 2023.

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 \$1,182,673, with annual payments expected to require approximately 25% of revenues in fiscal year 2024, 18% in fiscal year 2025, and 13% thereafter.

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 2023 were \$93,306. Amounts contributed by employees during 2023 totaled \$25,980.

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

Note 6: Retirement Plans - Continued

Civilian Employee Defined Benefit Pension Plan - Continued

Plan Membership – At September 30, 2023, 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	11
Active plan members	6
Total	35

Net Pension Liability – The Civilian Plan’s net pension liability was measured as of September 30, 2023 based on an actuarial valuation as of August 1, 2023 rolled forward to September 30, 2023. The components of the net pension liability of the Civilian Plan at September 30, 2023, were as follows:

Total pension liability	\$ 4,881,778
Plan fiduciary net position (market value)	(3,704,294)
Net pension liability	\$ 1,177,484
Plan fiduciary net position as a percentage of the total pension liability	75.88%

Actuarial Assumptions – The total pension liability as of September 30, 2023, 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	5.45 %

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 four-year period ending July 31, 2022.

Discount Rate – The discount rate used to measure the total pension liability at September 30, 2023 was 5.45%, which was a decrease from the prior discount rate of 5.70% used to measure the total pension liability at September 30, 2022. 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, 2023

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, 2023, are summarized in the following table.

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

For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 5.45%, 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 (4.45%) or 1 percentage point higher (6.45%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	4.45%	5.45%	6.45%
Net pension liability	\$ 1,724,053	\$ 1,177,484	\$ 724,384

City of Ralston, Nebraska

Notes to Financial Statements

September 30, 2023

Note 6: Retirement Plans - Continued

Civilian Employee Defined Benefit Pension Plan - Continued

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at Beginning of Year	\$ 4,611,762	\$ 3,489,258	\$ 1,122,504
Changes for the year			
Service cost	73,111	-	73,111
Interest	255,747	-	255,747
Differences between expected and actual experience	62,152	-	62,152
Assumption changes	132,472	-	132,472
Employer contributions	-	93,306	(93,306)
Employee contributions	-	25,980	(25,980)
Net investment income	-	349,216	(349,216)
Benefit payments, including member refunds	(253,466)	(253,466)	-
Net changes	270,016	215,036	54,980
Balance at End of Year	\$ 4,881,778	\$ 3,704,294	\$ 1,177,484

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, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 302,299	\$ -

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

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:

Year Ended September 30,	
2024	\$ 77,097
2025	81,401
2026	174,620
2027	<u>(30,819)</u>
	<u>\$ 302,299</u>

Civilian Employee Defined Contribution Pension Plan

The Civilian Employee Defined Contribution Pension Plan is a single employer defined contribution pension plan administered by the City. As of September 30, 2023, there were six 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 \$54,415 and members contributed \$54,415 during 2023. No forfeitures were used to reduce City contributions during 2023.

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, 2023, 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 \$84,856 and members contributed \$84,856 for 2023. No forfeitures were used to reduce City contributions during 2023.

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2023

Note 7: Interfund Balances and Activity

Transfers included in the financial statements during the year ended September 30, 2023 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	\$ 468,297
From Lottery to Arena for cash flow purposes	818,570
From Debt Service to Street for bond proceeds to be used for certain City street projects	<u>930,000</u>
	<u>\$ 2,216,867</u>

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, 2023 were approximately \$195,000.

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.

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.

Supplementary Information

City of Ralston, Nebraska
Budgetary Comparison Schedule – Cash Basis
General Fund
Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 3,155,280	\$ 3,155,280	\$ 3,205,769	\$ 50,489
Intergovernmental	256,548	256,548	473,736	217,188
Sales taxes	1,640,000	1,640,000	1,823,442	183,442
Charges for services	404,000	404,000	393,950	(10,050)
Permits and fees	349,500	349,500	506,094	156,594
Grants and donations	144,500	144,500	92,162	(52,338)
Investment income	-	-	4,623	4,623
Miscellaneous	75,000	75,000	162,342	87,342
	<u>6,024,828</u>	<u>6,024,828</u>	<u>6,662,118</u>	<u>637,290</u>
Expenditures				
General government	2,088,651	2,088,651	2,520,266	(431,615)
Public safety	2,427,596	2,427,596	2,218,679	208,917
Cultural and recreational	703,533	703,533	583,665	119,868
Capital outlay	391,919	391,919	128,833	263,086
	<u>5,611,699</u>	<u>5,611,699</u>	<u>5,451,443</u>	<u>160,256</u>
Excess of Revenues Over Expenditures	<u>413,129</u>	<u>413,129</u>	<u>1,210,675</u>	<u>797,546</u>
Other Financing Uses				
Transfers out	<u>(360,000)</u>	<u>(360,000)</u>	<u>(468,297)</u>	<u>(108,297)</u>
	<u>(360,000)</u>	<u>(360,000)</u>	<u>(468,297)</u>	<u>(108,297)</u>
Change in Fund Balance	<u>\$ 53,129</u>	<u>\$ 53,129</u>	<u>\$ 742,378</u>	<u>\$ 689,249</u>

City of Ralston, Nebraska
Budgetary Comparison Schedule – Cash Basis
Street Fund
Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 940,304	\$ 940,304	\$ 1,015,240	\$ 74,936
Sales taxes	480,000	480,000	480,000	-
Miscellaneous	200,703	200,703	60,283	(140,420)
Total revenues	<u>1,621,007</u>	<u>1,621,007</u>	<u>1,555,523</u>	<u>(65,484)</u>
Expenditures				
Public works	1,479,629	1,479,629	1,317,949	161,680
Capital outlay	785,688	785,688	772,943	12,745
Debt service	256,448	256,448	256,448	-
Total expenditures	<u>2,521,765</u>	<u>2,521,765</u>	<u>2,347,340</u>	<u>174,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(900,758)</u>	<u>(900,758)</u>	<u>(791,817)</u>	<u>108,941</u>
Other Financing Sources				
Transfers in	930,000	930,000	930,000	-
Total other financing sources	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>	<u>-</u>
Change in Fund Balance	<u>\$ 29,242</u>	<u>\$ 29,242</u>	<u>\$ 138,183</u>	<u>\$ 108,941</u>

City of Ralston, Nebraska
Budgetary Comparison Schedule – Cash Basis
Lottery Fund
Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Keno income	\$ 1,600,000	\$ 1,600,000	\$ 1,606,474	\$ 6,474
Investment income	800	800	4,281	3,481
Miscellaneous	54,000	54,000	53,559	(441)
Total revenues	<u>1,654,800</u>	<u>1,654,800</u>	<u>1,664,314</u>	<u>9,514</u>
Expenditures				
Economic and community development	741,000	741,000	733,591	7,409
Total expenditures	<u>741,000</u>	<u>741,000</u>	<u>733,591</u>	<u>7,409</u>
Excess of Revenues Over Expenditures	<u>913,800</u>	<u>913,800</u>	<u>930,723</u>	<u>16,923</u>
Other Financing Uses				
Transfers out	(812,000)	(812,000)	(818,570)	(6,570)
Total other financing uses	<u>(812,000)</u>	<u>(812,000)</u>	<u>(818,570)</u>	<u>(6,570)</u>
Change in Fund Balances	<u>\$ 101,800</u>	<u>\$ 101,800</u>	<u>\$ 112,153</u>	<u>\$ 10,353</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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 73,111	\$ 78,978	\$ 84,413	\$ 132,340	\$ 181,107	\$ 236,794	\$ 256,946	\$ 234,430	\$ 215,084	\$ 202,145
Interest	255,747	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	62,152	275,562	(8,346)	69,021	(109,207)	(112,128)	(182,121)	(193,117)	(93,771)	75,094
Assumption changes	132,472	23,261	27,729	180,819	(12,019)	(9,474)	337,473	-	-	-
Benefit payments	(253,466)	(222,576)	(224,209)	(208,548)	(292,347)	(222,582)	(272,386)	(151,227)	(174,126)	(205,891)
Net change in total pension liability	270,016	391,576	111,481	407,537	(1,166)	118,443	370,860	116,739	189,128	270,866
Total pension liability - beginning	4,611,762	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	\$ 4,881,778	\$ 4,611,762	\$ 4,220,186	\$ 4,108,705	\$ 3,701,168	\$ 3,702,334	\$ 3,583,891	\$ 3,213,031	\$ 3,096,292	\$ 2,907,164

Plan Fiduciary Net Position

Contributions - employer	\$ 93,306	\$ 25,412	\$ 69,275	\$ 37,620	\$ 122,445	\$ 193,174	\$ 206,899	\$ 187,063	\$ 255,090	\$ 212,054
Contributions - employee	25,980	25,412	31,123	37,620	57,615	69,163	86,899	87,063	86,008	92,054
Net investment income (loss)	349,216	(776,882)	687,259	260,805	207,898	155,233	388,406	254,998	(17,602)	211,563
Benefit payments	(253,466)	(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	215,036	(948,634)	563,448	127,497	95,611	194,988	409,818	377,897	149,370	309,780
Plan fiduciary net position - beginning	3,489,258	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	\$ 3,704,294	\$ 3,489,258	\$ 4,437,892	\$ 3,874,444	\$ 3,746,947	\$ 3,651,336	\$ 3,456,348	\$ 3,046,530	\$ 2,668,633	\$ 2,519,263
Net Pension (Asset) Liability										
	\$ 1,177,484	\$ 1,122,504	\$ (217,706)	\$ 234,261	\$ (45,779)	\$ 50,998	\$ 127,543	\$ 166,501	\$ 427,659	\$ 387,901

Plan fiduciary net position as a percentage of the total pension liability

	75.88%	75.66%	105.16%	94.30%	101.24%	98.62%	96.44%	94.82%	86.19%	86.66%
Covered payroll	\$ 433,000	\$ 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	271.94%	265.03%	-41.97%	37.36%	-4.77%	4.20%	8.81%	11.47%	29.29%	27.31%

Schedule of Investment Returns

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	10.22%	-17.91%	18.09%	7.09%	5.82%	4.48%	12.59%	9.36%	-0.68%	9.47%

City of Ralston, Nebraska

Supplementary Information

Schedule of Employer Contributions For the Civilian Employee Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	\$ 93,306	\$ 25,412	\$ 69,275	\$ 85,063	\$ 122,445	\$ 193,174	\$ 204,628	\$ 143,079	\$ 147,383	\$ 159,536
Actual employer contribution	93,306	25,412	69,275	37,620	122,445	193,174	206,899	187,063	255,090	212,054
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 47,443	\$ -	\$ -	\$ (2,271)	\$ (43,984)	\$ (107,707)	\$ (52,518)
Covered payroll	\$ 433,000	\$ 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	21.55%	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:

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:

Amortization method:

Remaining amortization period:

Asset valuation method:

Inflation:

Salary increases:

Investment rate of return:

	8/1/2022	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
Entry Age Normal Level dollar, closed	23 years	24 years	25 years	17 years	18 years	20 years	20 years	20 years	20 years	20 years
Market Level dollar, closed	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	3.00%	3.00%	3.00%	3.00%
Entry Age Normal Level dollar, open	3.00% to 4.00%	3.00% to 4.00%	3.00% to 4.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Market Level dollar, open	5.70%	6.50%	6.50%	6.50%	6.50%	6.50%	7.50%	7.50%	7.50%	7.50%

City of Ralston, Nebraska

Supplementary Information

Schedule of Employer Contributions For the Civilian Employee Pension Plan - Continued

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:

8/1/2022 valuation:

- The assumed rate of investment return was changed from 6.50% to 5.70%.

8/1/2021 valuation:

- The mortality assumption was changed from the Pub-2010 General Mortality Table, with generational improvement using Scale MP-2020, to the Pub-2010 General Mortality Table, with generational improvement using Scale MP-2021.

8/1/2020 valuation:

- The assumed rate of investment return was changed from 6.50% for all years to 6.50% through July 21, 2029, followed by 5.50% through July 31, 2039, and 4.50% thereafter to reflect the expected change in future asset allocations due to the closure of the Plan.
- The mortality assumption was changed from the RP-2014 Total Dataset Mortality Table, with generational improvement using Scale MP-2019, to the Pub-2010 General Mortality Table, with generational improvement using Scale MP-2020.
- Termination rates were changed from age-based rates to service-based rates from the Small Plan Service Table from the Society of Actuaries (SOA) 2003 Pension Plan Turnover Study.
- The salary increase assumption was changed from a flat 5.00% increase per year to a service-based table that decreases from 4.00% to 3.00% as service increases. Salary increase timing was also updated to the beginning of the plan year to better reflect actual pay increase timing.
- An assumption regarding the percent of retiring members who will elect to take a refund of their employee contribution balance was implemented at 50%.
- The UAL amortization period was reset to a closed 25-year period, beginning with the August 1, 2020 funding valuation.

8/1/2019 valuation:

- The mortality improvement scale changed from MP-2018 to MP-2019

City of Ralston, Nebraska

Supplementary Information

Schedule of Employer Contributions For the Civilian Employee Pension Plan - Continued

8/1/2018 valuation:

- The mortality improvement scale changed from MP-2017 to MP-2018

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.