

City of Ralston, Nebraska

Auditor's Reports and Financial Statements

September 30, 2013



City of Ralston, Nebraska
September 30, 2013

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Independent Auditor's Report

Honorable Mayor and City Council
City of Ralston, Nebraska
Ralston, Nebraska

We have audited the accompanying basic 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, 2013, and the related notes to the basic 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 presentation 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major governmental fund, internal service and fiduciary funds of the City of Ralston, Nebraska, as of September 30, 2013, and the respective changes in financial position – cash basis thereof for the year then ended in accordance with the basis of accounting described in the Emphasis of Matter paragraph included below.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major proprietary fund of the City of Ralston, Nebraska, as of September 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the basic financial statements, the City prepares its financial statements for its governmental activities, general fund, other governmental funds, internal service fund and fiduciary funds, on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 31, 2014

City of Ralston, Nebraska
Statement of Net Position
September 30, 2013

	Governmental Activities (Cash Basis)	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,640,033	\$ 639,108	\$ 2,279,141
Certificates of deposit	1,503,500	-	1,503,500
Internal balances	1,512,267	(1,512,267)	-
Accounts receivable, net	-	130,318	130,318
Due from other governments	-	239,241	239,241
Inventories	-	48,227	48,227
Prepaid expenses	-	2,714	2,714
Deferred charges	-	682,122	682,122
Capital assets, net of accumulated depreciation	-	42,636,688	42,636,688
	<u>4,655,800</u>	<u>42,866,151</u>	<u>47,521,951</u>
Total assets			
Liabilities			
Accounts payable	-	271,674	271,674
Accrued liabilities	-	287,598	287,598
Unearned revenue	-	365,971	365,971
Noncurrent liabilities			
Real estate deposit	-	700,000	700,000
Accrued compensated balances			
Payable within one year	-	8,117	8,117
Payable in more than one year	-	25,909	25,909
Bonds payable			
Payable within one year	-	3,305,000	3,305,000
Payable in more than one year	-	41,107,670	41,107,670
	<u>-</u>	<u>46,071,939</u>	<u>46,071,939</u>
Total liabilities			
Net Position			
Net investment in capital assets	-	(1,775,982)	(1,775,982)
Restricted	4,514,035	239,241	4,753,276
Unrestricted	141,765	(1,669,047)	(1,527,282)
	<u>\$ 4,655,800</u>	<u>\$ (3,205,788)</u>	<u>\$ 1,450,012</u>
Total net position			

City of Ralston, Nebraska
Statement of Activities
Year Ended September 30, 2013

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	Business-Type Activities	Total
Primary Government							
Governmental Activities (Cash basis)							
General government	\$ 1,159,151	\$ 626,814	\$ 1,000	\$ -	\$ (531,337)	\$ -	\$ (531,337)
Public safety	1,775,276	-	-	-	(1,775,276)	-	(1,775,276)
Public works	973,989	-	619,703	-	(354,286)	-	(354,286)
Cultural and recreational	1,011,295	-	-	-	(1,011,295)	-	(1,011,295)
Economic and community development	455,496	1,477,137	-	22,301	1,043,942	-	1,043,942
Debt service	738,079	-	-	-	(738,079)	-	(738,079)
Total governmental activities	6,113,286	2,103,951	620,703	22,301	(3,366,331)	-	(3,366,331)
Business-Type Activities							
Sewer	610,545	730,037	9,082	-	-	128,574	128,574
Arena	7,633,914	3,370,607	239,241	-	-	(4,024,066)	(4,024,066)
Total business-type activities	8,244,459	4,100,644	248,323	-	-	(3,895,492)	(3,895,492)
Total Primary Government	\$ 14,357,745	\$ 6,204,595	\$ 869,026	\$ 22,301	(3,366,331)	(3,895,492)	(7,261,823)
General Revenues							
Property taxes					2,521,606	-	2,521,606
Intergovernmental					149,034	-	149,034
Sales taxes					964,861	-	964,861
Investment income					14,695	1,430	16,125
Bond proceeds					521,520	-	521,520
Transfers					(246,000)	246,000	-
Miscellaneous					120,921	7,847	128,768
Total general revenues and transfers					4,046,637	255,277	4,301,914
Change in Net Position					680,306	(3,640,215)	(2,959,909)
Net Position, Beginning of Year					3,975,494	434,427	4,409,921
Net Position, End of Year					\$ 4,655,800	\$ (3,205,788)	\$ 1,450,012

City of Ralston, Nebraska
Balance Sheet – Cash Basis
Governmental Funds
September 30, 2013

	General	Street	Lottery	Debt Service	Community Development	Total
Assets						
Cash and cash equivalents	\$ 77,178	\$ 790,256	\$ 283,841	\$ 107,098	\$ 301,562	\$ 1,559,935
Certificates of deposit	-	-	1,503,500	-	-	1,503,500
Due from other funds	-	-	768,260	759,518	-	1,527,778
Total assets	\$ 77,178	\$ 790,256	\$ 2,555,601	\$ 866,616	\$ 301,562	\$ 4,591,213
Liabilities and Fund Balances						
Due to Other Funds	\$ 15,511	\$ -	\$ -	\$ -	\$ -	\$ 15,511
Fund Balances						
Restricted for						
Streets	-	790,256	-	-	-	790,256
Community development	-	-	2,555,601	-	301,562	2,857,163
Debt service	-	-	-	866,616	-	866,616
Unassigned	61,667	-	-	-	-	61,667
Total fund balances	61,667	790,256	2,555,601	866,616	301,562	4,575,702
Total liabilities and fund balances	\$ 77,178	\$ 790,256	\$ 2,555,601	\$ 866,616	\$ 301,562	\$ 4,591,213

Amounts reported for governmental activities in the statement of net position are different because

Total fund balance - governmental funds	\$ 4,575,702
Internal service funds are used by management to charge the costs of certain services to individual funds	<u>80,098</u>
Net position of governmental activities	<u>\$ 4,655,800</u>

City of Ralston, Nebraska
Statement of Revenues, Expenditures and Changes in Fund
Balances – Cash Basis – Governmental Funds
Year Ended September 30, 2013

	General	Street	Lottery	Debt Service	Community Development	Total
Revenues						
Property taxes	\$ 1,845,018	\$ 179,771	\$ -	\$ 496,817	\$ -	\$ 2,521,606
Intergovernmental	123,752	619,703	-	25,282	-	768,737
Sales taxes	964,861	-	-	-	-	964,861
Grant income	1,000	-	-	-	22,301	23,301
Charges for services	293,776	-	-	-	-	293,776
Keno income	-	-	1,477,137	-	-	1,477,137
Permits and fees	132,038	-	-	-	-	132,038
Investment income	3,088	-	8,938	1,739	930	14,695
Miscellaneous	66,919	-	54,002	-	-	120,921
	<u>3,430,452</u>	<u>799,474</u>	<u>1,540,077</u>	<u>523,838</u>	<u>23,231</u>	<u>6,317,072</u>
Expenditures						
Current						
General government	1,027,397	-	105,458	-	-	1,132,855
Public safety	1,669,470	-	-	-	-	1,669,470
Public works	-	637,973	-	-	-	637,973
Cultural and recreational	768,028	-	570	-	-	768,598
Economic and community development	-	-	400,691	-	54,805	455,496
Capital outlay	199,832	310,006	824	-	-	510,662
Debt service						
Principal	-	-	-	670,000	-	670,000
Interest and fiscal charges	-	-	-	68,079	-	68,079
	<u>3,664,727</u>	<u>947,979</u>	<u>507,543</u>	<u>738,079</u>	<u>54,805</u>	<u>5,913,133</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(234,275)</u>	<u>(148,505)</u>	<u>1,032,534</u>	<u>(214,241)</u>	<u>(31,574)</u>	<u>403,939</u>
Other Financing Sources (Uses)						
Operating transfers in (out)	92,067	13,772	(351,839)	-	-	(246,000)
Bond proceeds	-	299,312	-	222,208	-	521,520
	<u>92,067</u>	<u>313,084</u>	<u>(351,839)</u>	<u>222,208</u>	<u>-</u>	<u>275,520</u>
Change in Fund Balances	<u>(142,208)</u>	<u>164,579</u>	<u>680,695</u>	<u>7,967</u>	<u>(31,574)</u>	<u>679,459</u>
Fund Balance, Beginning of Year	<u>203,875</u>	<u>625,677</u>	<u>1,874,906</u>	<u>858,649</u>	<u>333,136</u>	<u>3,896,243</u>
Fund Balance, End of Year	<u>\$ 61,667</u>	<u>\$ 790,256</u>	<u>\$ 2,555,601</u>	<u>\$ 866,616</u>	<u>\$ 301,562</u>	<u>\$ 4,575,702</u>

Amounts reported for governmental activities in the statement of activities are different because

Net change in fund balances - total governmental funds	\$ 679,459
Change in net assets of internal service funds	847
Changes in net assets of governmental activities	<u>\$ 680,306</u>

City of Ralston, Nebraska

Balance Sheet

Proprietary Funds

September 30, 2013

	Business-Type Activities			Governmental Activities
	Sewer Fund	Arena Fund	Total	Internal Service Fund (Cash Basis)
Assets				
Current Assets				
Cash and cash equivalents	\$ 291,688	\$ 347,420	\$ 639,108	\$ 80,098
Accounts receivable, net	95,005	35,313	130,318	-
Due from other governments	-	239,241	239,241	-
Due from other funds	224,051	-	224,051	-
Inventories	-	48,227	48,227	-
Prepaid expenses	541	2,173	2,714	-
	611,285	672,374	1,283,659	80,098
Noncurrent Assets				
Deferred bond issue costs	3,360	678,762	682,122	-
Capital assets, net of accumulated depreciation	180,655	42,456,033	42,636,688	-
	184,015	43,134,795	43,318,810	-
Total Assets	\$ 795,300	\$ 43,807,169	\$ 44,602,469	\$ 80,098
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 135,314	\$ 136,360	\$ 271,674	\$ -
Due to other funds	-	1,736,318	1,736,318	-
Accrued compensated absences	4,117	4,000	8,117	-
Accrued liabilities	2,929	284,669	287,598	-
Unearned revenue	-	365,971	365,971	-
Current portion of long-term debt	30,000	3,275,000	3,305,000	-
	172,360	5,802,318	5,974,678	-
Noncurrent Liabilities				
Real estate deposit	-	700,000	700,000	-
Accrued compensated absences	14,030	11,879	25,909	-
Long-term debt	175,000	40,932,670	41,107,670	-
	189,030	41,644,549	41,833,579	-
Total liabilities	361,390	47,446,867	47,808,257	-
Net Position				
Net investment in capital assets	(24,345)	(1,751,637)	(1,775,982)	-
Restricted for debt service	-	239,241	239,241	-
Unrestricted	458,255	(2,127,302)	(1,669,047)	80,098
	433,910	(3,639,698)	(3,205,788)	80,098
Total Liabilities and Net Position	\$ 795,300	\$ 43,807,169	\$ 44,602,469	\$ 80,098

City of Ralston, Nebraska
Statement of Revenues, Expenses and Changes in Fund
Net Position – Proprietary Funds
Year Ended September 30, 2013

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Sewer</u>	<u>Arena</u>	<u>Total</u>	<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>		<u>Service Fund</u>
				<u>(Cash Basis)</u>
Operating Revenues				
Charges for services	\$ 730,037	\$ -	\$ 730,037	\$ 201,000
Grant income	9,082	-	9,082	-
Food and beverage sales	-	1,545,259	1,545,259	-
Event revenue	-	402,280	402,280	-
Ticket revenue	-	302,931	302,931	-
Rent income	-	312,690	312,690	-
Advertising revenue	-	272,068	272,068	-
Suite and premium seat revenue	-	259,577	259,577	-
Skating revenue	-	275,802	275,802	-
Employee contributions	-	-	-	636,659
Miscellaneous	-	7,847	7,847	-
	<u>739,119</u>	<u>3,378,454</u>	<u>4,117,573</u>	<u>837,659</u>
Total operating revenues				
Operating Expenses				
Sewer service	366,691	-	366,691	-
Arena operations	-	961,087	961,087	-
Direct cost of events	-	1,158,165	1,158,165	-
Food and beverage cost of sales	-	806,929	806,929	-
General and administrative	203,815	1,208,940	1,412,755	836,812
Depreciation and amortization	25,108	1,772,913	1,798,021	-
Repairs and maintenance	4,989	83,620	88,609	-
	<u>600,603</u>	<u>5,991,654</u>	<u>6,592,257</u>	<u>836,812</u>
Total operating expenses				
Operating Income (Loss)	138,516	(2,613,200)	(2,474,684)	847
Nonoperating Income (Expense)				
Intergovernmental	-	239,241	239,241	-
Interest income	-	1,430	1,430	-
Interest expense	(9,942)	(1,642,260)	(1,652,202)	-
	<u>(9,942)</u>	<u>(1,401,589)</u>	<u>(1,411,531)</u>	<u>-</u>
Transfers from Other Funds	-	246,000	246,000	-
Change in Net Position	128,574	(3,768,789)	(3,640,215)	847
Net Position, Beginning of Year	<u>305,336</u>	<u>129,091</u>	<u>434,427</u>	<u>79,251</u>
Net Position, End of Year	<u>\$ 433,910</u>	<u>\$ (3,639,698)</u>	<u>\$ (3,205,788)</u>	<u>\$ 80,098</u>

City of Ralston, Nebraska
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2013

	<u>Business-Type Activities</u>			Governmental Activities
	<u>Sewer Fund</u>	<u>Arena Fund</u>	<u>Total</u>	<u>Internal Service Fund (Cash Basis)</u>
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 752,064	\$ 3,387,431	\$ 4,139,495	\$ 201,000
Employee contributions	-	-	-	636,659
Payments to suppliers	(334,309)	(6,005,738)	(6,340,047)	(836,812)
Payments to employees	(152,779)	(1,063,990)	(1,216,769)	-
	<u>264,976</u>	<u>(3,682,297)</u>	<u>(3,417,321)</u>	<u>847</u>
Net cash provided by (used in) operating activities				
Cash Flows from Noncapital Financing Activities				
Net change in interfund borrowing	(224,051)	1,073,010	848,959	-
Transfers from other funds	-	246,000	246,000	-
	<u>(224,051)</u>	<u>1,319,010</u>	<u>1,094,959</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities				
Cash Flows from Capital and Related Financing Activities				
Proceeds from issuance of bonds	-	7,045,000	7,045,000	-
Principal paid on long-term debt	(30,000)	(4,160,000)	(4,190,000)	-
Cost of debt issuance	-	(68,720)	(68,720)	-
Net change in interfund borrowing	-	597,426	597,426	-
Capital expenditures	-	(3,649,123)	(3,649,123)	-
Proceeds from real estate agreement	-	700,000	700,000	-
Interest and fiscal charges paid	(9,942)	(1,531,554)	(1,541,496)	-
	<u>(39,942)</u>	<u>(1,066,971)</u>	<u>(1,106,913)</u>	<u>-</u>
Net cash used in capital and related financing activities				
Cash Flows from Investing Activities				
Interest received	-	1,430	1,430	-
	<u>-</u>	<u>1,430</u>	<u>1,430</u>	<u>-</u>
Net cash provided by investing activities				
Increase (Decrease) in Cash and Cash Equivalents	983	(3,428,828)	(3,427,845)	847
Cash and Cash Equivalents, Beginning of Year	290,705	3,776,248	4,066,953	79,251
Cash and Cash Equivalents, End of Year	<u>\$ 291,688</u>	<u>\$ 347,420</u>	<u>\$ 639,108</u>	<u>\$ 80,098</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 138,516	\$ (2,613,200)	\$ (2,474,684)	\$ 847
Depreciation and amortization	25,108	1,772,913	1,798,021	-
Changes in				
Accounts receivable	12,945	(35,313)	(22,368)	-
Inventories	-	(48,227)	(48,227)	-
Prepaid expenses	(2)	(2,173)	(2,175)	-
Accrued expenses	3,376	50,518	53,894	-
Accounts payable	85,033	(2,851,105)	(2,766,072)	-
Deferred revenue	-	44,290	44,290	-
	<u>-</u>	<u>44,290</u>	<u>44,290</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 264,976</u>	<u>\$ (3,682,297)</u>	<u>\$ (3,417,321)</u>	<u>\$ 847</u>

City of Ralston, Nebraska
Statement of Net Position – Cash Basis
Fiduciary Funds
September 30, 2013

	Civilian Employee Pension Plan	Police Pension Plan	Total Pension Plan Funds	Agency Fund
Assets				
Cash and cash equivalents	\$ 112,014	\$ 73,748	\$ 185,762	\$ 9,381
Investments	<u>2,097,469</u>	<u>1,354,686</u>	<u>3,452,155</u>	<u>-</u>
Total assets	<u>2,209,483</u>	<u>1,428,434</u>	<u>3,637,917</u>	<u>\$ 9,381</u>
Liabilities - Due to Others				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 9,381</u>
Net Position				
Restricted for Pension benefits	<u>2,209,483</u>	<u>1,428,434</u>	<u>3,637,917</u>	
Total net position	<u>\$ 2,209,483</u>	<u>\$ 1,428,434</u>	<u>\$ 3,637,917</u>	

City of Ralston, Nebraska
Statement of Changes in Net Position – Cash Basis
Fiduciary Funds
Year Ended September 30, 2013

	Civilian Employee Pension Plan	Police Pension Plan	Total Pension Plan Funds
Additions			
Contributions			
Employer	\$ 148,363	\$ 67,441	\$ 215,804
Employee	<u>83,363</u>	<u>47,441</u>	<u>130,804</u>
Total contributions	<u>231,726</u>	<u>114,882</u>	<u>346,608</u>
Net appreciation in fair value of investments	<u>235,724</u>	<u>154,588</u>	<u>390,312</u>
Total additions	<u>467,450</u>	<u>269,470</u>	<u>736,920</u>
Deductions			
Benefit payments	<u>152,786</u>	<u>32,328</u>	<u>185,114</u>
Total deductions	<u>152,786</u>	<u>32,328</u>	<u>185,114</u>
Net Increase	314,664	237,142	551,806
Net Position, Beginning of Year	<u>1,894,819</u>	<u>1,191,292</u>	<u>3,086,111</u>
Net Position, End of Year	<u><u>\$ 2,209,483</u></u>	<u><u>\$ 1,428,434</u></u>	<u><u>\$ 3,637,917</u></u>

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2013

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 was established for the purpose of acquiring and/or leasing buildings, equipment, and facilities to the City of Ralston. The Municipal Facilities Corporation did not enter into a lease transaction until October 23, 2007. The City has determined the Municipal Facilities 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 and Statement of Activities, and the fund financial statements, governmental activities, internal service funds and fiduciary funds are presented using the cash basis of accounting. This basis recognizes assets, net position/fund equity, 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. 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 and of the government's internal service 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, 2013

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, liabilities, fund equity, 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, liabilities, 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, liabilities, 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, 2013

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 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 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 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.

Other Fund Types

Internal Service Fund – The City's Internal Service Fund accounts for payroll services provided to various other governmental funds on a cost reimbursement basis.

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.

Agency Fund – The agency fund accounts for funds held for community activities.

City of Ralston, Nebraska

Notes to Financial Statements

September 30, 2013

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. 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, 2013

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, 2013

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

Deferred Bond Issue Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line 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.

Real Estate Deposit – 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 land 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 a deposit.

Compensated Absences

All vacation and sick leave is accrued when incurred in the Sewer and Arena Funds. 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, 2013

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 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, 2013

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.

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, 2013, the City’s deposits in excess of FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the City.

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, 2013, the City’s pension trust funds had the following investments:

Type	Carrying Value
Money market mutual funds	\$ 185,762
Mutual funds - fixed income	563,316
Mutual funds- US gov't agencies	40,540
Mutual funds - equities	2,848,299
	\$ 3,637,917

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.

City of Ralston, Nebraska

Notes to Financial Statements

September 30, 2013

Note 2: Deposits and Investments - Continued

Pension Trust Fund Investments - Continued

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 deposits and investments shown above are included in the statements of net position as follows:

Government-wide statement of net position	
Cash	\$ 2,279,141
Certificates of deposit	1,503,500
Fiduciary funds statement of net position	
Cash and cash equivalents	\$ 185,762
Investments	3,452,155

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2013

Note 3: Capital Assets - Sewer and Arena Funds

Capital assets activity for the year ended September 30, 2013, was as follows:

Business-Type Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated				
Construction in progress	\$ 40,515,847	\$ -	\$(40,515,847)	\$ -
Land	-	8,888,931	-	8,888,931
Total capital assets, not being depreciated	<u>40,515,847</u>	<u>8,888,931</u>	<u>(40,515,847)</u>	<u>8,888,931</u>
Capital assets, being depreciated				
Building and improvements	-	30,783,180	-	30,783,180
Furniture and fixtures	-	4,474,733	-	4,474,733
Machinery and equipment	619,704	18,126	-	637,830
Total capital assets, being depreciated	<u>619,704</u>	<u>35,276,039</u>	<u>-</u>	<u>35,895,743</u>
Less accumulated depreciation for				
Building and improvements	-	853,142	-	853,142
Furniture and fixtures	-	854,270	-	854,270
Machinery and equipment	414,501	26,073	-	440,574
Total accumulated depreciation	<u>414,501</u>	<u>1,733,485</u>	<u>-</u>	<u>2,147,986</u>
Total capital assets, being depreciated, net	<u>205,203</u>	<u>33,542,554</u>	<u>-</u>	<u>33,747,757</u>
Business-type activities capital assets, net	<u>\$ 40,721,050</u>	<u>\$ 42,431,485</u>	<u>\$(40,515,847)</u>	<u>\$ 42,636,688</u>

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2013

Note 4: Long-term Liabilities

The following is a summary of long-term liabilities activity of the City for the year ended September 30, 2013:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities					
General obligation bonds payable	\$ 2,540,000	\$ 530,000	\$ 670,000	\$ 2,400,000	\$ 370,000
Business-Type Activities					
Bonds and Notes					
Sewer revenue bond	\$ 235,000	\$ -	\$ 30,000	\$ 205,000	\$ 30,000
General obligation bonds payable	41,480,000	4,295,000	4,160,000	41,615,000	525,000
Notes payable	-	2,750,000	-	2,750,000	2,750,000
Deferred issuance discounts	(166,056)	-	(8,726)	(157,330)	-
Net bonds and notes	41,548,944	7,045,000	4,181,274	44,412,670	3,305,000
Other Liabilities					
Real estate deposit	-	700,000	-	700,000	-
Compensated absences	19,578	25,993	11,545	34,026	8,117
Business-type activities long-term liabilities	19,578	725,993	11,545	734,026	8,117
	<u>\$ 41,568,522</u>	<u>\$ 7,770,993</u>	<u>\$ 4,192,819</u>	<u>\$ 45,146,696</u>	<u>\$ 3,313,117</u>

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2013

Note 4: Long-term Liabilities - Continued

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

<u>Original Amount</u>	<u>Issued</u>	<u>Issue</u>	<u>Interest Rate</u>	<u>Dates Due</u>	<u>Date Callable</u>	<u>Interest Date</u>	<u>Outstanding</u>
Governmental Activities							
General Obligation Bonds							
\$ 710,000	5/10/2005	Refunding Bonds	2.40 - 4.15	Ser. '05 to '14	2010	Semiannually	\$ 165,000
640,000	3/5/2009	Refunding Bonds	1.25 - 3.55	Ser. '09 to '18	2014	Semiannually	345,000
150,000	7/20/2010	Highway Allocation Fund Pledge	0.8 - 2.65	Ser. '11 to '16	2015	Semiannually	75,000
760,000	8/10/2010	Vehicle Off-Street Parking Bonds	0.75 - 4.10	Ser. '11 to '26	2015	Semiannually	660,000
310,000	9/8/2010	Public Safety Tax Anticipation Bonds	0.9 - 2.75	Ser. '12 to '18	2015	Semiannually	225,000
235,000	8/23/2011	Highway Allocation Fund Pledge	0.65 - 2.8	Ser. '13 to '19	2016	Semiannually	210,000
255,000	8/7/2012	Highway Allocation Fund Pledge	0.45 - 1.60	Ser. '13 to '19	2017	Semiannually	230,000
530,000	4/9/2013	Highway Allocation Fund Pledge	0.40 - 2.15	Ser. '13 to '22	2018	Semiannually	<u>490,000</u>
Total General Obligation Bonds							<u><u>\$ 2,400,000</u></u>
Business-Type Activities							
Revenue Bonds							
\$ 420,000	9/22/2004	Sewer Revenue Bonds	1.65 - 4.45	Ser. '05 to '19	2009	Semiannually	<u>\$ 205,000</u>
Total Revenue Bonds							<u><u>\$ 205,000</u></u>
General Obligation Bonds							
\$ 7,930,000	8/30/2011	General Obligation Arena Bonds	1.15 - 4.50	Ser. '15 to '31	2016	Semiannually	\$ 7,930,000
630,000	8/30/2011	General Obligation Arena Bonds	2.10 - 4.85	Ser. '15 to '31	2016	Semiannually	630,000
10,000,000	2/1/2012	General Obligation Arena Bonds Series A	2.00 - 5.00	Ser. '15 to '31	2017	Semiannually	10,000,000
10,440,000	5/22/2012	General Obligation Arena Bonds Series B	1.40 - 5.00	Ser. '14 to '31	2017	Semiannually	10,440,000
4,245,000	9/25/2012	Lease Purchase Bonds	1.65 - 5.10	Ser. '13 to '27	2017	Semiannually	4,245,000
4,075,000	6/1/2012	Vehicle Off-Street Parking Bonds	0.55 - 3.70	Ser. '14 to '32	2017	Semiannually	4,075,000
4,295,000	5/1/2013	Vehicle Off-Street Parking Bonds	2.30 - 6.00	Ser. '13 to '33	2018	Semiannually	<u>4,295,000</u>
Total General Obligation Bonds							<u><u>\$41,615,000</u></u>
Note Payable							
\$ 2,750,000	Various	Note payable	4.00	10/1/2013	N/A	Monthly	<u>\$ 2,750,000</u>
Total Note Payable							<u><u>\$ 2,750,000</u></u>

City of Ralston, Nebraska

Notes to Financial Statements

September 30, 2013

Note 4: 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		
2014	\$ 370,000	\$ 59,036
2015	385,000	51,428
2016	305,000	42,623
2017	285,000	36,383
2018	290,000	30,026
2019-2023	585,000	79,188
2024-2027	180,000	14,940
	<u>\$ 2,400,000</u>	<u>\$ 313,624</u>
Business-Type Activities Revenue Bonds		
2014	\$ 30,000	\$ 8,773
2015	30,000	7,558
2016	35,000	6,313
2017	35,000	4,825
2018	35,000	3,320
2019-2023	40,000	1,780
	<u>\$ 205,000</u>	<u>\$ 32,569</u>
Business-Type Activities General Obligation Bonds		
2014	\$ 525,000	\$ 1,650,507
2015	1,575,000	1,613,898
2016	1,655,000	1,589,448
2017	1,790,000	1,558,676
2018	1,800,000	1,520,658
2019-2023	10,300,000	6,776,621
2024-2028	12,685,000	4,725,218
2029-2033	11,285,000	1,529,608
	<u>\$ 41,615,000</u>	<u>\$ 20,964,634</u>
Business-Type Activities Note Payable		
2014	\$ 2,750,000	\$ 110,000

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2013

Note 4: Long-term Liabilities - Continued

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 2022. The total principal and interest remaining to be paid on the bonds is \$1,076,708, with annual payments expected to require approximately 20% 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 \$237,569, with annual payments expected to require approximately 5% of revenues.

Note 5: Retirement Plans

Civilian Employee Pension Plan

Plan Description

The civilian employee pension plan is a single-employer defined benefit pension plan administered by the City. All full-time City employees that have reached the age of 21 are eligible to participate in the plan. Benefits vest over ten years of service. 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.

The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by State statutes and City ordinance.

Funding Policy

City employees fully participating in the plan are required to contribute 6% of their annual salary to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, including plan expenses, using a consistent actuarial method.

City of Ralston, Nebraska
Notes to Financial Statements
September 30, 2013

Note 5: Retirement Plans - Continued

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the year ended July 31, 2013, the date of the latest actuarial valuation, are:

Annual required contribution	\$	166,806
Interest on net pension obligation		7,344
Adjustment to annual required contribution		<u>(9,606)</u>
Annual pension cost		164,544
Contributions made		<u>151,514</u>
Increase in pension obligation		(13,030)
Net pension obligation, beginning		<u>(97,924)</u>
Net pension obligation, ending	\$	<u><u>(110,954)</u></u>

Three-Year Trend Information

Year Ended July 31,	Annual Pension Cost (APC)	Annual Pension Contribution	Percentage of APC Contributed	Net Pension Asset (Obligation)
2013	\$ 164,544	\$ 151,514	92%	\$ (110,954)
2012	101,325	49,813	49%	(97,924)
2011	110,961	45,549	41%	(46,412)

Actuarial Methods and Assumptions

The annual required contribution for the current year was calculated using the entry age normal cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases of 5% annually, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets is based solely on market value on an annual basis. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis over a period of 20 years.

Required Schedule of Funding Progress

The schedule of funding progress presented as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

City of Ralston, Nebraska

Notes to Financial Statements

September 30, 2013

Note 5: Retirement Plans - Continued

Police Pension Plan

The City's single employer police pension plan covers all uniformed employees of the Ralston Police Department. The plan was converted effective January 1, 1984, from a defined benefit plan to a defined contribution plan. The plan requires that both the employee and the City contribute an amount equal to 6% of the employee's base salary per pay period. Additional contributions may be made by the City as required to fund the benefits payable under the plan. However, the benefit for participants employed prior to January 1, 1984 and any uniformed officer disabled or killed in the line of duty shall not be less than 50% of the participant's regular pay, as defined. Contributions to the police retirement plan by the City were \$47,441 and plan members contributed \$47,441 for 2013. The plan assets are held by a leading Nebraska financial institution, with administration services provided by an actuarial firm.

Note 6: Interfund Balances and Activity

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Balances due to/from other funds at September 30, 2013 consist of the following:

Due To	Due From		
	General	Arena	Total
General	\$ -	\$ 208,540	\$ 208,540
Debt Service	-	759,518	759,518
Lottery	-	768,260	768,260
Sewer	224,051	-	224,051
Total	<u>\$ 224,051</u>	<u>\$ 1,736,318</u>	<u>\$ 1,960,369</u>

Transfers included in the Statement of Activities during the year ended September 30, 2013 consisted of a \$150,000 transfer from the Lottery Fund to the Arena Fund and a \$96,000 transfer of allocated sales tax receipts from the General Fund to the Arena Fund. Net keno proceeds from the Lottery Fund are utilized to support a variety of community development projects, which are expended in the General and Street Funds.

City of Ralston, Nebraska

Notes to Financial Statements

September 30, 2013

Note 7: 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.

Arena Fund

The City completed construction of its sports and event center during the year ended September 30, 2013 and operations commenced. As operations continue, the City expects to incur additional costs to remediate operational issues discovered subsequent to the facility's opening.

Required Supplementary Information

City of Ralston, Nebraska
Budgetary Comparison Schedule – Cash Basis
General Fund
Year Ended September 30, 2013

	<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	\$ 1,321,676	\$ 1,321,676	\$ 1,845,018	\$ 523,342
Intergovernmental	-	-	123,752	123,752
Sales taxes	750,000	750,000	964,861	214,861
Grant income	12,500	12,500	1,000	(11,500)
Charges for services	290,000	290,000	293,776	3,776
Permits and fees	86,500	86,500	132,038	45,538
Investment income	3,000	3,000	3,088	88
Miscellaneous	599,000	599,000	66,919	(532,081)
	<u>3,062,676</u>	<u>3,062,676</u>	<u>3,430,452</u>	<u>367,776</u>
Expenditures				
General government	1,097,800	1,097,800	1,027,397	70,403
Public safety	1,827,605	1,827,605	1,669,470	158,135
Cultural and recreational	819,800	819,800	768,028	51,772
Capital outlay	477,000	477,000	199,832	277,168
Miscellaneous	32,000	32,000	-	32,000
	<u>4,254,205</u>	<u>4,254,205</u>	<u>3,664,727</u>	<u>589,478</u>
Deficiency of Revenues Over Expenditures	(1,191,529)	(1,191,529)	(234,275)	957,254
Transfers In	-	-	92,067	92,067
Change in Fund Balances	<u>\$ (1,191,529)</u>	<u>\$ (1,191,529)</u>	<u>\$ (142,208)</u>	<u>\$ 1,049,321</u>

City of Ralston, Nebraska
Budgetary Comparison Schedule – Cash Basis
Street Fund
Year Ended September 30, 2013

	<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	\$ 122,129	\$ 122,129	\$ 179,771	\$ 57,642
Intergovernmental	<u>658,000</u>	<u>658,000</u>	<u>619,703</u>	<u>(38,297)</u>
Total revenues	<u>780,129</u>	<u>780,129</u>	<u>799,474</u>	<u>19,345</u>
Expenditures				
Public works	762,200	762,200	637,973	124,227
Capital outlay	<u>314,000</u>	<u>314,000</u>	<u>310,006</u>	<u>3,994</u>
Total expenditures	<u>1,076,200</u>	<u>1,076,200</u>	<u>947,979</u>	<u>128,221</u>
Excess (Deficiency) of Revenues Over Expenditures	(296,071)	(296,071)	(148,505)	147,566
Transfers In	14,000	14,000	13,772	(228)
Bond Proceeds	<u>300,000</u>	<u>300,000</u>	<u>299,312</u>	<u>(688)</u>
Change in Fund Balances	<u>\$ 17,929</u>	<u>\$ 17,929</u>	<u>\$ 164,579</u>	<u>\$ 146,650</u>

City of Ralston, Nebraska
Budgetary Comparison Schedule – Cash Basis
Lottery Fund
Year Ended September 30, 2013

	<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	\$ 1,300,000	\$ 1,300,000	\$ 1,477,137	\$ 177,137
Investment income	12,000	12,000	8,938	(3,062)
Miscellaneous	500	500	54,002	53,502
	<u>1,312,500</u>	<u>1,312,500</u>	<u>1,540,077</u>	<u>227,577</u>
Total revenues				
Expenditures				
General government	20,000	20,000	105,458	(85,458)
Cultural and recreational	-	-	570	(570)
Economic and community development	420,000	420,000	400,691	19,309
Capital outlay	153,000	153,000	824	152,176
	<u>593,000</u>	<u>593,000</u>	<u>507,543</u>	<u>85,457</u>
Total expenditures				
Excess of Revenues Over Expenditures	719,500	719,500	1,032,534	313,034
Transfers Out	<u>(264,500)</u>	<u>(264,500)</u>	<u>(351,839)</u>	<u>(87,339)</u>
Change in Fund Balances	<u>\$ 455,000</u>	<u>\$ 455,000</u>	<u>\$ 680,695</u>	<u>\$ 225,695</u>

City of Ralston, Nebraska
Required Supplementary Information
September 30, 2013

Schedule of Funding Progress
For the Civilian Employee Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll ((b - a) / c)
August 1, 2013	\$ 2,122,524	\$ 2,593,368	\$ 470,844	82%	\$ 1,385,857	34%
August 1, 2012	1,753,221	2,307,676	554,455	76%	1,089,042	51%
August 1, 2011	1,755,419	2,223,874	468,455	79%	724,143	65%
August 1, 2010	1,563,647	2,189,525	625,878	71%	757,773	83%
August 1, 2009	1,425,976	2,061,961	635,985	69%	776,101	82%
August 1, 2008	1,627,016	1,914,595	287,579	85%	729,827	39%
August 1, 2007	1,758,783	1,723,823	(34,960)	102%	626,303	-6%

Schedule of Employer Contributions
For the Civilian Employee Pension Plan

Fiscal Year	Annual Required Contribution	Actual Pension Contribution	Percentage Contributed
2013	\$ 166,806	\$ 151,514	91%
2012	102,397	49,813	49%
2011	110,522	45,549	41%
2010	102,235	44,506	44%
2009	74,475	43,613	59%
2008	35,717	41,915	117%
2007	31,802	37,634	118%