

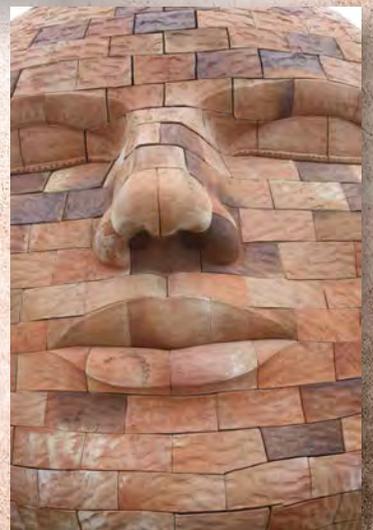


Comprehensive
ANNUAL



**FINANCIAL
R E P O R T**

Fiscal Year Ended August 31, 2012



On the cover:

Top photo: Inside the new Pinnacle Bank Arena, set to open in fall 2013.

Middle photo: Children enjoy the Dean and Pat Muhleisen Memorial Fountain in Union Plaza.

Bottom photo: The Colossus, a sculpture by James Tyler in Union Plaza.

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**OF THE
CITY OF LINCOLN, NEBRASKA**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Prepared by:

The Accounting Division of the Finance Department

INTRODUCTORY SECTION

OFFICIALS OF THE CITY OF LINCOLN

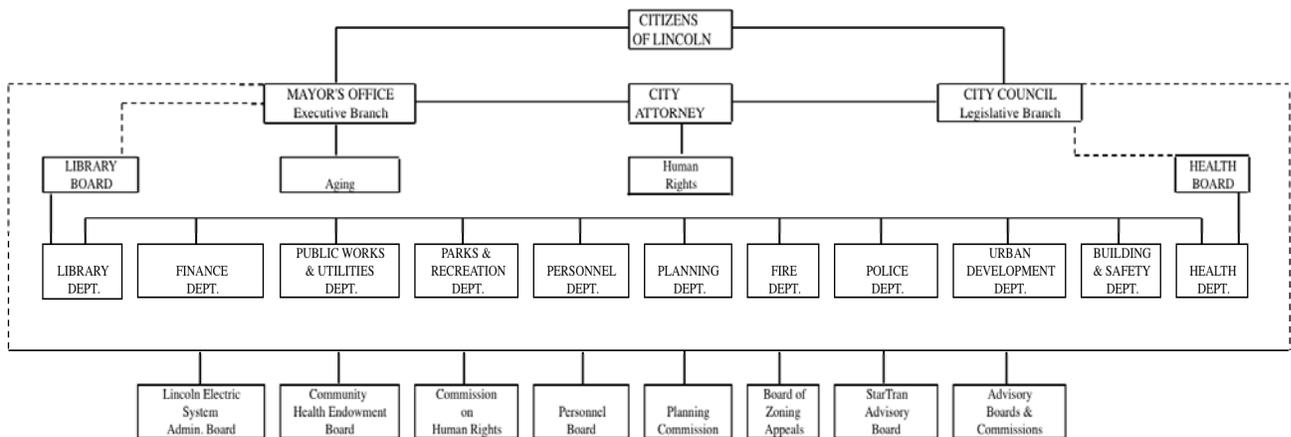
Chris Beutler Mayor
 Carl Eskridge.....Chair, City Council
 Jon Camp..... Vice Chair, City Council
 Eugene Carroll..... Council Member
 Jonathan Cook..... Council Member
 Doug Emery Council Member
 Lloyd Hinkley Council Member
 DiAnna Schimek Council Member

* * * * *

Steve Hubka Interim Finance Director
 Marvin Krout.....Planning Director
 Lynn JohnsonParks and Recreation Director
 Kevin Wailes Lincoln Electric System Administrator
 David Landis Urban Development Director
 Pat Leach Library Director
 Miki Esposito Public Works/Utilities Director
 Fred Hoke..... Building and Safety Director
 Judith Halstead Health Director
 Douglas McDaniel..... Personnel Director
 Rodney Confer City Attorney
 Tom Casady..... Public Safety Director
 Jim Peschong..... Police Chief
 John Huff..... Fire Chief

* * * * *

CITY OF LINCOLN ORGANIZATION CHART



**CITY OF LINCOLN, NEBRASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED AUGUST 31, 2012
 TABLE OF CONTENTS**

INTRODUCTORY SECTION	<u>Page</u>
Title Page	
Officials of The City of Lincoln.....	i
City of Lincoln Organization Chart	i
Table of Contents	ii
Letter of Transmittal from the Mayor	vi
Letter of Transmittal from the Finance Director.....	vii
Certificate of Achievement for Excellence in Financial Reporting	xvi
 FINANCIAL SECTION	
Independent Accountants' Report on Financial Statements and Supplementary Information	2
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Budget and Actual (Budget Basis) – General Fund	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Budget and Actual (Budget Basis) – Street Construction Fund	23
Statement of Net Assets – Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets	
– Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds.....	26
Statement of Fiduciary Net Assets – Fiduciary Funds.....	27
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund	28
Notes to the Financial Statements:	<u>Note</u>
Summary of Significant Accounting Policies.....	1..... 30
Reconciliation of Government-wide and Fund Financial Statements	2..... 37
Restricted Assets	3..... 39
Deposits and Investments.....	4..... 39
Fund Balances	5..... 44
Receivables and Due From Other Governments.....	6..... 45
Capital Assets.....	7..... 46
Interfund Balances and Activity	8..... 49
Debt Obligations	9..... 50
Reconciliation of Budget Basis to GAAP.....	10..... 56
Deficit Net Assets	11..... 56
Excesses of Expenditures Over Appropriations.....	12..... 57
Employees' Retirement Plans	13..... 57
Other Postemployment Benefits (OPEB)	14..... 60
Property Taxes	15..... 61
Risk Management	16..... 62
Commitments and Contingencies	17..... 63
Landfill Closure and Postclosure Care Costs.....	18..... 65
Fair Value of Financial Instruments.....	19..... 66
Segment Information.....	20..... 66
Pledged Revenues	21..... 68

	<u>Note</u>	<u>Page</u>
Public Building Commission	22	69
Joint Antelope Valley Authority	23	69
Jointly Governed Organizations.....	24	70
Subsequent Events	25	70
Required Supplementary Information:		
Schedule of Funding Progress for PFDP Pension.....		72
Schedule of Employer Contributions for PFDP Pension		72
Schedule of Funding Progress for City OPEB.....		72
Combining and Individual Fund Statements and Schedules:		
Governmental Funds:		
Combining Balance Sheet – General Fund		76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		
– General Fund.....		77
Combining Balance Sheet – Nonmajor Governmental Funds		79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		
– Nonmajor Governmental Funds.....		80
Subcombining Balance Sheet – Nonmajor Special Revenue Funds		84
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances		
– Nonmajor Special Revenue Funds.....		86
Subcombining Balance Sheet – Nonmajor Debt Service Funds		90
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances		
– Nonmajor Debt Service Funds.....		91
Subcombining Balance Sheet – Nonmajor Capital Projects Funds.....		94
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances		
– Nonmajor Capital Projects Funds		95
Subcombining Balance Sheet – Nonmajor Permanent Funds		98
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances		
– Nonmajor Permanent Funds		99
Schedules of Revenues, Expenditures, and Changes in Fund Balances		
– Budget and Actual (Budget Basis):		
Cable Access Television Fund		101
Lincoln City Libraries Fund		102
Lincoln/Lancaster County Health Fund		103
Social Security Fund		104
StarTran Fund.....		105
Keno Fund		107
Federal Grants Fund		108
Building & Safety Fund		110
Library Special Trust Fund		111
Tax Allocation Projects Debt Service Fund		112
Bond Interest & Redemption Debt Service Fund.....		113
Tax Supported Bonds Debt Service Fund.....		114
Community Health Permanent Endowment Fund		115
Athletic Field & Facilities Improvement Fund		116
Lincoln Area Agency on Aging Fund		117
911 Communication Fund.....		118
Unemployment Compensation Fund.....		119
Development Services Center Fund		120
Proprietary Funds:		
Combining Statement of Net Assets – Nonmajor Enterprise Funds		122
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets		
– Nonmajor Enterprise Funds		123
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....		124
Combining Statement of Net Assets – Internal Service Funds		126
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets		
– Internal Service Funds		128
Combining Statement of Cash Flows – Internal Service Funds.....		130
Agency Funds:		
Combining Balance Sheet – Agency Funds		134
Combining Statement of Changes in Assets and Liabilities – Agency Funds		136

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Assets by Component	1.....	141
Changes in Net Assets.....	2.....	142
Fund Balances of Governmental Funds	3.....	144
Changes in Fund Balances of Governmental Funds	4.....	146
Lincoln Electric System Megawatt-Hour Sales	5.....	148
Revenue from Electrical Sales by Customer Type.....	6.....	149
Total City Taxable Sales	7.....	150
Sales Tax Rates	8.....	151
Net Taxable Sales by Business Classification.....	9.....	152
Assessed Value and Actual Value of Taxable Property.....	10.....	153
Property Tax Rates	11.....	154
Principal Property Taxpayers	12.....	155
Property Tax Levies and Collections	13.....	157
Ratios of Outstanding Debt by Type.....	14.....	158
Ratios of General Bonded Debt Outstanding	15.....	160
Direct and Overlapping Governmental Activities Debt.....	16.....	161
Pledged Revenue Coverage.....	17.....	162
Demographic and Economic Statistics.....	18.....	164
Principal Employers	19.....	165
Full-Time Equivalent City Government Employees by Function	20.....	166
Operating Indicators by Function.....	21.....	167
Capital Asset Statistics by Function.....	22.....	168

SINGLE AUDIT SECTION

Schedule of Expenditures of Federal Awards	170
Notes to Schedule of Expenditures of Federal Awards.....	175
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	176
Independent Accountants' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	178
Schedule of Findings and Questioned Costs	180
Summary Schedule of Prior Audit Findings	182





MAYOR CHRIS BEUTLER
555 South 10th Street Suite 301 Lincoln, NE 68508
402-441-7511 lincoln.ne.gov

February 25, 2013

Dear Citizens and Public Officials:

It is my pleasure to submit the City of Lincoln's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2012.

Ensuring both fiscal and operational accountability in our use of public resources is a priority for my Administration, and this report is essential to that effort. This report provides a complete and accurate picture of the City's financial status and fulfills our continuing disclosure responsibilities in accordance with governmental reporting standards.

Our ability to manage the City's fiscal affairs and provide a full disclosure of the City's fiscal condition is exhibited by the unqualified audit opinion that follows. I am proud to report that the 2011 report submitted to the Government Finance Officers Association was recognized with the prestigious Certificate of Achievement for Excellence in Financial Reporting for the 29th consecutive year. This recognition is a credit to the City and a compliment to our dedicated Finance Department.

I would like to thank the Finance Department employees for their commitment in dealing with these complex accounting issues and to all City departments for their cooperation in the preparation of this document.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Beutler", with a long, sweeping underline that extends across the page.

Chris Beutler
Mayor of Lincoln



FINANCE DEPARTMENT

555 South 10th Street Suite 103 Lincoln, NE 68508
402-441-7411 fax: 402-441-8325 lincoln.ne.gov

February 25, 2013

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Lincoln:

Both the City Charter and State law require an annual audit of the City's funds and accounts be made by a recognized independent and qualified accountant covering all financial transactions, affairs, and financial condition of the City, with the audit report published within six months after the close of the fiscal year. Pursuant to this requirement, the Comprehensive Annual Financial Report (CAFR) of the City of Lincoln, Nebraska for the fiscal year ended August 31, 2012, is hereby submitted.

Responsibility for both the accuracy of the data found in this report, and the completeness and fairness of the presentation, including all disclosures, rests with management. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss, theft, or misuse, and to ensure the reliability of financial records for preparing financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. The federal government, under the revised OMB Circular A-133, requires local governments that expend \$500,000 or more in federal funds in any fiscal year to have a financial and compliance audit performed. As part of the City's Single Audit, tests were made of the City's internal control structure over compliance and its compliance with applicable laws and regulations, including those related to major federal financial assistance programs. The Single Audit for the year ended August 31, 2012, disclosed no material internal control weaknesses. The independent accountants' reports are included in the Single Audit section found at the end of the CAFR.

To the best of management's knowledge and belief, the enclosed data are accurate in all material respects and reported in a manner designed to present fairly the financial position and financial activities of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities as specified by all currently effective statements of the Governmental Accounting Standards Board have been included.

A firm of licensed certified public accountants has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's financial statements for the fiscal year ended August 31, 2012, are fairly presented in conformity with GAAP.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found in the Financial Section immediately following the report of the independent accountants.

Profile of the City

The City of Lincoln, capital city of Nebraska, was originally incorporated on April 7, 1869. Lincoln is located in the southeastern corner of the state, is midway between Chicago and Denver, and is currently one of the fastest growing metro areas in the Midwest. It occupies a land area of approximately 90 square miles, serves a population of over 262,000, and in its growth and development has annexed five other municipalities so that the City includes most of the urban area of Lancaster County. It enjoys a unique position in Nebraska as the center of the state's governmental and educational activities.

The City operates under a Home Rule Charter and has a Mayor-Council form of government with an elected full-time chief executive, the Mayor, and an elected legislative body, the Council, composed of seven members. Three Council members are elected at large and four by district on a nonpartisan basis for a term of four years. All legislative powers of the City are exclusively vested in the Council, as well as the power to adopt the budget, set the tax levy, and equalize taxes and assessments. The Mayor is responsible for the proper conduct of the affairs of the City, with the administration of City government performed under the direction of the Mayor through administrative departments.

The City of Lincoln provides a full range of services, including public safety (police and fire); the construction and maintenance of highways, streets, and other infrastructure; health; planning and zoning; golf courses, parks and recreation; urban development; mass transportation; ambulance transport; electric, water, and wastewater utilities; solid waste management; auditorium; parking facilities; and general administrative services.

The City Council exercises budgetary and/or rate setting authority over the City Library and Lincoln Electric System (LES), neither of which are legally separate from the City and are thus included as part of the primary government. The Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, Solid Waste Management, Parking Facilities and Lots, Golf Courses, Pershing Municipal Auditorium, and Community Health Endowment are all part of administrative departments under the direction of the Mayor and are included as part of the primary government. The City is considered to be financially accountable for the West Haymarket Joint Public Agency, and has included the Agency as part of the primary government as a blended component unit. Separately audited financial statements are available for LES, Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, Solid Waste Management, Parking System, Community Health Permanent Endowment Trust, and West Haymarket Joint Public Agency.

Beginning with the fiscal year 2012/2013, the City of Lincoln converted to adopting a biennial budget. The biennial budget serves as the basis for the City of Lincoln's financial planning and control. Following public hearings and not later than five days prior to the beginning of the biennium, the budget is legally adopted by resolution of the City Council. Appropriation controls are required at the department level, however, as a matter of policy and practice, appropriations generally are controlled at the next level of organization (division) or by fund within a department. The Mayor has the authority to transfer balances within a department as well as lower appropriations in any fund where actual revenues are less than appropriated in order to avoid incurring a budget deficit for the year. Appropriation transfers between departments may only be authorized by resolution of the City Council. The Council may not make any appropriations in addition to those authorized in the biennial budget, except in the event of an emergency threatening serious loss of life, health, or property in the community.

Economic Condition and Outlook

Population growth is one of the best indicators of a community's economic well-being. As such, the Lincoln metropolitan area's population growth during the past several years reflects a community that is economically viable and is strongly positioned to meet future challenges.

The Lincoln metropolitan area population base (Lancaster County) continues to demonstrate a pattern of sustained growth. According to the U. S. Census figures, the Lincoln metropolitan area population grew by 83.80 percent since 1960. Lancaster County's rate of growth between 2000 and 2010 has been 14.0 percent or approximately 1.28 percent per year. The 2011 population of Lancaster County has been estimated to be in excess of 289,000 persons.

While such a growth rate may be modest by some standards, this healthy pace of expansion places Lincoln as one of the fastest growing communities in this region. Recent projections envision Lincoln to continue to grow at a rate of over 1% per year. As importantly, the City of Lincoln continues to absorb about 90% of all growth in Lancaster County.

Lincoln's unemployment rate at August 31, 2012, was 3.4%, well below the national average of 8.95%, with employment strongest in the categories of government, educational & health services, and retail trade. While Lincoln's current number of construction permits is down 3% when compared to levels 5 years ago, there is an increase in the value of construction permits of over \$29 million.

To more aggressively pursue economic opportunities, the City, Lancaster County, and LES have partnered to hire an economic development coordinator to facilitate job creation in the private sector. In addition, the Mayor's Technology Council completed its technology audit, which led to a new strategic plan for economic development.

Net sales and use tax revenue increased \$4,392,451 or 7.6% from the previous fiscal year. In relation to this primary revenue source, the City is seeing signs of recovery from the negative economic factors that have affected the local and national economies.

Long-Term Planning and Major Initiatives

Urban Development

The City anticipates approximately \$21 million of public expenditures funded through various urban development projects and programs over the next three years. These projects are varied in type and size and are located in the Downtown and Haymarket areas, North 27th Street and Havelock business areas, Focus Area neighborhoods, the South Capitol blight area, the Antelope Valley project area, West O, and in low-moderate income neighborhoods throughout the City.

Financing will be provided by a variety of sources, including Tax Increment Financing (TIF), Parking Revenues, CDBG, HOME, Neighborhood Stabilization Program (NSP) grants, Advanced Land Acquisition funds, Special Assessments, and General Fund. Funding is often combined with developer, grant or other private sector funds.

The City's involvement will vary depending upon the project and could likely include property acquisition, relocation and demolition; housing rehabilitation and development; commercial development; and construction of public improvements including parking, sidewalks, infrastructure and streetscapes.

Ongoing and anticipated future projects include:

- Downtown Redevelopment Projects:
 - 1) Civic Plaza 13th & P Street project.
 - 2) West Haymarket Residential/Retail/Hotel project.
 - 3) West Haymarket Office/Retail project.
 - 4) Construction of Lumberworks parking garage.
 - 5) Telesis/Meadow Gold project.
 - 6) Haymarket Hotel and Tool House.
 - 7) N Street bikeway project.
 - 8) P Street Retail Corridor & Streetscape.
 - 9) Centennial Mall project.
 - 10) 17th & Q/Credit Union project.
 - 11) Replace downtown meters with advanced technology.
 - 12) Landmark III project.
 - 13) Lumberworks liner development project.
 - 14) 18th & Q mixed use development project.
 - 15) Pershing redevelopment project.
- North 27th Street redevelopment efforts are focusing on the acquisition of blighted properties and assembly for redevelopment and new housing construction.
- Antelope Valley Redevelopment Projects:
 - 1) Antelope Creek Village.
 - 2) 21st & N redevelopment project.
- Havelock Redevelopment on-going projects include streetscape improvements, commercial building facade improvements, and park improvements.
- University Place redevelopment of the former Green's Plumbing site.
- West O Street redevelopment projects and historic DLD marker project.
- NW Corridor redevelopment (West Cornhusker Highway).
- Innovation Campus redevelopment.
- 84th and Havelock redevelopment.
- South Capitol redevelopment.
- 56th and Arbor Road redevelopment.
- Focus area projects in South Capitol.
- 11th Street streetscape.
- Prescott Street streetscape, 47th to 48th.
- 1st & Cornhusker Hwy redevelopment.
- Surplus property issues/resolution.
- Housing rehabilitation programs for quality, affordable housing and home ownership:
 - 1) Continuation of First-time Homebuyer and Owner-Occupied Housing Rehabilitation Loan programs.
 - 2) Partner with NeighborWorks-Lincoln for their Home Ownership Zone in Antelope Valley.
 - 3) Partner with other non-profit and for-profit housing organizations for affordable housing projects in low-to-moderate income neighborhoods under the Mayor's Stronger Safer Neighborhoods Program.
 - 4) Manage the local affordable housing effort made possible by Federal Economic Stimulus Programs.
- Real estate major acquisition, negotiation and relocation projects:
 - 1) For effective transportation:
 - ✓ West Haymarket projects.
 - ✓ Yankee Hill Roadway, 70th to 84th Street.
 - ✓ SW 40th Street overpass.
 - ✓ 14th Street, Superior to Alvo Road.
 - ✓ 56th Street, Old Cheney to Shadow Pines.
 - ✓ Coddington & West Van Dorn intersection improvements.
 - ✓ Old Cheney Road, 70th to 84th Street.
 - ✓ Pine Lake Road, 59th to Hwy 2.
 - ✓ 14th & Cornhusker Hwy safety project.
 - ✓ 33rd & Cornhusker Hwy RTSD project.
 - ✓ 14th/Old Cheney/Warlick intersection.
 - ✓ Arterial/residential rehabs, executive order, traffic signal, and Federal Infrastructure Stimulus funded projects.

- ✓ N 33rd, P to Holdrege.
- ✓ East Beltway preliminary acquisitions.
- ✓ South Beltway preliminary acquisitions.

2) For environmental quality:

- | | |
|--|--|
| <ul style="list-style-type: none"> ✓ Park sites citywide. ✓ Stevens Creek sanitary sewer Phase III, IV & V. ✓ Yankee Hill water main, 56th to 84th Street. ✓ 98th Street water main, Holdrege to Alvo. ✓ West O sanitary sewer lift station. ✓ 6th & Old Cheney Road drainage project. | <ul style="list-style-type: none"> ✓ Storm water bond projects. ✓ Miscellaneous sanitary sewer upgrade projects. ✓ Conservation easements and wetlands acquisitions. ✓ Additional projects made possible by Federal Infrastructure Stimulus funds. |
|--|--|

3) Relocation activities:

- ✓ North 27th Street projects.
- ✓ West Haymarket projects.
- ✓ 1st & Cornhusker Hwy project.
- ✓ 14th/Old Cheney/Warlick intersection project.

- Workforce Investment Act funds received by the City provide employment skills to low-income adults and youth and also to individuals laid-off from area employers. Funding is provided for GED, Adult Education and Literacy Activities, secondary and post-secondary education, and placement in work experience and On-the-Job Training (OJT) with an emphasis on high wage and high demand occupations.

Services are provided from the Career Center located in the Gold’s Building. Partner agencies co-located at the Center include Goodwill Industries, Vocational Rehabilitation, Nebraska Department of Labor, and Experience Works. Annually over 30,000 job seeker customer visits are made to the Center and over 500 employers use the Center services.

Examples of specialized projects this year include:

- 1) “The Metro SyNErgy” project in Lincoln and Omaha providing training in green building technology to unemployed and incumbent workers.
- 2) A specialized work readiness class for youth, which combines literacy and numeracy training, GED preparation and work readiness curriculum done in collaboration with Southeast Community College.
- 3) Project Everlast – building a system to support youth transitioning from foster care by addressing employment, housing, education and health care needs.
- 4) Regional Innovation Network fostering collaboration of education, economic development and workforce development leaders in a twelve county southeast Nebraska area focusing training and job placement efforts to the target industries of:
 - ✓ Agriculture & Life Sciences.
 - ✓ Advanced Manufacturing.
 - ✓ Transportation & Logistics.
 - ✓ Health Services, and Business Services & Information Technology.

West Haymarket Project

The West Haymarket Redevelopment Project is a multi-faceted endeavor to revitalize underutilized property that lies on the western edge of Lincoln’s downtown and Haymarket district. On May 11, 2010, the citizens of Lincoln voted to approve the issuance of arena bonds, which signaled approval for the project to proceed. The project involves the relocation and elimination of existing railroad tracks and completion of other site preparation activities, the construction of a 15,223 seat civic arena, a community ice center, private retail and office space, a new Amtrak Station, residential units, surface and decked parking, public gathering areas,

street and utility improvements, landscaping, trails and walkways, pedestrian bridges, and environmental enhancements. The public portion of the project cost is estimated to be approximately \$346 million.

The West Haymarket Joint Public Agency (WHJPA) is the governmental agency responsible for oversight of the project, for issuing bonds, collecting revenue, and making bond payments over the course of the Project. Participants in the agency are the City and the Board of Regents of the University of Nebraska.

Beginning January 1, 2011, an occupation tax was imposed on car rental, hotel, restaurant and bar charges within the City of Lincoln. This revenue has been pledged to repayment of any outstanding WHJPA bonds.

Antelope Valley Project

The City of Lincoln, Lower Platte South Natural Resource District and the University of Nebraska-Lincoln have joined together through an interlocal agreement to form the Joint Antelope Valley Authority (JAVA). JAVA is in the process of implementing the Antelope Valley project, which consists of storm water, transportation and community revitalization strategies.

The project has been successful in removing about 1,000 structures from the floodplain by creating an open waterway from Salt Creek Roadway to J Street. Traffic improvements include 12 new or replacement bridges, the elimination of railroad crossings, and 6.2 miles of new roadway including the Big X elevated intersection near the Devaney Sports Center. In addition to the new Union Plaza Park and new trails, revitalization efforts include the Assurity headquarters, Turbine Flats, several housing developments, the Jayne Snyder Trails Center, Fleming Fields and infrastructure improvements. Other redevelopment projects will progress as a result of the re-mapping of the floodplain.

The last remaining JAVA project, which is landscaping of Antelope Valley Parkway between K and P streets as well as landscaping of O Street between 17th and 21st streets, will be completed in 2013.

The entire project is projected to cost \$246 million, which includes all components of the Antelope Valley project: community revitalization, flood control, and transportation.

Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately \$53,836,000 over the 6-year period of fiscal year 2012-13 through fiscal year 2017-18. Of that total, approximately \$28,160,000 will be financed by revenue bonds, approximately \$3,170,000 will be financed by impact fees, with the remaining \$22,506,000 to come from utility revenue fees. The majority of these dollars are needed for replacement and maintenance of existing infrastructure, new infrastructure to serve development in various basins throughout the City, and improvements to both the Theresa Street and Northeast treatment plants.

Water System

The Lincoln Water System is projecting a capital improvements program in the amount of approximately \$76,600,000 over the 6-year period of fiscal year 2012-13 through 2017-18. Of these dollars, approximately \$8,800,000 will be financed through revenue bonds, approximately \$4,800,000 will be financed from TIF funding, approximately \$5,700,000 will be financed through impact fees, with the balance of \$57,300,000 coming from utility revenue fees. The major projects contributing to these total dollars include the installation of transmission lines, replacement mains, replacement and new wells, and additional storage reservoirs.

Streets and Highways

The 2013-2018 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of \$28 million for the next six years. Funding for these projects includes \$130 million in City revenues, \$33 million in federal aid, and \$3 million in other funds.

Infrastructure Impact Fees

The City's growth in both population and employment have created demands for new residential and nonresidential development, which in turn creates the need for additional public facilities, including water and wastewater systems, arterial streets, and neighborhood parks and trails. The City's laws, taxes, fees, utility charges, and other forms of revenue generated from new development do not provide sufficient funds to finance these new facilities.

In response to these funding needs the City of Lincoln passed an ordinance to provide for the imposition of impact fees to ensure that facilities are available to serve new growth and that new development bears its proportionate share of the cost of improvements to the City's facilities. Impact fees for all types of new construction have been set and adopted by the City Council and began June, 2003.

Pension Costs

The City currently contributes \$2 for every \$1 contributed by employees in the civilian retirement plans. In an effort to control this significant budget item, the City and the civilian unions, as well as non-union employees, have agreed to change these plans to a \$1.29 to \$1 match for new employees hired after a union specific effective date. Newly hired Department Directors and Mayoral Aides will receive a \$1 to \$1 match. The City is unable to legally change the match for current employees. The City anticipates saving 20 to 25 percent in retirement costs for each employee hired under this new arrangement.

Property Tax Collections

As of August 31, 2012, current tax collections by the County Treasurer were 97.16% of the tax levy, an increase of .47% from last year. Allocations of property tax levy by purpose are as follows:

<u>City Tax Levy by Purpose</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2009-2010</u>
General Fund	.1876	.1739	.1772
Library	.0400	.0398	.0398
Social Security	.0163	.0141	.0097
Police and Fire Pension	.0348	.0261	.0251
General Obligation Debt	<u>.0371</u>	<u>.0340</u>	<u>.0361</u>
Total	<u>.3158</u>	<u>.2879</u>	<u>.2879</u>

Parking Facilities

The City of Lincoln operates the following parking garages:

<u>Facility</u>	<u>Number of Stalls</u>	<u>Date Opened</u>
Center Park	1,048	November, 1978
Cornhusker Square	405	December, 1983
University Square	436	April, 1990
Que Place	773	October, 1994
Carriage Park	710	February, 1995
Market Place	433	August, 2000
Haymarket	409	August, 2002
Larson Building	647	July, 2012

The City's parking garages have been built to promote downtown redevelopment efforts by working with private industry in providing necessary parking to various businesses in the downtown area.

Revenue generated by the parking facilities and on-street parking meters, as well as undesignated street construction funds, are pledged for debt service of the 2001 Parking Revenue Bonds, the 2010B Parking Revenue Bonds, and the 2011 Parking Revenue and Refunding Bonds. Comparative data for the past two fiscal years are presented in the following table:

	<u>2011-2012</u>	<u>2010-2011</u>
Operating Revenues	\$ 7,353,847	7,124,602
Operating Income Before Depreciation	3,503,716	3,518,594
Debt Service	1,944,138	1,944,138
Debt Service Coverage Ratio	1.80	1.81

Solid Waste Management

The City of Lincoln owns and operates a municipal solid waste landfill and a construction and demolition debris landfill that are subject to the U.S. Environmental Protection Agency rule *Solid Waste Disposal Facility Criteria*, which establishes closure and postclosure care requirements. As of August 31, 2012, the City estimates that it will incur costs approximating \$22 million to adhere to such requirements (see Note 18 of Notes to the Financial Statements).

Water and Wastewater System

The City's Wastewater Utility System showed an increase in operating revenues and an increase in operating income. Comparative data for the past two fiscal years is presented in the following table:

<u>Wastewater System</u>	<u>2011-2012</u>	<u>2010-2011</u>
Operating Revenues	\$24,097,998	22,973,653
Operating Income	4,404,875	3,301,436
Revenue Available For Debt Service	12,385,302	11,022,406
Debt Service	6,793,014	6,512,609
Debt Service Coverage Ratio	1.82	1.69

The City's Water Utility System showed an increase in operating revenues and an increase in operating income. Comparative data for the past two fiscal years is presented in the following table:

<u>Water System</u>	<u>2011-2012</u>	<u>2010-2011</u>
Operating Revenues	\$34,150,292	28,559,484
Operating Income	10,984,826	5,459,411
Revenue Available For Debt Service	20,348,397	15,174,479
Debt Service	8,335,202	9,501,857
Debt Service Coverage Ratio	2.44	1.60

Lincoln Electric System (LES)

The City owns and operates its own electric utility system that is managed by an administrative board. Actions of the board with regard to rates, budgets, and long-term financing are subject to final review and approval by the City Council. In accordance with Section 4.24.090 of the Lincoln Municipal Code, LES operates on a January 1 - December 31, fiscal year. Audited financial information as of and for LES' fiscal year ended December 31, 2011, is included in the City's August 31, 2012, financial statements.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lincoln, Nebraska, for its comprehensive annual financial report for the fiscal year ended August 31, 2011. This was the twenty-ninth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steve Hubka
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lincoln
Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION

Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska (the City) as of and for the year ended August 31, 2012, which collectively comprise the City of Lincoln's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lincoln Electric System which represent 58%, 35% and 75%, respectively, of the total assets, net assets and revenues of the business-type activities. Those financial statements were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Electric System, is based solely on the report of the other accountants. The prior-year summarized comparative financial information in these statements has been derived from the City's basic financial statements as of and for the year ended August 31, 2011, and in our report dated February 17, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other accountants provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other accountants, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska as of August 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and street construction fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, consisting of combining and individual fund statements and schedules, and including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other accountants in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

BKD, LLP

February 25, 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Lincoln, Nebraska (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2012. Please consider this discussion in conjunction with the additional information provided in the Letter of Transmittal (beginning on page vii) and the transactions, events and conditions reflected in the City's financial statements (beginning on page 16).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at August 31, 2012, by \$1,673,248,992 (net assets). Of this amount, \$381,489,582 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$73,357,160. Of this amount, \$41,781,745, or 57 percent, was an increase in governmental activities and \$31,575,415, or 43 percent, related to business-type activities.
- As of August 31, 2012, the City's governmental funds reported combined ending fund balances of \$353,770,357, a decrease of \$72,725,985 in comparison with the prior year, as the West Haymarket JPA Fund continues to spend bond proceeds on redevelopment projects. Of this total fund balance, 7 percent, or \$25,439,612, is available for spending at the City's discretion (unassigned fund balance).
- As of August 31, 2012, unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) for the general fund was \$38,990,723, or 34 percent of total general fund expenditures. Due to the implementation of GASB Statement No. 54, reference must be made to page 76 of this report for an accurate comparison of the City's General funds based on the structure used for budgeting.
- The City's total bonded debt decreased by \$37,505,000 (3 percent) during the current fiscal year. The city issued \$85,370,000 in refunding bonds in the current year for a net present value savings of \$10,789,855.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the year ended August 31, 2012. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administrative services, public safety, streets and highways, health, planning and zoning, parks and recreation, libraries, aging services, job

programs, urban development, mass transportation, engineering, self-insurance, and fleet management. The business-type activities of the City include water, wastewater and electric utilities; ambulance transport; solid waste management; golf courses; auditorium; and parking.

The government-wide financial statements can be found on pages 16-17 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street Construction fund, and the West Haymarket JPA fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and most other governmental funds. A budgetary comparison statement has been provided for the General and Street Construction major funds to demonstrate compliance with this budget. The West Haymarket JPA major fund is not required to adopt an annual budget so a budgetary comparison has not been provided.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its parking facilities and lots; golf courses; auditorium; solid waste management; ambulance services; and wastewater, water, and electric systems. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its data processing, engineering, insurance, fleet management, municipal services center operations, telecommunications, and copy services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater and Electric Systems, all of which are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for these funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 27-28 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-71 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its police and fire employees, and to provide other postemployment benefits. Required supplementary information can be found on page 72 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$1,673,248,992 at August 31, 2012.

By far the largest portion of the City’s net assets (60 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City Of Lincoln
Condensed Statements of Net Assets
August 31, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 596,213,973	651,101,529	288,936,045	247,265,929	885,150,018	898,367,458
Capital Assets	821,891,490	713,530,269	1,449,783,695	1,437,335,316	2,271,675,185	2,150,865,585
Total Assets	<u>1,418,105,463</u>	<u>1,364,631,798</u>	<u>1,738,719,740</u>	<u>1,684,601,245</u>	<u>3,156,825,203</u>	<u>3,049,233,043</u>
Long-Term Liabilities Outstanding	500,195,032	504,062,995	750,069,512	766,638,529	1,250,264,544	1,270,701,524
Other Liabilities	37,731,545	22,171,662	195,580,122	156,468,025	233,311,667	178,639,687
Total Liabilities	<u>537,926,577</u>	<u>526,234,657</u>	<u>945,649,634</u>	<u>923,106,554</u>	<u>1,483,576,211</u>	<u>1,449,341,211</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	405,635,743	386,451,715	608,119,231	622,950,944	1,013,754,974	1,009,402,659
Restricted	246,533,919	235,695,091	31,470,517	31,480,358	278,004,436	267,175,449
Unrestricted	228,009,224	216,250,335	153,480,358	107,063,389	381,489,582	323,313,724
Total Net Assets	<u>\$ 880,178,886</u>	<u>838,397,141</u>	<u>793,070,106</u>	<u>761,494,691</u>	<u>1,673,248,992</u>	<u>1,599,891,832</u>

An additional portion of the City’s net assets (17 percent) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net assets (23 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

At August 31, 2012, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

City Of Lincoln
Condensed Statements of Activities
For the Years Ended August 31, 2012 and 2011

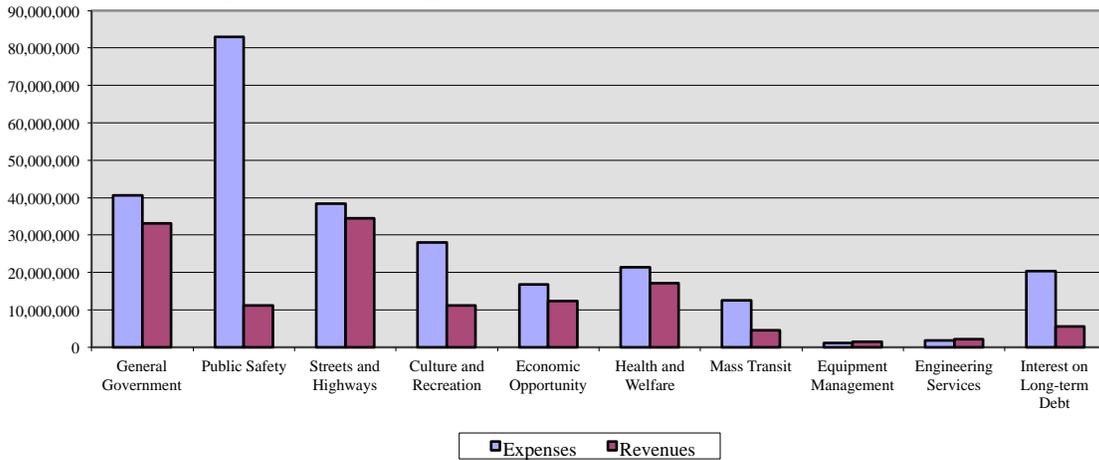
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 49,728,220	46,426,307	350,507,113	335,205,232	400,235,333	381,631,539
Operating Grants and Contributions	51,263,862	73,594,748	-	-	51,263,862	73,594,748
Capital Grants and Contributions	32,043,686	7,982,667	6,731,837	4,645,062	38,775,523	12,627,729
General Revenues:						
Property Tax	53,302,884	48,621,668	-	-	53,302,884	48,621,668
Sales and Use Tax	62,388,551	57,996,100	-	-	62,388,551	57,996,100
Occupation Tax	25,732,963	20,403,399	2,048,615	2,059,361	27,781,578	22,462,760
Other Taxes	18,455,537	16,378,863	-	-	18,455,537	16,378,863
Unrestricted Grants and Contributions	93,633	1,927,588	-	-	93,633	1,927,588
Unrestricted Investment Earnings	1,014,773	1,370,358	983,824	1,564,708	1,998,597	2,935,066
Other	2,623,024	2,309,497	380,531	343,835	3,003,555	2,653,332
Total Revenues	<u>296,647,133</u>	<u>277,011,195</u>	<u>360,651,920</u>	<u>343,818,198</u>	<u>657,299,053</u>	<u>620,829,393</u>
Expenses:						
General Government	40,635,824	40,059,839	-	-	40,635,824	40,059,839
Public Safety	82,915,183	81,218,142	-	-	82,915,183	81,218,142
Streets and Highways	38,319,958	39,840,551	-	-	38,319,958	39,840,551
Culture and Recreation	28,049,044	26,578,448	-	-	28,049,044	26,578,448
Economic Opportunity	16,840,478	16,336,855	-	-	16,840,478	16,336,855
Health and Welfare	21,414,951	21,153,869	-	-	21,414,951	21,153,869
Mass Transit	12,463,592	12,007,410	-	-	12,463,592	12,007,410
Equipment Management	1,162,325	1,882,136	-	-	1,162,325	1,882,136
Engineering Services	1,900,278	1,219,084	-	-	1,900,278	1,219,084
Interest on Long-Term Debt	20,417,899	11,568,353	-	-	20,417,899	11,568,353
Parking	-	-	5,933,848	5,632,973	5,933,848	5,632,973
Golf Courses	-	-	3,762,650	3,414,074	3,762,650	3,414,074
Entertainment Facilities	-	-	2,487,417	2,202,234	2,487,417	2,202,234
Solid Waste Management	-	-	8,080,971	8,490,392	8,080,971	8,490,392
Ambulance Transport	-	-	4,148,850	3,940,669	4,148,850	3,940,669
Wastewater	-	-	23,017,798	23,135,157	23,017,798	23,135,157
Water	-	-	25,908,587	26,084,158	25,908,587	26,084,158
Electric	-	-	250,676,000	242,743,000	250,676,000	242,743,000
Total Expenses	<u>264,119,532</u>	<u>251,864,687</u>	<u>324,016,121</u>	<u>315,642,657</u>	<u>588,135,653</u>	<u>567,507,344</u>
Increase in Net Assets Before Transfers	32,527,601	25,146,508	36,635,799	28,175,541	69,163,400	53,322,049
Transfers	9,254,144	2,678,029	(5,060,384)	(2,678,029)	4,193,760	-
Increase in Net Assets	41,781,745	27,824,537	31,575,415	25,497,512	73,357,160	53,322,049
Net Assets - Beginning	838,397,141	810,572,604	761,494,691	735,997,179	1,599,891,832	1,546,569,783
Net Assets - Ending	<u>\$ 880,178,886</u>	<u>838,397,141</u>	<u>793,070,106</u>	<u>761,494,691</u>	<u>1,673,248,992</u>	<u>1,599,891,832</u>

GOVERNMENTAL ACTIVITIES

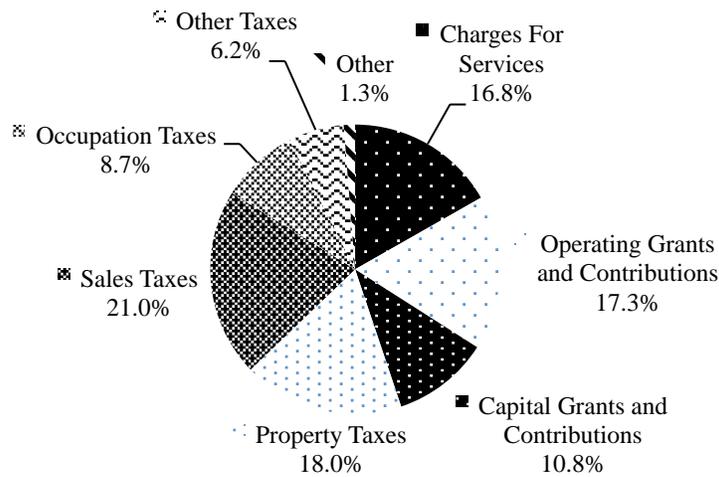
Governmental activities increased the City's net assets by \$41,781,745, accounting for 57 percent of the total growth in the net assets of the City of Lincoln. Key elements of this increase are as follows:

- The City's current year contribution to the Joint Antelope Valley Authority amounted to \$9,729,227, of which a significant portion is federally funded.
- Sales taxes increased by approximately \$4.4 million (7.6 percent) during 2012 after showing an increase of 4.8 percent in the prior year.
- Occupation taxes increased by approximately \$5.3 million (26 percent) in the current year. In January, 2011, the City imposed a 2 percent tax on bar and restaurant revenues and a 4 percent tax on car rental and hotel revenues, to be used to finance the JPA activities and repayment of the Agency's outstanding debt.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



BUSINESS-TYPE ACTIVITIES

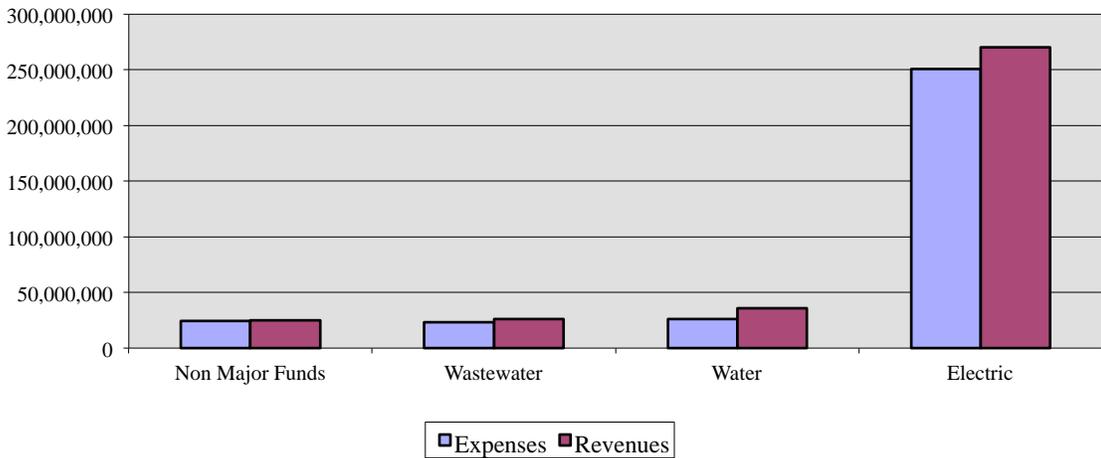
Business-type activities increased the City’s net assets by \$31,575,415, accounting for 43 percent of the total growth in the government’s net assets. Key elements of this increase are as follows:

- Water System operating revenues increased by \$5,590,808 (19.6 percent) from 2011. Water pumpage was up 20 percent due to the severe drought conditions experienced this past year. Operating expense increased marginally by \$65,393 (.28 percent) due to cost cutting efforts made by the system.
- Wastewater System operating revenues increased \$1,124,345 (4.9 percent) primarily due to a 5% user fee increase implemented with the billings starting in February, 2012. Sanitary sewer bills for residential customers are based on water usage during a two-month period during the winter and remain

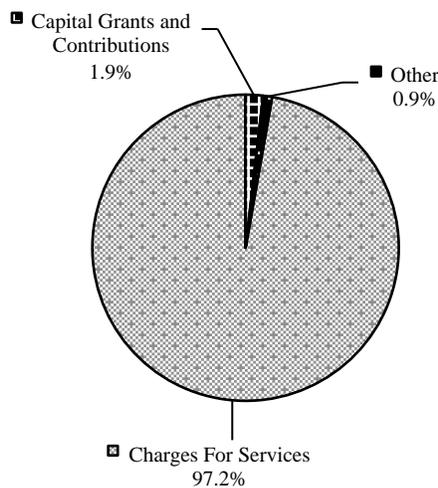
the same over the balance of the following ten-month period. Non-residential customers are billed for sanitary sewer based on their monthly water usage.

- Lincoln Electric System operating revenue in 2011 was 3 percent higher than 2010. Retail revenue was 2 percent higher due to the impact of a 2.5 percent increase on January 1, 2011. Wholesale revenue increased 5 percent with an energy sales increase of 11 percent. The new city dividend for utility ownership, which started September 2011, added \$2.0 million to operating revenue.
- LES recorded capital contributions of approximately \$1.1 million.
- Lincoln Water and Wastewater Systems reported capital contributions of approximately \$1.8 million and \$2.1 million, respectively.

Expenses And Program Revenues - Business-type Activities



Revenues By Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending at the end of the fiscal year.

As of August 31, 2012, the City's governmental funds reported combined ending fund balances of \$353,770,357, a decrease of \$72,725,985 in comparison with the prior year. Of this total amount, 7 percent constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not in spendable form (\$5,785,566), legally required to be maintained intact (\$37,160,000), restricted for particular purposes (\$249,625,706), committed for particular purposes (\$805,612), or assigned for particular purposes (\$34,953,861).

The General Fund is the chief operating fund of the City. At August 31, 2012, the unrestricted fund balance of the General Fund was \$38,990,723, while total fund balance reached \$49,101,273. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 34 percent of total general fund expenditures, while total fund balance represents 43 percent of that same amount.

The fund balance of the City's General Fund increased by \$7,347,437 during 2012. For the 2013 fiscal year, appropriated General Fund balance, used as a funding source for the budget, decreased by 40.6 percent over 2012. It is expected to increase for the 2014 fiscal year. The City has converted to a biennial budget and allocation of balances is spread over a two-year budget cycle.

The Street Construction Fund had a total fund balance of \$31,824,184, which is to be used in the construction and maintenance of streets and highways. The net decrease in fund balance during 2012 in the Street Construction Fund was \$(4,654,384), the result of ongoing projects expenditure of available bond proceeds.

The West Haymarket JPA Fund had a fund balance of \$147,191,453, which is to be used for funding improvements of the West Haymarket Redevelopment Project. The current year change in fund balance of \$(78,241,451) was expected as bond proceeds are spent on the redevelopment projects.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to \$22,234,152, \$25,728,471, \$109,762,000 and \$(4,244,265), respectively, at August 31, 2012 (December 31, 2011 for LES). Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor (increase of \$207,042) and can be briefly summarized as follows:

- \$35,000 reduction in intergovernmental revenue.
- Expenditure appropriations:
- \$(558,255) in miscellaneous changes in general government activities.
 - \$497,418 in increases allocated to public safety.
 - \$(33,018) in decreases to streets & highways.
 - \$(46,632) in decreases allocated to parks and recreation.
 - \$312,529 in increases allocated for General Fund transfers to other City funds.

Variances between actual General Fund revenues and expenditures and the final amended budget include the following:

- \$2,300,100 positive variance in real estate and personal property tax. Actual property collections were 97.16 percent of the 2011 levy, while estimated tax revenue is based on 90 percent collections as provided by the City Charter.
- \$2,817,168 positive variance in sales tax receipts. Collections exceeded projections that were based on prior years activity.
- \$1,550,260 positive variance in occupation taxes as receipts exceeded conservative projections.
- \$1,900,708 positive variance in miscellaneous general government expenditures. Significant savings were realized in several service line items that are reappropriated to cover ongoing future expenditures.
- \$1,943,785 positive variance in police expenditures. Remaining balances are reappropriated to the next year to assist with one-time expenditures that are not ongoing operating expenditures.
- \$(2,048,947) negative variance in street lighting function expenditures. This variance was the result of capital additions related to both normal construction as well as Antelope Valley Project construction.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2012, amounts to \$2,271,675,185 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, streets, bridges, storm sewers, electric plant, and water and sewer plant. The total increase in the City's investment in capital assets for 2012 was 5.62 percent (a 15.19 percent increase for governmental activities and a .87 percent increase for business-type activities).

Major capital asset events during 2012 included the following:

- The City increased its investment in infrastructure, including streets, bridges, drainage and traffic systems, in excess of \$34 million.
- The West Haymarket Joint Public Agency (JPA) increased its investment in capital assets by approximately \$87 million, which includes roads and utility work, arena design and construction, site preparation, land purchases, and environmental remediation.
- The City parking system's investment in the Larson Building and Parking Garage increased by approximately \$8.7 million.

City Of Lincoln
Capital Assets (net of depreciation)
August 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 138,768,877	69,850,907	24,232,300	24,144,286	163,001,177	93,995,193
Buildings	53,817,461	49,744,391	140,391,808	122,650,291	194,209,269	172,394,682
Improvements Other Than Buildings	40,360,129	37,876,916	450,950,888	445,301,114	491,311,017	483,178,030
Machinery and Equipment	35,302,361	35,685,017	12,765,467	11,894,995	48,067,828	47,580,012
Utility Plant	-	-	761,574,000	753,770,000	761,574,000	753,770,000
Infrastructure	394,256,079	352,448,061	-	-	394,256,079	352,448,061
Construction-in-progress	159,386,583	167,924,977	59,869,232	79,574,630	219,255,815	247,499,607
Total	\$ 821,891,490	713,530,269	1,449,783,695	1,437,335,316	2,271,675,185	2,150,865,585

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 46-48 of this report.

LONG-TERM DEBT

At August 31, 2012, the City of Lincoln had total bonded debt outstanding of \$1,120,728,000. Of this amount, \$413,958,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City Of Lincoln
Outstanding Bonded Debt
August 31, 2012 and 2011
(dollar amounts in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 413,958	419,663	-	-	413,958	419,663
Tax Supported Bonds	5,210	5,920	-	-	5,210	5,920
Revenue Bonds	-	-	701,560	732,650	701,560	732,650
Total	\$ 419,168	425,583	701,560	732,650	1,120,728	1,158,233

The City's total bonded debt decreased by \$37,505,000 (3 percent) in the current fiscal year. Refunding bonds were issued in the amount of \$85,370,000 to refund \$91,300,000 of outstanding bonds.

The City maintains the following credit ratings:

	Moody's Investors Service	Standard And Poor's	Fitch Investors Service
General Obligation Bonds	Aaa	AAA	-
West Haymarket JPA Bonds	Aa1	AAA	-
Antelope Valley Project Bonds	Aa2	AA	-
Water Revenue Bonds	Aa2	AA	-
Wastewater Revenue Bonds			
MBIA insured	Aaa	AAA	-
Underlying	Aa2	AA+	-
Parking Revenue Bonds	A1	A	-
Lincoln Electric System			
Revenue Bonds	Aa2	AA	AA
Commercial Paper – tax exempt	-	A1+	F1+

Under the City's Home Rule Charter, there is no legal debt limit.

Additional information on the City's long-term debt can be found in Note 9 of the notes to the financial statements on pages 50-56 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for 2012-2014 is the first biennial budget proposed for the City of Lincoln, and it is expected that the biennial budget process will save several thousand hours of staff time over the two-year period.

- Property tax revenue required to fund the 2012-2014 budget increased \$1,581,766 or 3.5 percent in the first year from the prior year, and \$467,751 or 1 percent for the second year of the biennium. Total change in the tax base is estimated at 4.88 percent, with the tax rate of .31580 expected to remain the same for both years.
- The adequacy of fees charged for City service cost recovery is examined each year and some fee increases are included in each budget. Without periodic increases in fees, amounts collected, or other revenue adjustments, inflationary and other cost increases would need to be covered by additional property tax revenue or the levels of service provided would need to be reduced. Anticipated revenue adjustments in 2013 include an increase in parking meter rates, \$750,000; increased Parks and Recreation program fees, \$328,150; and additional alarm registration fees, "lift assist" charges, and hazardous material abatement fees, \$387,500.
- Utility rates are increased by an average of 5 percent in both budget years; resulting in additional revenue of \$1,400,000 in 2013 and \$2,900,00 in 2014 for Water, and \$1,100,000 in 2013 and \$2,300,000 in 2014 for Wastewater.
- Sales tax collections for 2012 finished 4.80 percent ahead of projections. 2013 projections reflect a 3.82 percent increase over 2012 actual collections, with an additional 4 percent increase projected for 2014.
- Staffing changes included in the 2012-2014 budget result in a decrease for all funds of 6.81 full-time equivalents.

All of these factors were considered in preparing the City's budget for the 2012-2014 fiscal years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lincoln's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lincoln, Finance Department, 555 South 10th Street, Lincoln, NE 68508.

BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN, NEBRASKA
STATEMENT OF NET ASSETS
AUGUST 31, 2012

With Summarized Financial Information as of August 31, 2011

	Governmental Activities	Business-Type Activities	Totals	
			2012	2011
ASSETS				
Cash and Cash Equivalents	\$ 15,255,221	13,690,243	28,945,464	170,971,351
Investments	308,232,833	126,370,200	434,603,033	297,199,357
Receivables, (Net of Allowance for Uncollectibles)	32,364,575	48,280,298	80,644,873	79,347,506
Internal Balances	(531,347)	531,347	-	-
Due from Other Governments	25,779,133	2,709,883	28,489,016	30,079,460
Inventories	1,932,902	15,696,937	17,629,839	17,812,923
Plant Operation Assets	-	11,549,000	11,549,000	13,070,000
Prepaid Items	656,274	1,779,605	2,435,879	1,832,355
Deferred Charges and Other Assets	6,352,097	9,642,903	15,995,000	18,907,740
Restricted Assets:				
Cash and Cash Equivalents	228,814	11,492,573	11,721,387	16,959,585
Investments	37,160,000	47,149,794	84,309,794	93,125,323
Receivables	-	43,262	43,262	7,614
Investment in Joint Venture	168,783,471	-	168,783,471	159,054,244
Capital Assets:				
Non-depreciable	298,155,460	84,101,532	382,256,992	341,494,800
Depreciable (Net)	523,736,030	1,365,682,163	1,889,418,193	1,809,370,785
Total Assets	1,418,105,463	1,738,719,740	3,156,825,203	3,049,233,043
LIABILITIES				
Accounts Payable and Other Current Liabilities	23,933,272	42,283,042	66,216,314	54,468,504
Accrued Liabilities	6,100,856	13,585,840	19,686,696	17,881,088
Due to Other Governments	408,949	209,767	618,716	764,765
Unearned Revenue	2,722,965	1,367,145	4,090,110	1,431,953
Notes Payable	-	128,500,000	128,500,000	90,000,000
Accrued Interest Payable	4,565,503	9,634,328	14,199,831	14,093,377
Noncurrent Liabilities:				
Payable within One Year	25,117,496	34,640,775	59,758,271	58,906,731
Payable in More Than One Year	475,077,536	715,428,737	1,190,506,273	1,211,794,793
Total Liabilities	537,926,577	945,649,634	1,483,576,211	1,449,341,211
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	405,635,743	608,119,231	1,013,754,974	1,009,402,659
Restricted for:				
Debt Service, Net of Related Debt	10,250,088	28,416,930	38,667,018	37,984,887
Capital Projects	144,100,195	3,031,376	147,131,571	129,248,175
Grantor Loan Programs	19,582,000	-	19,582,000	19,837,000
Other	12,966,904	22,211	12,989,115	22,214,110
Trust Donations:				
Expendable	1,672,102	-	1,672,102	1,653,945
Nonexpendable	160,000	-	160,000	160,000
Health Care:				
Expendable	20,802,630	-	20,802,630	19,077,332
Nonexpendable	37,000,000	-	37,000,000	37,000,000
Unrestricted	228,009,224	153,480,358	381,489,582	323,313,724
Total Net Assets	\$ 880,178,886	793,070,106	1,673,248,992	1,599,891,832

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012
 With Summarized Financial Information for the Year Ended August 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals	
			Grants and Contributions	Grants and Contributions			2012	2011
Governmental Activities:								
General Government	\$ (40,635,824)	22,686,194	2,470,510	7,928,577	(7,550,543)	-	(7,550,543)	(14,384,375)
Public Safety	(82,915,183)	6,150,370	4,266,129	714,814	(71,783,870)	-	(71,783,870)	(70,522,526)
Streets and Highways	(38,319,958)	3,489,348	12,099,851	18,919,955	(3,810,804)	-	(3,810,804)	(6,955,653)
Culture and Recreation	(28,049,044)	4,473,514	2,269,016	4,416,143	(16,890,371)	-	(16,890,371)	(17,638,543)
Economic Opportunity	(16,840,478)	2,346,582	10,067,225	-	(4,426,671)	-	(4,426,671)	(1,695,809)
Health and Welfare	(21,414,951)	4,773,397	12,335,789	-	(4,305,765)	-	(4,305,765)	(1,902,876)
Mass Transit	(12,463,592)	1,652,783	2,855,065	-	(7,955,744)	-	(7,955,744)	(3,119,327)
Equipment Management	(1,162,325)	1,476,677	-	-	314,352	-	314,352	(251,005)
Engineering Services	(1,900,278)	2,103,018	-	11,740	214,480	-	214,480	(218,861)
Interest on Long-Term Debt	(20,417,899)	576,337	4,900,277	52,457	(14,888,828)	-	(14,888,828)	(7,171,990)
Total Governmental Activities	(264,119,532)	49,728,220	51,263,862	32,043,686	(131,083,764)	-	(131,083,764)	(123,860,965)
Business-Type Activities:								
Parking Lots	(322,612)	453,326	-	-	-	130,714	130,714	49,192
Golf	(3,762,650)	3,314,506	-	-	-	(448,144)	(448,144)	(654,264)
Parking Facilities	(5,611,236)	7,348,783	-	1,722,988	-	3,460,535	3,460,535	2,259,225
Municipal Auditorium	(2,468,566)	1,762,136	-	-	-	(706,430)	(706,430)	(596,035)
Municipal Arena	(18,851)	-	-	-	-	(18,851)	(18,851)	-
Solid Waste Management	(8,080,971)	5,652,758	-	-	-	(2,428,213)	(2,428,213)	(2,935,257)
Emergency Medical Services	(4,148,850)	4,870,608	-	-	-	721,758	721,758	624,418
Wastewater System	(23,017,798)	24,040,603	-	2,143,397	-	3,166,202	3,166,202	877,522
Water System	(25,908,587)	34,021,393	-	1,791,452	-	9,904,258	9,904,258	4,295,836
Electric System	(250,676,000)	269,043,000	-	1,074,000	-	19,441,000	19,441,000	20,287,000
Total Business-Type Activities	(324,016,121)	350,507,113	-	6,731,837	-	33,222,829	33,222,829	24,207,637
Total	\$ (588,135,653)	400,235,333	51,263,862	38,775,523	(131,083,764)	33,222,829	(97,860,935)	(99,653,328)
General Revenues:								
Property Tax					53,302,884	-	53,302,884	48,621,668
Motor Vehicle Tax					4,331,331	-	4,331,331	4,284,369
Wheel Tax					14,055,801	-	14,055,801	12,031,376
Sales and Use Tax					62,388,551	-	62,388,551	57,996,100
Sundry and In Lieu Tax					68,405	-	68,405	63,118
Occupation Tax					25,732,963	2,048,615	27,781,578	22,462,760
Unrestricted Grants and Contributions					93,633	-	93,633	1,927,588
Unrestricted Investment Earnings					1,014,773	983,824	1,998,597	2,935,066
Miscellaneous General Revenues					2,623,024	380,531	3,003,555	2,653,332
Transfers					9,254,144	(5,060,384)	4,193,760	-
Total General Revenues and Transfers					172,865,509	(1,647,414)	171,218,095	152,975,377
Change in Net Assets					41,781,745	31,575,415	73,357,160	53,322,049
Net Assets - Beginning					838,397,141	761,494,691	1,599,891,832	1,546,569,783
Net Assets - Ending					\$ 880,178,886	793,070,106	1,673,248,992	1,599,891,832

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

	General Fund	Street Construction Fund	West Haymarket JPA Fund	Other Governmental Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 2,426,153	1,442,289	2,282,720	7,587,931	13,739,093
Investments	32,247,854	22,685,071	162,443,808	103,028,660	320,405,393
Receivables, (Net of Allowance for Uncollectibles)	6,551,428	394,466	1,591,546	23,474,580	32,012,020
Due from Other Funds	1,626,898	6,214,964	1,044,032	2,853,692	11,739,586
Due from Other Governments	11,233,624	9,433,341	893,503	3,939,503	25,499,971
Inventories	379,402	264,323	-	485,996	1,129,721
Prepaid Items	4,454,094	172,937	28,814	-	4,655,845
Total Assets	<u>58,919,453</u>	<u>40,607,391</u>	<u>168,284,423</u>	<u>141,370,362</u>	<u>409,181,629</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	779,047	2,288,012	17,695,072	1,699,402	22,461,533
Contracts Payable	-	-	-	749,016	749,016
Accrued Liabilities	3,100,074	192,632	165,000	2,052,611	5,510,317
Due to Other Funds	4,462,887	240,195	12,987	8,343,637	13,059,706
Due to Other Governments	103,749	2,440	-	192,102	298,291
Unearned Revenue	-	-	2,326,408	228,113	2,554,521
Deferred Revenue	1,372,423	6,059,928	893,503	2,452,034	10,777,888
Total Liabilities	<u>9,818,180</u>	<u>8,783,207</u>	<u>21,092,970</u>	<u>15,716,915</u>	<u>55,411,272</u>
Fund Balances:					
Nonspendable	4,833,496	437,260	28,814	37,645,996	42,945,566
Restricted	5,277,054	18,172,109	147,162,639	79,013,904	249,625,706
Committed	-	-	-	805,612	805,612
Assigned	13,359,297	13,214,815	-	8,379,749	34,953,861
Unassigned	25,631,426	-	-	(191,814)	25,439,612
Total Fund Balances	<u>49,101,273</u>	<u>31,824,184</u>	<u>147,191,453</u>	<u>125,653,447</u>	<u>353,770,357</u>
Total Liabilities and Fund Balances	<u>\$ 58,919,453</u>	<u>40,607,391</u>	<u>168,284,423</u>	<u>141,370,362</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	799,404,404
Investment in joint venture is not a financial resource and, therefore, is not reported in the funds.	168,783,471
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	10,777,888
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	25,286,923
Accrued pension contribution, long-term construction contracts and other liabilities require the use of unavailable financial resources and, therefore, are not reported in the funds.	(4,688,580)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(473,155,577)
Net assets of governmental activities	<u>\$ 880,178,886</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	General Fund	Street Construction Fund	West Haymarket JPA Fund	Other Governmental Funds	Total
REVENUES					
Taxes:					
Property	\$ 30,845,470	-	-	22,697,060	53,542,530
Motor Vehicle	4,331,331	-	-	-	4,331,331
Wheel	-	92,475	-	13,963,326	14,055,801
Sales and Use	62,388,551	-	-	-	62,388,551
Sundry and In Lieu	52,614	-	-	16,231	68,845
Occupation	12,819,569	-	12,913,394	-	25,732,963
Special Assessment	1,580	2,911	-	1,209,477	1,213,968
Intergovernmental	3,122,981	31,428,745	3,900,278	29,815,656	68,267,660
Permits and Fees	5,420,495	3,022,847	-	11,795,689	20,239,031
Reimbursement for Services	6,689,414	56,836	14,225	1,090,257	7,850,732
Court Settlements	1,931,804	-	-	-	1,931,804
Program Income	-	-	-	122,767	122,767
Investment Earnings	154,395	(1,056)	573,396	4,018,152	4,744,887
Donations	939,159	-	6,000,000	2,571,113	9,510,272
Keno Proceeds	-	-	-	3,639,819	3,639,819
Miscellaneous	557,036	1,448,181	-	2,999,306	5,004,523
Total Revenues	<u>129,254,399</u>	<u>36,050,939</u>	<u>23,401,293</u>	<u>93,938,853</u>	<u>282,645,484</u>
EXPENDITURES					
Current:					
General Government	27,786,449	-	623,302	10,638,569	39,048,320
Public Safety	60,701,737	-	-	9,742,625	70,444,362
Streets and Highways	8,090,630	10,379,964	-	473	18,471,067
Culture and Recreation	12,071,114	-	-	10,447,418	22,518,532
Economic Opportunity	5,076,683	-	-	9,596,988	14,673,671
Health and Welfare	279,193	-	-	21,791,426	22,070,619
Mass Transit	-	-	-	10,288,935	10,288,935
Debt Service	52,667	-	14,239,736	17,397,428	31,689,831
Capital Outlay	-	39,768,666	87,087,134	15,404,915	142,260,715
Total Expenditures	<u>114,058,473</u>	<u>50,148,630</u>	<u>101,950,172</u>	<u>105,308,777</u>	<u>371,466,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,195,926</u>	<u>(14,097,691)</u>	<u>(78,548,879)</u>	<u>(11,369,924)</u>	<u>(88,820,568)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	9,545,361	15,552,592	307,428	27,954,379	53,359,760
Transfers Out	(20,525,981)	(6,113,306)	-	(17,518,037)	(44,157,324)
Issuance of Debt	3,080,000	-	-	3,000,000	6,080,000
Issuance of Refunding Debt	-	-	-	36,185,000	36,185,000
Premium on Debt Issued	42,246	-	-	4,139,803	4,182,049
Transfer To Bond Refunding Agent	-	-	-	(39,840,997)	(39,840,997)
Sale of Capital Assets	9,885	4,021	-	272,189	286,095
Total Other Financing Sources (Uses)	<u>(7,848,489)</u>	<u>9,443,307</u>	<u>307,428</u>	<u>14,192,337</u>	<u>16,094,583</u>
Net Change in Fund Balances	<u>7,347,437</u>	<u>(4,654,384)</u>	<u>(78,241,451)</u>	<u>2,822,413</u>	<u>(72,725,985)</u>
Fund Balances - Beginning	<u>41,753,836</u>	<u>36,478,568</u>	<u>225,432,904</u>	<u>122,831,034</u>	<u>426,496,342</u>
Fund Balances - Ending	<u>\$ 49,101,273</u>	<u>31,824,184</u>	<u>147,191,453</u>	<u>125,653,447</u>	<u>353,770,357</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012

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

Net change in fund balances - total governmental funds	\$ (72,725,985)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	104,674,946
The net effect of various miscellaneous transactions involving capital contributions is to increase net assets.	3,712,226
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: change in revenues in fund statements previously recognized in the statement of activities.	(5,155,892)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,996,535
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,589,757)
Changes in the net pension obligation and the net OPEB obligation do not represent financial activity in governmental funds.	(1,365,802)
Changes in the interest in the underlying net assets of the joint venture do not represent financial activity in governmental funds.	9,729,227
Internal service funds are used by management to charge the costs of certain services to individual funds. The net expense of the internal service funds is reported within governmental activities.	<u>(1,493,753)</u>
Change in net assets of governmental activities	<u><u>\$ 41,781,745</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real Estate and Personal Property Tax	\$ 32,446,710	32,446,710	34,746,810	2,300,100
Taxes Collected by Others	58,655,174	58,655,174	61,472,342	2,817,168
Sundry Taxes and In Lieu	48,949	48,949	53,006	4,057
Occupation Taxes	11,327,520	11,327,520	12,877,780	1,550,260
Intergovernmental	1,820,820	1,785,820	1,611,918	(173,902)
Permits and Fees	3,138,633	3,138,633	3,289,220	150,587
Reimbursement for Services	2,784,337	2,784,337	3,198,457	414,120
Court Fees	660,000	660,000	816,080	156,080
Court Settlements	1,400,000	1,400,000	1,400,050	50
Recreation Receipts	2,266,276	2,266,276	2,335,226	68,950
Investment Earnings	141,314	141,314	159,741	18,427
Donations	933,210	933,210	933,210	-
Rental Income	549,166	549,166	504,907	(44,259)
Miscellaneous	384,863	384,863	605,702	220,839
Total Revenues	<u>116,556,972</u>	<u>116,521,972</u>	<u>124,004,449</u>	<u>7,482,477</u>
Expenditures:				
General Government:				
Legislative	282,571	282,571	239,982	42,589
Executive	1,265,091	1,263,101	1,211,332	51,769
Financial Administration	2,625,699	2,636,068	2,416,727	219,341
Law	2,562,388	2,577,250	2,518,965	58,285
Personnel Administration	975,193	1,030,618	1,030,588	30
Planning and Zoning	1,707,273	1,709,480	1,633,970	75,510
Urban Development	1,052,198	1,055,201	869,619	185,582
Miscellaneous	20,475,922	19,833,791	17,933,083	1,900,708
Total General Government	<u>30,946,335</u>	<u>30,388,080</u>	<u>27,854,266</u>	<u>2,533,814</u>
Public Safety:				
Police	33,727,986	33,923,642	31,979,857	1,943,785
Fire	23,169,360	23,471,122	23,423,139	47,983
Building and Safety	10,806	10,806	10,806	-
Traffic Engineering	1,483,660	1,483,660	1,285,507	198,153
Total Public Safety	<u>58,391,812</u>	<u>58,889,230</u>	<u>56,699,309</u>	<u>2,189,921</u>
Streets and Highways:				
Street Maintenance	2,722,473	2,689,455	2,146,295	543,160
Street Lighting	3,937,143	3,937,143	5,986,090	(2,048,947)
Total Streets and Highways	<u>6,659,616</u>	<u>6,626,598</u>	<u>8,132,385</u>	<u>(1,505,787)</u>
Culture and Recreation:				
Parks and Recreation	11,883,995	11,837,363	11,557,323	280,040
Libraries	321,269	321,269	321,269	-
Total Culture and Recreation	<u>12,205,264</u>	<u>12,158,632</u>	<u>11,878,592</u>	<u>280,040</u>
Economic Opportunity:				
Lincoln Area Agency on Aging	229,064	229,064	229,064	-
Health and Welfare:				
Lincoln/Lancaster County Health	276,944	276,944	276,944	-
Debt Service:				
Issuance and Management Costs	-	-	52,667	(52,667)
Total Expenditures	<u>108,709,035</u>	<u>108,568,548</u>	<u>105,123,227</u>	<u>3,445,321</u>
Excess of Revenues Over Expenditures	<u>7,847,937</u>	<u>7,953,424</u>	<u>18,881,222</u>	<u>10,927,798</u>
Other Financing Sources (Uses):				
Transfers In	9,543,932	9,543,932	9,603,148	59,216
Transfers Out	(25,242,193)	(25,554,722)	(24,419,713)	1,135,009
Proceeds from Issuance of Debt	2,080,000	2,080,000	2,080,000	-
Premium on Debt Issued	-	-	20,606	20,606
Sale of Capital Assets	21,000	21,000	9,884	(11,116)
Total Other Financing Sources (Uses)	<u>(13,597,261)</u>	<u>(13,909,790)</u>	<u>(12,706,075)</u>	<u>1,203,715</u>
Net Change in Fund Balances	(5,749,324)	(5,956,366)	6,175,147	12,131,513
Fund Balances - Beginning	22,954,832	22,954,832	22,954,832	-
Fund Balances - Ending	<u>\$ 17,205,508</u>	<u>16,998,466</u>	<u>29,129,979</u>	<u>12,131,513</u>

The notes to the financial statements are an integral part of this statement.



CITY OF LINCOLN, NEBRASKA
STREET CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Wheel Tax	\$ -	-	199,794	199,794
Special Assessment	-	-	2,093	2,093
Intergovernmental	8,936,537	8,936,537	19,456,863	10,520,326
Permits and Fees	-	-	330,583	330,583
Reimbursement for Services	400,000	400,000	9,911	(390,089)
Investment Earnings	50,000	50,000	82,037	32,037
Miscellaneous	-	-	3,944	3,944
Total Revenues	<u>9,386,537</u>	<u>9,386,537</u>	<u>20,085,225</u>	<u>10,698,688</u>
Expenditures -- Streets and Highways:				
Personal Services	5,920,183	5,920,183	5,799,519	120,664
Materials and Supplies	1,025,791	1,025,791	645,845	379,946
Other Services and Charges	4,195,530	4,195,530	3,316,068	879,462
Capital Outlay	265,998	265,998	182,845	83,153
Total Expenditures	<u>11,407,502</u>	<u>11,407,502</u>	<u>9,944,277</u>	<u>1,463,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,020,965)</u>	<u>(2,020,965)</u>	<u>10,140,948</u>	<u>12,161,913</u>
Other Financing Sources (Uses):				
Transfers In	15,552,592	15,552,592	15,552,592	-
Transfers Out	(6,113,306)	(6,113,306)	(6,113,306)	-
Sale of Capital Assets	-	-	4,021	4,021
Total Other Financing Sources (Uses)	<u>9,439,286</u>	<u>9,439,286</u>	<u>9,443,307</u>	<u>4,021</u>
Net Change in Fund Balances	7,418,321	7,418,321	19,584,255	12,165,934
Amount Budgeted on Project Basis	(24,290,239)	(24,290,239)	(24,290,239)	-
Fund Balances - Beginning	<u>33,077,663</u>	<u>33,077,663</u>	<u>33,077,663</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 16,205,745</u>	<u>16,205,745</u>	<u>28,371,679</u>	<u>12,165,934</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2012

	Business-Type Activities -- Enterprise Funds				Total	Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds		
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 1,097,428	968,646	9,953,000	1,671,169	13,690,243	1,516,128
Investments	8,389,869	7,237,173	85,704,000	5,186,111	106,517,153	12,918,786
Receivables, (Net of Allowance for Uncollectibles)	1,996,412	4,159,867	22,033,000	2,567,632	30,756,911	352,555
Accrued Interest Receivable	-	-	234,000	-	234,000	-
Unbilled Revenues	2,459,540	5,038,847	9,791,000	-	17,289,387	-
Due from Other Funds	712,049	372,746	-	227,717	1,312,512	1,585,066
Due from Other Governments	1,085,874	1,500,956	-	123,053	2,709,883	279,162
Inventories	74,306	942,651	14,468,000	211,980	15,696,937	803,181
Plant Operation Assets	-	-	11,549,000	-	11,549,000	-
Prepaid Expenses	-	-	1,776,000	3,605	1,779,605	222,865
Total Current Assets	<u>15,815,478</u>	<u>20,220,886</u>	<u>155,508,000</u>	<u>9,991,267</u>	<u>201,535,631</u>	<u>17,677,743</u>
Noncurrent Assets:						
Investments	7,208,921	7,141,068	-	5,503,058	19,853,047	12,068,654
Restricted Assets:						
Cash and Cash Equivalents	-	-	7,502,000	3,990,573	11,492,573	228,814
Investments	7,457,932	7,262,975	29,887,000	2,541,887	47,149,794	-
Receivables	-	-	-	43,262	43,262	-
Due from Other Funds	-	-	-	148,413	148,413	-
Total Restricted Assets	<u>7,457,932</u>	<u>7,262,975</u>	<u>37,389,000</u>	<u>6,724,135</u>	<u>58,834,042</u>	<u>228,814</u>
Deferred Charges	707,001	539,125	7,989,000	407,777	9,642,903	135,576
Capital Assets:						
Land	5,996,823	5,449,698	-	12,785,779	24,232,300	1,306,950
Buildings	79,839,389	67,727,299	-	68,153,381	215,720,069	6,774,812
Improvements Other Than Buildings	265,147,852	327,271,789	-	41,148,424	633,568,065	465,692
Machinery and Equipment	8,793,982	8,616,076	-	13,593,699	31,003,757	29,574,209
Utility Plant	-	-	1,267,997,000	-	1,267,997,000	-
Construction in Progress	1,767,162	4,400,696	52,684,000	1,017,374	59,869,232	1,366,431
Less Accumulated Depreciation	<u>(104,679,735)</u>	<u>(116,671,087)</u>	<u>(506,423,000)</u>	<u>(54,832,906)</u>	<u>(782,606,728)</u>	<u>(21,223,444)</u>
Total Capital Assets, Net	<u>256,865,473</u>	<u>296,794,471</u>	<u>814,258,000</u>	<u>81,865,751</u>	<u>1,449,783,695</u>	<u>18,264,650</u>
Total Noncurrent Assets	<u>272,239,327</u>	<u>311,737,639</u>	<u>859,636,000</u>	<u>94,500,721</u>	<u>1,538,113,687</u>	<u>30,697,694</u>
Total Assets	<u>288,054,805</u>	<u>331,958,525</u>	<u>1,015,144,000</u>	<u>104,491,988</u>	<u>1,739,649,318</u>	<u>48,375,437</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	211,842	816,353	14,102,000	1,634,847	16,765,042	722,723
Construction Contracts	3,333,269	1,758,562	-	-	5,091,831	-
Accrued Liabilities	530,841	1,055,782	11,651,000	348,217	13,585,840	492,898
Accrued Compensated Absences	354,384	428,112	-	297,116	1,079,612	789,522
Due to Other Funds	-	-	-	929,578	929,578	796,293
Due to Other Governments	-	-	-	209,767	209,767	12,368
Unearned Revenue	-	-	-	1,367,145	1,367,145	168,444
Claims	-	-	559,000	-	559,000	5,170,834
Accrued Interest	666,249	109,999	8,783,000	75,080	9,634,328	86,600
Commercial Paper Notes Payable	-	-	128,500,000	-	128,500,000	-
Current Portion of Capital Lease	-	-	-	342,426	342,426	708,625
Current Portion of Long-Term Debt	3,487,906	3,360,000	19,610,000	1,110,000	27,567,906	-
Other	-	-	25,518,000	-	25,518,000	-
Total Current Liabilities	<u>8,584,491</u>	<u>7,528,808</u>	<u>208,723,000</u>	<u>6,314,176</u>	<u>231,150,475</u>	<u>8,948,307</u>
Noncurrent Liabilities:						
Accrued Compensated Absences	211,522	371,425	-	76,159	659,106	717,518
Construction Contracts	117,454	190,638	-	-	308,092	-
Claims	-	-	382,000	-	382,000	5,132,204
Long-Term Debt, Net	84,123,313	58,887,377	528,282,000	24,570,506	695,863,196	-
Capital Lease Payable	-	-	-	1,943,584	1,943,584	7,990,897
Accrued Liabilities	162,000	235,233	-	439,526	836,759	299,588
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	15,436,000	15,436,000	-
Total Noncurrent Liabilities	<u>84,614,289</u>	<u>59,684,673</u>	<u>528,664,000</u>	<u>42,465,775</u>	<u>715,428,737</u>	<u>14,140,207</u>
Total Liabilities	<u>93,198,780</u>	<u>67,213,481</u>	<u>737,387,000</u>	<u>48,779,951</u>	<u>946,579,212</u>	<u>23,088,514</u>
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	171,553,512	238,567,894	140,572,000	57,425,825	608,119,231	9,793,942
Restricted for:						
Debt Service	703,650	149,097	27,423,000	141,183	28,416,930	-
Capital Projects	364,711	299,582	-	2,367,083	3,031,376	-
Other	-	-	-	22,211	22,211	-
Unrestricted	22,234,152	25,728,471	109,762,000	(4,244,265)	153,480,358	15,492,981
Total Net Assets	<u>\$ 194,856,025</u>	<u>264,745,044</u>	<u>277,757,000</u>	<u>55,712,037</u>	<u>793,070,106</u>	<u>25,286,923</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Business-Type Activities -- Enterprise Funds				Total	Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds		
Operating Revenues						
Charges for Services	\$ 24,097,998	34,150,292	269,043,000	4,870,608	332,161,898	54,547,088
Fees	-	-	-	8,385,364	8,385,364	-
Parking Revenue	-	-	-	7,800,953	7,800,953	-
Performance Revenue	-	-	-	1,704,701	1,704,701	-
Other Operating Revenue	-	-	-	693,268	693,268	-
Total Operating Revenues	<u>24,097,998</u>	<u>34,150,292</u>	<u>269,043,000</u>	<u>23,454,894</u>	<u>350,746,184</u>	<u>54,547,088</u>
Operating Expenses						
Personal Services	-	-	-	8,321,222	8,321,222	14,028,196
Contractual Services	-	-	-	4,940,966	4,940,966	-
Operation and Maintenance	10,828,643	13,624,591	19,218,000	6,505,023	50,176,257	39,835,839
Purchased Power	-	-	119,594,000	-	119,594,000	-
Depreciation	7,314,450	7,528,972	41,002,000	3,951,727	59,797,149	2,582,592
Administrative Costs	1,550,030	2,011,903	33,481,000	-	37,042,933	-
Total Operating Expenses	<u>19,693,123</u>	<u>23,165,466</u>	<u>213,295,000</u>	<u>23,718,938</u>	<u>279,872,527</u>	<u>56,446,627</u>
Operating Income (Loss)	<u>4,404,875</u>	<u>10,984,826</u>	<u>55,748,000</u>	<u>(264,044)</u>	<u>70,873,657</u>	<u>(1,899,539)</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	204,843	530,761	213,000	35,220	983,824	104,245
Gain on Disposal of Capital Assets	-	-	-	24,613	24,613	91,279
Insurance Recovery	135,873	-	-	5,587	141,460	-
Occupation Tax	-	-	-	2,048,615	2,048,615	-
Payments in Lieu of Taxes	-	-	(9,384,000)	-	(9,384,000)	-
Amortization of Deferred Charges	(39,608)	(76,955)	(871,000)	(18,687)	(1,006,250)	-
Interest Expense and Fiscal Charges	(3,285,067)	(2,666,166)	(27,126,000)	(700,724)	(33,777,957)	(228,762)
Total Nonoperating Revenues (Expenses)	<u>(2,983,959)</u>	<u>(2,212,360)</u>	<u>(37,168,000)</u>	<u>1,394,624</u>	<u>(40,969,695)</u>	<u>(33,238)</u>
Income (Loss) Before Contributions and Transfers	1,420,916	8,772,466	18,580,000	1,130,580	29,903,962	(1,932,777)
Capital Contributions	2,143,397	1,791,452	1,074,000	1,722,988	6,731,837	387,316
Transfers In	3,660	20,605	-	740,596	764,861	103,240
Transfers Out	-	-	(4,012,000)	(1,813,245)	(5,825,245)	(51,532)
Change in Net Assets	<u>3,567,973</u>	<u>10,584,523</u>	<u>15,642,000</u>	<u>1,780,919</u>	<u>31,575,415</u>	<u>(1,493,753)</u>
Net Assets - Beginning	<u>191,288,052</u>	<u>254,160,521</u>	<u>262,115,000</u>	<u>53,931,118</u>	<u>761,494,691</u>	<u>26,780,676</u>
Net Assets - Ending	<u>\$ 194,856,025</u>	<u>264,745,044</u>	<u>277,757,000</u>	<u>55,712,037</u>	<u>793,070,106</u>	<u>25,286,923</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Business-Type Activities -- Enterprise Funds				Total	Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds		
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ 24,619,241	30,619,833	282,476,000	22,743,311	360,458,385	13,142,517
Receipts from Interfund Services Provided	274,484	921,658	5,501,000	184,726	6,881,868	41,103,030
Payments to Suppliers for Goods and Services	(3,433,598)	(3,761,088)	(160,919,000)	(8,210,940)	(176,324,626)	(37,558,194)
Payments to Employees	(6,944,605)	(8,147,810)	(25,275,000)	(8,081,573)	(48,448,988)	(13,914,816)
Payments for Interfund Services Provided	(2,029,820)	(3,093,736)	(1,710,000)	(2,251,401)	(9,084,957)	(3,096,972)
Other Receipts	-	-	223,000	693,268	916,268	-
Net Cash Provided (Used) by Operating Activities	<u>12,485,702</u>	<u>16,538,857</u>	<u>100,296,000</u>	<u>5,077,391</u>	<u>134,397,950</u>	<u>(324,435)</u>
Cash Flows from Noncapital Financing Activities						
Occupation Tax	-	-	-	2,124,861	2,124,861	-
Payments in Lieu of Taxes	-	-	(9,388,000)	-	(9,388,000)	-
Transfers from Other Funds	-	-	-	714,089	714,089	103,240
Transfers to Other Funds	-	-	(1,730,000)	(1,813,245)	(3,543,245)	(51,532)
Advances from General Fund	-	-	-	1,745,878	1,745,878	1,423,220
Repayment of Advances from General Fund	-	-	-	(1,880,656)	(1,880,656)	(1,618,266)
Advances to Other Funds	-	(25,289)	-	(7,094)	(32,383)	(709)
Repayments from Other Funds	180,077	-	-	510,177	690,254	516,476
Net Cash Provided (Used) by Noncapital Financing Activities	<u>180,077</u>	<u>(25,289)</u>	<u>(11,118,000)</u>	<u>1,394,010</u>	<u>(9,569,202)</u>	<u>372,429</u>
Cash Flows from Capital and Related Financing Activities						
Additions to Capital Assets	(10,283,899)	(6,226,515)	(41,761,000)	(13,336,746)	(71,608,160)	(4,517,921)
Capital Contributions	461,134	1,303,838	1,074,000	1,722,988	4,561,960	-
Federal Grant Proceeds	680,526	-	-	-	680,526	-
Proceeds from Sale of Capital Assets	-	-	-	49,319	49,319	228,909
Insurance Recovery	135,873	-	-	5,587	141,460	-
Proceeds from Long-Term Debt	6,203,748	1,127,435	38,500,000	1,534,948	47,366,131	575,412
Cost of Debt Issuance	(560,300)	(74,312)	(243,000)	(30,415)	(908,027)	-
Net Cost of Retiring Plant	-	-	(1,057,000)	-	(1,057,000)	-
Principal Payments of Capital Lease	-	-	-	(258,306)	(258,306)	(239,512)
Principal Payments of Long-Term Debt	(3,137,858)	(5,380,000)	(18,680,000)	(1,080,000)	(28,277,858)	-
Interest and Fiscal Charges Paid	(3,492,563)	(2,898,314)	(27,583,000)	(1,240,695)	(35,214,572)	(214,097)
Net Cash Used by Capital and Related Financing Activities	<u>(9,993,339)</u>	<u>(12,147,868)</u>	<u>(49,750,000)</u>	<u>(12,633,320)</u>	<u>(84,524,527)</u>	<u>(4,167,209)</u>
Cash Flows from Investing Activities						
Proceeds from Sale and Maturities of Investments	28,776,654	20,631,982	114,106,000	27,369,645	190,884,281	40,188,913
Purchases of Investments	(33,070,291)	(25,752,723)	(167,134,000)	(22,261,619)	(248,218,633)	(40,164,442)
Interest and Other Receipts	317,414	452,942	422,000	125,816	1,318,172	248,574
Net Cash Provided (Used) by Investing Activities	<u>(3,976,223)</u>	<u>(4,667,799)</u>	<u>(52,606,000)</u>	<u>5,233,842</u>	<u>(56,016,180)</u>	<u>273,045</u>
Net Decrease in Cash and Cash Equivalents	(1,303,783)	(302,099)	(13,178,000)	(928,077)	(15,711,959)	(3,846,170)
Cash and Cash Equivalents - Beginning	2,401,211	1,270,745	30,633,000	6,589,819	40,894,775	5,591,112
Cash and Cash Equivalents - Ending	<u>\$ 1,097,428</u>	<u>968,646</u>	<u>17,455,000</u>	<u>5,661,742</u>	<u>25,182,816</u>	<u>1,744,942</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ 4,404,875	10,984,826	55,748,000	(264,044)	70,873,657	(1,899,539)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	7,314,450	7,528,972	41,002,000	3,951,727	59,797,149	2,582,592
Changes in Assets and Liabilities:						
Accounts Receivable and Unbilled Revenues	795,801	(2,638,307)	(897,000)	(81,635)	(2,821,141)	(104,974)
Due from Other Funds	-	-	-	(65,077)	(65,077)	(165,693)
Due from Other Governments	-	-	-	(118,748)	(118,748)	(20,399)
Inventories	(8,802)	(10,018)	(83,000)	(3,602)	(105,422)	7,205
Plant Operation Assets	-	-	1,521,000	-	1,521,000	-
Prepaid Expenses	-	-	(704,000)	56,380	(647,620)	162,542
Other Assets	-	-	2,753,000	-	2,753,000	-
Accounts Payable	(108,059)	366,504	302,000	31,073	591,518	(540,022)
Accrued Liabilities	80,635	330,999	-	208,993	620,627	133,128
Accrued Compensated Absences	6,802	(24,119)	-	(29,011)	(46,328)	(19,748)
Due to Other Funds	-	-	-	99,638	99,638	25,066
Due to Other Governments	-	-	-	55,826	55,826	11,798
Unearned Revenue	-	-	-	431,871	431,871	(10,473)
Claims	-	-	497,000	-	497,000	(485,918)
Deferred Credits and Other Liabilities	-	-	157,000	-	157,000	-
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	804,000	804,000	-
Total Adjustments	8,080,827	5,554,031	44,548,000	5,341,435	63,524,293	1,575,104
Net Cash Provided by Operating Activities	<u>\$ 12,485,702</u>	<u>16,538,857</u>	<u>100,296,000</u>	<u>5,077,391</u>	<u>134,397,950</u>	<u>(324,435)</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:						
Contribution of Capital Assets	\$ 883,120	487,614	-	-	1,370,734	387,316
Capital Asset Trade-Ins	-	-	-	87,582	87,582	-
Purchase of Capital Assets on Account	3,450,723	1,949,200	-	619,376	6,019,299	324,819
Change in Fair Value of Investments	77,644	(112,212)	50,000	(69,545)	(54,113)	(113,463)
Recognition of Sales Tax Settlement Payment	-	-	22,000	-	22,000	-
Allowance for Funds in Construction and Amortization	-	-	104,000	-	104,000	-

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2012

	<u>Police & Fire Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,465,894	4,011,529
Investments:		
Pooled Investment Funds	4,198,097	-
Collateralized Investment Agreement	-	1,910,000
Corporate Bonds	805,800	-
Mutual Funds	147,725,024	-
Private Equity	561,029	-
Real Estate Limited Partnerships	13,095,044	-
Total Investments	<u>166,384,994</u>	<u>1,910,000</u>
Receivables:		
Contributions	570,438	-
Accrued Interest	527,397	38,128
Other	-	44,274
Due from Other Governments	432	2,664
Contractor Retainage	<u>-</u>	<u>770,662</u>
 Total Assets	 <u>168,949,155</u>	 <u><u>6,777,257</u></u>
LIABILITIES		
Warrants Payable	-	1,110,868
Accounts Payable	16,000	248,292
Accrued Liabilities	7,456	-
Accrued Compensated Absences	14,729	-
Due to Other Governments	-	3,765,444
Due to Homeowners	-	17,641
Due to Contractors	-	1,249,837
Due to Joint Venture	-	206,548
Due to Plan Members	-	60,701
Due to Bondholders	<u>-</u>	<u>117,926</u>
 Total Liabilities	 <u>38,185</u>	 <u><u>6,777,257</u></u>
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	 \$ <u><u>168,910,970</u></u>	

The notes to the financial statements are an integral part of this statement.

CITY OF LINCOLN, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED AUGUST 31, 2012

	Police & Fire Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 5,837,676
Employee	2,418,690
Total Contributions	8,256,366
Investment Earnings:	
Interest	219,271
Dividends	2,872,884
Net Increase in Fair Value of Investments	5,686,090
Net Investment Earnings	8,778,245
Total Additions	17,034,611
Deductions:	
Benefit Payments	10,923,121
Refunds of Contributions	645,182
Administrative Costs	369,764
Total Deductions	11,938,067
Change in Net Assets	5,096,544
Net Assets Held in Trust for Pension Benefits and Other Purposes - Beginning	163,814,426
Net Assets Held in Trust for Pension Benefits and Other Purposes - Ending	\$ 168,910,970

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

REPORTING ENTITY

The accompanying financial statements present the government of the City of Lincoln, Nebraska (City) and its blended component unit, the West Haymarket Joint Public Agency (WHJPA), established April 2, 2010, for which the City is considered to be financially accountable. Regarding related organizations, the City's Mayor appoints and the City Council approves all of the board appointments of the Housing Authority of the City of Lincoln. However, the City has no further accountability for this organization.

Blended component units, although legally separate entities, are, in substance, part of the government's operations. The participants in the WHJPA are the City and University of Nebraska (UNL), and the agency is governed by a board consisting of the Mayor, a member of the UNL Board of Regents, and a member of the City Council. The purpose of the agency is to make the most efficient use of the taxing authority and other powers of the participants to facilitate the redevelopment of the West Haymarket Redevelopment Area. The WHJPA is reported as a major governmental fund in the City's financial statements. Complete separate financial statements for the WHJPA may be obtained at the City of Lincoln Finance Department, 555 South 10th Street, Suite 103, Lincoln, NE 68508.

FISCAL YEAR-END

All funds of the City, with the exception of Lincoln Electric System (LES), are reported as of and for the year ended August 31, 2012. December 31st is the fiscal year-end of LES as established by the City Charter, and the last separate financial statements were as of and for the year ended December 31, 2011. The amounts included in the City's 2012 financial statements for LES are amounts as of and for the year ended December 31, 2011.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Fiduciary activities, whose resources are not available to finance the City's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, highway user fees, interdepartmental charges, and intergovernmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and deferred revenues. Other revenue items are considered to be measurable and available only when cash is received by the City.

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, aging services, police and fire protection, emergency communications, legal services, planning, and parks and recreation. Primary resources of the fund include property, sales, and occupation taxes.

The Street Construction Fund, a special revenue fund, accounts for the resources accumulated, primarily highway allocation fees received from the State of Nebraska, and the payments made for the maintenance, construction, and improvement of the streets and highways in the City.

The West Haymarket JPA Fund accounts for the activities of the joint public agency, a blended component unit of the City, established to facilitate the redevelopment of the West Haymarket Area. Occupation taxes imposed on bar, restaurant, car rental, and hotel revenues provides the resources to finance the activities of the JPA.

The City reports the following major enterprise funds:

The Lincoln Wastewater System Fund accounts for the activities of the City's wastewater utility.

The Lincoln Water System Fund accounts for the activities of the City's water distribution operations.

The Lincoln Electric System Fund accounts for the activities of the City's electric distribution operations.

Additionally, the City reports the following fund types:

Internal Service Funds account for data processing, engineering, risk management, fleet management, municipal services center operations, telecommunications, and copy services

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The Pension Trust Fund accounts for the receipt, investment, and distribution of retirement contributions made for the benefit of police officers and firefighters.

The Agency Funds account for the collection of various taxes, fines, and fees due to other government entities; funds held in escrow for homeowners; good faith money due to contractors upon project completion; funds held for payroll taxes and other payroll related payables; funds held to pay outstanding warrants; funds to pay phone system charges; funds to pay matured bonds and coupons for which the City Treasurer is trustee; funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project; funds deposited by Gateway Shopping Center in fulfillment of a condition of the use permit for expansion; funds for shared library services; and reserve funds held for the Public Building Commission Bonds.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict pronouncements of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Only the City's Lincoln Wastewater System and Lincoln Water System funds have elected to follow subsequent private-sector guidance.

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, return on equity, 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, fines and forfeitures, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

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

In 2011, the City Council approved an ordinance requiring LES to pay an annual dividend to the City for the City's ownership of LES, in an amount based on the total net assets of LES as of the most recent audited year-end financial statements. The annual dividend shall be remitted to the City on a semiannual basis on the 20th day of February and August of each year, with each payment representing fifty percent of the annual dividend payment.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

ASSETS, LIABILITIES, AND NET ASSETS OR FUND EQUITY

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

The City may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

Receivables and Payables

Loans receivable in governmental funds consist of rehabilitation and redevelopment loans that are generally not expected or scheduled to be collected in the subsequent year.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Recognition of governmental fund type revenues represented by noncurrent receivables generally is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Inventories and Prepaid Items

Materials, supplies, and fuel inventories are stated at cost, which is generally determined using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Amounts of governmental fund inventories and vendor prepaid items are reported as nonspendable net assets to indicate that they do not represent "available spendable resources".

Certain payments that have been made which benefit future accounting periods and are funded by interfund borrowings, are also recorded as prepayments, with a like amount of interfund liability reflected. These prepayments are charged to expenditures on the governmental fund financial statements over the period of their related borrowings. On the government-wide financial statements these prepayments have been capitalized and are charged to expenditures as the assets are depreciated over their useful lives.

Deferred Charges

LES' share of payments made for the construction of the Dry Fork Coal Mine are included in deferred charges on the statement of net assets. The mine is expected to provide fuel for Laramie River Station over the estimated 25-year life of the mine. The advances will be returned to LES over the estimated life of the mine. In addition, costs related to certain capital improvements at Sheldon Station have been deferred under accounting pronouncements applicable to regulated utilities.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Investment in Joint Venture

Investment in joint venture consists of the City's interest in the Joint Antelope Valley Authority (see Note 23), a joint administrative entity reported in the City's financial statements using the equity method of accounting.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage systems, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Improvements	5 - 40
Infrastructure	20 - 100
Equipment	2 - 20
Utility Plant	30 - 40

The exception to this rule is library media, which is depreciated using a composite depreciation method.

Compensated Absences

City employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation, which is in no case longer than 37 days.

Employees earn sick leave at the rate of one day per month with total accumulation limits established by the employees' bargaining unit. Upon retirement, an employee is reimbursed for accumulated sick leave with maximums depending on the employees' bargaining unit contract. Upon resignation from City service an employee may also be compensated for a percentage of accumulated sick leave, again, based on the employees' bargaining union contract. In some cases payment may be placed in a medical spending account rather than reimbursing the employee directly. LES is covered by a separate personnel plan regarding vacation and sick leave with the liability for these benefits recorded in accrued liabilities.

Vacation leave and other compensated absences with similar characteristics are accrued as the benefits are earned if the leave is attributable to past service and it is probable that the City will compensate the employees for such benefits. Sick leave and other compensated absences with similar characteristics are accrued as the benefits are earned only to the extent it is probable that the City will compensate the employees for such benefits through cash payments conditioned on the employee's termination or retirement, and is recorded based on the termination method. Such accruals are based on current salary rates and include salary-related payments directly and incrementally associated with payments made for compensated absences on termination.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

All vacation and sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, only compensated absences that have matured as of year-end, for example, as a result of employee resignations and retirements, are recorded as a fund liability.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method. For current and advance refundings of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Fund Equity

Fund balances reflect assets minus liabilities in the governmental fund statements. Fund balance is divided into five classifications; nonspendable, restricted, committed, assigned and unassigned. Fund balance is reported as nonspendable when not in spendable form or legally or contractually required to be maintained intact. Fund balance is reported as restricted when constraints placed on the use are either externally imposed by creditors, grantors, contributors, or laws or regulations other governments; or imposed by law through constitutional provisions or enabling legislation. Fund balance is reported as committed when constraints are imposed by formal action (ordinance) of the City Council, the City's highest level of decision-making authority. Fund balance is reported as assigned when the intent of the City (resolution, executive order) is to use the funds for a specific purpose. Unassigned fund balance is the residual amount and may only be reported in the General Fund.

The City has established a policy providing for an unreserved fund balance in the City's General Fund. To meet excess cash flow needs, no less than twenty percent of the ensuing year's General Fund budget is to be set aside as an unrestricted reserve. Currently \$26,393,981 of the General Fund's spendable and unrestricted fund balance meets the requirements of this policy.

Net Assets Classification

Net assets are assets minus liabilities and are shown in the entity-wide, proprietary, and fiduciary fund financial statements. Net assets are required to be classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

Restricted – This component of net assets consists of restrictions placed on net assets use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

The government-wide statement of net assets reports \$278,004,436 of restricted net assets, of which enabling legislation restricts \$16,863,650.

Unrestricted – This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

BUDGETARY DATA

The City Council follows these procedures, set out in the City Charter, in establishing the budgetary data reflected in the financial statements:

- 1) At least 40 days prior to the end of the budget and fiscal year, the Mayor submits to the City Council a proposed annual budget for the ensuing year. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget.
- 2) Public hearing on the proposed budget is scheduled for not later than 10 days prior to the budget adoption date.
- 3) Not later than 5 days prior to the end of the fiscal year, the budget is legally adopted by resolution of the City Council.
- 4) The Mayor is authorized to transfer unencumbered balances between appropriations of the same department or agency. The Mayor also has authority to lower appropriations in any fund where actual revenues are less than appropriated in order to avoid incurring a budget deficit for the year.

Appropriation transfers between departments or agencies may only be authorized by resolution of the City Council. The Council may not make any appropriations in addition to those authorized in the annual budget, except that it may authorize emergency appropriations in the event of an emergency threatening serious loss of life, health, or property in the community.

- 5) Budgets for all funds are adopted on a basis inconsistent with accounting principles generally accepted in the United States of America (GAAP). Since encumbrances are included in the City's budget accounting, year-end encumbrances are reappropriated to the next year in the budget process. Various funds have expenditures automatically appropriated through the budget resolution, based on funds available. These expenditures are reflected in the original and final budgets at amounts equal to the actual expenditures. Budget basis expenditures are presented on a cash basis.

Amendments to the adopted budget were made this year and resulted from prior fiscal year encumbrances identified subsequent to budget adoption, appropriation of unanticipated revenues to certain funds as provided in the budget resolution, and appropriation revisions between or among departments as provided for under the City Charter.

- 6) Appropriation controls are required at the departmental level. However, as a matter of policy and practice, appropriations generally are controlled at the next level of organization (division) or by fund within a department.
- 7) Operating appropriations lapse at the end of the fiscal year except for those reappropriated by Council resolution, capital improvement appropriations and year-end encumbrances against operating budgets. Capital improvement appropriations are continuing appropriations through completion of the project.
- 8) Budgets are adopted by resolution for the following fund types: general, special revenue, debt service, capital projects, permanent, enterprise, internal service, and pension trust. Legally adopted annual budgets are not established for the West Haymarket JPA component unit, certain special revenue (Advance Acquisition, Police & Fire Pension Contributions, Special Assessment, Impact Fees, Parks & Recreation Special Projects, Seniors Foundation of Lincoln & Lancaster County, and R.P. Crawford Park), permanent (J.J. Hompes), Fast Forward, and agency funds. In addition, capital project funds are budgeted on a project rather than an annual basis.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

The City began utilizing a biennial budget process for the fiscal year beginning September 1, 2012. The biennial budget will be a complete financial plan for the biennial period and will consist of an operating budget and a capital budget.

ENDOWMENTS

The Community Health Permanent Endowment Fund was established in 1997 with the \$37,000,000 cash proceeds realized by the City from the sale of Lincoln General Hospital, and may be increased by donations, bequests, or appropriations to the fund. Investment earnings of the fund are used for funding health and health-related programs that further the health, safety, or welfare of the citizens of Lincoln. Earnings deposited with the City Treasurer shall be paid out only by order of those persons designated by the Community Health Endowment (CHE) Board of Trustees as outlined in the Fiscal and Budget Directives policy between the CHE and the City. State law directs that, subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The current amount of net appreciation available for expenditure is \$19,937,630, which is reported as expendable health care restricted net assets in the statement of net assets. The initial endowment principal is reported as nonexpendable health care restricted net assets in the statement of net assets.

PRIOR-YEAR SUMMARIZED FINANCIAL INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements as of and for the year ended August 31, 2011, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

ESTIMATES

The preparation of 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/expenditures during the reporting period. Actual results could differ materially from those estimates.

IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

In 2012, the City implemented the provisions of GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, which clarifies the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB 64 did not have a material impact on the financial statements.

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of the \$473,155,577 difference are as follows:

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Bonds Payable	\$ 419,167,849
Less deferred charge for issuance costs	(6,216,521)
Less issuance discounts	(1,004,028)
Plus issuance premiums	11,425,596
Less deferred charge on refunding	(1,303,610)
Capital Leases Payable	24,693,594
Accrued Interest Payable	4,478,903
Net Pension Obligation	3,115,746
Net OPEB Obligation	5,144,167
Compensated Absences	13,653,881
Net difference	<u>\$ 473,155,577</u>

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$104,674,946 difference are as follows:

Capital outlay	\$ 130,907,234
Depreciation expense	<u>(26,232,288)</u>
Net difference	<u>\$ 104,674,946</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$5,996,535 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation refunding bonds	\$ (8,090,000)
Issuance of general obligation highway allocation fund refunding bonds	(28,095,000)
Issuance of special assessment revolving fund bonds	(3,000,000)
Issuance of certificates of participation	(3,080,000)
Deferred charge for issuance costs	543,425
Issuance premiums	(4,182,049)
Amortization of deferred items	53,372
Principal repayments and transfers to bond refunding agent	<u>51,846,787</u>
Net difference	<u>\$ 5,996,535</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$(1,589,757) difference are as follows:

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Loss on disposal of capital assets	\$ (462,220)
Construction contracts	313,784
Other	94,060
Accrued interest	(538,653)
Compensated absences	<u>(996,728)</u>
Net difference	<u>\$ (1,589,757)</u>

(3) RESTRICTED ASSETS

Certain proceeds of the enterprise funds revenue bonds and resources set aside for their repayment are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Assets included in the Bond Principal and Interest Account and the Bond Reserve Account are restricted for the payment of bond principal and interest. Assets included in the Surplus Account and the Depreciation and Replacement Account are restricted for purposes including improvements, repairs and replacements, acquisition of equipment, and the payment of bond principal and interest. Assets included in the Construction Account are restricted for paying the cost of capital improvements. Lincoln Electric System has also restricted certain assets for employee health claims. Certain assets of the Pershing Municipal Auditorium Enterprise Fund are classified as restricted assets to be used for marketing and improvements. Certain assets of the Fleet Services Internal Service Fund are restricted for purchase of capital equipment.

A recap of restrictions and related balances at August 31, 2012, are as follows:

Fund Account	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Fleet Services	Total
Principal and Interest	\$ -	190,974	-	-	942,457	239,893	15,278,000	-	16,651,324
Reserve	-	2,338,575	-	400,000	5,998,092	6,948,305	21,310,000	-	36,994,972
Depreciation and Replacement	-	930,475	-	-	-	-	-	-	930,475
Capital Construction and Equipment	1,383,607	1,412,554	2,497	15,232	517,383	74,777	-	228,814	3,634,864
Claims	-	-	-	-	-	-	801,000	-	801,000
Marketing	-	-	50,221	-	-	-	-	-	50,221
Total	<u>\$ 1,383,607</u>	<u>4,872,578</u>	<u>52,718</u>	<u>415,232</u>	<u>7,457,932</u>	<u>7,262,975</u>	<u>37,389,000</u>	<u>228,814</u>	<u>59,062,856</u>

Restricted assets for internal balances are shown on the fund statements and included above, but are segregated and not included in restricted asset balances on the statement of net assets.

Resources of the permanent funds totaling \$37,160,000 are legally restricted to the extent that only earnings and not principal may be used to support the City's programs.

(4) 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 state law.

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to provide a bond or to pledge government securities (types of which are specifically identified in the Statutes) to the City Treasurer in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC).

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

One or more of the financial institutions holding the City's cash accounts are participating in the FDIC Transaction Account Guarantee Program. Under the program, through December 31, 2012, all noninterest-bearing transaction accounts at these institutions are fully guaranteed by the FDIC for the entire amount in the account. Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the \$250,000 limit on FDIC insurance per covered institution.

For interest-bearing cash accounts, the City's cash deposits, including certificates of deposit, are insured up to \$250,000 by the FDIC. Any cash deposits or certificates of deposit in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the City and thus no custodial risk exists.

INVESTMENTS

At August 31, 2012, the City had the following investments, maturities and credit ratings:

Type	August 31, 2012 Maturities in Years					Credit Rating	
	Carrying Value	Less than 1	1-5	6-10	More than 10	Moody's	S&P
General City:							
U.S. Treasury Obligations	\$ 30,917,490	19,869,780	11,047,710	-	-	N/A	N/A
U.S. Sponsored Agency Obligations	430,215,166	309,837,305	56,195,869	57,691,586	6,490,406	Aaa	AA+
Collateralized Repurchase Agreements	663,899	663,899	-	-	-	N/A	N/A
Collateralized Investment Agreements	1,120,000	-	1,120,000	-	-	Baa1	A+ (Fitch)
Collateralized Investment Agreements	3,139,981	-	-	-	3,139,981	Aa3	AA-
Money Market Funds - U.S. Treasury	3,615,761	3,615,761	-	-	-	Aaa	AAAm
Money Market Funds - U.S. Agencies	24,532,810	24,532,810	-	-	-	Aaa	AAAm
External Investment Trust	6,650,000	6,650,000	-	-	-	Not rated	Not rated
Tax Increment Financing Investments	2,515,766	-	576,619	1,939,147	-	Not rated	Not rated
Fixed Income Mutual Funds	147,277	147,277	-	-	-	Not rated	Not rated
Equities	636,733	636,733	-	-	-	Not rated	Not rated
Complementary Strategies	67,603	67,603	-	-	-	Not rated	Not rated
Real Assets	81,363	81,363	-	-	-	Not rated	Not rated
Total General City	504,303,849	366,102,531	68,940,198	59,630,733	9,630,387		
Community Health Endowment:							
Money Market Mutual Funds	1,082,887	1,082,887	-	-	-	Not rated	Not rated
Mutual Funds							
Convertible Bonds	4,590,295	4,590,295	-	-	-	Not rated	Not rated
Institutional Funds							
Fixed Income	13,186,066	13,186,066	-	-	-	Not rated	Not rated
Intermediate Term Credit	6,542,449	6,542,449	-	-	-	Not rated	Not rated
Large Cap Equity	8,062,683	8,062,683	-	-	-	Not rated	Not rated
International Equity	5,805,243	5,805,243	-	-	-	Not rated	Not rated
High-Yield Bonds	2,811,901	2,811,901	-	-	-	Not rated	Not rated
Emerging Markets Equity	2,743,177	2,743,177	-	-	-	Not rated	Not rated
Hedge Funds	2,701,547	2,701,547	-	-	-	Not rated	Not rated
Mid Cap Equity	1,128,006	1,128,006	-	-	-	Not rated	Not rated
U.S. Treasuries	1,662,767	1,662,767	-	-	-	Not rated	Not rated
Small Cap Equity	1,686,586	1,686,586	-	-	-	Not rated	Not rated
Commodities	1,976,895	1,976,895	-	-	-	Not rated	Not rated
Real Estate	1,990,860	1,990,860	-	-	-	Not rated	Not rated
Limited Partnership	1,038,222	-	1,038,222	-	-	Not rated	Not rated
Other	67,865	67,865	-	-	-	Not rated	Not rated
Total Community Health Endowment	57,077,449	56,039,227	1,038,222	-	-		
Police & Fire Pension Trust:							
Corporate Bonds	805,800	-	-	-	805,800	B (Fitch)	BB+
Mutual Funds	147,725,024	-	-	-	-		
Private Equity	561,029	-	-	-	-		
Real Estate Limited Partnerships	13,095,044	-	-	-	-		
Total Police & Fire Pension Trust	162,186,897						
Total Primary Government	\$ 723,568,195						

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

INVESTMENT POLICIES

General City Policy

Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with the investment policy adopted by the City Council complying with state statutes and the City Charter. The City may legally invest in U.S. government securities and agencies, U.S. government sponsored agencies, and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, bankers' acceptances, and investment agreements.

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's investment policy limits current operating funds to be invested with maturities of not longer than twenty-four months. Fixed income investments held in construction funds, operating funds, and other nonoperating funds are limited to ten-year maturities. Investment agreements are not subject to interest rate risk, as the issuer guarantees the interest rate. Money market mutual funds and external investment funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately. Tax Increment Financing investments are allowed to exceed 10 years as the interest rates are guaranteed by the fund and the investment is made within the City's funds.

Credit Risk. Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy establishes requirements for certain investment securities to be rated at certain rates or higher without having collateral pledged to the City. The following investment types must be rated at the minimum rates noted below:

	<u>S&P</u>	<u>Moody's</u>
Money Markets	AA	Aa
Corporate Notes	AA-	Aa3
Investment Agreements	AA-	Aa3

Investment agreements are made with provisions that if the provider is downgraded below Aa3 by Moody's Investors Service (Moody's) or AA- by Standard & Poor's (S&P), the provider must deliver collateral of U.S. Government agencies obligations at a margin of 102-104%, and if the provider is further downgraded below A3 by Moody's or A- by S&P, the City will have the right to terminate the agreement and receive all invested amounts plus accrued but unpaid interest without penalty. As of August 31, 2012, the investment agreements were adequately collateralized with U.S. Government agencies obligations that had a rating of Aaa by Moody's and AA+ by S&P, or by small business administration obligations which are 100% guaranteed by the U.S. Government.

The external investment funds are held in the City's idle fund pool and are comprised of Nebraska Public Agency Investment Trust (NPAIT) and Short-Term Federal Investment Trust (STFIT). NPAIT and STFIT invest in only the highest quality securities, including U.S. government, rated U.S. sponsored agencies, and guaranteed student loans.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Concentration of Credit Risk. The City's investment policy places various limits on the amount that may be invested in any one issuer. Per the policy, allocation limits do not apply to the investment of proceeds from issuance of debt. These investments shall be governed by the debt covenant included in the debt instrument. Non-compliance due to a decrease in investment balance does not require corrective action.

<u>Type</u>	<u>Portfolio Composition</u>	<u>Policy Limits on Issuer</u>
U.S. agency obligations:		
Federal Home Loan Bank	30.78 %	40.00 %
Federal Home Loan Mortgage Corporation	23.50	40.00
Federal National Mortgage Association	25.16	40.00
Federal Farm Credit Bank	5.87	40.00

Community Health Endowment (CHE) Policy

As a public endowment fund, under State law, CHE is permitted to invest in the manner required of a prudent investor acting with care, skill and diligence under the prevailing circumstance, without restrictions as to the type and limits of investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, CHE 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, CHE's investment policy requires the average duration of the fixed income portfolio to be no more than 120% of the appropriate fixed income benchmark. Mutual and institutional funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is CHE's policy to limit its investments in fixed income securities to issues with at least BBB-/Baa3 ratings. Short-term fixed income issues should have a minimum A-2/P-2 rating.

Concentration of Credit Risk. CHE limits the percentage of cost that may be invested in any one industry, company and issuer. CHE's portfolio shall not own more than 5% of the outstanding securities of any single issuer. Exceptions are allowed where a fund's benchmark includes securities greater than 3%, in which case the investment manager may have no more than the securities index weight plus 2%. The entire portfolio shall have no more than 5% of its assets invested in the securities of any one issuer, with the exception of U.S. Treasury and U.S. agencies obligations.

Foreign Currency Risk. This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. CHE had no investment denominated in foreign currency at August 31, 2012.

Police & Fire Pension Trust Policy

The Police & Fire Pension Trust Investment Board, established by the City Council in accordance with the Lincoln Municipal Code chapter 4.62, directs and oversees the trust's investments for the sole benefit of plan participants and beneficiaries. The board also provides oversight and directions to the plan administrator with regard to the investments of the trust's funds. The daily management responsibility of the trust and routine investment transactions are delegated to the plan administrator.

The Police & Fire Pension Trust is allowed to invest in domestic and international equity funds, domestic and foreign bonds, real estate, mortgage-backed securities, and other alternative investments.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

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

Interest Rate Risk. The Investment Board for the Police & Fire Pension Trust compares the risk and return characteristics derived from the actual performance of the Fund, separate asset classes and specific securities to appropriate benchmarks, financial indices and/or funds at least annually. Asset allocation, investments, and/or investment managers are adjusted as necessary by this monitoring.

Credit Risk. The policy states that the plan will select appropriate investments, or investment manager(s), to fill each asset class allocation. The individual investment, or investment managers, chosen shall be those determined to meet the board's objectives in terms of their overall combination of risk, return, and liquidity.

Concentration of Credit Risk. It is the desire of the board that no more than 5% of assets may be from a single corporate or sovereign issuer exclusive of the U.S. government. The board reviews assets to monitor the concentration of overlapping securities held by multiple mutual funds.

Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of August 31, 2012:

	<u>Totals</u>			
Investments	\$ 723,568,195			
Deposits and Cash on Hand	9,783,900			
	<u>\$ 733,352,095</u>			
		<u>Government-wide</u>	<u>Fiduciary Funds</u>	
		Statement of	Statement of	
		Net Assets	Net Assets	<u>Totals</u>
Cash and Cash Equivalents	\$ 28,945,464	5,477,423		34,422,887
Investments	434,603,033	168,294,994		602,898,027
Restricted Assets:				
Cash and Cash Equivalents	11,721,387	-		11,721,387
Investments	84,309,794	-		84,309,794
	<u>\$ 559,579,678</u>	<u>173,772,417</u>		<u>733,352,095</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(5) **FUND BALANCES**

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. The City generally follows this same order in spending available resources unless special circumstances apply. The following provides details of the aggregate amounts displayed on the face of the balance sheet:

	Major Funds				Total
	General Fund	Street Construction	West Haymarket JPA	Other Funds	
Fund Balances:					
Nonspendable:					
Inventory	\$ 379,402	264,323	-	485,996	1,129,721
Prepaid Items	4,454,094	172,937	28,814	-	4,655,845
Permanent Fund Principal	-	-	-	37,160,000	37,160,000
Total Nonspendable	4,833,496	437,260	28,814	37,645,996	42,945,566
Restricted For:					
Capital Improvements	332,627	18,172,109	135,151,772	11,783,064	165,439,572
Human Services	877,621	-	-	-	877,621
Donor Purposes	2,394,538	-	-	1,510,715	3,905,253
Public Improvements	1,672,268	-	-	-	1,672,268
Agency Activities	-	-	12,010,867	-	12,010,867
Land Purchases	-	-	-	1,251,424	1,251,424
Social Security Obligations	-	-	-	1,022,094	1,022,094
Community Betterment	-	-	-	1,390,187	1,390,187
Federal Loan Programs	-	-	-	19,582,000	19,582,000
Grant Programs	-	-	-	2,751,247	2,751,247
Special Assessment Improvements	-	-	-	466,711	466,711
Debt Service	-	-	-	17,964,189	17,964,189
Health Care	-	-	-	19,937,630	19,937,630
Claims Contingencies	-	-	-	865,000	865,000
Library Media	-	-	-	489,643	489,643
Total Restricted	5,277,054	18,172,109	147,162,639	79,013,904	249,625,706
Committed To:					
Public Access Television	-	-	-	805,612	805,612
Assigned To:					
Capital Improvements	-	11,678,214	-	207,968	11,886,182
Donor Purposes	779,585	-	-	-	779,585
Public Improvements	505,524	-	-	-	505,524
Athletic Facility Improvements	890,908	-	-	-	890,908
Senior Care	137,496	-	-	-	137,496
Emergency Communications	1,641,285	-	-	-	1,641,285
Economic Development Projects	6,289,815	-	-	-	6,289,815
Snow Removal	-	1,536,601	-	-	1,536,601
Land Purchases	-	-	-	18,843	18,843
Public Access Television	-	-	-	13,102	13,102
Library Services	-	-	-	2,749,534	2,749,534
Health Care	-	-	-	818,564	818,564
Social Security Obligations	-	-	-	351,155	351,155
Public Transportation	-	-	-	1,211,455	1,211,455
Community Betterment	-	-	-	30,501	30,501
Building Code Enforcement	-	-	-	2,843,372	2,843,372
Park Projects	-	-	-	135,255	135,255
Other Purposes	3,114,684	-	-	-	3,114,684
Total Assigned	13,359,297	13,214,815	-	8,379,749	34,953,861
Unassigned	25,631,426	-	-	(191,814)	25,439,612
Total Fund Balances	\$ 49,101,273	31,824,184	147,191,453	125,653,447	353,770,357

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(6) **RECEIVABLES AND DUE FROM OTHER GOVERNMENTS**

Receivables at August 31, 2012, consist of the following (in thousands):

Fund	Taxes	Accounts	Loans	Contributions	Special Assessment		Accrued Interest	Gross Receivables	Allowance For Uncollectibles	Net
					Current	Deferred				
General	\$ 3,656	2,817	-	-	-	-	78	6,551	-	6,551
Street Construction	-	351	-	-	-	-	44	395	-	395
West Haymarket JPA	1,236	17	-	-	-	-	338	1,591	-	1,591
Wastewater System	-	4,456	-	-	-	-	-	4,456	-	4,456
Water System	-	9,199	-	-	-	-	-	9,199	-	9,199
Electric System	-	33,091	-	-	-	-	234	33,325	1,267	32,058
Nonmajor -										
Special Revenue	1,525	507	24,509	-	-	-	69	26,610	4,927	21,683
Debt Service	811	-	-	-	313	655	33	1,812	71	1,741
Capital Projects	-	-	-	-	-	-	50	50	-	50
Permanent	-	-	-	-	-	-	1	1	-	1
Enterprise	-	6,765	-	-	-	-	75	6,840	4,229	2,611
Internal Service	-	272	-	-	-	-	81	353	-	353
Fiduciary	-	44	-	570	-	-	566	1,180	-	1,180
Total	\$ 7,228	57,519	24,509	570	313	655	1,569	92,363	10,494	81,869

Enterprise funds customer accounts receivable include unbilled charges for services. Delinquent special assessment receivables at August 31, 2012, were \$183,023.

The total of Due From Other Governments of \$28,489,016 includes the following significant items:

<u>Fund/Fund Type</u>	<u>Amount</u>	<u>Service</u>
General/Major Governmental	\$ 10,585,925	State of Nebraska, July/August Sales and Use Tax
	411,724	August Motor Vehicle Taxes Collected by Lancaster County
	80,421	Federal Government, Cost Reimbursements
	58,575	State of Nebraska, Cost Reimbursements
	75,616	Lancaster County, Cost Reimbursements
Street Construction/Major Governmental	3,474,512	State of Nebraska, July/August Highway User Fees
	61,163	Railroad Transportation Safety District, Cost Reimbursements
	5,896,631	Federal Government, Cost Reimbursements
West Haymarket JPA/Major Governmental	812,558	Federal Government, Cost Reimbursements
	80,945	State of Nebraska, Cost Reimbursements
Wastewater/Major Enterprise	967,257	State of Nebraska, Cost Reimbursements
	118,617	Federal Government, Cost Reimbursements
Water/Major Enterprise	1,500,956	State of Nebraska, Cost Reimbursements
Lincoln/Lancaster Co. Health/Special Revenue	345,909	Lancaster County, Cost Reimbursements
StarTran/Special Revenue	10,815	Federal Government, Cost Reimbursements
Federal Grants/Special Revenue	1,772,059	Federal Government, Cost Reimbursements
	273,492	State of Nebraska, Cost Reimbursements
Antelope Valley/Tax Supported Bonds/Debt Service	166,667	State of Nebraska, July/August Development Fund Disbursements
Vehicle Tax/Capital Projects	1,369,403	August Motor Vehicle Taxes Collected by Lancaster County
Parking Lot Revolving/Enterprise	116,534	State of Nebraska, Cost Reimbursements
Information Services/Internal Service	226,338	Lancaster County Billings
Insurance Revolving/Internal Service	11,830	Lancaster County Billings
Copy Services/Internal Service	14,853	Lancaster County Billings
Subtotal	28,432,800	
All other	56,216	
Total Due From Other Governments	\$ 28,489,016	

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(7) **CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 69,850,907	69,314,379	396,409	138,768,877
Construction in Progress	167,924,977	102,594,348	111,132,742	159,386,583
Total Capital Assets, not being Depreciated	<u>237,775,884</u>	<u>171,908,727</u>	<u>111,529,151</u>	<u>298,155,460</u>
Capital Assets, being Depreciated:				
Buildings	82,225,612	6,201,705	21,040	88,406,277
Improvements Other Than Buildings	66,309,398	4,677,503	1,519,798	69,467,103
Machinery and Equipment	85,634,114	6,805,926	3,370,597	89,069,443
Infrastructure	548,713,115	59,315,031	92,698	607,935,448
Total Capital Assets, being Depreciated	<u>782,882,239</u>	<u>77,000,165</u>	<u>5,004,133</u>	<u>854,878,271</u>
Less Accumulated Depreciation for:				
Buildings	32,481,221	2,126,950	19,355	34,588,816
Improvements Other Than Buildings	28,432,482	2,134,741	1,460,249	29,106,974
Machinery and Equipment	49,949,097	7,090,418	3,272,433	53,767,082
Infrastructure	196,265,054	17,462,771	48,456	213,679,369
Total Accumulated Depreciation	<u>307,127,854</u>	<u>28,814,880</u>	<u>4,800,493</u>	<u>331,142,241</u>
Total Capital Assets, being Depreciated, Net	<u>475,754,385</u>	<u>48,185,285</u>	<u>203,640</u>	<u>523,736,030</u>
Governmental Activities Capital Assets, Net	<u>\$ 713,530,269</u>	<u>220,094,012</u>	<u>111,732,791</u>	<u>821,891,490</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 24,144,286	88,014	-	24,232,300
Construction in Progress	79,574,630	76,513,970	96,219,368	59,869,232
Total Capital Assets, not being Depreciated	<u>103,718,916</u>	<u>76,601,984</u>	<u>96,219,368</u>	<u>84,101,532</u>
Capital Assets, being Depreciated:				
Buildings	193,588,310	22,131,759	-	215,720,069
Improvements Other Than Buildings	615,410,886	18,157,179	-	633,568,065
Machinery and Equipment	30,354,865	2,805,950	2,157,058	31,003,757
Utility Plant	1,224,514,000	47,751,000	4,268,000	1,267,997,000
Total Capital Assets, being Depreciated	<u>2,063,868,061</u>	<u>90,845,888</u>	<u>6,425,058</u>	<u>2,148,288,891</u>
Less Accumulated Depreciation for:				
Buildings	70,938,019	4,390,242	-	75,328,261
Improvements Other Than Buildings	170,109,772	12,507,405	-	182,617,177
Machinery and Equipment	18,459,870	1,897,502	2,119,082	18,238,290
Utility Plant	470,744,000	41,002,000	5,323,000	506,423,000
Total Accumulated Depreciation	<u>730,251,661</u>	<u>59,797,149</u>	<u>7,442,082</u>	<u>782,606,728</u>
Total Capital Assets, being Depreciated, Net	<u>1,333,616,400</u>	<u>31,048,739</u>	<u>(1,017,024)</u>	<u>1,365,682,163</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,437,335,316</u>	<u>107,650,723</u>	<u>95,202,344</u>	<u>1,449,783,695</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 1,231,172
Public Safety	1,945,299
Streets and Highways, including Infrastructure	16,724,188
Culture and Recreation	3,889,205
Economic Opportunity	41,804
Health and Welfare	297,439
Mass Transit	<u>2,103,181</u>
Subtotal	26,232,288
Internal Service Funds Capital Assets	
Depreciation is charged to the various functions based on usage of the assets.	<u>2,582,592</u>
Total Depreciation Expense - Governmental	<u><u>\$ 28,814,880</u></u>
Business-type Activities:	
Parking Lots	\$ 28,492
Golf	562,569
Parking Facilities	1,208,227
Pershing Municipal Auditorium	20,239
Solid Waste Management	1,924,210
Emergency Medical Services	207,990
Wastewater System	7,314,450
Water System	7,528,972
Lincoln Electric System	<u>41,002,000</u>
Total Depreciation Expense - Business-type	<u><u>\$ 59,797,149</u></u>

Capital asset activity of each major enterprise fund was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Wastewater System:				
Capital Assets, not being Depreciated:				
Land	\$ 5,913,340	83,483	-	5,996,823
Construction in Progress	6,189,533	9,689,247	14,111,618	1,767,162
Total Capital Assets, not being Depreciated	<u>12,102,873</u>	<u>9,772,730</u>	<u>14,111,618</u>	<u>7,763,985</u>
Capital Assets, being Depreciated:				
Buildings	75,384,901	4,454,488	-	79,839,389
Improvements Other Than Buildings	254,651,742	10,496,110	-	265,147,852
Machinery and Equipment	8,596,734	221,225	23,977	8,793,982
Total Capital Assets, being Depreciated	<u>338,633,377</u>	<u>15,171,823</u>	<u>23,977</u>	<u>353,781,223</u>
Less Accumulated Depreciation for:				
Buildings	23,271,134	1,815,805	-	25,086,939
Improvements Other Than Buildings	69,217,652	5,033,436	-	74,251,088
Machinery and Equipment	4,895,301	465,209	18,802	5,341,708
Total Accumulated Depreciation	<u>97,384,087</u>	<u>7,314,450</u>	<u>18,802</u>	<u>104,679,735</u>
Total Capital Assets, being Depreciated, Net	<u>241,249,290</u>	<u>7,857,373</u>	<u>5,175</u>	<u>249,101,488</u>
Wastewater System Capital Assets, Net	<u><u>\$ 253,352,163</u></u>	<u><u>17,630,103</u></u>	<u><u>14,116,793</u></u>	<u><u>256,865,473</u></u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Water System:				
Capital Assets, not being Depreciated:				
Land	\$ 5,445,167	4,531	-	5,449,698
Construction in Progress	1,511,081	5,123,328	2,233,713	4,400,696
Total Capital Assets, not being Depreciated	<u>6,956,248</u>	<u>5,127,859</u>	<u>2,233,713</u>	<u>9,850,394</u>
Capital Assets, being Depreciated:				
Buildings	67,363,431	363,868	-	67,727,299
Improvements Other Than Buildings	324,805,770	2,466,019	-	327,271,789
Machinery and Equipment	8,569,723	615,689	569,336	8,616,076
Total Capital Assets, being Depreciated	<u>400,738,924</u>	<u>3,445,576</u>	<u>569,336</u>	<u>403,615,164</u>
Less Accumulated Depreciation for:				
Buildings	24,398,945	1,379,253	-	25,778,198
Improvements Other Than Buildings	80,607,609	5,709,136	-	86,316,745
Machinery and Equipment	4,686,132	440,583	550,571	4,576,144
Total Accumulated Depreciation	<u>109,692,686</u>	<u>7,528,972</u>	<u>550,571</u>	<u>116,671,087</u>
Total Capital Assets, being Depreciated, Net	<u>291,046,238</u>	<u>(4,083,396)</u>	<u>18,765</u>	<u>286,944,077</u>
Water System Capital Assets, Net	<u>\$ 298,002,486</u>	<u>1,044,463</u>	<u>2,252,478</u>	<u>296,794,471</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Electric System:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 58,267,000	52,529,000	58,112,000	52,684,000
Capital Assets, being Depreciated:				
Utility Plant	1,224,514,000	47,751,000	4,268,000	1,267,997,000
Less Accumulated Depreciation	470,744,000	41,002,000	5,323,000	506,423,000
Total Capital Assets, being Depreciated, Net	<u>753,770,000</u>	<u>6,749,000</u>	<u>(1,055,000)</u>	<u>761,574,000</u>
Electric System Capital Assets, Net	<u>\$ 812,037,000</u>	<u>59,278,000</u>	<u>57,057,000</u>	<u>814,258,000</u>

Interest incurred during the construction phase of capital assets of business-type activities is added to the cost of the underlying assets constructed and is amortized over the useful lives of the assets. During 2012, capitalized interest activity was as follows:

	Incurred Interest Cost	Capitalized Interest
Lincoln Wastewater System	\$ 3,564,879	162,593
Lincoln Water System	2,942,846	56,888
Lincoln Parking System	1,124,682	567,973
Golf Fund	39,002	24,324

Lincoln Electric System utility plant includes an allowance for funds used during construction for projects costing in excess of \$500,000 with a budgeted construction period in excess of 12 months. The allowance for funds used during construction consists of the project balance times the weighted-average interest rate on debt based on Federal Energy Regulatory Commission accounting method. The weighted-average rate for 2011 was 4.6%.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(8) INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds at August 31, 2012, consist of the following:

Due To	Due From						Total
	General Fund	Street Construction	West Haymarket JPA	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General Fund	\$ -	720	12,491	36,939	849,354	727,394	1,626,898
Street Construction	464,299	-	-	5,750,665	-	-	6,214,964
West Haymarket JPA	1,044,032	-	-	-	-	-	1,044,032
Nonmajor Governmental	970,303	-	-	1,847,655	30,000	5,734	2,853,692
Lincoln Wastewater System	347,338	-	-	364,711	-	-	712,049
Lincoln Water System	299,582	-	-	73,164	-	-	372,746
Nonmajor Enterprise	272,999	2,967	-	92,255	7,893	16	376,130
Internal Service	1,064,334	236,508	496	178,248	42,331	63,149	1,585,066
Total	\$ 4,462,887	240,195	12,987	8,343,637	929,578	796,293	14,785,577

“Due to” and “Due from” balances are recorded when funds overdraw their share of pooled cash. Other balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

During 2005 the City’s General Fund purchased the street light system from LES at an amount equal to the net book value of the street light system at the transaction date. The purchase was financed through an interfund borrowing. On the government-wide statements, the purchase was accounted for as a purchase of capital assets of governmental activities and a sale of capital assets of business-type activities. On the governmental fund statements, the General Fund recognized a liability in due to other funds and a prepayment for the funds borrowed from the City’s other funds. Each fund has recorded a receivable for the pro-rata share of the borrowed funds. The General Fund will pay back the amount borrowed plus interest in scheduled monthly installments over a period of 126 months. As payments are made, the General Fund will reduce the liability, the related prepayment, and recognize streets and highways expenditures.

Transfers To/From Other Funds for the year ended August 31, 2012, consist of the following:

Transfer To	Transfer From						Total
	General Fund	Street Construction	Nonmajor Governmental	Lincoln Electric System	Nonmajor Enterprise	Internal Service	
General Fund	\$ -	-	636,300	8,205,760	696,769	6,532	9,545,361
Street Construction	2,078,556	-	13,474,036	-	-	-	15,552,592
West Haymarket JPA	307,428	-	-	-	-	-	307,428
Nonmajor Governmental	17,453,137	6,113,306	3,271,460	-	1,116,476	-	27,954,379
Lincoln Wastewater	-	-	3,660	-	-	-	3,660
Lincoln Water System	20,605	-	-	-	-	-	20,605
Nonmajor Enterprise	632,628	-	107,968	-	-	-	740,596
Internal Service	33,627	-	24,613	-	-	45,000	103,240
Total	\$ 20,525,981	6,113,306	17,518,037	8,205,760	1,813,245	51,532	54,227,861

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) transfer payment in lieu of taxes and return on equity from LES to the General Fund.

The \$4,193,760 variance for transfers on the Statement of Activities is caused by the different fiscal year end dates used by the City (August 31) and Lincoln Electric System (December 31). Lincoln Electric System records an estimate for payments of return on equity as an accrued liability at December 31. The City however, receives the payments before the August 31 fiscal year end, and records the total amount as a transfer in.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(9) **DEBT OBLIGATIONS**

SHORT-TERM

Established by City Ordinance, LES may borrow up to \$150 million under a commercial paper note program. At December 31, 2011, LES had \$128.5 million of tax-exempt commercial paper notes outstanding. The notes mature at various dates but not more than 270 days after the date of issuance. The weighted-average interest rate for the year ended December 31, 2011, was 0.20 percent. The outstanding commercial paper notes are secured by a revolving credit agreement, which provides for borrowings up to \$150 million. LES pays a commitment fee for the credit agreement. Under the terms of the agreement, LES can either settle or refinance the commercial paper upon maturity. LES uses commercial paper notes as part of their long-term financing strategy. As such, commercial paper is typically renewed as it matures. The weighted average length of maturity of commercial paper for 2011 was 42 days.

Commercial paper activity for the year ended December 31, 2011, is as follows:

Lincoln Electric System:	Beginning			Ending	Due Within
Commercial Paper Notes	Balance	Additions	Reductions	Balance	One Year
	\$ 90,000,000	994,600,000	(956,100,000)	128,500,000	128,500,000

LONG-TERM

The City issues general obligation, special assessment, and revenue bonds to finance the acquisition and construction of major capital assets. Bonded indebtedness has also been entered into to advance refund several general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Special assessment bonds are repaid from amounts levied against affected property owners, but in the unlikely event collections are not sufficient to make debt payments, the responsibility rests with the City to meet that obligation. For revenue bonds the government pledges income derived from the acquired or constructed assets to pay the debt service.

Net assets of \$4,447,455, \$2,847,674, \$10,305,977, and \$363,083 are currently available in the debt service funds to service the General Obligation Bonds, Tax Supported Bonds, Tax Allocation Bonds, and Special Assessment Bonds, respectively. Revenue Bonds are funded partially from reserve accounts set up for debt repayment and partially from proceeds of daily operations.

The City has entered into lease agreements for financing the acquisition of land, buildings, street lights, emergency ambulances and defibrillators, fire engines, golf equipment, and computer equipment and software. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Land	\$ 1,774,450	\$ 210,000
Buildings	19,307,004	-
Improvements	219,925	-
Infrastructure	15,475,023	-
Machinery and Equipment	4,699,356	3,122,785
Construction in Progress	672,247	160,297
Less Accumulated Depreciation, (where applicable)	(6,939,014)	(2,219,160)
Total	\$ 35,208,991	\$ 1,273,922

Under the City's Home Rule Charter, there is no legal debt limit. The various bond indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various bond reserve funds, and minimum revenue bond coverages.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

In 2012, the City issued the following refunding bonds:

- \$28,095,000 in general obligation highway allocation fund refunding bonds with an average interest rate of 3.90% to advance refund \$30,155,000 in 2004 bonds. The refunding resulted in a cash flow differential of \$3,569,569 and a net present value savings of \$2,350,953.
- \$8,090,000 in general obligation refunding bonds with an average interest rate of 2.28% to advance refund \$7,960,000 of 2003 various purpose bonds. The refunding resulted in a cash flow differential of \$578,762, and a net present value savings of \$557,287.
- \$38,290,000 in sanitary sewer revenue refunding bonds with an average interest rate of 3.70% to advance refund \$40,345,000 in outstanding sanitary sewer revenue bonds, series 2003. The refunding resulted in a cash flow differential of \$10,070,963 and a net present value savings of \$5,934,216.
- \$10,895,000 in water revenue refunding bonds with an average interest rate of 3.55% to refund \$12,840,000 in outstanding water revenue bonds, series 2002. The refunding resulted in a cash flow differential of \$3,119,198 and a net present value savings of \$1,947,399.

Lincoln Wastewater System has entered into a loan agreement with the Nebraska Department of Environmental Quality (NDEQ) consisting of two separate contracts. Under contract 317247 the Lincoln Wastewater System has borrowed \$4,808,792 to fund certain sewer system extension and sewer repairs. The System also borrowed \$5,000,000 under contract 317078 to fund certain treatment facilities projects. The interest rate throughout the term of the loan is 2.0%. During the fiscal year ended August 31, 2012, project costs were incurred totaling \$2,556,613, resulting in a project loan payable of \$5,000,000.

The Wastewater System has also entered into a \$17,000,000 loan agreement with NDEQ to fund certain System improvements. The interest rate during the period of construction is 2%. After the date of initiation of operation, the interest rate will increase to 2.25%. In addition, an administrative fee of 1% will be incurred on the loan. During the fiscal year ended August 31, 2012, Lincoln Wastewater System incurred project costs totaling \$7,055,103, resulting in a project loan payable of \$5,683,103. The remaining available funds totaling \$11,316,897 are not reflected in the financial statements.

Lincoln Water System has entered into a \$15,000,000 loan agreement with NDEQ. This funding is available to fund certain water system extension and water repairs. The interest rate during the period of construction is 2%. After the date of initiation of operation, the interest rate will increase to 2.25%. In addition, an administrative fee of 1% will be incurred on the loan. During the year ended August 31, 2012, project costs were incurred totaling \$3,432,815, resulting in the recognition of a project loan payable of \$2,628,391. The remaining available funds totaling \$12,371,609 are not reflected in the financial statements.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Long-term bonded debt of the City is comprised of the following individual issues (in thousands of dollars):

Original Amount	Issued	Issue	Interest Rate	When Due	Date Callable	Interest Date	Outstanding
Governmental Activities:							
General Obligation Bonds:							
General Bonds:							
9,950	06/15/05	Storm Sewer Construction	3.250 - 4.250	Serial 2006 to 2025	2015	Semiannually	7,235
8,295	06/27/07	Stormwater Drainage and Flood Mgmt	4.625 - 5.000	Serial 2008 to 2027	2017	"	6,935
8,200	02/10/11	Stormwater Bonds	2.000 - 4.500	Serial 2013 to 2030	2020	"	8,200
19,290	06/21/11	Refunding	0.200 - 5.000	Serial 2011 to 2022	2019	"	18,880
8,090	06/26/12	Refunding	1.000 - 3.000	Serial 2013 to 2023	---	"	8,090
Total General Bonds							<u>\$ 49,340</u>
Tax Allocation Bonds:							
5,500	04/21/04	Tax Allocation Bonds	3.000 - 4.800	Serial 2004 to 2015	2010	Semiannually	2,415
365	08/15/05	Tax Allocation Bonds	4.750	Serial 2006 to 2018	Anytime	"	187
288	10/01/06	Tax Allocation Bonds	5.100	Serial 2008 to 2016	Anytime	"	157
2,205	04/05/07	Tax Allocation Bonds	5.000 - 5.550	Serial 2009 to 2018	2012	"	1,655
601	06/01/07	Tax Allocation Bonds	5.240	Serial 2008 to 2018	Anytime	"	550
388	06/01/07	Tax Allocation Bonds	5.240	Serial 2007 to 2020	Anytime	"	275
369	06/15/07	Tax Allocation Bonds	5.400	Serial 2007 to 2014	Anytime	"	140
42	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2021	Anytime	"	33
71	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2017	Anytime	"	58
474	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2022	Anytime	"	280
547	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	435
200	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	157
611	06/30/09	Tax Allocation Bonds	7.00	Serial 2011 to 2023	Anytime	"	597
3,375	07/28/09	Tax Allocation Bonds	2.500 - 6.400	Serial 2011 to 2023	Anytime	"	3,175
263	04/01/11	Tax Allocation Bonds	3.990	Serial 2011 to 2022	Anytime	"	244
Total Tax Allocation Bonds							<u>\$ 10,358</u>
Tax Supported Bonds:							
27,000	12/05/06	Highway Allocation Fund	4.000 - 5.000	Serial 2008 to 2027	2016	Semiannually	22,155
28,095	06/06/12	Highway Allocation Fund Refunding	1.000 - 5.000	Serial 2012 to 2023	---	"	28,095
Total Tax Supported Bonds							<u>\$ 50,250</u>
Special Assessment Bonds:							
825	08/18/11	Special Assessment	0.400 - 3.700	Serial 2012 to 2026	2016	Semiannually	775
375	08/18/11	Special Assessment	4.200	Term 2031	2016	"	375
3,000	11/23/11	Special Assessment	2.000 - 3.500	Serial 2012 to 2031	2021	"	2,860
Total Special Assessment Bonds							<u>\$ 4,010</u>
West Haymarket Joint Public Agency							
31,515	09/08/10	Facility Bonds Taxable Build America Bonds	3.500 - 4.45	Serial 2020 to 2030	Anytime	Semiannually	31,515
68,485	09/08/10	Facility Bonds Taxable Build America Bonds	4.750 / 5.000	Term 2035 & 2045	Anytime	"	68,485
15,785	12/01/10	Facility Bonds Taxable Build America Bonds	4.000 - 5.000	Serial 2020 - 2025	Anytime	"	15,785
52,180	12/01/10	Facility Bonds Taxable Build America Bonds	5.400 / 5.800 / 6.000	Term 2030 2035 2039	Anytime	"	52,180
32,035	12/01/10	Recovery Zone Economic Development	6.750	Term 2045	Anytime	"	32,035
44,290	08/24/11	Facility Bonds	3.500 - 5.000	Serial 2021 to 2032	2021	"	44,290
55,710	08/24/11	Facility Bonds	4.250 / 5.000	Term 2036 & 2042	2021	"	55,710
Total West Haymarket Joint Public Agency							<u>\$ 300,000</u>
TOTAL GENERAL OBLIGATION BONDS							<u>\$ 413,958</u>
Tax Supported Bonds:							
11,080	3/13/02	Antelope Valley Project	1.500 - 5.000	Serial 2002 to 2016	2012	Semiannually	<u>\$ 5,210</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Original Amount	Issued	Issue	Interest Rate	When Due	Date Callable	Interest Date	Outstanding
Business-Type Activities:							
Revenue Bonds:							
18,000	08/03/05	Wastewater Revenue	4.000 - 5.000	Serial 2006 to 2030	2015	Semiannually	14,460
16,710	04/18/07	Wastewater Revenue	4.000 - 4.500	Serial 2008 to 2029	2017	"	14,190
3,750	04/18/07	Wastewater Revenue	4.375	Term 2032	2017	"	3,750
38,290	05/24/12	Wastewater Revenue and Refunding	1.000 - 5.000	Serial 2013 to 2028	2023	"	38,290
Total Wastewater Bonds							<u>\$ 70,690</u>
40,000	11/16/04	Water Revenue	3.000 - 5.000	Serial 2005 to 2025	2014	Semiannually	31,210
10,515	08/04/09	Water Revenue	2.000 - 4.125	Serial 2013 to 2029	2019	"	10,515
4,905	08/04/09	Water Revenue	4.5000	Term 2034	2019	"	4,905
10,895	06/21/12	Water Revenue Refunding	1.000 - 4.000	Serial 2013 to 2022	---	"	10,895
Total Water Bonds							<u>\$ 57,525</u>
4,360	12/18/01	Parking Revenue	3.750 - 5.000	Serial 2002 to 2017	2011	Semiannually	1,650
1,640	12/18/01	Parking Revenue	5.125	Term 2021	2011	"	1,640
2,065	12/29/10	Parking Revenue	1.250 - 2.850	Serial 2011 to 2014	---	"	1,185
7,745	01/27/11	Parking Revenue and Refunding	2.000 - 5.000	Serial 2015 to 2024	2021	"	7,745
10,775	01/27/11	Parking Revenue and Refunding	5.000 / 5.125 / 5.500	Term 2026 & 2031	2021	"	10,775
Total Parking Bonds							<u>\$ 22,995</u>
4,000	08/17/06	Solid Waste Management Revenue	4.000 - 4.250	Serial 2007 to 2021	2013	Semiannually	\$ 2,800
148,190	10/01/02	Electric Revenue and Refunding Bonds	4.000 - 5.000	Serial 2004 to 2025	2012	Semiannually	70,040
93,045	10/01/03	Electric Revenue and Refunding Bonds	3.000 - 5.000	Serial 2004 to 2026	2014	"	74,905
33,265	10/01/03	Electric Revenue and Refunding Bonds	4.750	Term 2028	2014	"	33,265
61,290	10/01/05	Electric Revenue Bonds	5.000	Serial 2029 to 2032	2015	"	61,290
53,710	10/01/05	Electric Revenue Bonds	4.750	Term 2035	2015	"	53,710
183,230	05/15/07	Electric Revenue and Refunding Bonds	4.000 - 5.000	Serial 2009 to 2035	2016	"	172,490
81,850	05/15/07	Electric Revenue and Refunding Bonds	4.500 / 4.750	Term 2034 & 2037	2016	"	81,850
Total Electric Bonds							<u>\$ 547,550</u>
TOTAL REVENUE BONDS							<u><u>\$ 701,560</u></u>

Annual requirements to pay principal and interest to maturity on outstanding debt follow (in thousands of dollars):

Fiscal Year Ended August 31	Governmental Activities					
	General Obligation Bonds		Tax Supported Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 7,683	19,140	740	238	3,842	962
2014	8,876	19,022	780	200	3,983	878
2015	9,236	18,766	815	162	4,076	787
2016	9,606	18,433	855	122	4,165	680
2017	8,724	18,114	2,020	51	2,955	573
2018 - 2022	54,714	85,303	-	-	8,894	1,822
2023 - 2027	69,719	71,004	-	-	5,123	613
2028 - 2032	55,270	57,191	-	-	333	32
2033 - 2037	62,955	43,267	-	-	-	-
2038 - 2042	76,235	25,396	-	-	-	-
2043 - 2046	50,940	5,492	-	-	-	-
Total	\$ 413,958	381,128	5,210	773	33,371	6,347

Fiscal Year Ended August 31	Business-Type Activities					
	Revenue Bonds		Loans Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 27,200	32,687	368	139	343	49
2014	28,440	31,411	527	259	350	41
2015	29,605	30,123	693	371	297	32
2016	30,920	28,746	709	355	243	27
2017	32,355	27,288	725	338	248	22
2018 - 2022	167,615	112,587	3,887	1,431	790	48
2023 - 2027	117,085	79,931	4,365	954	-	-
2028 - 2032	117,995	52,148	4,448	415	-	-
2033 - 2037	122,705	23,693	810	25	-	-
2038	27,640	1,244	-	-	-	-
Total	\$ 701,560	419,858	16,532	4,287	2,271	219

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Major Enterprise fund annual requirements to pay principal and interest to maturity on outstanding debt follow (in thousands of dollars):

Fiscal Year Ended August 31	Major Enterprise Funds					
	Wastewater System		Water System		Electric System	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 3,488	2,925	3,360	2,397	19,610	26,333
2014	3,724	2,858	3,498	2,323	20,595	25,353
2015	3,909	2,838	3,649	2,239	21,620	24,323
2016	4,047	2,665	3,752	2,107	22,675	23,271
2017	4,200	2,493	3,875	1,971	23,800	22,146
2018 - 2022	22,513	10,690	21,435	7,169	120,725	91,862
2023 - 2027	26,752	6,262	12,993	2,897	75,095	68,966
2028 - 2032	15,407	1,520	5,225	1,190	95,195	48,970
2033 - 2037	554	17	2,366	151	120,595	23,550
2038 - 2042	-	-	-	-	27,640	1,244
Total	\$ 84,594	32,268	60,153	22,444	547,550	356,018

Long-term liability activity for the year ended August 31, 2012, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Leases Payable:					
General Bonds	\$ 51,600	8,090	(10,350)	49,340	4,225
Tax Allocation Bonds	11,658	-	(1,300)	10,358	1,203
Tax Supported Bonds	55,205	28,095	(33,050)	50,250	2,085
Special Assessment Debt with Government Commitment	1,200	3,000	(190)	4,010	170
West Haymarket Joint Public Agency Bonds	300,000	-	-	300,000	-
Tax Supported Antelope Valley Project Bonds	5,920	-	(710)	5,210	740
Capital Leases	33,525	3,534	(3,688)	33,371	3,842
Gross Bonds and Leases Payable	459,108	42,719	(49,288)	452,539	12,265
Deferred Amounts:					
For Issuance Premiums	9,202	4,182	(1,936)	11,448	-
For Issuance Discounts	(1,005)	-	1	(1,004)	-
For Refunding	(155)	(1,167)	18	(1,304)	-
Net Bonds and Leases Payable	467,150	45,734	(51,205)	461,679	12,265
Other Liabilities:					
Compensated Absences	14,184	8,379	(7,402)	15,161	7,681
Construction Contracts	4,806	-	(314)	4,492	-
Claims and Judgements	10,789	26,461	(26,947)	10,303	5,171
Net Pension Obligation	3,757	-	(641)	3,116	-
Net OPEB Obligation	3,377	2,067	-	5,444	-
Governmental Activities Long-Term Liabilities	\$ 504,063	82,641	(86,509)	500,195	25,117
Business-Type Activities:					
Bonds, Loans and Leases Payable:					
Wastewater Revenue Bonds	\$ 75,625	38,290	(43,225)	70,690	3,120
Wastewater Loan Payable	6,991	7,171	(258)	13,904	368
Water Revenue Bonds	63,920	10,895	(17,290)	57,525	3,360
Water Loan Payable	-	2,628	-	2,628	-
Parking Revenue Bonds	23,855	-	(860)	22,995	885
Solid Waste Management Revenue Bonds	3,020	-	(220)	2,800	225
Electric System Revenue Bonds	566,230	-	(18,680)	547,550	19,610
Capital Leases	1,009	1,520	(258)	2,271	342
Gross Bonds, Loans and Leases Payable	740,650	60,504	(80,791)	720,363	27,910
Deferred Amounts:					
For Issuance Premiums	13,576	4,949	(3,711)	14,814	-
For Issuance Discounts	(8,822)	-	1,776	(7,046)	-
For Refunding	(1,916)	(977)	479	(2,414)	-
Net Bonds and Leases Payable	743,488	64,476	(82,247)	725,717	27,910
Other Liabilities:					
Compensated Absences	1,785	1,062	(1,108)	1,739	1,080
Construction Contracts	6,157	3,409	(4,166)	5,400	5,092
Claims and Judgements	-	941	-	941	559
Net OPEB Obligation	576	261	-	837	-
Accrued Landfill Closure/Postclosure Care Costs	14,632	804	-	15,436	-
Business-Type Activities Long-Term Liabilities	\$ 766,638	70,953	(87,521)	750,070	34,641

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Internal Service funds predominantly serve the governmental funds. Therefore, their long-term liabilities are included with the governmental activities above. Compensated absences for governmental activities are generally liquidated in the General Fund as well as various other Special Revenue and Internal Service funds where personal costs are incurred. The construction contracts are liquidated in the Street Construction fund, financed primarily with impact fee collections. The claims and judgments liability will generally be liquidated through the City's Insurance Revolving Internal Service Fund, which will finance the payment of those claims by charging other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension obligation will be liquidated through the Police & Fire Pension Contributions Special Revenue Fund with financing provided by an annual property tax levy. The net OPEB obligation for an implicit rate subsidy will be liquidated with those governmental funds where personal insurance costs are incurred.

Long-term liability activity for the major enterprise funds for the year ended August 31, 2012, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lincoln Wastewater System:					
Bonds Payable:					
Wastewater Revenue Bonds	\$ 75,625	38,290	(43,225)	70,690	3,120
Wastewater Loan Payable	6,991	7,171	(258)	13,904	368
Deferred for Issuance Premiums	1,608	3,841	(1,437)	4,012	-
Deferred for Issuance Discounts	(10)	-	-	(10)	-
Deferred for Refunding	-	(1,000)	15	(985)	-
Net Bonds Payable	<u>84,214</u>	<u>48,302</u>	<u>(44,905)</u>	<u>87,611</u>	<u>3,488</u>
Other Liabilities:					
Compensated Absences	559	372	(365)	566	354
Construction Contracts	3,794	1,654	(1,997)	3,451	3,333
Net OPEB Obligation	138	24	-	162	-
Total Long-Term Liabilities	<u>\$ 88,705</u>	<u>50,352</u>	<u>(47,267)</u>	<u>91,790</u>	<u>7,175</u>
Lincoln Water System:					
Bonds Payable:					
Water Revenue Bonds	\$ 63,920	10,895	(17,290)	57,525	3,360
Water Loan Payable	-	2,628	-	2,628	-
Deferred for Issuance Premiums	1,508	1,094	(497)	2,105	-
Deferred for Issuance Discounts	(34)	-	1	(33)	-
Deferred for Refunding	(130)	23	129	22	-
Net Bonds Payable	<u>65,264</u>	<u>14,640</u>	<u>(17,657)</u>	<u>62,247</u>	<u>3,360</u>
Other Liabilities:					
Compensated Absences	824	404	(428)	800	428
Construction Contracts	2,363	1,755	(2,169)	1,949	1,759
Net OPEB Obligation	196	39	-	235	-
Total Long-Term Liabilities	<u>\$ 68,647</u>	<u>16,838</u>	<u>(20,254)</u>	<u>65,231</u>	<u>5,547</u>
Lincoln Electric System:					
Bonds Payable:					
Electric System Revenue Bonds	\$ 566,230	-	(18,680)	547,550	19,610
Deferred for Issuance Premiums	10,450	-	(1,776)	8,674	-
Deferred for Issuance Discounts	(8,754)	-	1,774	(6,980)	-
Deferred for Refunding	(1,642)	-	290	(1,352)	-
Net Bonds Payable	<u>566,284</u>	<u>-</u>	<u>(18,392)</u>	<u>547,892</u>	<u>19,610</u>
Other Liabilities:					
Claims and Judgements	-	941	-	941	559
Total Long-Term Liabilities	<u>\$ 566,284</u>	<u>941</u>	<u>(18,392)</u>	<u>548,833</u>	<u>20,169</u>

DEVELOPER PURCHASED TAX INCREMENT FINANCING NOTES AND BONDS

At August 31, 2012, \$3,520,755 of developer purchased tax increment financing notes and bonds were outstanding. Developer purchased tax increment financing allows the City to create special districts to enable public/private improvements within those districts that will generate public/private-sector development. For a period of 15 years, the tax base is frozen at the predevelopment level, and taxes generated from the incremental increases in assessed value are remitted to the developer. The agreements between the City and developer expressly limit the City's commitment for debt repayment to the incremental tax collected during the 15-year period. At the end of the 15-year period, the tax jurisdiction

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

collects on the increased property values. The related tax increment districts are not component units of the City, therefore, the City is not liable for the outstanding debt. The City's responsibility for this liability is limited only to remittance of paid taxes, thus these notes and bonds are not reflected in the City's financial statements.

CONDUIT DEBT

On January 26, 2012, the City issued \$19,815,000 of Educational Facilities Revenue and Refunding Bonds for the purpose of paying the cost of acquiring, constructing, equipping and furnishing improvements to Nebraska Wesleyan University's (NWU) higher education facilities and refinancing certain outstanding indebtedness of NWU.

The Bonds are limited obligations of the City and are payable solely from payments to be made by NWU pursuant to a loan agreement dated January 1, 2012, by and between the City and NWU. The Bonds shall not be a charge against the City's general credit or taxing powers. The Bonds shall never constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City, thus these bonds are not reflected in the City's financial statements.

(10) RECONCILIATION OF BUDGET BASIS TO GAAP

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, funds for which budget and reporting structures differ, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended August 31, 2012, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	<u>General Fund</u>	<u>Street Construction Fund</u>
Net Change in Fund Balances:		
Balance on a GAAP basis	\$ 7,347,437	(4,654,384)
Basis differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds.	(832,851)	(51,600)
Perspective differences occur when the structure used for budgeting differs from the fund structure used for financial reporting.	(339,439)	-
Amount budgeted on a project basis.	-	<u>24,290,239</u>
Balance on a budget basis	<u>\$ 6,175,147</u>	<u>19,584,255</u>

(11) DEFICIT NET ASSETS

The following funds had a net asset or fund balance deficit as of August 31, 2012:

Special Revenue - Impact Fees Fund	\$ (191,814)
Enterprise – Pinnacle Bank Arena Fund	(18,851)
Internal Service - Engineering Revolving Fund	(449,739)
Internal Service - Communication Services Fund	(12,913)

The Impact Fees Fund deficit is expected to be reduced through future fee collections.

The Pinnacle Bank Arena Fund was recently created to manage the operation of a new Arena scheduled to open in 2013. The Fund is yet to receive any revenue.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

The Engineering Revolving Fund is evaluating various means to reduce expenses and improve revenue collections affected by staffing levels, overhead costs, billing practices, and intra-City services reimbursements.

The Communication Service Fund is currently adjusting their billing process and when completed is expected to reduce the deficit.

(12) EXCESSES OF EXPENDITURES OVER APPROPRIATIONS

The following fund had expenditures for which there were no appropriations:

General Fund	
Street Lighting	\$ 2,048,947
Debt Service	52,667

(13) EMPLOYEES' RETIREMENT PLANS

The employees of the City are covered by several retirement plans. Article II Section 3 of the Lincoln Charter assigns the authority to establish and amend benefit provisions of the various plans to the City Council. The Police and Fire Department Plan (PFDP) is administered by the City and is included in the Fiduciary Fund type. All other plans are administered by outside trustees and are not included in the City's basic financial statements.

POLICE AND FIRE PENSION

Plan Description – PFDP is a single-employer defined benefit pension plan administered by the City of Lincoln. PFDP provides retirement, disability, and death benefits to plan members and beneficiaries. PFDP recognizes plan member contributions in the period in which they are due. Employer contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Cost-of-living adjustments are provided to members and beneficiaries in accordance with the plan document. The City does not issue a separate report that includes financial statements and required supplementary information for PFDP.

The City has established the Deferred Retirement Option Plan (DROP) for police and fire pension members. The DROP program allows a member to retire for pension purposes, but to continue working. The member receives a paycheck and the member's monthly pension benefit is deposited into the member's DROP account. At the end of five years, or anytime before five years, the member must "retire-in-fact". Contributions to the pension are eliminated at the beginning of the DROP period. Pension benefits are set, and will not be increased because of raises, promotions, increased years of service or pension enhancements. When a member retires-in-fact, their monthly pension benefit will be paid directly to them and the member will have access to the funds in their DROP account.

Membership of the pension plan consisted of the following at August 31, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	438
Terminated plan members entitled to but not yet receiving benefits	26
Active plan members (non-DROP)	559
DROP members	49
Total	<u>1,072</u>
Number of participating employers	<u>1</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

Funding Policy – The contribution requirements of plan members and the City are established by City Ordinance #15728 dated September 24, 1990, and may be amended by the City Council. Plan members are required to contribute between 7% and 8% of their annual covered salary based on an election made by the employee. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2012 was 15.62% of annual covered payroll. Actual contributions by the City were 16.67% of annual covered payroll. Administrative costs of PFDP are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost and net pension obligation to PFDP for the current year were as follows:

(Dollar amounts in thousands)

Annual required contribution	\$ 5,574
Interest on net pension obligation	282
Adjustment to annual required contribution	(445)
Annual pension cost	5,411
Contributions made	(6,052)
Decrease in net pension obligation	(641)
Net pension obligation beginning	3,757
Net pension obligation ending	\$ 3,116

Three-Year Trend Information
(Dollar amounts in thousands)

Year Ended August 31	Annual Pension Cost (APC)	Annual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 5,411	\$ 6,052	112 %	\$ 3,116
2011	4,495	4,334	96	3,757
2010	3,576	3,963	111	3,596

Actuarial Methods and Assumptions – The annual required contribution for the current year was determined as part of the August 31, 2010, actuarial valuation using the entry age actuarial funding method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.25 to 8.25% per year, including wage inflation at 4.25%, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using a five year smoothed market method. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on an open basis over a period of thirty years.

Funded Status and Funding Progress – As of August 31, 2012, the most recent actuarial valuation date, the plan was 77 percent funded. The actuarial accrued liability for benefits was \$214,879,000, and the actuarial value of assets was \$164,500,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$50,379,000. The covered payroll (annual payroll of active employees covered by the plan) was \$36,311,000, and the ratio of the UAAL to the covered payroll was 138.7 percent.

The Schedule of Funding Progress, presented as RSI following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

ELECTRIC SYSTEM

The City owns and operates its own electric system which is included in the enterprise funds in the accompanying basic financial statements. The electric system is controlled and managed by an administrative board and is not supported by the City's general tax revenues. The electric system provides retirement benefits to its employees under its own separate plan, such benefits being funded solely from revenues derived from the operation of the electric system. A summary of the electric system plan is as follows:

LES has a defined contribution retirement plan created in accordance with Internal Revenue Code Section 401(K) covering all employees upon employment; however, employees are not eligible to receive employer contributions until they have been employed six months. The plan is a straight-money purchase plan, with plan assets held, managed and administered by a trustee. The LES administrative board of directors authorized this plan and related contribution requirements. LES' contribution is equal to 200% of the employees' contributions, up to 5% of gross wages for employees hired prior to 1/1/11. For employees hired after 1/1/11, LES' contribution is equal to 100% of employee's contributions up to 10% of gross wages. Vesting of LES contributions occurs over a five-year period. Employee forfeitures are used to reduce employer contributions. Vested benefits are fully funded. For the year ended December 31, 2011, LES incurred contribution expense of approximately \$3,416,000 or 9.41% of covered payroll and its employees contributed approximately \$2,312,000 or 6.37% of covered payroll.

DEPARTMENT DIRECTORS

Directors of City departments are eligible the first of the month following the date employed to be covered by the Director's Money Purchase Plan, established by City Ordinance, and administered by an insurance company. The Plan is a defined contribution plan requiring contributions determined by the employees' date of hire. The City contributes 6% to 12% and the employee contributes 0% to 6% of earned income in one calendar year. Employees covered by the Plan may also make voluntary contributions. Participant accounts are immediately 100% vested. Total and covered payroll for the year ended December 31, 2011, was \$1,766,310. City contributions totaled \$206,579 or 11.7% of covered payroll. There were no employee contributions made for the year ended December 31, 2011.

ALL OTHER CITY EMPLOYEES

All other City employees are eligible after 6 months' service and age 19 to be covered under the City's Money Purchase Pension Plan, established by City Ordinance, and administered by an insurance company. Enrollment in the program is mandatory at age 40 with 5 years service. Vesting occurs in increments between 3 and 7 years of enrollment in the plan. The Plan is a defined contribution plan requiring employees to contribute at a rate determined by the employees' bargaining unit and date of hire. The City contributes between \$1.29 and \$2.00 for every \$1.00 contributed by employees. Employee forfeitures are used to reduce employer contributions. Employees covered by the Plan may also make voluntary contributions. During the year ended December 31, 2011, total payroll was approximately \$80,170,000 and covered payroll was approximately \$71,464,000. City contributions totaled \$8,217,613 or 11.50% of covered payroll and employee contributions totaled \$4,110,263 or 5.75% of covered payroll. Employees made \$53,604 in voluntary contributions for the year ended December 31, 2011.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(14) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City offers employees and their families the opportunity to continue their health care coverage when there is a qualifying event, such as retirement, that would result in a loss of coverage under the City’s plan. Each qualified beneficiary pays the entire cost of premiums for the continuous coverage. The City recognizes as OPEB the implicit rate subsidy provided to retirees when their premium is the “full cost” of the insurer’s charge for the active population. Since the retirees have higher costs, the premium they pay is not expected to cover their costs, and the difference is essentially covered by the City’s payment for active employees. The City plan is a single-employer defined benefit plan. The City does not issue a separate report that includes financial statements and required supplementary information for OPEB.

Funding Policy – The plan is a pay-as-you-go and therefore, is not funded.

Annual OPEB cost and Net OPEB Obligation – The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The net OPEB obligation as of August 31, 2012, was calculated as follows:

(Dollar amounts in thousands)

Annual required contribution	\$ 3,098
Interest on net OPEB obligation	178
Adjustment to annual required contribution	<u>(243)</u>
Annual OPEB cost	3,033
Contributions made	<u>(705)</u>
Increase in net OPEB obligation	2,328
Net OPEB obligation beginning	<u>3,955</u>
Net OPEB obligation ending	<u><u>\$ 6,283</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB costs contributed and the net OPEB obligation are as follows:

Year Ended <u>August 31</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 3,033,000	23.2 %	\$ 6,283,000
2011	2,078,000	25.2	3,955,000
2010	2,097,000	25.1	2,401,000

Funded Status and Funding Progress – As of September 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial liability for benefits was \$24,902,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$24,902,000. Annual covered payroll was approximately \$118,498,000, and the ratio of the UAAL to the covered payroll was 21.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 1, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5% discount rate and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5.8% for 2020 and beyond. The general inflation rate used for derivation of these calculations is 2.5%. Participation assumptions include 60% of eligible civilian members and 40% of eligible Fire/Police members electing coverage, with 30% and 20% participation assumed for civilian and Fire/Police spouses, respectively. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a period of thirty years.

PEHP – Defined Contribution Plan

The City has a defined contribution Post Employment Health Plan (PEHP) administered by Nationwide Retirement Solutions. The purpose of the PEHP plan is to provide reimbursement of qualifying health care and medical insurance premium expenses for employees upon separation from employment.

Terms for eligibility and contribution rates are specified in the City's various collective bargaining agreements. Individual employee accounts consist of employer contributions, investment returns and any forfeiture allocations. Current employer contributions range from \$18-\$50 per pay period based on union contracts. Current year contributions totaled approximately \$1,274,000.

(15) PROPERTY TAXES

The Home Rule Charter of the City imposes a tax ceiling for general revenue purposes. The City tax ceiling was established by using the September 1, 1966, City dollar tax limit as an initial tax limit, and increasing that tax limit each year following 1966 by 7% so that in each fiscal year thereafter the amount of the City tax limit shall be the amount of the City tax limit for the previous year plus 7% thereof. In addition, the City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within 6 months thereafter, as well as taxes authorized by state law. The 2011 tax levy, for the 2011-2012 fiscal year, was \$100,174,806 below the legal limit, with a tax rate per \$100 valuation of \$0.3158. The assessed value upon which the 2011 levy was based was \$15,900,828,813.

The tax levies for all political subdivisions in Lancaster County are certified by the County Board on or before October 15th. Real estate taxes are due on December 31st and attach as an enforceable lien on property on January 1st following the levy date and become delinquent in two equal installments on April 1st and August 1st. Personal property taxes are due December 31st and become delinquent on April 1st and August 1st following the levy date. Delinquent taxes bear 14% interest.

Within the government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. Property taxes levied for 2011-2012 are recorded as revenue in the fund financial statements when expected to be collected within 60 days after August 31, 2012. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

The City-owned electric utility is required by City Charter to make payments in lieu of taxes, aggregating 5% of its gross retail operating revenues derived from within the city limits of incorporated cities and towns served.

(16) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of God. All risk management activities are accounted for in the Insurance Revolving Fund, an internal service fund, and administered through the Risk Management Division.

For the year ended August 31, 2012, the City had a self-insured retention for workers' compensation exposures up to \$800,000 per individual; law enforcement liability, general liability, public officials liability, public transportation liability, medical professional liability, and auto liability exposures up to \$250,000 per occurrence; building and contents property exposures up to \$50,000 per occurrence; health care benefits with \$150,000 unlimited stop loss; dental benefits; and employee long-term disability benefits.

The City also obtained excess liability insurance coverage in the current year. Workers' compensation was covered by a policy that provided statutory limits above the City's retention of \$800,000 per individual. Law enforcement, general, public officials, public transportation, medical professional, and auto liabilities were covered by policies that provided limits of \$6 million per occurrence with a \$12 million annual aggregate. Health had excess loss indemnity coverage above \$150,000 per claim with unlimited coverage. The Nebraska Political Tort Claims Act limits the City's liability for tort claims to \$1 million per individual and \$5 million per occurrence.

There were no significant insurance recoveries in the current year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City annually retains the services of independent actuaries to analyze the self-insured workers' compensation, general liability, public transportation liability, law enforcement liability, auto liability, and long-term disability exposures. Such analysis has been used to assist the City with its financial planning and management of the self-insurance program. Included in the specific objectives of the studies were to:

- Estimate the outstanding liabilities for the current fiscal year ended August 31,
- Forecast ultimate incurred losses and incurred but not reported losses for future years, and
- Estimate the required funding level for the City's self-insured liabilities.

The City funds its self-insurance program on an "incurred loss" basis. The governmental and proprietary funds pay annual premium amounts, based on past experience of incurred losses, to the Insurance Revolving Fund. Claim liabilities of \$10,303,038 were recorded at August 31, 2012. Excluding medical care claims approximating \$1,688,000, the remaining liability is the actuarially estimated amount of claims based on an estimate of ultimate incurred and incurred but not reported losses as of that date and is calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. The claims liability estimate also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of their allocation to specific claims. These liabilities have been discounted using a .35% discount rate. The City has purchased no annuity contracts in the current fiscal year to resolve City of Lincoln claims.

The following is a summary of the changes in the estimated claims liability for the years ended August 31, 2012 and 2011:

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

<u>2012</u>	Worker's Compensation and Others	Long-Term Disability	Health and Dental	Total
Balance at September 1	\$ 6,850,000	1,029,797	2,909,159	10,788,956
Current year claims and changes in estimates	4,162,000	(12,220)	22,310,855	26,460,635
Claims payments	(3,283,000)	(131,373)	(23,532,180)	(26,946,553)
Balance at August 31	<u>\$ 7,729,000</u>	<u>886,204</u>	<u>1,687,834</u>	<u>10,303,038</u>

<u>2011</u>	Worker's Compensation and Others	Long-Term Disability	Health and Dental	Total
Balance at September 1	\$ 6,590,000	896,183	1,227,887	8,714,070
Current year claims and changes in estimates	2,977,000	230,886	22,315,628	25,523,514
Claims payments	(2,717,000)	(97,272)	(20,634,356)	(23,448,628)
Balance at August 31	<u>\$ 6,850,000</u>	<u>1,029,797</u>	<u>2,909,159</u>	<u>10,788,956</u>

LINCOLN ELECTRIC SYSTEM

LES has a self-funded health insurance program with claims processed by a third party administrator on behalf of the utility. As part of the plan, a reinsurance policy has been purchased which covers claims in excess of \$150,000 per individual. Total accrual and payment history is shown below:

	<u>2011</u>	<u>2010</u>
Balance beginning of year	\$ 604,000	664,000
Claims accrued	6,253,000	6,193,000
Claims paid/other	(5,916,000)	(6,253,000)
Balance end of year	<u>\$ 941,000 *</u>	<u>604,000</u>

* Beginning in 2011 this value includes \$382,000 statutory reserve.

(17) COMMITMENTS AND CONTINGENCIES

GENERAL

The City participates in a number of federally assisted grant programs. Federal financial assistance programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

At August 31, 2012, approximately 96% of the full-time, regular City's employees are represented by a Union. The existing union contracts expired in August 2012. All future labor contracts involving City employees will be negotiated to cover, at a minimum, a two-year period coinciding with the new biennial budget process.

The City is a defendant in a number of lawsuits and claims in its normal course of operations. Management is currently of the opinion that ultimate settlement of such lawsuits and claims will not have a materially adverse effect on the financial statements.

The City has been identified as a potentially responsible party (PRP) or equivalent status in relation to several sites with environmental remediation activities. Management currently believes that the liability of the City in connection with these activities will be immaterial. However, the ultimate cost will depend on the extent of remediation required. Management does not believe that changes in these cost estimates will have a materially adverse effect on the financial statements.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

The City of Lincoln owns a solid waste disposal area which discontinued operations in 1990, but still requires certain closure and postclosure care, including the construction of final cover, monitoring of groundwater conditions and landfill gas migration, and general site maintenance. While accrual of closure and postclosure care costs has been reflected in the financial statements in the current year, unanticipated corrective action costs related to landfill gas migration or groundwater contamination, if identified through current monitoring procedures, may be recorded once these costs can be reasonably estimated.

The City has entered into various agreements with developers to build infrastructure for new developments. These commitments are included in the City's current 6-year capital improvement program or depending on when the commitment is due, will be included in the City's future capital improvement program. As of August 31, 2012, the City's commitment to developers is estimated to be approximately \$55,000,000.

STREET CONSTRUCTION PROJECTS

The City's Street Construction Fund has commitments under major construction contracts in progress of approximately \$4,800,000 as of August 31, 2012, which will be financed primarily through highway user fees, bond proceeds, federal and state grants, and developer contributions.

WEST HAYMARKET JOINT PUBLIC AGENCY

The West Haymarket JPA Fund has commitments under major construction contracts in progress of approximately \$135,000,000 as of August 31, 2012.

PARKING FACILITIES

The Lincoln Parking System has commitments under major contracts in progress of approximately \$1,200,000 as of August 31, 2012.

LINCOLN WASTEWATER SYSTEM

The Lincoln Wastewater System has commitments under major construction contracts in progress of approximately \$1,700,000 as of August 31, 2012.

LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately \$3,600,000 as of August 31, 2012.

LINCOLN ELECTRIC SYSTEM

Participation Contracts with NPPD

LES has participating interests in the output of two existing NPPD power plants, a thirty percent (68 MW) and eight percent (109 MW) entitlement to the output of the Sheldon Station Power Plant (nominally rated 225 MW coal plant) and Gerald Gentleman Station Power Plant (nominally rated 1,268 MW coal plant), respectively.

LES is responsible for its respective participating interests in the two facilities' capital additions and improvements. LES's share of debt service payments necessary to retire the respective participating interests of principal and interest on bonds issued by NPPD for the facilities was approximately \$6,800,000 in 2011. LES recognizes its share of capital acquisition costs and debt service payments as power costs in the period the costs are billed with the exception of costs approved for deferral under ASC 980. Fixed cost payments under the agreements are on a participation basis whether or not such plants are operating or operable. LES recognized expense for its share of the total fixed costs of approximately \$11,400,000 in 2011.

The participation contracts continue until the facilities are removed from commercial operation or the final maturity occurs on the related debt incurred by NPPD to finance the facilities, whichever occurs last. The

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

estimated fixed cost payments to NPPD under these contracts, including capital additions and improvements, debt service payments and fixed costs, and credits aggregate approximately \$19,400,000, \$25,100,000, \$24,200,000, \$21,600,000, and \$22,100,000, respectively, in each of the five years subsequent to December 31, 2011.

Laramie River Station (LRS)

LES is a 12.76 percent co-owner of the Missouri Basin Power Project, which includes LRS, a three-unit, 1,650 MW coal-fired generating station in eastern Wyoming and a related transmission system. Costs, net of accumulated depreciation, associated with LRS of approximately \$19,400,000 are reflected in utility plant at December 31, 2011.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County) whereby the County purchases from LES 10 MW of LES's capacity interest in LRS. The agreement provides for the County to pay LES monthly fixed payments for the repayment of debt service. The amount is subject to change each July 1 based on debt costs of LES relative to the current market rates, until termination of the agreement. The agreement remains in effect until either the final maturity occurs on any LRS related debt, LRS is removed from commercial operation, or the County gives LES six-months notice to terminate the agreement. During 2011, LES billed the County approximately \$3,100,000 for demand and energy charges.

The LRS project participants, including LES, filed a rate case in 2004 with the federal Surface Transportation Board (STB) challenging the reasonableness of the freight rates from the Burlington Northern Santa Fe (BNSF) railroad for coal deliveries to LRS. In early 2009 the STB issued its decision and awarded the LRS project participants a favorable decision estimated by the STB at approximately \$345 million in rate relief. The STB awarded \$119 million to the LRS participants for past freight overcharges plus an expectation of present value rate benefits of approximately \$245 million due to a new tariff the STB ordered to be charged through 2024. BNSF remitted \$15,000,000 to LES, which has been escrowed pending an appeal filed by BNSF.

Walter Scott Energy Center (WS4)

MidAmerican Energy's Walter Scott Energy Center includes the following units: Unit #1 – a 1954 coal-fired unit built with 43 MW capacity, Unit #2 – a 1958 coal-fired unit built with 88 MW capacity, Unit #3 – a 1979 coal-fired unit built with 675 MW capacity, and Unit #4 - a supercritical technology, coal-fired 790 MW unit that became commercial in June, 2007, as well as the associated common equipment and inventories. LES maintains ownership interest in 12.6 percent or 105 MW of Unit #4. In order to minimize unit outage risk, LES has executed a power purchase and sales agreement with MidAmerican Energy. Under this agreement, beginning in 2009, LES will schedule 50 MW of Unit #3 and 55 MW of Unit #4. This twenty year unit agreement can be extended through mutual agreement of the parties. LES is responsible for the operation and maintenance expense and maintains a fuel inventory at the plant site. LES issued debt in conjunction with the construction of Unit #4 and has capitalized these costs plus interest.

(18) LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City of Lincoln currently owns and operates both a municipal solid waste landfill and a construction and demolition debris landfill. State and federal laws require the City to close the landfills once capacity is reached and to monitor and maintain the site for thirty subsequent years on the municipal solid waste landfill and five subsequent years on the construction and demolition debris landfill. Although certain closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date.

At August 31, 2012, the City had incurred a liability of approximately \$10,534,000 for the municipal solid waste landfill which represents the amount of costs reported to date based on the approximately 50 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$10.4

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

million, which will be recognized as the remaining capacity is used (estimated to be approximately 25 years).

As of August 31, 2012, the City had incurred a liability of approximately \$500,000 for the construction and demolition debris landfill which represents the amount of costs reported to date based on the approximately 50 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$494,000, which will be recognized as the remaining capacity is used (estimated to be approximately 18 years).

The estimated costs of closure and postclosure care, as determined by an independent engineering consultant, are subject to changes including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure, and other variables.

The City of Lincoln, in a review by the Nebraska Department of Environmental Quality (NDEQ), has demonstrated compliance with the financial assurance requirements as specified in Title 132 - *Integrated Solid Waste Management Regulations*, through the Local Government Financial Test.

The City of Lincoln also owns a solid waste disposal area that discontinued operations in 1990. Although exempt from the U.S. Environmental Protection Agency *Solid Waste Disposal Facility Criteria* issued October 9, 1991, the City must still adhere to certain closure and postclosure care requirements under prior legislation, including the construction of final cover, monitoring of ground water conditions and landfill gas migration, and general site maintenance. At August 31, 2012, a liability for closure and postclosure care costs is recorded in the amount of approximately \$4,402,000, which is based on appropriations identified in the City's capital improvement projects budgeting process. If any unanticipated corrective action costs related to landfill gas migration or groundwater contamination are identified through current monitoring procedures, then an additional accrued liability will be recorded once these costs can be reasonably estimated.

(19) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by Lincoln Water System and Lincoln Wastewater System to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash, accounts receivable and accounts payable – The carrying amount approximates fair value because of the short maturity of these instruments.

Long-term debt – The estimated fair value of the long-term debt is approximately \$75,388,000 for the Water System and \$134,953,000 for the Wastewater System based on borrowing rates currently available as of August 31, 2012.

Investments – The fair values of investments held directly by the funds are based on quoted market prices.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(20) SEGMENT INFORMATION

The City has issued revenue bonds and other debt instruments to finance capital construction and acquisitions for both the Urban Development and Public Works/Utilities Departments. The Parking Facilities Division of the Urban Development Department operates the City's downtown parking garages and is accounted for in the Parking Facilities Fund. The Solid Waste Operations Section of the Public Works/Utilities Department operates the City's solid waste disposal sites, yard waste composting facility,

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

and re-cycling drop-off program. Summary financial information for these divisions as of and for the year ended August 31, 2012, is presented as follows:

	<u>Parking Facilities</u>	<u>Solid Waste Management</u>
CONDENSED STATEMENT OF NET ASSETS		
Assets:		
Current Assets, excluding Due from Other Funds	\$ 2,721,831	3,173,547
Due from Other Funds	230,920	89,391
Other Assets	7,480,898	2,348,852
Capital Assets	<u>52,834,315</u>	<u>22,430,829</u>
Total Assets	<u>63,267,964</u>	<u>28,042,619</u>
Liabilities:		
Current Liabilities, excluding Due to Other Funds	2,603,884	687,069
Due to Other Funds	12,848	3,492
Noncurrent Liabilities	<u>21,991,755</u>	<u>18,107,985</u>
Total Liabilities	<u>24,608,487</u>	<u>18,798,546</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	31,830,657	19,912,011
Restricted	2,484,212	15,233
Unrestricted	<u>4,344,608</u>	<u>(10,683,171)</u>
Total Net Assets	<u>\$ 38,659,477</u>	<u>9,244,073</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS		
Operating Revenues	\$ 7,353,847	5,693,728
Depreciation Expense	(1,208,227)	(1,924,210)
Other Operating Expenses	<u>(3,823,131)</u>	<u>(6,066,290)</u>
Operating Income (Loss)	2,322,489	(2,296,772)
Nonoperating Revenues (Expenses):		
Investment Earnings	28,254	3,222
Gain (Loss) on Disposal of Capital Assets	(9,824)	36,632
Insurance Recovery	-	5,587
Occupation Tax	-	2,048,615
Interest Expense and Fiscal Charges	(570,054)	(127,103)
Capital Contributions	1,722,988	-
Transfers	<u>(577,058)</u>	<u>(1,113,830)</u>
Change in Net Assets	2,916,795	(1,443,649)
Beginning Net Assets	<u>35,742,682</u>	<u>10,687,722</u>
Ending Net Assets	<u>\$ 38,659,477</u>	<u>9,244,073</u>
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash Provided (Used) by:		
Operating Activities	\$ 3,323,152	632,875
Noncapital Financing Activities	(195,917)	1,112,048
Capital and Related Financing Activities	(10,686,300)	(2,650,112)
Investing Activities	<u>5,631,741</u>	<u>303,803</u>
Net Decrease in Cash	(1,927,324)	(601,386)
Beginning Balance	<u>4,962,115</u>	<u>907,088</u>
Ending Balance	<u>\$ 3,034,791</u>	<u>305,702</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(21) PLEDGED REVENUES

The City has pledged future revenues derived from the operation of the Lincoln Wastewater System, net of operating and maintenance expenses, to repay \$90,991,895 in wastewater revenue bonds and loans. Proceeds provided financing for improvements to the sanitary sewer system, as well as refunding prior year debt. The debt is payable solely from the net earnings of the Wastewater System and is payable through 2034. The total principal and interest remaining to be paid on the debt is \$116,861,491, with annual payments expected to require 53 percent of net revenues. Principal and interest paid for the current year and net system revenues were \$6,793,014 and \$12,835,302, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Water System, net of operating and maintenance expenses, to repay \$68,943,391 in water revenue bonds and loans. Proceeds from the debt provided financing for improvements to the water supply system, as well as refunding prior water revenue bonds. The bonds are payable solely from the net earnings of the Water System and are payable through 2034. The total principal and interest remaining to be paid on the debt is \$82,597,505, with annual payments expected to require 41 percent of net revenues. Principal and interest paid for the current year and net system revenues were \$8,335,202 and \$20,348,397, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Electric System, net of operating, maintenance and certain power expenses, to repay \$654,580,000 in electric revenue bonds. Proceeds from the bonds provided financing for construction of additional utility plant, as well as refunding certain issues of electric revenue bonds. The bonds are payable solely from the net earnings of the Electric System and are payable through 2037. The total principal and interest remaining to be paid on the bonds is \$903,568,000, with annual payments expected to require 51 percent of net revenues. Principal and interest paid for the current year and net system revenues were \$46,116,000 and \$92,280,000, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Parking System, net of operating and maintenance expenses, and amounts, if any, distributed by the State for street purposes to repay \$26,585,000 in parking revenue bonds. Proceeds from the bonds provided financing for construction and improvements to the parking system, as well as refunding \$5,525,000 of Series 1994A parking revenue bonds. The bonds are payable solely from the net earnings of the Parking System and are payable through 2031. The total principal and interest remaining to be paid on the bonds is \$35,735,095, with annual payments expected to require 46 percent of net revenues. Principal and interest paid for the current year and net system revenues were \$1,938,688 and \$3,558,970, respectively.

The City has pledged future revenues derived from the operation of the municipally owned solid waste management facilities, net of operating and maintenance expenses, to repay \$4,000,000 in solid waste management revenue bonds. Proceeds from the bonds provided financing for improvements to the solid waste facilities. The bonds are payable solely from the net earnings of the Solid Waste System and are payable through 2021. The total principal and interest remaining to be paid on the bonds is \$3,475,863, with annual payments expected to require 24 percent of net revenues. Principal and interest paid for the current year and net system revenues were \$344,025 and \$1,369,445 respectively.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

(22) PUBLIC BUILDING COMMISSION

In 1990, the City and the County of Lancaster, pursuant to state statute, activated a separate governmental entity denominated as the Lincoln-Lancaster County Public Building Commission. The purpose of this joint venture is to design, acquire, construct, maintain, operate, improve, remodel, remove and reconstruct, so long as its corporate existence continues, public buildings, structures, or facilities for use jointly by the City and the County. The City and the County each appoint two members to the five-member Commission, with the fifth member being appointed by the other four members. All property held or acquired by the Commission is held or acquired in the name of the City and the County for use by the Commission in its corporate capacity. The Commission's costs of operation and debt service are funded through rental payments made by the City and the County based upon their proportionate occupancy of such buildings to the extent not covered by a maximum property tax levy of 1.7 cents for each \$100 of actual valuation of taxable property in the County. For the year ended August 31, 2012, the City made rental payments of approximately \$2.8 million to the Commission.

As of August 31, 2012, the Commission has bonds outstanding of \$38,635,000 attributable to several bond issues. Certain proceeds from the bonds totaling \$28,945,000 have been utilized by the Commission to acquire, construct, and/or renovate certain buildings occupied by the City and County. The City's proportionate share of such buildings are recorded as capital assets and the corresponding debt are reflected as capital leases in the City's financial statements. Lease payments are not recorded as capital lease payments in the Debt Service funds but rather are recorded as current expenditures in the various individual funds.

Additional bond proceeds, totaling \$29,000,000, have been utilized by the Commission to construct a new County-City building and to renovate the prior County-City building to be used as a Hall of Justice. It is anticipated that property tax levies by the Commission will be sufficient to meet bond principal and interest payments. Should revenues from such property tax levies not be sufficient to meet debt service requirements in any given year, the City and County would contribute the necessary payments based on their proportionate occupancy in such buildings. Such contributions are expected to be minimal and will be expensed in the appropriate funds when incurred. The City's proportionate share of the buildings has been recorded in capital assets in accordance with the terms of the joint venture agreement regarding the ultimate transfer of assets to the City and County.

In 2012, the Commission recorded a note payable of \$1,670,000. The note is secured through assignment of the lease on the building purchased with the proceeds. The City's proportionate share of the building has been recorded in capital assets in accordance with the terms of the joint venture agreement regarding the ultimate transfer of assets to the City and County.

Complete separate financial statements for the Commission may be obtained at the Lincoln-Lancaster County Public Building Commission, 920 "O" Street, Room 203, Lincoln, Nebraska 68508.

(23) JOINT ANTELOPE VALLEY AUTHORITY

Joint Antelope Valley Authority is a joint administrative entity created April 15, 2000, in accordance with Article XV, Section 18 of the Constitution of the State of Nebraska and Nebraska Revenue Statutes Sections 13.801 through 13.827 (1997) authorizing the creation of a joint entity by public agencies. Per an interlocal cooperative agreement by and between the Board of Regents of the University of Nebraska, a public body corporate, the City of Lincoln, Nebraska, a municipal corporation, and the Lower Platte South Natural Resources District, a political subdivision of the State of Nebraska, this joint administrative entity was created to be known as Joint Antelope Valley Authority (JAVA). JAVA constitutes a separate administrative entity, exercising the public power granted by the interlocal cooperation agreement on behalf of the three aforementioned "Partners" to coordinate planning and implementation of a public project described in the Antelope Valley Study and the U.S. Army Corps of Engineers Antelope Creek Feasibility Study (the Project). The Project generally includes community revitalization, transportation, and drainage/flood control improvements.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

After completion of a specific component of the Project, JAVA will transfer all real estate and improvements thereon to the appropriate individual Partner, subject to the necessary and agreed upon easements which will be conveyed to such Partner or other appropriate public or private entity, or reserved by such a Partner, for the operation, maintenance, repair, and inspection of each specific component.

During the implementation period of the agreement, JAVA shall have the power and authority to acquire and condemn property rights, borrow, mortgage, pledge, or secure loans and bond its appropriated revenues and assets; provided, however, that JAVA shall have no power and authority to bond the credit or revenues of the three Partners or each Partner, or levy taxes.

For the year ended August 31, 2012, total assets of JAVA reached approximately \$199 million, an increase of \$10 million from the prior year. The City's equity interest increased by approximately \$9.7 million to \$169 million.

Complete separate financial statements for JAVA may be obtained at the City of Lincoln Public Works Business Office, 555 South 10th Street, Lincoln, Nebraska 68508.

(24) JOINTLY GOVERNED ORGANIZATIONS

District Energy Corporation

LES, in conjunction with two other governmental entities, created the District Energy Corporation (DEC) in 1989 to own, operate, maintain, and finance the heating and cooling facilities utilized by certain city, county, and state buildings. The Board of Directors of DEC is comprised of five members: two appointed by the Lancaster County Board of Commissioners, two by the Mayor of Lincoln who must be confirmed by the City Council, and one by LES. No participant has any obligation, entitlement, or residual interest.

The DEC Board of Directors, under a management agreement, has appointed LES to supervise and manage the system and business affairs of DEC. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to DEC on an established rate schedule. The total amount of payments to LES for management, operations, and maintenance services was approximately \$811,000 in 2011. The total amount of payments to LES for energy was approximately \$129,000 in 2011.

Nebraska Utility Corporation

On May 17, 2001, LES, in conjunction with the University of Nebraska Lincoln (UNL), created the Nebraska Utility Corporation (NUCorp) to purchase, lease, construct, and finance facilities and acquire services to meet energy requirements of UNL. The Board of Directors of NUCorp is comprised of five members: three members appointed by UNL and two members appointed by LES. No participant has any obligation, entitlement, or residual interest.

Operations commenced in January 2002. The NUCorp board of directors, under a twenty-year management agreement, appointed LES to supervise and manage the system and business affairs of NUCorp. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to NUCorp on an established rate schedule. The total payment to LES for management services was approximately \$119,000 in 2011. The total amount of payments to LES for energy was approximately \$9 million in 2011.

(25) SUBSEQUENT EVENTS

In August 2012, Lincoln Electric System issued \$277,315,000 in Revenue and Refunding Bonds, Series 2012, to provide funds for the payment and redemption of certain outstanding 2002, 2003, and 2005 bonds, a portion of LES' outstanding commercial paper notes, as well as to reimburse LES for prior capital improvements. Interest rates range from 1.000 to 5.000 percent. Debt service principal payments are

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2012

scheduled annually on the serial bonds at amounts that range from \$10,970,000 to \$20,230,000, with \$30,165,000 of term bonds due in 2037.

In October 2012, the City issued \$10,000,000 of Certificates of Participation, Series 2012, to provide funds for street light improvements, communication equipment, and remodeling, renovation, equipping and furnishing the Municipal Services Center. The interest rate is 3.000 percent and the final maturity is June 2027. Debt service principal payments are scheduled annually at amounts that range from \$480,000 to \$1,270,000.

In December 2012, the City issued \$12,080,000 of Parking Revenue and Refunding Bonds, Series 2012, to provide funds for the payment and redemption of the outstanding 2001 Parking Bonds, and to pay a portion of the costs of constructing a new Haymarket parking garage. The interest rates on the bonds range from .400 to 4.000 percent and the final maturity is August 2032. Debt service principal payments are scheduled annually at amounts that range from \$435,000 to \$810,000.

CITY OF LINCOLN, NEBRASKA
Required Supplementary Information
August 31, 2012

Schedule of Funding Progress for PFDP Pension
(dollar amounts in thousands)

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 a Percentage of Covered Payroll ((b-a)/c)
August 31, 2012	\$ 164,500	\$ 214,879	\$ 50,379	76.6 %	\$ 36,311	138.7 %
August 31, 2011	165,436	204,990	39,554	80.7	35,763	110.6
August 31, 2010	172,317	195,206	22,889	88.3	34,233	66.9
August 31, 2009	177,526	187,292	9,766	94.8	33,450	29.2
August 31, 2008	179,390	179,376	(14)	100.0	32,266	(0.0)
August 31, 2007	171,264	169,587	(1,677)	101.0	30,546	(5.5)

Schedule of Employer Contributions for PFDP Pension
(dollar amounts in thousands)

Year Ended August 31	Annual Required Contribution	Annual Pension Contribution	Percentage Contributed
2012	\$ 5,574	\$ 6,052	109 %
2011	4,652	4,334	93
2010	3,752	3,963	106
2009	3,316	3,572	108
2008	4,076	3,456	85
2007	4,056	3,494	86

Schedule of Funding Progress for City OPEB
(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
September 1, 2011	\$ 0	\$ 24,902	\$ 24,902	0.0 %	\$ 118,498	21.0 %
September 1, 2009	0	19,796	19,796	0.0	112,002	17.7
September 1, 2007	0	5,662	5,662	0.0	106,787	5.3

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**



GENERAL FUND COMBINING FUNDS

GASB 54 clarifies the definitions of the governmental fund types, resulting in a change in the activities that are reported in them. The following are reported as part of the General Fund for financial reporting purposes but are maintained individually for accounting purposes and budgetary comparisons of legally adopted budgets.

Athletic Field & Facilities Improvement Fund - To account for proceeds from a surcharge applied to registration fees charged by the Recreation Division for various athletic activities, and revenues received from the rental of park land for telecommunications towers. These monies are used for improvements to athletic field and facilities, and the maintenance and repair of Parks and Recreation property and facilities.

Lincoln Area Agency On Aging Fund - To account for the costs of providing various services to senior citizens through the Lincoln/Lancaster Commission on Aging. Financing is provided by Federal, State, County, and City funds.

911 Communication Fund - To account for the costs of answering and processing all incoming 911 and non-emergency calls as well as the cost of dispatch service for the Lincoln Police Department, Lincoln Fire Department, Lancaster County Sheriff's Office and Rural Volunteer Fire and Rescue Departments. Financing is provided by County and City funds and a 911 telephone surcharge.

Unemployment Compensation Fund - To account for the cost of unemployment benefits paid to former employees of departments supported primarily from tax revenues. The City reimburses the State for actual costs rather than a percentage of payroll. Financing has been provided by a specific annual property tax levy to be used only for this purpose.

Fast Forward Fund - To make funds available for economic development projects where there is a demonstrated benefit to the community and/or where incentives can positively influence the outcome of a project. Funding provided by a surplus of Special Assessment Debt Service funds.

Development Services Center Fund - To provide start-up costs and certain one time costs associated with the Development Services Center functions. Funding provided by a surplus of Special Assessment Revolving funds.

CITY OF LINCOLN, NEBRASKA
COMBINING BALANCE SHEET
GENERAL FUND
AUGUST 31, 2012

	General Fund	Athletic Field & Facilities Improvement	Lincoln Area Agency On Aging	911 Communication	Unemployment Compensation	Fast Forward	Development Services Center	Total
ASSETS								
Cash and Cash Equivalents	\$ 1,702,054	69,539	19,876	134,902	7,339	486,624	5,819	2,426,153
Investments	23,685,727	819,293	219,861	1,599,176	76,744	5,786,902	60,151	32,247,854
Receivables, (Net of Allowance for Uncollectibles)								
Taxes	3,656,291	-	-	-	-	-	-	3,656,291
Accounts	2,624,751	-	4,498	187,953	-	-	-	2,817,202
Accrued Interest	54,521	2,076	1,216	3,205	234	16,289	394	77,935
Due from Other Funds	1,621,754	-	5,144	-	-	-	-	1,626,898
Due from Other Funds (Inter-fund)	194	-	-	-	-	-	-	194
Due from Other Governments	11,183,143	-	22,578	27,903	-	-	-	11,233,624
Inventories	379,402	-	-	-	-	-	-	379,402
Prepaid Items	4,454,094	-	-	-	-	-	-	4,454,094
Total Assets	49,361,931	890,908	273,173	1,953,139	84,317	6,289,815	66,364	58,919,647
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	732,619	-	39,304	5,907	-	-	1,217	779,047
Accrued Liabilities	2,892,225	-	92,248	115,601	-	-	-	3,100,074
Due to Other Funds	4,457,095	-	3,663	2,121	-	-	8	4,462,887
Due to Other Funds (Inter-fund)	-	-	-	194	-	-	-	194
Due to Other Governments	103,209	-	462	78	-	-	-	103,749
Deferred Revenue	1,184,470	-	-	187,953	-	-	-	1,372,423
Total Liabilities	9,369,618	-	135,677	311,854	-	-	1,225	9,818,374
Fund Balances:								
Nonspendable	4,833,496	-	-	-	-	-	-	4,833,496
Restricted	5,277,054	-	-	-	-	-	-	5,277,054
Assigned	4,250,337	890,908	137,496	1,641,285	84,317	6,289,815	65,139	13,359,297
Unassigned	25,631,426	-	-	-	-	-	-	25,631,426
Total Fund Balances	39,992,313	890,908	137,496	1,641,285	84,317	6,289,815	65,139	49,101,273
Total Liabilities and Fund Balances	\$ 49,361,931	890,908	273,173	1,953,139	84,317	6,289,815	66,364	58,919,647

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2012

	General Fund	Athletic Field & Facilities Improvement	Lincoln Area Agency On Aging	911 Communication	Unemployment Compensation	Fast Forward	Development Services Center	Total
Revenues:								
Taxes:								
Property	\$ 30,845,470	-	-	-	-	-	-	30,845,470
Motor Vehicle	4,331,331	-	-	-	-	-	-	4,331,331
Sales and Use	62,388,551	-	-	-	-	-	-	62,388,551
Sundry and In Lieu	52,614	-	-	-	-	-	-	52,614
Occupation	12,819,569	-	-	-	-	-	-	12,819,569
Special Assessment	1,580	-	-	-	-	-	-	1,580
Intergovernmental	1,585,633	-	1,059,622	477,726	-	-	-	3,122,981
Permits and Fees	4,145,442	-	77,856	1,197,197	-	-	-	5,420,495
Reimbursement for Services	6,050,585	415,176	223,653	-	-	-	-	6,689,414
Court Settlements	1,931,804	-	-	-	-	-	-	1,931,804
Investment Earnings	145,382	963	1,171	(1,513)	99	8,344	(51)	154,395
Donations	932,869	-	6,290	-	-	-	-	939,159
Miscellaneous	532,106	17,098	789	7,043	-	-	-	557,036
Total Revenues	<u>125,762,936</u>	<u>433,237</u>	<u>1,369,381</u>	<u>1,680,453</u>	<u>99</u>	<u>8,344</u>	<u>(51)</u>	<u>129,254,399</u>
Expenditures -- Current:								
General Government	27,741,445	-	-	-	45,004	-	-	27,786,449
Public Safety	57,256,187	-	-	3,445,550	-	-	-	60,701,737
Streets and Highways	8,090,630	-	-	-	-	-	-	8,090,630
Culture and Recreation	12,071,114	-	-	-	-	-	-	12,071,114
Economic Opportunity	230,409	-	3,692,024	-	-	-	1,154,250	5,076,683
Health and Welfare	279,193	-	-	-	-	-	-	279,193
Debt Service	52,667	-	-	-	-	-	-	52,667
Total Expenditures	<u>105,721,645</u>	<u>-</u>	<u>3,692,024</u>	<u>3,445,550</u>	<u>45,004</u>	<u>-</u>	<u>1,154,250</u>	<u>114,058,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,041,291</u>	<u>433,237</u>	<u>(2,322,643)</u>	<u>(1,765,097)</u>	<u>(44,905)</u>	<u>8,344</u>	<u>(1,154,301)</u>	<u>15,195,926</u>
Other Financing Sources (Uses):								
Transfers In	9,503,597	-	-	-	-	-	41,764	9,545,361
Transfers In (Inter-Fund)	106,267	-	2,214,007	2,476,742	-	-	11,548	4,808,564
Transfers Out	(20,051,351)	(448,191)	-	-	-	(20,606)	(5,833)	(20,525,981)
Transfers Out (Inter-Fund)	(4,702,297)	-	-	-	-	(106,267)	-	(4,808,564)
Issuance of Debt	2,080,000	-	-	-	-	-	1,000,000	3,080,000
Premium on Debt Issued	20,606	-	-	-	-	-	21,640	42,246
Sale of Capital Assets	9,885	-	-	-	-	-	-	9,885
Total Other Financing Sources (Uses)	<u>(13,033,293)</u>	<u>(448,191)</u>	<u>2,214,007</u>	<u>2,476,742</u>	<u>-</u>	<u>(126,873)</u>	<u>1,069,119</u>	<u>(7,848,489)</u>
Net Change In Fund Balances	7,007,998	(14,954)	(108,636)	711,645	(44,905)	(118,529)	(85,182)	7,347,437
Fund Balances - Beginning	32,984,315	905,862	246,132	929,640	129,222	6,408,344	150,321	41,753,836
Fund Balances - Ending	<u>\$ 39,992,313</u>	<u>890,908</u>	<u>137,496</u>	<u>1,641,285</u>	<u>84,317</u>	<u>6,289,815</u>	<u>65,139</u>	<u>49,101,273</u>



CITY OF LINCOLN, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2012

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 4,338,540	1,161,966	913,778	1,173,647	7,587,931
Investments	20,804,638	15,539,550	8,928,078	57,756,394	103,028,660
Receivables, (Net of Allowance for Uncollectibles)	21,682,836	1,740,784	49,607	1,353	23,474,580
Due from Other Funds	493,278	299,877	2,037,018	23,519	2,853,692
Due from Other Governments	2,402,973	167,127	1,369,403	-	3,939,503
Inventories	485,996	-	-	-	485,996
Total Assets	50,208,261	18,909,304	13,297,884	58,954,913	141,370,362
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	995,480	38,985	539,039	125,898	1,699,402
Contracts Payable	-	-	671,968	-	671,968
Retainages Payable	-	-	77,048	-	77,048
Accrued Liabilities	2,041,936	-	-	10,675	2,052,611
Due to Other Funds	7,963,486	-	14,084	366,067	8,343,637
Due to Other Governments	187,389	-	4,713	-	192,102
Unearned Revenue	228,113	-	-	-	228,113
Deferred Revenue	1,545,904	906,130	-	-	2,452,034
Total Liabilities	12,962,308	945,115	1,306,852	502,640	15,716,915
Fund Balances:					
Nonspendable	485,996	-	-	37,160,000	37,645,996
Restricted	27,974,378	17,964,189	11,783,064	21,292,273	79,013,904
Committed	805,612	-	-	-	805,612
Assigned	8,171,781	-	207,968	-	8,379,749
Unassigned	(191,814)	-	-	-	(191,814)
Total Fund Balances	37,245,953	17,964,189	11,991,032	58,452,273	125,653,447
Total Liabilities and Fund Balances	\$ 50,208,261	18,909,304	13,297,884	58,954,913	141,370,362

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Taxes:					
Property	\$ 14,348,308	8,348,752	-	-	22,697,060
Wheel	-	-	13,963,326	-	13,963,326
Sundry and In Lieu	11,714	4,517	-	-	16,231
Special Assessment	646,418	563,059	-	-	1,209,477
Intergovernmental	28,067,553	1,106,661	641,442	-	29,815,656
Permits and Fees	11,573,451	-	222,238	-	11,795,689
Reimbursement for Services	1,090,257	-	-	-	1,090,257
Program Income	122,767	-	-	-	122,767
Investment Earnings	142,873	78,362	44,299	3,752,618	4,018,152
Donations	607,337	-	1,933,426	30,350	2,571,113
Keno Proceeds	3,639,819	-	-	-	3,639,819
Miscellaneous	732,380	330,415	1,924,869	11,642	2,999,306
Total Revenues	<u>60,982,877</u>	<u>10,431,766</u>	<u>18,729,600</u>	<u>3,794,610</u>	<u>93,938,853</u>
EXPENDITURES					
Current:					
General Government	10,638,569	-	-	-	10,638,569
Public Safety	9,742,625	-	-	-	9,742,625
Streets and Highways	473	-	-	-	473
Culture and Recreation	10,425,975	-	-	21,443	10,447,418
Economic Opportunity	9,596,988	-	-	-	9,596,988
Health and Welfare	19,757,414	-	-	2,034,012	21,791,426
Mass Transit	10,288,935	-	-	-	10,288,935
Debt Service:					
Principal Retirement	-	10,403,101	-	-	10,403,101
Interest and Fiscal Charges	-	5,973,330	-	-	5,973,330
Payments to Refunding Agent	-	950,000	-	-	950,000
Miscellaneous	-	70,997	-	-	70,997
Capital Outlay	-	-	15,404,915	-	15,404,915
Total Expenditures	<u>70,450,979</u>	<u>17,397,428</u>	<u>15,404,915</u>	<u>2,055,455</u>	<u>105,308,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,468,102)</u>	<u>(6,965,662)</u>	<u>3,324,685</u>	<u>1,739,155</u>	<u>(11,369,924)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	13,389,857	9,395,507	5,169,015	-	27,954,379
Transfers Out	(3,048,617)	(973,870)	(13,495,550)	-	(17,518,037)
Issuance of Debt	-	-	3,000,000	-	3,000,000
Issuance of Refunding Debt	-	36,185,000	-	-	36,185,000
Premium on Debt Issued	-	4,103,800	36,003	-	4,139,803
Transfer To Bond Refunding Agent	-	(39,840,997)	-	-	(39,840,997)
Sale of Capital Assets	271,708	-	481	-	272,189
Total Other Financing Sources (Uses)	<u>10,612,948</u>	<u>8,869,440</u>	<u>(5,290,051)</u>	<u>-</u>	<u>14,192,337</u>
Net Change in Fund Balances	<u>1,144,846</u>	<u>1,903,778</u>	<u>(1,965,366)</u>	<u>1,739,155</u>	<u>2,822,413</u>
Fund Balances - Beginning	<u>36,101,107</u>	<u>16,060,411</u>	<u>13,956,398</u>	<u>56,713,118</u>	<u>122,831,034</u>
Fund Balances - Ending	<u>\$ 37,245,953</u>	<u>17,964,189</u>	<u>11,991,032</u>	<u>58,452,273</u>	<u>125,653,447</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds from specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes.

Advance Acquisition Fund - To account for funds to be used for the acquisition of real estate for public purposes. Net proceeds from the sale or exchange of real estate owned by the City shall be credited to this fund, and the fund may also be increased by General Fund appropriations, or proceeds from general obligation borrowing.

Cable Access Television Fund - To account for the receipt and use of franchise fees, imposed by the City, from the cable provider in order to construct, operate and maintain a cable television system within the boundaries of the City.

Lincoln City Libraries Fund - To account for the costs of providing library services to the citizens of Lincoln. Financing is provided by a specific annual tax levy, fines and fees, and reimbursement from Lancaster County for services provided to County residents.

Lincoln/Lancaster Co. Health Fund - To account for the costs of providing health services to the citizens of the City of Lincoln and Lancaster County. Financing is provided by Federal, State, County, and City funds.

Social Security Fund - To account for the City of Lincoln's matching share of Social Security costs for employees paid from the General Fund and other funds supported primarily from general tax revenue. Financing is provided by a specific annual property tax levy. Such property taxes may only be used for this purpose.

Police & Fire Pension Contributions Fund - To account for the City's contributions to the Police and Fire Pension. Financing is provided by a specific annual property tax levy.

StarTran Fund - To account for the cost of operating the City-owned transit system. Financing is provided primarily through passenger revenue and Federal, State, and City funds.

Keno Fund - To accumulate resources from the City's percentage of Keno revenue in the City and account for activities financed with Keno revenues.

Federal Grants Fund - Includes federal sub-funds as follows:

Community Development Block Grant Fund - To account for the costs of providing services under the City's Community Development Block Grant Program with funding provided by grants from the Department of Housing and Urban Development.

Grants-In-Aid Fund - To account for monies received from various federal and state agencies under several small categorical grants and the City's matching funds where applicable. Monies are utilized to provide services as stipulated in the individual grant agreements.

Workforce Investment Act (WIA) Fund - To account for the costs of providing services under the Workforce Investment Act with funding provided by grants from the Department of Labor.

Disaster Recovery (FEMA) Fund - To account for reimbursements from the Federal Emergency Management Agency due to disasters caused by storm and flood damage. Funds are used to reimburse other funds for related costs and to pay disaster related expenses.



Special Assessment Fund - To account for the receipt and disbursement of special assessment bond proceeds and other income which is derived from interest income, developers share of districts and City subsidies. This fund is also used to account for the administrative cost of collection of and accounting for special assessments levied against benefited properties. Expenditures for capital improvement projects are accounted for in the Special Assessment Capital Projects Fund. Periodic transfers are made to the Capital Projects Fund to cover expenditures.

Building & Safety Fund - To account for the cost of providing building and safety permit and inspection services to the citizens of Lincoln. Financing is provided through permit and inspection fee revenues and City funds.

Impact Fees Fund - To account for receipts and disbursements of impact fees in accordance with city ordinance.

Parks & Recreation Special Projects Fund - To account for the proceeds of various trusts and donations to be used for the development of various projects, such as a mini-park, an observatory, landscaping, etc.

Seniors Foundation of Lincoln & Lancaster County Fund - To account for the proceeds of fund-raising activities by and donations to the Lincoln/Lancaster Senior Center Foundation. These funds are turned over to the City to be used for special projects at the discretion of the Foundation.

Library Special Trust Fund - To account for the receipt of investment earnings from the following trusts:

Charles Gere Library Fund - To be used as directed by the Library Board for the benefit of the Lincoln City Libraries.

Lillian Polley Trust Fund - To be used for the Polley Music Library.

R.P. Crawford Park Fund - To accumulate resources required to be distributed from the Crawford Trust per IRS regulations. Such funds to be held until the end of the Trust period, then combined with the Trust assets to be used for the purchase of land and the development of a City park and playground.

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2012

	Advance Acquisition	Cable Access Television	Lincoln City Libraries	Lincoln/ Lancaster Co. Health	Social Security	Police & Fire Pension Contributions	StarTran
ASSETS							
Cash and Cash Equivalents	\$ 75,104	46,212	156,029	91,025	80,983	-	625,066
Investments	1,173,974	719,733	2,285,723	1,234,124	1,263,162	-	972,780
Receivables, (Net of Allowance for Uncollectibles):							
Taxes	-	-	681,985	-	272,662	570,438	-
Accounts	-	38,592	543	19,256	-	-	26,907
Accrued Interest	3,293	2,005	4,204	3,171	3,056	-	2,433
Loans	-	-	-	-	-	-	-
Due from Other Funds	24,026	14,736	46,785	25,292	25,883	-	30,404
Due from Other Governments	-	-	496	345,909	202	-	10,815
Inventories	-	-	-	-	-	-	485,996
Total Assets	1,276,397	821,278	3,175,765	1,718,777	1,645,948	570,438	2,154,401
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	6,000	1,810	85,800	180,472	-	-	135,555
Accrued Liabilities	-	754	210,970	305,544	225,111	472,797	265,961
Due to Other Funds	-	-	1,330	50,831	-	-	3,185
Due to Other Governments	130	-	135	5,153	-	-	-
Unearned Revenue	-	-	-	-	-	-	44,744
Deferred Revenue	-	-	127,996	358,213	47,588	97,641	7,505
Total Liabilities	6,130	2,564	426,231	900,213	272,699	570,438	456,950
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	485,996
Restricted	1,251,424	-	-	-	1,022,094	-	-
Committed	-	805,612	-	-	-	-	-
Assigned	18,843	13,102	2,749,534	818,564	351,155	-	1,211,455
Unassigned	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	1,270,267	818,714	2,749,534	818,564	1,373,249	-	1,697,451
Total Liabilities and Fund Balances (Deficits)	\$ 1,276,397	821,278	3,175,765	1,718,777	1,645,948	570,438	2,154,401

Keno	Federal Grants	Special Assessment	Building & Safety	Impact Fees	Parks & Recreation Special Projects	Seniors Foundation Of Lincoln & Lancaster County	Library Special Trust	RP Crawford Park	Total
82,598	2,428,705	1,106	230,828	434,971	69,804	6	8,075	8,028	4,338,540
1,296,349	-	887,762	2,974,343	6,458,929	1,080,637	-	136,894	320,228	20,804,638
-	-	-	-	-	-	-	-	-	1,525,085
161,598	259,443	-	-	-	832	-	-	-	507,171
3,405	1,633	13,772	8,070	20,017	3,038	55	428	-	68,580
-	19,582,000	-	-	-	-	-	-	-	19,582,000
26,517	45,940	-	66,579	132,204	52,125	-	2,787	-	493,278
-	2,045,551	-	-	-	-	-	-	-	2,402,973
-	-	-	-	-	-	-	-	-	485,996
<u>1,570,467</u>	<u>24,363,272</u>	<u>902,640</u>	<u>3,279,820</u>	<u>7,046,121</u>	<u>1,206,436</u>	<u>61</u>	<u>148,184</u>	<u>328,256</u>	<u>50,208,261</u>
44,273	504,578	-	3,336	62	33,594	-	-	-	995,480
-	392,467	-	161,308	3,775	-	-	3,249	-	2,041,936
30,833	120,306	435,929	86,951	7,234,098	-	-	23	-	7,963,486
74,673	105,713	-	1,484	-	101	-	-	-	187,389
-	-	-	183,369	-	-	-	-	-	228,113
-	906,961	-	-	-	-	-	-	-	1,545,904
<u>149,779</u>	<u>2,030,025</u>	<u>435,929</u>	<u>436,448</u>	<u>7,237,935</u>	<u>33,695</u>	<u>-</u>	<u>3,272</u>	<u>-</u>	<u>12,962,308</u>
-	-	-	-	-	-	-	-	-	485,996
1,390,187	22,333,247	466,711	-	-	1,037,486	61	144,912	328,256	27,974,378
-	-	-	-	-	-	-	-	-	805,612
30,501	-	-	2,843,372	-	135,255	-	-	-	8,171,781
-	-	-	-	(191,814)	-	-	-	-	(191,814)
<u>1,420,688</u>	<u>22,333,247</u>	<u>466,711</u>	<u>2,843,372</u>	<u>(191,814)</u>	<u>1,172,741</u>	<u>61</u>	<u>144,912</u>	<u>328,256</u>	<u>37,245,953</u>
<u>1,570,467</u>	<u>24,363,272</u>	<u>902,640</u>	<u>3,279,820</u>	<u>7,046,121</u>	<u>1,206,436</u>	<u>61</u>	<u>148,184</u>	<u>328,256</u>	<u>50,208,261</u>

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Advance Acquisition	Cable Access Television	Lincoln City Libraries	Lincoln/ Lancaster Co. Health	Social Security	Police & Fire Pension Contributions	StarTran
Revenues:							
Real Property and							
Personal Property Tax	\$ -	-	6,339,334	-	2,570,350	5,438,624	-
Sundry and In Lieu Tax	-	-	4,874	-	1,981	4,859	-
Special Assessment	-	-	-	1,272	-	-	-
Intergovernmental	-	-	658,902	2,799,113	-	-	2,634,687
Permits and Fees	-	240,965	345,531	3,677,889	-	-	1,522,031
Reimbursement for Services	-	-	1,500	354,798	-	-	130,798
Program Income	-	-	-	-	-	-	-
Investment Earnings	2,788	952	(3,592)	2,975	(277)	-	1,124
Donations	-	-	-	-	-	-	-
Keno Proceeds	-	-	-	-	-	-	-
Private Sector Share of Projects	-	-	-	-	-	-	-
Miscellaneous	-	-	44,749	18,146	-	-	126,083
Total Revenues	<u>2,788</u>	<u>241,917</u>	<u>7,391,298</u>	<u>6,854,193</u>	<u>2,572,054</u>	<u>5,443,483</u>	<u>4,414,723</u>
Expenditures -- Current:							
General Government	27,241	68,559	-	-	2,364,280	5,443,483	-
Public Safety	-	-	-	-	-	-	-
Streets and Highways	-	-	-	-	-	-	-
Culture and Recreation	-	-	7,829,035	-	-	-	-
Economic Opportunity	-	-	-	-	-	-	-
Health and Welfare	-	-	-	12,324,989	-	-	-
Mass Transit	-	-	-	-	-	-	10,025,097
Total Expenditures	<u>27,241</u>	<u>68,559</u>	<u>7,829,035</u>	<u>12,324,989</u>	<u>2,364,280</u>	<u>5,443,483</u>	<u>10,025,097</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,453)</u>	<u>173,358</u>	<u>(437,737)</u>	<u>(5,470,796)</u>	<u>207,774</u>	<u>-</u>	<u>(5,610,374)</u>
Other Financing Sources (Uses):							
Transfers In	-	484	264,684	5,724,880	-	-	5,935,255
Transfers Out	-	-	-	(35,236)	-	-	(12,906)
Sale of Capital Assets	250,327	-	514	-	-	-	20,867
Total Other Financing Sources (Uses)	<u>250,327</u>	<u>484</u>	<u>265,198</u>	<u>5,689,644</u>	<u>-</u>	<u>-</u>	<u>5,943,216</u>
Net Change In Fund Balances	225,874	173,842	(172,539)	218,848	207,774	-	332,842
Fund Balances (Deficits) - Beginning	<u>1,044,393</u>	<u>644,872</u>	<u>2,922,073</u>	<u>599,716</u>	<u>1,165,475</u>	<u>-</u>	<u>1,364,609</u>
Fund Balances (Deficits) - Ending	<u>\$ 1,270,267</u>	<u>818,714</u>	<u>2,749,534</u>	<u>818,564</u>	<u>1,373,249</u>	<u>-</u>	<u>1,697,451</u>

Keno	Federal Grants	Special Assessment	Building & Safety	Impact Fees	Parks & Recreation Special Projects	Seniors Foundation Of Lincoln & Lancaster County	Library Special Trust	RP Crawford Park	Total
-	-	-	-	-	-	-	-	-	14,348,308
-	-	-	-	-	-	-	-	-	11,714
-	32,841	612,305	-	-	-	-	-	-	646,418
-	21,974,851	-	-	-	-	-	-	-	28,067,553
-	1,094,830	-	4,605,640	86,565	-	-	-	-	11,573,451
-	319,912	-	143,885	-	139,364	-	-	-	1,090,257
-	122,767	-	-	-	-	-	-	-	122,767
1,277	3,443	47,800	4,759	(34,644)	1,805	10	404	114,049	142,873
-	448,987	-	-	-	58,650	13,681	86,019	-	607,337
3,639,819	-	-	-	-	-	-	-	-	3,639,819
-	322,912	-	-	-	96,052	-	-	-	418,964
-	82,087	-	3,543	-	38,808	-	-	-	313,416
<u>3,641,096</u>	<u>24,402,630</u>	<u>660,105</u>	<u>4,757,827</u>	<u>51,921</u>	<u>334,679</u>	<u>13,691</u>	<u>86,423</u>	<u>114,049</u>	<u>60,982,877</u>
1,373,325	557,192	700,810	-	103,679	-	-	-	-	10,638,569
-	4,416,909	-	5,325,716	-	-	-	-	-	9,742,625
-	473	-	-	-	-	-	-	-	473
504,577	1,652,224	-	-	-	339,059	-	101,080	-	10,425,975
-	9,522,782	-	-	-	-	74,206	-	-	9,596,988
-	7,432,425	-	-	-	-	-	-	-	19,757,414
-	263,838	-	-	-	-	-	-	-	10,288,935
<u>1,877,902</u>	<u>23,845,843</u>	<u>700,810</u>	<u>5,325,716</u>	<u>103,679</u>	<u>339,059</u>	<u>74,206</u>	<u>101,080</u>	<u>-</u>	<u>70,450,979</u>
<u>1,763,194</u>	<u>556,787</u>	<u>(40,705)</u>	<u>(567,889)</u>	<u>(51,758)</u>	<u>(4,380)</u>	<u>(60,515)</u>	<u>(14,657)</u>	<u>114,049</u>	<u>(9,468,102)</u>
-	405,174	9,593	960,425	-	89,362	-	-	-	13,389,857
(2,212,090)	(740,500)	-	(29,063)	-	(18,822)	-	-	-	(3,048,617)
-	-	-	-	-	-	-	-	-	271,708
<u>(2,212,090)</u>	<u>(335,326)</u>	<u>9,593</u>	<u>931,362</u>	<u>-</u>	<u>70,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,612,948</u>
(448,896)	221,461	(31,112)	363,473	(51,758)	66,160	(60,515)	(14,657)	114,049	1,144,846
1,869,584	22,111,786	497,823	2,479,899	(140,056)	1,106,581	60,576	159,569	214,207	36,101,107
<u>1,420,688</u>	<u>22,333,247</u>	<u>466,711</u>	<u>2,843,372</u>	<u>(191,814)</u>	<u>1,172,741</u>	<u>61</u>	<u>144,912</u>	<u>328,256</u>	<u>37,245,953</u>



NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are established to account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

Tax Allocation Projects Debt Service Fund - To accumulate resources for payment of principal and interest on the various outstanding tax allocation bonds. Resources are derived from additional taxes generated by the specific properties upon completion of the Redevelopment Projects.

Bond Interest & Redemption Fund - To accumulate resources derived from an annual tax levy for payment of principal and interest on several general obligation bond issues and capital leases outstanding as follows:

- 1999B Various Purpose Bonds
- 2003 Various Purpose Bonds
- 2005 Storm Sewer Construction Bonds
- 2007 Certificates of Participation – Street Lights
- 2007 Stormwater Drainage and Flood Management System Bonds
- 2008 Certificates of Participation – Street Lights & AV Parks
- 2009 Certificates of Participation – Street Lights
- 2010 Certificates of Participation – Street Lights & Emergency Equipment
- 2010B Certificates of Participation – Municipal Services Center
- 2011 Refunding Certificates of Participation
- 2011 Stormwater Bonds
- 2011 General Obligation Refunding Bonds
- 2011B Certificates of Participation – Street Lights & Software
- 2012 General Obligation Refunding Bonds

Tax Supported Bonds Fund – includes bonded debt funds as follows:

Antelope Valley Debt Fund – To accumulate resources for payment of principal and interest on the Tax Supported Antelope Valley Project Bonds, Series 2002. The bonds are payable from amounts received from the State of Nebraska City of the Primary Class Development Fund, established pursuant to Chapter 19, article 1, Reissue Revised Statutes of Nebraska, which provides annual appropriations from an imposed cigarette tax, and from the sales tax receipts of the City pledged to the payment of the bonds as needed.

Highway Allocation Debt Fund - To accumulate resources for payment of principal and interest on the Highway Allocation Bonds, Series 2004 and Series 2006, and the Highway Allocation Refunding Bonds, Series 2012. For the prompt payment of principal of and interest on the bonds, the City has pledged funds received and to be received by the City from the State Highway Allocation Fund as authorized under Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended.

Special Assessment Fund – To accumulate resources for payment of principal and interest on special assessment bond issues. Income is derived from special assessment tax collections, interest on special assessment taxes and interest from investments.

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
AUGUST 31, 2012

	<u>Tax Allocation Projects</u>	<u>Bond Interest & Redemption</u>	<u>Tax Supported Bonds</u>	<u>Special Assessment</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 594,437	229,053	92,407	246,069	1,161,966
Investments	9,354,455	3,615,258	2,569,837	-	15,539,550
Receivables (Net of Allowance for Uncollectibles):					
Taxes	138,963	644,392	28,107	-	811,462
Accrued Interest	26,592	6,859	-	-	33,451
Special Assessment	-	-	-	895,871	895,871
Due from Other Funds	191,530	73,977	29,641	4,729	299,877
Due from Other Governments	-	460	166,667	-	167,127
	<u>-</u>	<u>460</u>	<u>166,667</u>	<u>-</u>	<u>167,127</u>
Total Assets	<u>10,305,977</u>	<u>4,569,999</u>	<u>2,886,659</u>	<u>1,146,669</u>	<u>18,909,304</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	-	-	38,985	-	38,985
Deferred Revenue	-	122,544	-	783,586	906,130
Total Liabilities	<u>-</u>	<u>122,544</u>	<u>38,985</u>	<u>783,586</u>	<u>945,115</u>
Fund Balances:					
Restricted	<u>10,305,977</u>	<u>4,447,455</u>	<u>2,847,674</u>	<u>363,083</u>	<u>17,964,189</u>
Total Liabilities and Fund Balances	<u>\$ 10,305,977</u>	<u>4,569,999</u>	<u>2,886,659</u>	<u>1,146,669</u>	<u>18,909,304</u>

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Tax Allocation Projects	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
Revenues:					
Real Property and Personal Property Tax	\$ 2,475,031	5,873,721	-	-	8,348,752
Sundry and In Lieu Tax	-	4,517	-	-	4,517
Special Assessment	-	-	-	464,215	464,215
Special Assessment Interest	-	-	-	98,844	98,844
Intergovernmental	-	106,661	1,000,000	-	1,106,661
Investment Earnings	13,843	(762)	65,281	-	78,362
Miscellaneous	330,415	-	-	-	330,415
Total Revenues	<u>2,819,289</u>	<u>5,984,137</u>	<u>1,065,281</u>	<u>563,059</u>	<u>10,431,766</u>
Expenditures -- Debt Service:					
Principal Retirement	1,300,645	2,390,000	3,605,000	190,000	7,485,645
Interest	566,666	1,822,197	2,639,286	94,911	5,123,060
Fiscal Charges	1,448	2,012	4,374	400	8,234
Capital Lease Principal	-	2,917,456	-	-	2,917,456
Capital Lease Interest	-	421,624	-	-	421,624
Payments to Refunding Agent	-	-	950,000	-	950,000
Bond Issuance Expense	-	116,011	304,401	-	420,412
Miscellaneous	65,497	-	5,500	-	70,997
Total Expenditures	<u>1,934,256</u>	<u>7,669,300</u>	<u>7,508,561</u>	<u>285,311</u>	<u>17,397,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>885,033</u>	<u>(1,685,163)</u>	<u>(6,443,280)</u>	<u>277,748</u>	<u>(6,965,662)</u>
Other Financing Sources (Uses):					
Transfers In	103,121	3,339,080	5,953,306	-	9,395,507
Transfers Out	(973,870)	-	-	-	(973,870)
Issuance of Refunding Debt	-	8,090,000	28,095,000	-	36,185,000
Premium on Debt Issued	-	279,497	3,824,303	-	4,103,800
Transfer to Bond Refunding Agent	-	(8,242,367)	(31,598,630)	-	(39,840,997)
Total Other Financing Sources (Uses)	<u>(870,749)</u>	<u>3,466,210</u>	<u>6,273,979</u>	<u>-</u>	<u>8,869,440</u>
Net Change in Fund Balances	14,284	1,781,047	(169,301)	277,748	1,903,778
Fund Balances - Beginning	<u>10,291,693</u>	<u>2,666,408</u>	<u>3,016,975</u>	<u>85,335</u>	<u>16,060,411</u>
Fund Balances - Ending	<u>\$ 10,305,977</u>	<u>4,447,455</u>	<u>2,847,674</u>	<u>363,083</u>	<u>17,964,189</u>



NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are established to account for all resources received and used for the acquisition or development of major capital improvements (other than those financed by proprietary funds and trust funds).

Storm Sewer Construction Fund - To account for the cost of improving and extending storm sewers. Financing is provided through property tax revenue and through Natural Resource Districts for their share of projects.

Vehicle Tax Fund - To account for monies derived from the payment of wheel tax which is to be used for street improvements in the City.

Storm Sewer Bonds Fund - To account for the cost of providing improvements and extensions to the City's storm water sewer and drainage system. Financing is provided by general obligation bond issue proceeds.

1999 G.O. Various Purpose Bonds Fund - To account for the cost of financing, acquiring, and improving interactive recreational facilities for children and families, referred to as the Children's Museum; financing the construction and equipping of two new park and recreational facilities; and financing construction and equipping of two public libraries and necessary site improvements.

Other Capital Projects Fund - To account for the cost of acquiring or improving various general capital assets. Financing is provided from a variety of sources, such as General fund appropriations, revenue sharing, federal/state grants, bond proceeds, etc.

Special Assessment Fund - To account for the cost of capital improvements to be assessed against benefited properties. Resources are derived from fund transfers from the Special Revenue fund type and interest on investments.

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
AUGUST 31, 2012

	Storm Sewer Construction	Vehicle Tax	Storm Sewer Bonds	1999 G.O. Various Purpose Bonds	Other Capital Projects	Special Assessment	Total
ASSETS							
Cash and Cash Equivalents	\$ 143,500	104,100	343,682	4,378	237,552	80,566	913,778
Investments	-	1,663,475	5,428,073	56,002	682,398	1,098,130	8,928,078
Accrued Interest Receivable	-	28,597	17,278	161	3,571	-	49,607
Due from Other Funds	2,745	34,033	111,092	1,182	1,425,520	462,446	2,037,018
Due from Other Governments	-	1,369,403	-	-	-	-	1,369,403
Total Assets	146,245	3,199,608	5,900,125	61,723	2,349,041	1,641,142	13,297,884
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	-	-	289,949	-	238,984	10,106	539,039
Contracts Payable	-	-	76,761	-	595,207	-	671,968
Retainages Payable	-	-	20,477	-	56,571	-	77,048
Due to Other Funds	-	-	12,070	-	-	2,014	14,084
Due to Other Governments	-	-	-	-	4,713	-	4,713
Total Liabilities	-	-	399,257	-	895,475	12,120	1,306,852
Fund Balances:							
Restricted	-	3,199,608	5,500,868	-	1,453,566	1,629,022	11,783,064
Assigned	146,245	-	-	61,723	-	-	207,968
Total Fund Balances	146,245	3,199,608	5,500,868	61,723	1,453,566	1,629,022	11,991,032
Total Liabilities and Fund Balances	\$ 146,245	3,199,608	5,900,125	61,723	2,349,041	1,641,142	13,297,884

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Storm Sewer Construction	Vehicle Tax	Storm Sewer Bonds	1999 G.O. Various Purpose Bonds	Other Capital Projects	Special Assessment	Total
Revenues:							
Wheel Tax	\$ -	13,963,326	-	-	-	-	13,963,326
Intergovernmental	-	-	134,020	-	507,422	-	641,442
Permits and Fees	-	-	-	-	222,238	-	222,238
Investment Earnings	-	34,722	5,605	28	3,944	-	44,299
Donations	-	-	-	-	1,933,426	-	1,933,426
Rental Income	-	-	-	-	205,441	-	205,441
Developer's Share	-	-	194,406	-	1,517,430	-	1,711,836
Miscellaneous	-	-	-	-	7,592	-	7,592
Total Revenues	<u>-</u>	<u>13,998,048</u>	<u>334,031</u>	<u>28</u>	<u>4,397,493</u>	<u>-</u>	<u>18,729,600</u>
Expenditures -- Capital Outlay:							
General Government	-	-	-	-	57,789	-	57,789
Streets and Highways	-	-	3,898,835	-	176,785	1,406,981	5,482,601
Culture and Recreation	-	-	-	-	5,261,616	-	5,261,616
Economic Opportunity	-	-	-	-	4,602,909	-	4,602,909
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,898,835</u>	<u>-</u>	<u>10,099,099</u>	<u>1,406,981</u>	<u>15,404,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>13,998,048</u>	<u>(3,564,804)</u>	<u>28</u>	<u>(5,701,606)</u>	<u>(1,406,981)</u>	<u>3,324,685</u>
Other Financing Sources (Uses):							
Transfers In	-	-	-	-	5,169,015	-	5,169,015
Transfers Out	-	(13,460,275)	(29,474)	-	(5,801)	-	(13,495,550)
Issuance of Debt	-	-	-	-	-	3,000,000	3,000,000
Premium on Debt Issued	-	-	-	-	-	36,003	36,003
Sale of Capital Assets	-	-	-	-	481	-	481
Total Other Financing Sources (Uses)	<u>-</u>	<u>(13,460,275)</u>	<u>(29,474)</u>	<u>-</u>	<u>5,163,695</u>	<u>3,036,003</u>	<u>(5,290,051)</u>
Net Change in Fund Balances	<u>-</u>	<u>537,773</u>	<u>(3,594,278)</u>	<u>28</u>	<u>(537,911)</u>	<u>1,629,022</u>	<u>(1,965,366)</u>
Fund Balances - Beginning	<u>146,245</u>	<u>2,661,835</u>	<u>9,095,146</u>	<u>61,695</u>	<u>1,991,477</u>	<u>-</u>	<u>13,956,398</u>
Fund Balances - Ending	<u>\$ 146,245</u>	<u>3,199,608</u>	<u>5,500,868</u>	<u>61,723</u>	<u>1,453,566</u>	<u>1,629,022</u>	<u>11,991,032</u>



NONMAJOR PERMANENT FUNDS

Permanent funds are established to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Community Health Permanent Endowment Fund – To account for the cash proceeds realized by the City from the sale of Lincoln General Hospital, together with any interest or other investment earnings. Monies in the fund are used for funding health and health-related programs that further the health, safety, or welfare of the citizens of Lincoln.

J.J. Hompes Fund - To account for the receipt of investment earnings to be used to buy books as stipulated by the trust agreement.

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
AUGUST 31, 2012

	Community Health Permanent Endowment	J.J. Hompes	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 1,154,264	19,383	1,173,647
Investments	57,118,756	637,638	57,756,394
Accrued Interest Receivable	1,281	72	1,353
Due from Other Funds	<u>23,012</u>	<u>507</u>	<u>23,519</u>
Total Assets	<u><u>58,297,313</u></u>	<u><u>657,600</u></u>	<u><u>58,954,913</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	117,941	7,957	125,898
Accrued Liabilities	10,675	-	10,675
Due to Other Funds	<u>366,067</u>	<u>-</u>	<u>366,067</u>
Total Liabilities	<u>494,683</u>	<u>7,957</u>	<u>502,640</u>
Fund Balances:			
Nonspendable	37,000,000	160,000	37,160,000
Restricted	<u>20,802,630</u>	<u>489,643</u>	<u>21,292,273</u>
Total Fund Balances	<u>57,802,630</u>	<u>649,643</u>	<u>58,452,273</u>
Total Liabilities and Fund Balances	<u><u>\$ 58,297,313</u></u>	<u><u>657,600</u></u>	<u><u>58,954,913</u></u>

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Community Health Permanent Endowment	J.J. Hompes	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment Earnings	\$ 3,717,318	35,300	3,752,618
Donations	30,350	-	30,350
Miscellaneous	11,642	-	11,642
Total Revenues	<u>3,759,310</u>	<u>35,300</u>	<u>3,794,610</u>
Expenditures -- Current:			
Culture and Recreation	-	21,443	21,443
Health and Welfare	2,034,012	-	2,034,012
Total Expenditures	<u>2,034,012</u>	<u>21,443</u>	<u>2,055,455</u>
Net Change in Fund Balances	1,725,298	13,857	1,739,155
Fund Balances - Beginning	<u>56,077,332</u>	<u>635,786</u>	<u>56,713,118</u>
Fund Balances - Ending	<u>\$ 57,802,630</u>	<u>649,643</u>	<u>58,452,273</u>



CITY OF LINCOLN, NEBRASKA
CABLE ACCESS TELEVISION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits and Fees	\$ 65,103	65,103	202,373	137,270
Investment Earnings	-	-	1,954	1,954
Total Revenues	<u>65,103</u>	<u>65,103</u>	<u>204,327</u>	<u>139,224</u>
Expenditures -- General Government:				
Personal Services	34,845	34,845	34,672	173
Materials and Supplies	600	600	1,074	(474)
Other Services and Charges	29,658	29,658	29,331	327
Capital Outlay	-	-	2,174	(2,174)
Total Expenditures	<u>65,103</u>	<u>65,103</u>	<u>67,251</u>	<u>(2,148)</u>
Excess of Revenues Over Expenditures	-	-	137,076	137,076
Other Financing Sources:				
Transfers In	-	-	484	484
Net Change in Fund Balances	-	-	137,560	137,560
Fund Balances - Beginning	<u>643,250</u>	<u>643,250</u>	<u>643,250</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 643,250</u></u>	<u><u>643,250</u></u>	<u><u>780,810</u></u>	<u><u>137,560</u></u>

CITY OF LINCOLN, NEBRASKA
LINCOLN CITY LIBRARIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real Property and Personal Property Tax \$	5,730,936	5,730,936	6,284,110	553,174
Intergovernmental	658,902	658,902	658,902	-
Permits and Fees	510,000	510,000	344,720	(165,280)
Reimbursement for Services	-	-	1,500	1,500
Investment Earnings	28,000	28,000	330	(27,670)
Miscellaneous	33,035	33,035	43,712	10,677
Total Revenues	<u>6,960,873</u>	<u>6,960,873</u>	<u>7,333,274</u>	<u>372,401</u>
Expenditures -- Culture and Recreation:				
Personal Services	5,682,153	5,682,153	5,650,083	32,070
Materials and Supplies	185,183	185,183	154,250	30,933
Other Services and Charges	1,480,945	1,460,945	1,220,725	240,220
Capital Outlay	805,000	825,000	816,192	8,808
Total Expenditures	<u>8,153,281</u>	<u>8,153,281</u>	<u>7,841,250</u>	<u>312,031</u>
Deficiency of Revenues Under Expenditures	(1,192,408)	(1,192,408)	(507,976)	684,432
Other Financing Sources:				
Transfers In	264,684	264,684	264,684	-
Sale of Capital Assets	-	-	514	514
Total Other Financing Sources	<u>264,684</u>	<u>264,684</u>	<u>265,198</u>	<u>514</u>
Net Change in Fund Balances	(927,724)	(927,724)	(242,778)	684,946
Fund Balances - Beginning	<u>3,048,771</u>	<u>3,048,771</u>	<u>3,048,771</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,121,047</u>	<u>2,121,047</u>	<u>2,805,993</u>	<u>684,946</u>

CITY OF LINCOLN, NEBRASKA
LINCOLN/LANCASTER COUNTY HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessment	\$ -	-	1,272	1,272
Intergovernmental	2,628,807	2,628,807	2,799,113	170,306
Permits and Fees	4,212,684	4,212,684	3,704,425	(508,259)
Reimbursement for Services	213,870	213,870	354,466	140,596
Investment Earnings	-	-	3,523	3,523
Miscellaneous	-	-	19,775	19,775
Total Revenues	<u>7,055,361</u>	<u>7,055,361</u>	<u>6,882,574</u>	<u>(172,787)</u>
Expenditures -- Health and Welfare:				
Personal Services	8,758,110	8,705,554	8,340,425	365,129
Materials and Supplies	273,690	273,690	293,575	(19,885)
Other Services and Charges	4,014,220	4,014,220	3,600,294	413,926
Capital Outlay	54,910	114,910	19,519	95,391
Total Expenditures	<u>13,100,930</u>	<u>13,108,374</u>	<u>12,253,813</u>	<u>854,561</u>
Deficiency of Revenues Under Expenditures	<u>(6,045,569)</u>	<u>(6,053,013)</u>	<u>(5,371,239)</u>	<u>681,774</u>
Other Financing Sources (Uses):				
Transfers In	5,706,821	5,706,821	5,724,880	18,059
Transfers Out	-	-	(35,236)	(35,236)
Total Other Financing Sources (Uses)	<u>5,706,821</u>	<u>5,706,821</u>	<u>5,689,644</u>	<u>(17,177)</u>
Net Change in Fund Balances	(338,748)	(346,192)	318,405	664,597
Fund Balances - Beginning	<u>1,044,537</u>	<u>1,044,537</u>	<u>1,044,537</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 705,789</u>	<u>698,345</u>	<u>1,362,942</u>	<u>664,597</u>

CITY OF LINCOLN, NEBRASKA
SOCIAL SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real Property and Personal Property Tax	\$ 2,329,700	2,329,700	2,523,089	193,389
Investment Earnings	16,000	16,000	1,388	(14,612)
Total Revenues	<u>2,345,700</u>	<u>2,345,700</u>	<u>2,524,477</u>	<u>178,777</u>
Expenditures -- General Government:				
Personal Services	2,310,315	2,319,987	2,227,654	92,333
Other Services and Charges	142,984	142,984	131,812	11,172
Total Expenditures	<u>2,453,299</u>	<u>2,462,971</u>	<u>2,359,466</u>	<u>103,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,599)	(117,271)	165,011	282,282
Fund Balances - Beginning	<u>1,455,833</u>	<u>1,455,833</u>	<u>1,455,833</u>	-
Fund Balances - Ending	<u>\$ 1,348,234</u>	<u>1,338,562</u>	<u>1,620,844</u>	<u>282,282</u>

CITY OF LINCOLN, NEBRASKA
STARTRAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,434,670	2,434,670	2,704,189	269,519
Permits and Fees	1,603,326	1,603,326	1,374,979	(228,347)
Reimbursement for Services	-	-	130,798	130,798
Miscellaneous	-	-	32,557	32,557
Total Revenues	<u>4,037,996</u>	<u>4,037,996</u>	<u>4,242,523</u>	<u>204,527</u>
Expenditures -- Mass Transit:				
Personal Services	6,977,750	7,018,367	7,003,791	14,576
Materials and Supplies	1,624,355	1,627,477	1,650,550	(23,073)
Other Services and Charges	1,238,376	1,238,376	1,318,651	(80,275)
Total Expenditures	<u>9,840,481</u>	<u>9,884,220</u>	<u>9,972,992</u>	<u>(88,772)</u>
Deficiency of Revenues Under Expenditures	<u>(5,802,485)</u>	<u>(5,846,224)</u>	<u>(5,730,469)</u>	<u>115,755</u>
Other Financing Sources (Uses):				
Transfers In	5,789,217	5,789,217	5,935,255	146,038
Transfers Out	-	-	(12,906)	(12,906)
Total Other Financing Sources (Uses)	<u>5,789,217</u>	<u>5,789,217</u>	<u>5,922,349</u>	<u>133,132</u>
Net Change in Fund Balances	(13,268)	(57,007)	191,880	248,887
Amount Budgeted on Project Basis	242,675	242,675	242,675	-
Fund Balances - Beginning	<u>1,234,396</u>	<u>1,234,396</u>	<u>1,234,396</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,463,803</u>	<u>1,420,064</u>	<u>1,668,951</u>	<u>248,887</u>



CITY OF LINCOLN, NEBRASKA
KENO FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	5,978	5,978
Keno Proceeds	3,399,196	3,399,196	3,596,199	197,003
Total Revenues	<u>3,399,196</u>	<u>3,399,196</u>	<u>3,602,177</u>	<u>202,981</u>
Expenditures:				
General Government:				
Other Services and Charges	1,195,500	1,195,500	1,350,170	(154,670)
Culture and Recreation:				
Materials and Supplies	-	-	389	(389)
Other Services and Charges	86,334	86,334	5,352	80,982
Capital Outlay	20,314	524,375	518,631	5,744
Total Expenditures	<u>1,302,148</u>	<u>1,806,209</u>	<u>1,874,542</u>	<u>(68,333)</u>
Excess of Revenues Over Expenditures	2,097,048	1,592,987	1,727,635	134,648
Other Financing Uses:				
Transfers Out	<u>(2,942,668)</u>	<u>(1,120,207)</u>	<u>(2,205,374)</u>	<u>(1,085,167)</u>
Net Change in Fund Balances	(845,620)	472,780	(477,739)	(950,519)
Fund Balances - Beginning	<u>2,165,948</u>	<u>2,165,948</u>	<u>2,165,948</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,320,328</u>	<u>2,638,728</u>	<u>1,688,209</u>	<u>(950,519)</u>

CITY OF LINCOLN, NEBRASKA
FEDERAL GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 22,441,109	22,441,109	23,303,467	862,358
Permits and Fees	1,036,751	1,036,751	1,036,751	-
Reimbursement for Services	427,063	427,063	337,735	(89,328)
Program Income	1,571,613	1,571,613	1,707,768	136,155
Investment Earnings	3,871	3,871	3,908	37
Donations	442,339	442,339	442,339	-
Private Sector Share of Project	322,912	322,912	322,912	-
Miscellaneous	63,111	63,111	63,111	-
Total Revenues	<u>26,308,769</u>	<u>26,308,769</u>	<u>27,217,991</u>	<u>909,222</u>
Expenditures:				
General Government:				
Personal Services	161,351	161,351	161,351	-
Materials and Supplies	34,783	34,783	34,783	-
Other Services and Charges	365,633	365,633	365,633	-
Total General Government	<u>561,767</u>	<u>561,767</u>	<u>561,767</u>	<u>-</u>
Public Safety:				
Personal Services	1,592,533	1,592,533	1,592,533	-
Materials and Supplies	99,336	99,336	99,336	-
Other Services and Charges	1,171,052	1,171,052	1,171,052	-
Capital Outlay	1,499,568	1,499,568	1,499,568	-
Total Public Safety	<u>4,362,489</u>	<u>4,362,489</u>	<u>4,362,489</u>	<u>-</u>
Culture and Recreation:				
Personal Services	772,654	772,654	772,654	-
Materials and Supplies	29,367	29,367	29,367	-
Other Services and Charges	335,909	335,909	335,909	-
Capital Outlay	605,621	605,621	605,621	-
Total Culture and Recreation	<u>1,743,551</u>	<u>1,743,551</u>	<u>1,743,551</u>	<u>-</u>
Economic Opportunity:				
Personal Services	4,486,976	4,486,976	4,568,329	(81,353)
Materials and Supplies	31,593	31,593	26,607	4,986
Other Services and Charges	1,889,048	1,965,322	1,826,157	139,165
Capital Outlay	181,440	1,322,717	331,207	991,510
Loans and Grants	3,886,052	4,831,442	4,085,170	746,272
Total Economic Opportunity	<u>10,475,109</u>	<u>12,638,050</u>	<u>10,837,470</u>	<u>1,800,580</u>

(Continued)

(Federal Grants Fund, Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Personal Services	3,642,289	3,642,289	3,642,289	-
Materials and Supplies	638,542	638,542	638,542	-
Other Services and Charges	3,018,824	3,018,824	3,018,824	-
Capital Outlay	91,924	91,924	91,924	-
Loans and Grants	33,833	33,833	33,833	-
Total Health and Welfare	<u>7,425,412</u>	<u>7,425,412</u>	<u>7,425,412</u>	<u>-</u>
Mass Transit:				
Personal Services	258,512	258,512	258,512	-
Other Services and Charges	2,397	2,397	2,397	-
Total Mass Transit	<u>260,909</u>	<u>260,909</u>	<u>260,909</u>	<u>-</u>
Total Expenditures	<u>24,829,237</u>	<u>26,992,178</u>	<u>25,191,598</u>	<u>1,800,580</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,479,532</u>	<u>(683,409)</u>	<u>2,026,393</u>	<u>2,709,802</u>
Other Financing Sources (Uses):				
Transfers In	377,744	377,744	405,174	27,430
Transfers Out	<u>(643,366)</u>	<u>(643,366)</u>	<u>(648,245)</u>	<u>(4,879)</u>
Total Other Financing Sources (Uses)	<u>(265,622)</u>	<u>(265,622)</u>	<u>(243,071)</u>	<u>22,551</u>
Net Change in Fund Balances	1,213,910	(949,031)	1,783,322	2,732,353
Fund Deficits - Beginning	<u>(170,981)</u>	<u>(170,981)</u>	<u>(170,981)</u>	<u>-</u>
Fund Balances (Deficits) - Ending	<u>\$ 1,042,929</u>	<u>(1,120,012)</u>	<u>1,612,341</u>	<u>2,732,353</u>

CITY OF LINCOLN, NEBRASKA
BUILDING & SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits and Fees	\$ 4,613,716	4,613,716	4,594,840	(18,876)
Reimbursement for Services	-	-	144,150	144,150
Investment Earnings	-	-	8,781	8,781
Miscellaneous	-	-	3,543	3,543
Total Revenues	<u>4,613,716</u>	<u>4,613,716</u>	<u>4,751,314</u>	<u>137,598</u>
Expenditures -- Public Safety:				
Personal Services	4,634,513	4,637,445	4,561,392	76,053
Materials and Supplies	71,180	71,180	46,727	24,453
Other Services and Charges	990,064	990,064	684,769	305,295
Capital Outlay	105,867	105,867	49	105,818
Total Expenditures	<u>5,801,624</u>	<u>5,804,556</u>	<u>5,292,937</u>	<u>511,619</u>
Deficiency of Revenues Under Expenditures	<u>(1,187,908)</u>	<u>(1,190,840)</u>	<u>(541,623)</u>	<u>649,217</u>
Other Financing Sources (Uses):				
Transfers In	957,493	957,493	960,425	2,932
Transfers Out	(22,000)	(22,000)	(29,063)	(7,063)
Total Other Financing Sources (Uses)	<u>935,493</u>	<u>935,493</u>	<u>931,362</u>	<u>(4,131)</u>
Net Change in Fund Balances	(252,415)	(255,347)	389,739	645,086
Fund Balances - Beginning	<u>2,693,731</u>	<u>2,693,731</u>	<u>2,693,731</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,441,316</u>	<u>2,438,384</u>	<u>3,083,470</u>	<u>645,086</u>

CITY OF LINCOLN, NEBRASKA
LIBRARY SPECIAL TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ -	-	623	623
Donations	94,826	94,826	86,019	(8,807)
Total Revenues	<u>94,826</u>	<u>94,826</u>	<u>86,642</u>	<u>(8,184)</u>
Expenditures -- Culture and Recreation:				
Personal Services	84,576	84,576	84,222	354
Other Services and Charges	250	250	60	190
Capital Outlay	10,000	10,000	10,000	-
Total Expenditures	<u>94,826</u>	<u>94,826</u>	<u>94,282</u>	<u>544</u>
Deficiency of Revenues Under Expenditures	-	-	(7,640)	(7,640)
Amount Not Required to be Budgeted	(6,176)	(6,176)	(6,176)	-
Fund Balances - Beginning	<u>162,556</u>	<u>162,556</u>	<u>162,556</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 156,380</u></u>	<u><u>156,380</u></u>	<u><u>148,740</u></u>	<u><u>(7,640)</u></u>

CITY OF LINCOLN, NEBRASKA
TAX ALLOCATION PROJECTS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Real Property and Personal Property Tax	\$ 1,867,315	1,867,315	2,581,770	714,455
Investment Earnings	-	-	27,085	27,085
Miscellaneous	-	-	330,415	330,415
Total Revenues	<u>1,867,315</u>	<u>1,867,315</u>	<u>2,939,270</u>	<u>1,071,955</u>
Expenditures -- Debt Service:				
Principal Retirement	1,300,645	1,300,645	1,300,645	-
Interest	566,670	566,670	566,666	4
Fiscal Charges	-	-	1,448	(1,448)
Miscellaneous	-	-	65,497	(65,497)
Total Expenditures	<u>1,867,315</u>	<u>1,867,315</u>	<u>1,934,256</u>	<u>(66,941)</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>1,005,014</u>	<u>1,005,014</u>
Other Financing Sources (Uses):				
Transfers In	-	-	103,121	103,121
Transfers Out	-	-	(973,870)	(973,870)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(870,749)</u>	<u>(870,749)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>134,265</u>	<u>134,265</u>
Fund Balances - Beginning	<u>9,706,552</u>	<u>9,706,552</u>	<u>9,706,552</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 9,706,552</u>	<u>9,706,552</u>	<u>9,840,817</u>	<u>134,265</u>

CITY OF LINCOLN, NEBRASKA
BOND INTEREST & REDEMPTION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 5,306,424	5,306,424	5,773,392	466,968
Sundry and In Lieu Tax	4,697	4,697	4,301	(396)
Intergovernmental	106,661	106,661	106,661	-
Investment Earnings	28,000	28,000	(1,139)	(29,139)
Total Revenues	<u>5,445,782</u>	<u>5,445,782</u>	<u>5,883,215</u>	<u>437,433</u>
Expenditures -- Debt Service:				
Principal Retirement	3,679,354	3,679,354	2,390,000	1,289,354
Interest	2,289,200	2,289,200	1,822,197	467,003
Fiscal Charges	-	-	2,012	(2,012)
Capital Lease Principal	-	-	2,917,456	(2,917,456)
Capital Lease Interest	-	-	421,624	(421,624)
Bond Issuance Expense	-	-	116,011	(116,011)
Total Expenditures	<u>5,968,554</u>	<u>5,968,554</u>	<u>7,669,300</u>	<u>(1,700,746)</u>
Deficiency of Revenues Under Expenditures	(522,772)	(522,772)	(1,786,085)	(1,263,313)
Other Financing Sources (Uses):				
Transfers In	-	-	3,339,080	3,339,080
Issuance of Debt	-	-	8,090,000	8,090,000
Premium on Debt Issued	-	-	279,497	279,497
Transfer to Bond Refunding Agent	-	-	(8,242,367)	(8,242,367)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,466,210</u>	<u>3,466,210</u>
Net Change in Fund Balances	(522,772)	(522,772)	1,680,125	2,202,897
Fund Balances - Beginning	<u>3,043,938</u>	<u>3,043,938</u>	<u>3,043,938</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,521,166</u>	<u>2,521,166</u>	<u>4,724,063</u>	<u>2,202,897</u>

CITY OF LINCOLN, NEBRASKA
TAX SUPPORTED BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 981,000	981,000	1,000,000	19,000
Investment Earnings	-	-	68,084	68,084
Total Revenues	<u>981,000</u>	<u>981,000</u>	<u>1,068,084</u>	<u>87,084</u>
Expenditures -- Debt Service:				
Principal Retirement	3,605,000	3,605,000	3,605,000	-
Interest	2,639,350	2,639,350	2,639,286	64
Fiscal Charges	-	-	4,374	(4,374)
Payments to Refunding Agent	-	-	950,000	(950,000)
Miscellaneous	-	-	270,915	(270,915)
Total Expenditures	<u>6,244,350</u>	<u>6,244,350</u>	<u>7,469,575</u>	<u>(1,225,225)</u>
Deficiency of Revenues Under Expenditures	<u>(5,263,350)</u>	<u>(5,263,350)</u>	<u>(6,401,491)</u>	<u>(1,138,141)</u>
Other Financing Sources (Uses):				
Transfer In	5,263,350	5,263,350	5,953,306	689,956
Refunding Bond Proceeds	-	-	28,095,000	28,095,000
Premium on Debt Issued	-	-	3,824,303	3,824,303
Transfers To Bond Refunding Agent	-	-	(31,598,630)	(31,598,630)
Total Other Financing Sources (Uses)	<u>5,263,350</u>	<u>5,263,350</u>	<u>6,273,979</u>	<u>1,010,629</u>
Net Change in Fund Balances	-	-	(127,512)	(127,512)
Fund Balances - Beginning	<u>2,818,919</u>	<u>2,818,919</u>	<u>2,818,919</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 2,818,919</u></u>	<u><u>2,818,919</u></u>	<u><u>2,691,407</u></u>	<u><u>(127,512)</u></u>

CITY OF LINCOLN, NEBRASKA
COMMUNITY HEALTH PERMANENT ENDOWMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 2,441,462	2,441,462	3,743,435	1,301,973
Donations	-	-	30,350	30,350
Miscellaneous	-	-	11,642	11,642
Total Revenues	<u>2,441,462</u>	<u>2,441,462</u>	<u>3,785,427</u>	<u>1,343,965</u>
Expenditures -- Health and Welfare:				
Personal Services	320,062	320,062	292,674	27,388
Materials and Supplies	13,918	13,918	10,630	3,288
Other Services and Charges	293,894	293,894	280,937	12,957
Capital Outlay	-	717,000	380,963	336,037
Grants	3,559,194	3,559,194	1,070,006	2,489,188
Total Expenditures	<u>4,187,068</u>	<u>4,904,068</u>	<u>2,035,210</u>	<u>2,868,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,745,606)	(2,462,606)	1,750,217	4,212,823
Fund Balances - Beginning	<u>56,571,050</u>	<u>56,571,050</u>	<u>56,571,050</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 54,825,444</u>	<u>54,108,444</u>	<u>58,321,267</u>	<u>4,212,823</u>

CITY OF LINCOLN, NEBRASKA
ATHLETIC FIELD & FACILITIES IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Reimbursement for Services	\$ 505,000	505,000	415,776	(89,224)
Investment Earnings	-	-	2,522	2,522
Miscellaneous	-	-	17,098	17,098
Total Revenues	<u>505,000</u>	<u>505,000</u>	<u>435,396</u>	<u>(69,604)</u>
Other Financing Uses:				
Transfers Out	<u>(1,232,540)</u>	<u>(1,127,540)</u>	<u>(448,191)</u>	<u>679,349</u>
Net Change in Fund Balances	(727,540)	(622,540)	(12,795)	609,745
Fund Balances - Beginning	<u>905,659</u>	<u>905,659</u>	<u>905,659</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 178,119</u>	<u>283,119</u>	<u>892,864</u>	<u>609,745</u>

CITY OF LINCOLN, NEBRASKA
LINCOLN AREA AGENCY ON AGING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 983,705	983,705	1,039,384	55,679
Permits and Fees	87,600	87,600	72,800	(14,800)
Reimbursement for Services	92,100	92,100	71,201	(20,899)
Client Contributions	166,636	166,636	152,233	(14,403)
Investment Earnings	-	-	2,379	2,379
Donations	116,320	116,320	6,290	(110,030)
Miscellaneous	-	-	789	789
Total Revenues	<u>1,446,361</u>	<u>1,446,361</u>	<u>1,345,076</u>	<u>(101,285)</u>
Expenditures -- Economic Opportunity:				
Personal Services	2,559,491	2,568,491	2,540,929	27,562
Materials and Supplies	238,263	258,263	249,682	8,581
Other Services and Charges	1,022,788	1,057,788	872,438	185,350
Capital Outlay	-	21,210	18,863	2,347
Total Expenditures	<u>3,820,542</u>	<u>3,905,752</u>	<u>3,681,912</u>	<u>223,840</u>
Deficiency of Revenues Under Expenditures	(2,374,181)	(2,459,391)	(2,336,836)	122,555
Other Financing Sources:				
Transfers In	<u>2,214,007</u>	<u>2,214,007</u>	<u>2,214,007</u>	<u>-</u>
Net Change in Fund Balances	(160,174)	(245,384)	(122,829)	122,555
Fund Balances - Beginning	<u>369,161</u>	<u>369,161</u>	<u>369,161</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 208,987</u>	<u>123,777</u>	<u>246,332</u>	<u>122,555</u>

CITY OF LINCOLN, NEBRASKA
911 COMMUNICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 168,700	168,700	449,823	281,123
Permits and Fees	1,573,990	1,573,990	1,200,664	(373,326)
Investment Earnings	-	-	(2,952)	(2,952)
Miscellaneous	-	-	7,043	7,043
Total Revenues	<u>1,742,690</u>	<u>1,742,690</u>	<u>1,654,578</u>	<u>(88,112)</u>
Expenditures -- Public Safety:				
Personal Services	3,213,330	3,215,269	3,067,526	147,743
Materials and Supplies	23,500	23,500	18,568	4,932
Other Services and Charges	793,217	768,217	302,105	466,112
Capital Outlay	503,594	528,594	31,985	496,609
Total Expenditures	<u>4,533,641</u>	<u>4,535,580</u>	<u>3,420,184</u>	<u>1,115,396</u>
Deficiency of Revenues Under Expenditures	<u>(2,790,951)</u>	<u>(2,792,890)</u>	<u>(1,765,606)</u>	<u>1,027,284</u>
Other Financing Sources (Uses):				
Transfers In	2,474,803	2,474,803	2,476,742	1,939
Transfers Out	(853)	(853)	-	853
Total Other Financing Sources (Uses)	<u>2,473,950</u>	<u>2,473,950</u>	<u>2,476,742</u>	<u>2,792</u>
Net Change in Fund Balances	(317,001)	(318,940)	711,136	1,030,076
Fund Balances - Beginning	<u>1,053,554</u>	<u>1,053,554</u>	<u>1,053,554</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 736,553</u>	<u>734,614</u>	<u>1,764,690</u>	<u>1,030,076</u>

CITY OF LINCOLN, NEBRASKA
UNEMPLOYMENT COMPENSATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	408	408
Expenditures -- General Government:				
Unemployment Insurance Payments	<u>95,000</u>	<u>95,000</u>	<u>45,004</u>	<u>49,996</u>
Deficiency of Revenues Under Expenditures	(95,000)	(95,000)	(44,596)	50,404
Fund Balances - Beginning	<u>130,958</u>	<u>130,958</u>	<u>130,958</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 35,958</u>	<u>35,958</u>	<u>86,362</u>	<u>50,404</u>

CITY OF LINCOLN, NEBRASKA
DEVELOPMENT SERVICES CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ -	-	392	392
Expenditures -- Economic Opportunity:				
Materials and Supplies	-	-	336	(336)
Other Services and Charges	-	1,226,629	1,235,760	(9,131)
Capital Outlay	457	-	1,117	(1,117)
Total Expenditures	<u>457</u>	<u>1,226,629</u>	<u>1,237,213</u>	<u>(10,584)</u>
Deficiency of Revenues Under Expenditures	(457)	(1,226,629)	(1,236,821)	(10,192)
Other Financing Sources (Uses):				
Transfers In	-	-	53,312	53,312
Transfers Out	-	-	(5,833)	(5,833)
Issuance of Debt	-	-	1,000,000	1,000,000
Premium on Debt Issued	-	-	21,640	21,640
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,069,119</u>	<u>1,069,119</u>
Net Change in Fund Balances	(457)	(1,226,629)	(167,702)	1,058,927
Fund Balances - Beginning	<u>233,634</u>	<u>233,634</u>	<u>233,634</u>	<u>-</u>
Fund Balances (Deficits) - Ending	<u>\$ 233,177</u>	<u>(992,995)</u>	<u>65,932</u>	<u>1,058,927</u>

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services are recovered primarily through user charges and where periodic determination of net income is appropriate.

Parking Lot Revolving Fund - To account for the revenues and expenses of several City-owned parking lots.

Golf Fund - To account for the revenues and expenses of the four public adult golf courses and one youth golf course.

Parking Facilities Fund - To account for the revenues and expenses of eight downtown parking garages: Carriage Park, Que Place, Center Park, Cornhusker Square, University Square, Market Place, Haymarket, and Larson Building.

Pershing Municipal Auditorium Fund - To account for the revenues and expenses of the City-owned municipal auditorium.

Pinnacle Bank Arena Fund – To account for the operating revenues and expenses of the City-owned arena, currently under construction and due to open September 2013.

Solid Waste Management Fund - To account for the revenues and expenses of the City-owned landfills.

Emergency Medical Services Fund - To account for the revenues and expenses of the City-operated emergency and non-emergency ambulance service.

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2012

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 131,305	-	505,242	730,538	-	281,003	23,081	1,671,169
Investments	984,510	-	2,181,304	2,051	-	1,846,982	171,264	5,186,111
Receivables (Net of Allowance for Uncollectibles)	6,764	154	35,285	110,976	-	1,039,043	1,375,410	2,567,632
Due from Other Funds	48,640	-	90,318	85	-	81,580	7,094	227,717
Due from Other Governments	116,534	-	-	-	-	6,519	-	123,053
Inventories	-	62,342	-	36,919	-	-	112,719	211,980
Prepaid Expenses	-	-	-	3,605	-	-	-	3,605
Total Current Assets	<u>1,287,753</u>	<u>62,496</u>	<u>2,812,149</u>	<u>884,174</u>	<u>-</u>	<u>3,255,127</u>	<u>1,689,568</u>	<u>9,991,267</u>
Noncurrent Assets:								
Investments	1,006,682	-	2,430,581	2,097	-	1,888,578	175,120	5,503,058
Restricted Assets:								
Cash and Cash Equivalents	-	1,383,607	2,529,549	52,718	-	24,699	-	3,990,573
Investments	-	-	2,160,242	-	-	381,645	-	2,541,887
Receivables	-	-	42,185	-	-	1,077	-	43,262
Due from Other Funds	-	-	140,602	-	-	7,811	-	148,413
Total Restricted Assets	<u>-</u>	<u>1,383,607</u>	<u>4,872,578</u>	<u>52,718</u>	<u>-</u>	<u>415,232</u>	<u>-</u>	<u>6,724,135</u>
Deferred Charges	-	30,415	318,341	-	-	52,853	6,168	407,777
Capital Assets:								
Land	320,200	1,082,623	9,796,004	46,500	-	1,540,452	-	12,785,779
Buildings	9,765	2,507,326	59,045,126	4,346,297	-	2,076,504	168,363	68,153,381
Improvements Other Than Buildings	287,148	7,088,562	226,428	202,005	-	33,344,281	-	41,148,424
Machinery and Equipment	187,093	2,236,436	1,966,547	883,918	-	6,280,639	2,039,066	13,593,699
Construction in Progress	-	160,296	417,499	-	-	439,579	-	1,017,374
Less Accumulated Depreciation	(361,661)	(8,428,010)	(18,617,289)	(5,294,354)	-	(21,250,626)	(880,966)	(54,832,906)
Total Capital Assets, Net	<u>442,545</u>	<u>4,647,233</u>	<u>52,834,315</u>	<u>184,366</u>	<u>-</u>	<u>22,430,829</u>	<u>1,326,463</u>	<u>81,865,751</u>
Total Noncurrent Assets	<u>1,449,227</u>	<u>6,061,255</u>	<u>60,455,815</u>	<u>239,181</u>	<u>-</u>	<u>24,787,492</u>	<u>1,507,751</u>	<u>94,500,721</u>
Total Assets	<u>2,736,980</u>	<u>6,123,751</u>	<u>63,267,964</u>	<u>1,123,355</u>	<u>-</u>	<u>28,042,619</u>	<u>3,197,319</u>	<u>104,491,988</u>
LIABILITIES								
Current Liabilities:								
Accounts Payable	132,842	199,712	799,418	177,530	773	219,058	105,514	1,634,847
Accrued Liabilities	-	58,119	11,314	72,098	18,078	80,829	107,779	348,217
Accrued Compensated Absences	-	75,895	13,005	-	-	94,129	114,087	297,116
Due to Other Funds	-	780,199	12,848	37,894	-	3,492	95,145	929,578
Due to Other Governments	7,259	59,667	1,200	82,744	-	58,449	448	209,767
Unearned Revenue	9,835	43,519	849,973	463,818	-	-	-	1,367,145
Accrued Interest	-	17,759	43,974	-	-	9,604	3,743	75,080
Current Portion of Capital Lease	-	249,882	-	-	-	-	92,544	342,426
Current Portion of Long-Term Debt	-	-	885,000	-	-	225,000	-	1,110,000
Total Current Liabilities	<u>149,936</u>	<u>1,484,752</u>	<u>2,616,732</u>	<u>834,084</u>	<u>18,851</u>	<u>690,561</u>	<u>519,260</u>	<u>6,314,176</u>
Noncurrent Liabilities:								
Due to Other Funds	-	-	-	-	-	-	-	-
Accrued Compensated Absences	-	35,582	613	-	-	23,827	16,137	76,159
Long-Term Debt, Net	-	-	21,986,704	-	-	2,583,802	-	24,570,506
Capital Lease Payable	-	1,556,056	-	-	-	-	387,528	1,943,584
Accrued Liabilities	-	26,630	4,438	-	-	64,356	344,102	439,526
Accrued Landfill Closure/ Postclosure Care Costs	-	-	-	-	-	15,436,000	-	15,436,000
Total Noncurrent Liabilities	<u>-</u>	<u>1,618,268</u>	<u>21,991,755</u>	<u>-</u>	<u>-</u>	<u>18,107,985</u>	<u>747,767</u>	<u>42,465,775</u>
Total Liabilities	<u>149,936</u>	<u>3,103,020</u>	<u>24,608,487</u>	<u>834,084</u>	<u>18,851</u>	<u>18,798,546</u>	<u>1,267,027</u>	<u>48,779,951</u>
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	442,545	4,209,855	31,830,657	184,366	-	19,912,011	846,391	57,425,825
Restricted for:								
Debt Service	-	-	141,183	-	-	-	-	141,183
Capital Projects	-	-	2,343,029	8,821	-	15,233	-	2,367,083
Other	-	-	-	22,211	-	-	-	22,211
Unrestricted	2,144,499	(1,189,124)	4,344,608	73,873	(18,851)	(10,683,171)	1,083,901	(4,244,265)
Total Net Assets (Deficits)	<u>\$ 2,587,044</u>	<u>3,020,731</u>	<u>38,659,477</u>	<u>289,271</u>	<u>(18,851)</u>	<u>9,244,073</u>	<u>1,930,292</u>	<u>55,712,037</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Total
Operating Revenues								
Charges for Services	\$ -	-	-	-	-	-	4,870,608	4,870,608
Fees	-	3,301,094	-	-	-	5,084,270	-	8,385,364
Parking Revenue	453,326	-	7,347,627	-	-	-	-	7,800,953
Performance Revenue	-	-	-	1,704,701	-	-	-	1,704,701
Other Operating Revenue	17	20,138	6,220	57,435	-	609,458	-	693,268
Total Operating Revenues	<u>453,343</u>	<u>3,321,232</u>	<u>7,353,847</u>	<u>1,762,136</u>	<u>-</u>	<u>5,693,728</u>	<u>4,870,608</u>	<u>23,454,894</u>
Operating Expenses								
Personal Services	-	1,597,261	288,115	1,158,209	18,078	2,255,989	3,003,570	8,321,222
Contractual Services	44,609	154,810	2,457,218	-	-	1,906,319	378,010	4,940,966
Operation and Maintenance	249,511	1,432,486	1,077,798	1,290,118	773	1,903,982	550,355	6,505,023
Depreciation	28,492	562,569	1,208,227	20,239	-	1,924,210	207,990	3,951,727
Total Operating Expenses	<u>322,612</u>	<u>3,747,126</u>	<u>5,031,358</u>	<u>2,468,566</u>	<u>18,851</u>	<u>7,990,500</u>	<u>4,139,925</u>	<u>23,718,938</u>
Operating Income (Loss)	<u>130,731</u>	<u>(425,894)</u>	<u>2,322,489</u>	<u>(706,430)</u>	<u>(18,851)</u>	<u>(2,296,772)</u>	<u>730,683</u>	<u>(264,044)</u>
Nonoperating Revenues (Expenses)								
Investment Earnings	3,691	-	28,254	67	-	3,222	(14)	35,220
Gain (Loss) on Disposal of Capital Assets	-	(846)	(9,824)	-	-	36,632	(1,349)	24,613
Insurance Recovery	-	-	-	-	-	5,587	-	5,587
Occupation Tax	-	-	-	-	-	2,048,615	-	2,048,615
Amortization of Deferred Charges	-	-	(13,345)	-	-	(4,153)	(1,189)	(18,687)
Interest Expense and Fiscal Charges	-	(14,678)	(556,709)	-	-	(122,950)	(6,387)	(700,724)
Total Nonoperating Revenues (Expenses)	<u>3,691</u>	<u>(15,524)</u>	<u>(551,624)</u>	<u>67</u>	<u>-</u>	<u>1,966,953</u>	<u>(8,939)</u>	<u>1,394,624</u>
Income (Loss) Before Contributions and Transfers	134,422	(441,418)	1,770,865	(706,363)	(18,851)	(329,819)	721,744	1,130,580
Capital Contributions	-	-	1,722,988	-	-	-	-	1,722,988
Transfers In	-	6,121	107,968	626,507	-	-	-	740,596
Transfers Out	(7,243)	(7,146)	(685,026)	-	-	(1,113,830)	-	(1,813,245)
Change in Net Assets	<u>127,179</u>	<u>(442,443)</u>	<u>2,916,795</u>	<u>(79,856)</u>	<u>(18,851)</u>	<u>(1,443,649)</u>	<u>721,744</u>	<u>1,780,919</u>
Net Assets - Beginning	<u>2,459,865</u>	<u>3,463,174</u>	<u>35,742,682</u>	<u>369,127</u>	<u>-</u>	<u>10,687,722</u>	<u>1,208,548</u>	<u>53,931,118</u>
Net Assets (Deficits) - Ending	<u>\$ 2,587,044</u>	<u>3,020,731</u>	<u>38,659,477</u>	<u>289,271</u>	<u>(18,851)</u>	<u>9,244,073</u>	<u>1,930,292</u>	<u>55,712,037</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Total
Cash Flows from Operating Activities								
Receipts from Customers and Users	\$ 316,760	3,345,072	7,272,430	2,021,438	-	5,087,725	4,699,886	22,743,311
Receipts from Interfund Services Provided	-	-	6,735	-	-	177,991	-	184,726
Payments to Suppliers for Goods and Services	(143,500)	(921,269)	(3,043,925)	(879,453)	-	(2,560,694)	(662,099)	(8,210,940)
Payments to Employees	-	(1,555,976)	(284,502)	(1,211,144)	-	(2,231,000)	(2,798,951)	(8,081,573)
Payments for Interfund Services Provided	(22,212)	(652,352)	(633,806)	(211,551)	-	(450,605)	(280,875)	(2,251,401)
Other Receipts	17	20,138	6,220	57,435	-	609,458	-	693,268
Net Cash Provided (Used) by Operating Activities	<u>151,065</u>	<u>235,613</u>	<u>3,323,152</u>	<u>(223,275)</u>	<u>-</u>	<u>632,875</u>	<u>957,961</u>	<u>5,077,391</u>
Cash Flows from Noncapital Financing Activities								
Occupation Tax	-	-	-	-	-	2,124,861	-	2,124,861
Transfers from Other Funds	-	6,121	107,968	600,000	-	-	-	714,089
Transfers to Other Funds	(7,243)	(7,146)	(685,026)	-	-	(1,113,830)	-	(1,813,245)
Advances from General Fund	-	898,494	-	-	-	-	847,384	1,745,878
Repayment of Advances from General Fund	-	(942,049)	-	-	-	-	(938,607)	(1,880,656)
Advances to Other Funds	-	-	-	-	-	-	(7,094)	(7,094)
Repayments from Other Funds	27,919	-	381,141	100	-	101,017	-	510,177
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>20,676</u>	<u>(44,580)</u>	<u>(195,917)</u>	<u>600,100</u>	<u>-</u>	<u>1,112,048</u>	<u>(98,317)</u>	<u>1,394,010</u>
Cash Flows from Capital and Related Financing Activities								
Additions to Capital Assets	-	(120,925)	(10,467,100)	-	-	(2,347,956)	(400,765)	(13,336,746)
Capital Contribution	-	-	1,722,988	-	-	-	-	1,722,988
Proceeds from Sale of Capital Assets	-	-	-	-	-	36,632	12,687	49,319
Insurance Recovery	-	-	-	-	-	5,587	-	5,587
Proceeds from Long-Term Debt	-	1,534,948	-	-	-	-	-	1,534,948
Cost of Debt Issuance	-	(30,415)	-	-	-	-	-	(30,415)
Principal Payments of Capital Lease	-	(165,762)	-	-	-	-	(92,544)	(258,306)
Principal Payments of Bonded Debt	-	-	(860,000)	-	-	(220,000)	-	(1,080,000)
Interest and Fiscal Charges Paid	-	(25,272)	(1,082,188)	-	-	(124,375)	(8,860)	(1,240,695)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>1,192,574</u>	<u>(10,686,300)</u>	<u>-</u>	<u>-</u>	<u>(2,650,112)</u>	<u>(489,482)</u>	<u>(12,633,320)</u>
Cash Flows from Investing Activities								
Proceeds from Sale and Maturities of Investments	2,983,280	-	16,948,720	5,767	-	7,196,661	235,217	27,369,645
Purchases of Investments	(3,350,236)	-	(11,394,291)	(6,980)	-	(6,927,311)	(582,801)	(22,261,619)
Interest and Other Receipts	13,459	-	77,312	89	-	34,453	503	125,816
Net Cash Provided (Used) by Investing Activities	<u>(353,497)</u>	<u>-</u>	<u>5,631,741</u>	<u>(1,124)</u>	<u>-</u>	<u>303,803</u>	<u>(347,081)</u>	<u>5,233,842</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(181,756)	1,383,607	(1,927,324)	375,701	-	(601,386)	23,081	(928,077)
Cash and Cash Equivalents - Beginning	313,061	-	4,962,115	407,555	-	907,088	-	6,589,819
Cash and Cash Equivalents - Ending	<u>\$ 131,305</u>	<u>1,383,607</u>	<u>3,034,791</u>	<u>783,256</u>	<u>-</u>	<u>305,702</u>	<u>23,081</u>	<u>5,661,742</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities								
Operating Income (Loss)	\$ 130,731	(425,894)	2,322,489	(706,430)	(18,851)	(2,296,772)	730,683	(264,044)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Depreciation	28,492	562,569	1,208,227	20,239	-	1,924,210	207,990	3,951,727
Changes in Assets and Liabilities:								
Accounts Receivable and Unbilled Revenues	(1,323)	(154)	(19,950)	(72,419)	-	182,933	(170,722)	(81,635)
Due from Other Funds	(7,894)	34,345	(92,255)	-	-	727	-	(65,077)
Due from Other Governments	(116,534)	-	-	-	-	(2,214)	-	(118,748)
Inventories	-	(1,181)	-	(1,870)	-	-	(551)	(3,602)
Prepaid Expenses	39,383	-	20,417	(3,420)	-	-	-	56,380
Accounts Payable	90,344	44,331	(164,316)	103,342	773	4,987	(48,388)	31,073
Accrued Liabilities	-	4,022	5,275	(52,935)	18,078	30,242	204,311	208,993
Accrued Compensated Absences	-	(22,404)	(1,662)	-	-	(5,253)	308	(29,011)
Due to Other Funds	-	23,714	2,201	37,894	-	1,525	34,304	99,638
Due to Other Governments	(1,319)	6,478	(1,017)	63,168	-	(11,510)	26	55,826
Unearned Revenue	(10,815)	9,787	43,743	389,156	-	-	-	431,871
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	-	-	804,000	-	804,000
Total Adjustments	<u>20,334</u>	<u>661,507</u>	<u>1,000,663</u>	<u>483,155</u>	<u>18,851</u>	<u>2,929,647</u>	<u>227,278</u>	<u>5,341,435</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 151,065</u>	<u>235,613</u>	<u>3,323,152</u>	<u>(223,275)</u>	<u>-</u>	<u>632,875</u>	<u>957,961</u>	<u>5,077,391</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:								
Capital Asset Trade-Ins	\$ -	-	-	-	-	87,582	-	87,582
Purchase of Capital Assets on Account	-	15,047	494,314	-	-	110,015	-	619,376
Change in Fair Value of Investments	(9,002)	-	(39,387)	(18)	-	(19,938)	(1,200)	(69,545)

INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for the financing of goods or services rendered by one department or agency to other departments or agencies or to other governmental units on a cost-reimbursement basis.

Information Services Fund - To account for the cost of operating a central data processing facility for the City of Lincoln and Lancaster County. User City and County departments are charged for the resources used on a full costs recovery basis.

Engineering Revolving Fund - To account for the cost of operating a central engineering pool. Revenues are derived from billings to various capital improvement projects.

Insurance Revolving Fund - To account for the cost of providing a self-insurance program for workers' compensation, health, dental, liability, property insurance, and long-term disability. Revenues are derived from billings to operating departments.

Fleet Services Fund - To account for the operation of a centralized maintenance facility for equipment used by other City departments, such as trucks, heavy equipment, miscellaneous other equipment and radio maintenance. Revenues are derived from billings to user departments.

Police Garage Fund - To account for the operation of a maintenance facility for the Police fleet and vehicles from various other City departments. Revenues are derived from billings to the Police and other user departments.

Municipal Services Center Fund – To account for the purchase of, improvements to, and operation of a facility to provide a consolidated location for various functions of city government. Revenues are derived from the issue of certificates of participation and rental payments from user departments and other occupying agencies.

Communication Services Fund - To account for the costs of providing graphic arts and telecommunication services. Revenues are derived from billings to user departments.

Copy Services Fund - To account for the cost of providing copy services to the City of Lincoln and Lancaster County. User City and County departments are charged on a per copy basis.

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AUGUST 31, 2012

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 78,520	19,208	1,269,685	-
Investments	611,216	151,779	10,990,787	-
Accounts Receivable	57,635	141,937	-	1,013
Accrued Interest Receivable	3,799	2,861	67,489	1,027
Due from Other Funds	408,247	319,532	408,816	23,683
Due from Other Governments	226,338	4,318	11,830	5,306
Inventories	-	-	-	672,853
Prepaid Expenses	184,481	38,384	-	-
Total Current Assets	1,570,236	678,019	12,748,607	703,882
Noncurrent Assets:				
Investments	624,982	155,197	10,097,234	-
Restricted Cash and Cash Equivalents	-	-	-	228,814
Deferred Charges	-	-	-	-
Capital Assets:				
Land	-	-	-	-
Buildings	26,486	-	-	-
Improvements Other Than Buildings	-	-	-	420,192
Machinery and Equipment	2,756,666	421,073	28,936	19,410,155
Construction in Progress	694,184	-	-	-
Less Accumulated Depreciation	(2,249,083)	(377,813)	(27,930)	(14,200,132)
Total Capital Assets, Net	1,228,253	43,260	1,006	5,630,215
Total Noncurrent Assets	1,853,235	198,457	10,098,240	5,859,029
Total Assets	3,423,471	876,476	22,846,847	6,562,911
LIABILITIES				
Current Liabilities:				
Accounts Payable	352,652	8,220	30,731	93,677
Accrued Liabilities	141,545	225,352	28,049	56,228
Accrued Compensated Absences	228,940	366,494	27,375	99,319
Due to Other Funds	4,977	52,440	1,829	733,619
Due to Other Governments	46	392	11,865	-
Unearned Revenue	-	168,444	-	-
Claims	-	-	5,170,834	-
Accrued Interest	-	-	-	16,360
Current Portion of Capital Lease	-	-	-	213,625
Total Current Liabilities	728,160	821,342	5,270,683	1,212,828
Noncurrent Liabilities:				
Accrued Compensated Absences	138,360	380,599	31,834	60,653
Claims	-	-	5,132,204	-
Capital Lease Payable	-	-	-	683,605
Accrued Liabilities	77,671	124,274	17,753	39,945
Total Noncurrent Liabilities	216,031	504,873	5,181,791	784,203
Total Liabilities	944,191	1,326,215	10,452,474	1,997,031
NET ASSETS				
Invested in Capital Assets	1,228,253	43,260	1,006	4,961,799
Unrestricted	1,251,027	(492,999)	12,393,367	(395,919)
Total Net Assets (Deficits)	\$ 2,479,280	(449,739)	12,394,373	4,565,880

<u>Police Garage</u>	<u>Municipal Services Center</u>	<u>Communication Services</u>	<u>Copy Services</u>	<u>Total</u>
132,731	11,447	-	4,537	1,516,128
1,041,940	87,170	-	35,894	12,918,786
62,166	315	6,335	2,125	271,526
5,348	311	-	194	81,029
403,207	3,631	1,500	16,450	1,585,066
15,747	-	770	14,853	279,162
130,328	-	-	-	803,181
-	-	-	-	222,865
<u>1,791,467</u>	<u>102,874</u>	<u>8,605</u>	<u>74,053</u>	<u>17,677,743</u>
1,065,405	89,134	-	36,702	12,068,654
-	-	-	-	228,814
-	135,576	-	-	135,576
48,250	1,258,700	-	-	1,306,950
356,072	6,392,254	-	-	6,774,812
45,500	-	-	-	465,692
6,842,700	86,330	28,349	-	29,574,209
-	672,247	-	-	1,366,431
<u>(3,964,773)</u>	<u>(375,677)</u>	<u>(28,036)</u>	<u>-</u>	<u>(21,223,444)</u>
<u>3,327,749</u>	<u>8,033,854</u>	<u>313</u>	<u>-</u>	<u>18,264,650</u>
<u>4,393,154</u>	<u>8,258,564</u>	<u>313</u>	<u>36,702</u>	<u>30,697,694</u>
<u>6,184,621</u>	<u>8,361,438</u>	<u>8,918</u>	<u>110,755</u>	<u>48,375,437</u>
53,172	159,392	402	24,477	722,723
35,574	-	3,066	3,084	492,898
55,453	-	8,400	3,541	789,522
188	-	3,240	-	796,293
-	-	65	-	12,368
-	-	-	-	168,444
-	-	-	-	5,170,834
-	70,240	-	-	86,600
-	495,000	-	-	708,625
<u>144,387</u>	<u>724,632</u>	<u>15,173</u>	<u>31,102</u>	<u>8,948,307</u>
105,447	-	-	625	717,518
-	-	-	-	5,132,204
-	7,307,292	-	-	7,990,897
31,068	-	6,658	2,219	299,588
<u>136,515</u>	<u>7,307,292</u>	<u>6,658</u>	<u>2,844</u>	<u>14,140,207</u>
<u>280,902</u>	<u>8,031,924</u>	<u>21,831</u>	<u>33,946</u>	<u>23,088,514</u>
3,327,749	231,562	313	-	9,793,942
2,575,970	97,952	(13,226)	76,809	15,492,981
<u>5,903,719</u>	<u>329,514</u>	<u>(12,913)</u>	<u>76,809</u>	<u>25,286,923</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Operating Revenues				
Charges for Services	\$ 6,700,934	7,876,420	27,978,601	5,735,107
Operating Expenses				
Personal Services	4,004,881	6,397,232	745,305	1,566,946
Materials and Supplies	156,180	33,712	4,758	2,311,040
Other Services and Charges	2,107,040	1,195,088	30,236,683	806,643
Depreciation	212,476	19,142	1,724	1,481,907
Total Operating Expenses	<u>6,480,577</u>	<u>7,645,174</u>	<u>30,988,470</u>	<u>6,166,536</u>
Operating Income (Loss)	<u>220,357</u>	<u>231,246</u>	<u>(3,009,869)</u>	<u>(431,429)</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	4,225	112	95,323	2,419
Gain (Loss) on Disposal of Capital Assets	(284)	(39,665)	-	125,204
Interest Expense and Fiscal Charges	-	-	-	(18,054)
Total Nonoperating Revenues (Expenses)	<u>3,941</u>	<u>(39,553)</u>	<u>95,323</u>	<u>109,569</u>
Income (Loss) Before Contributions and Transfers	224,298	191,693	(2,914,546)	(321,860)
Capital Contributions	-	-	-	149,945
Transfers In	99,740	-	-	-
Transfers Out	-	(51,532)	-	-
Change in Net Assets	<u>324,038</u>	<u>140,161</u>	<u>(2,914,546)</u>	<u>(171,915)</u>
Net Assets (Deficits) - Beginning	<u>2,155,242</u>	<u>(589,900)</u>	<u>15,308,919</u>	<u>4,737,795</u>
Net Assets (Deficits) - Ending	<u>\$ 2,479,280</u>	<u>(449,739)</u>	<u>12,394,373</u>	<u>4,565,880</u>

<u>Police Garage</u>	<u>Municipal Services Center</u>	<u>Communication Services</u>	<u>Copy Services</u>	<u>Total</u>
<u>4,626,073</u>	<u>1,157,106</u>	<u>161,874</u>	<u>310,973</u>	<u>54,547,088</u>
1,087,254	-	144,162	82,416	14,028,196
1,442,934	-	951	-	3,949,575
737,431	482,185	39,970	281,224	35,886,264
635,093	231,311	939	-	2,582,592
<u>3,902,712</u>	<u>713,496</u>	<u>186,022</u>	<u>363,640</u>	<u>56,446,627</u>
<u>723,361</u>	<u>443,610</u>	<u>(24,148)</u>	<u>(52,667)</u>	<u>(1,899,539)</u>
1,443	728	(57)	52	104,245
6,024	-	-	-	91,279
-	(210,708)	-	-	(228,762)
<u>7,467</u>	<u>(209,980)</u>	<u>(57)</u>	<u>52</u>	<u>(33,238)</u>
730,828	233,630	(24,205)	(52,615)	(1,932,777)
237,371	-	-	-	387,316
-	3,500	-	-	103,240
-	-	-	-	(51,532)
<u>968,199</u>	<u>237,130</u>	<u>(24,205)</u>	<u>(52,615)</u>	<u>(1,493,753)</u>
<u>4,935,520</u>	<u>92,384</u>	<u>11,292</u>	<u>129,424</u>	<u>26,780,676</u>
<u>5,903,719</u>	<u>329,514</u>	<u>(12,913)</u>	<u>76,809</u>	<u>25,286,923</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,256,279	1,897,797	7,594,525	312,022
Receipts from Interfund Services Provided	4,309,864	5,894,193	20,385,594	5,394,672
Payments to Suppliers for Goods and Services	(1,880,131)	(306,579)	(30,616,247)	(2,946,359)
Payments to Employees	(3,976,995)	(6,361,595)	(733,239)	(1,561,634)
Payments for Interfund Services Provided	(244,302)	(902,958)	(501,821)	(277,267)
Net Cash Provided (Used) by Operating Activities	<u>464,715</u>	<u>220,858</u>	<u>(3,871,188)</u>	<u>921,434</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	99,740	-	-	-
Transfers to Other Funds	-	(51,532)	-	-
Advance from General Fund	-	-	-	1,423,220
Repayment of Advances from General Fund	-	-	-	(1,618,266)
Advances to Other Funds	-	(709)	-	-
Payments from Other Funds	23,307	-	453,702	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>123,047</u>	<u>(52,241)</u>	<u>453,702</u>	<u>(195,046)</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Capital Assets	(651,733)	-	-	(1,194,263)
Proceeds from Sale of Capital Assets	-	-	-	139,884
Proceeds from Long-Term Debt	-	-	-	575,412
Principal Payments of Capital Lease	-	-	-	(239,512)
Interest and Fiscal Charges Paid	-	-	-	(3,389)
Net Cash Used by Capital and Related Financing Activities	<u>(651,733)</u>	<u>-</u>	<u>-</u>	<u>(721,868)</u>
Cash Flows from Investing Activities				
Proceeds from Sale and Maturities of Investments	1,994,230	341,188	34,171,031	-
Purchases of Investments	(2,079,938)	(516,495)	(33,603,563)	-
Interest and Other Receipts	9,394	873	220,974	1,641
Net Cash Provided (Used) by Investing Activities	<u>(76,314)</u>	<u>(174,434)</u>	<u>788,442</u>	<u>1,641</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(140,285)	(5,817)	(2,629,044)	6,161
Cash and Cash Equivalents - Beginning	218,805	25,025	3,898,729	222,653
Cash and Cash Equivalents - Ending	<u>\$ 78,520</u>	<u>19,208</u>	<u>1,269,685</u>	<u>228,814</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 220,357	231,246	(3,009,869)	(431,429)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	212,476	19,142	1,724	1,481,907
Changes in Assets and Liabilities:				
Accounts Receivable	(8,619)	(55,942)	-	141
Due from Other Funds	(94,105)	(42,388)	-	(23,471)
Due from Other Governments	(5,149)	(2,543)	1,518	(5,083)
Inventories	-	-	-	42,730
Prepaid Expenses	153,132	9,410	-	-
Accounts Payable	(15,059)	(7,764)	(402,828)	(152,323)
Accrued Liabilities	33,498	59,799	8,860	13,089
Accrued Compensated Absences	(5,612)	(24,162)	3,206	(7,777)
Due to Other Funds	713	17,612	390	3,650
Due to Other Governments	-	4	11,729	-
Unearned Revenue	(26,917)	16,444	-	-
Claims	-	-	(485,918)	-
Total Adjustments	<u>244,358</u>	<u>(10,388)</u>	<u>(861,319)</u>	<u>1,352,863</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 464,715</u>	<u>220,858</u>	<u>(3,871,188)</u>	<u>921,434</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:				
Contribution of Capital Assets	\$ -	-	-	149,945
Purchase of Capital Assets on Account	324,819	-	-	-
Change in Fair Value of Investments	(5,771)	(1,235)	(95,610)	-

Police Garage	Municipal Services Center	Communication Services	Copy Services	Total
78,158	813,282	50,542	139,912	13,142,517
4,493,316	343,509	112,039	169,843	41,103,030
(1,477,304)	(29,725)	(36,838)	(265,011)	(37,558,194)
(1,053,624)	-	(145,902)	(81,827)	(13,914,816)
(821,129)	(332,442)	(1,605)	(15,448)	(3,096,972)
<u>1,219,417</u>	<u>794,624</u>	<u>(21,764)</u>	<u>(52,531)</u>	<u>(324,435)</u>
-	3,500	-	-	103,240
-	-	-	-	(51,532)
-	-	-	-	1,423,220
-	-	-	-	(1,618,266)
-	-	-	-	(709)
28,193	7,537	736	3,001	516,476
<u>28,193</u>	<u>11,037</u>	<u>736</u>	<u>3,001</u>	<u>372,429</u>
(1,117,703)	(1,554,222)	-	-	(4,517,921)
89,025	-	-	-	228,909
-	-	-	-	575,412
-	-	-	-	(239,512)
-	(210,708)	-	-	(214,097)
<u>(1,028,678)</u>	<u>(1,764,930)</u>	<u>-</u>	<u>-</u>	<u>(4,167,209)</u>
3,124,097	385,186	17,698	155,483	40,188,913
(3,545,666)	(296,636)	-	(122,144)	(40,164,442)
12,727	2,171	79	715	248,574
<u>(408,842)</u>	<u>90,721</u>	<u>17,777</u>	<u>34,054</u>	<u>273,045</u>
(189,910)	(868,548)	(3,251)	(15,476)	(3,846,170)
322,641	879,995	3,251	20,013	5,591,112
<u>132,731</u>	<u>11,447</u>	<u>-</u>	<u>4,537</u>	<u>1,744,942</u>
<u>723,361</u>	<u>443,610</u>	<u>(24,148)</u>	<u>(52,667)</u>	<u>(1,899,539)</u>
635,093	231,311	939	-	2,582,592
(37,364)	(315)	(1,772)	(1,103)	(104,974)
(7,103)	-	1,775	(401)	(165,693)
(10,132)	-	704	286	(20,399)
(35,525)	-	-	-	7,205
-	-	-	-	162,542
(82,494)	120,018	(337)	765	(540,022)
14,958	-	1,864	1,060	133,128
18,672	-	(3,604)	(471)	(19,748)
(49)	-	2,750	-	25,066
-	-	65	-	11,798
-	-	-	-	(10,473)
-	-	-	-	(485,918)
496,056	351,014	2,384	136	1,575,104
<u>1,219,417</u>	<u>794,624</u>	<u>(21,764)</u>	<u>(52,531)</u>	<u>(324,435)</u>
237,371	-	-	-	387,316
-	-	-	-	324,819
(9,483)	(953)	(23)	(388)	(113,463)



AGENCY FUNDS

Agency funds are used to report fiduciary resources held by the City for individuals, private organizations, or other governments.

Collections Due Other Governments - To account for the collection and payment to:

State of Nebraska - Sales tax collections on sales made by the City of Lincoln and Lottery Tax Collections on Keno Proceeds to be remitted to the State.

Lincoln Public Schools - Fines, fees, licenses and permits collected on its behalf.

HILP Escrow Accounts - Various bank accounts used for the Home Improvement Loan Program for owner-occupied housing rehabilitation loans. The City is the fiduciary agent for these accounts.

Contractor Deposits - To account for good faith money deposited with the City to assure the completion of special projects. The money will be returned to the contractors upon completion.

Payroll Revolving - To account for payroll liabilities such as taxes and fringes.

Outstanding Warrants - To account for money held by the City to pay outstanding warrants.

Telephone Bill Suspense - To account for the accumulation and disbursement of funds to pay for the City's phone system charges.

Unredeemed Bonds and Coupons - To account for funds held for the redemption of matured bonds and coupons. The City Treasurer is the Trustee for these bonds.

Joint Antelope Valley Authority - To account for the accumulation and disbursement of funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project.

Gateway Center Joint Venture Escrow - To account for funds deposited with the City by the Gateway Shopping Center in fulfillment of a condition of the use permit for expansion of the shopping center. Funds may be drawn upon for construction of roadway improvements for the purpose of controlling the flow of off-site traffic in the "O" street corridor between Cotner Boulevard and 73rd Street.

Pioneer Consortium - To account for funds deposited with the City by library members of the joint entity for the purpose of planning and using an open source integrated library system. The Lincoln City Library is serving as the initial contracting and business agent for the joint entity.

Public Building Commission Bond Reserve - To account for Bond Reserve funds deposited with the City by the Lancaster County Public Building Commission in association with their Tax Supported Lease Rental Revenue Bonds, Series 2004, 2005, and 2010. The City has agreed to be the Trustee for these Reserve Funds until such time as the Bonds are fully retired.

CITY OF LINCOLN, NEBRASKA
COMBINING BALANCE SHEET
AGENCY FUNDS
AUGUST 31, 2012

	<u>Collections Due Other Governments</u>	<u>HILP Escrow Accounts</u>	<u>Contractor Deposits</u>	<u>Payroll Revolving</u>	<u>Outstanding Warrants</u>
ASSETS					
Cash and Cash Equivalents	\$ 77,285	17,641	479,175	654,963	1,110,868
Investments	-	-	-	-	-
Receivables:					
Accrued Interest	-	-	-	-	-
Other	44,274	-	-	-	-
Due from Other Governments	-	-	-	-	-
Contractor Retainage	-	-	770,662	-	-
	<u>121,559</u>	<u>17,641</u>	<u>1,249,837</u>	<u>654,963</u>	<u>1,110,868</u>
Total Assets	<u>121,559</u>	<u>17,641</u>	<u>1,249,837</u>	<u>654,963</u>	<u>1,110,868</u>
LIABILITIES					
Warrants Payable	-	-	-	-	1,110,868
Accounts Payable	-	-	-	246,291	-
Due to Other Governments	121,559	-	-	408,672	-
Due to Homeowners	-	17,641	-	-	-
Due to Contractors	-	-	1,249,837	-	-
Due to Joint Venture	-	-	-	-	-
Due to Plan Members	-	-	-	-	-
Due to Bondholders	-	-	-	-	-
	<u>121,559</u>	<u>17,641</u>	<u>1,249,837</u>	<u>654,963</u>	<u>1,110,868</u>
Total Liabilities	<u>\$ 121,559</u>	<u>17,641</u>	<u>1,249,837</u>	<u>654,963</u>	<u>1,110,868</u>

Telephone Bill Suspense	Unredeemed Bonds And Coupons	Gateway Center Joint Venture Escrow	Pioneer Consortium	Public Building Commission Bond Reserve	Total
2,001	117,926	206,014	57,915	1,287,741	4,011,529
-	-	-	-	1,910,000	1,910,000
-	-	534	122	37,472	38,128
-	-	-	-	-	44,274
-	-	-	2,664	-	2,664
-	-	-	-	-	770,662
<u>2,001</u>	<u>117,926</u>	<u>206,548</u>	<u>60,701</u>	<u>3,235,213</u>	<u>6,777,257</u>
-	-	-	-	-	1,110,868
2,001	-	-	-	-	248,292
-	-	-	-	3,235,213	3,765,444
-	-	-	-	-	17,641
-	-	-	-	-	1,249,837
-	-	206,548	-	-	206,548
-	-	-	60,701	-	60,701
-	117,926	-	-	-	117,926
<u>2,001</u>	<u>117,926</u>	<u>206,548</u>	<u>60,701</u>	<u>3,235,213</u>	<u>6,777,257</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Balance Sep. 1, 2011	Additions	Deductions	Balance Aug. 31, 2012
COLLECTIONS DUE OTHER GOVERNMENTS:				
Assets:				
Cash and Cash Equivalents	\$ 62,754	944,703	930,172	77,285
Receivables	33,843	44,273	33,842	44,274
	96,597	988,976	964,014	121,559
Liabilities:				
Due to Other Governments	\$ 96,597	877,085	852,123	121,559
	96,597	877,085	852,123	121,559
HILP ESCROW ACCOUNTS:				
Assets:				
Cash and Cash Equivalents	\$ 43,604	41,280	67,243	17,641
	43,604	41,280	67,243	17,641
Liabilities:				
Due to Homeowners	\$ 43,604	-	25,963	17,641
	43,604	-	25,963	17,641
CONTRACTOR DEPOSITS:				
Assets:				
Cash and Cash Equivalents	\$ 478,072	67,360	66,257	479,175
Contractor Retainage	797,319	10,838	37,495	770,662
	1,275,391	78,198	103,752	1,249,837
Liabilities:				
Due to Contractors	\$ 1,275,391	78,198	103,752	1,249,837
	1,275,391	78,198	103,752	1,249,837
PAYROLL REVOLVING:				
Assets:				
Cash and Cash Equivalents	\$ 702,362	230,666,087	230,713,486	654,963
	702,362	230,666,087	230,713,486	654,963
Liabilities:				
Accounts Payable	195,383	145,990,451	145,939,543	246,291
Due to Other Governments	506,979	31,981,206	32,079,513	408,672
	702,362	177,971,657	178,019,056	654,963
OUTSTANDING WARRANTS:				
Assets:				
Cash and Cash Equivalents	\$ 1,182,481	486,018,905	486,090,518	1,110,868
	1,182,481	486,018,905	486,090,518	1,110,868
Liabilities:				
Warrants Payable	\$ 1,182,481	486,018,905	486,090,518	1,110,868
	1,182,481	486,018,905	486,090,518	1,110,868
TELEPHONE BILL SUSPENSE:				
Assets:				
Cash and Cash Equivalents	\$ 18,552	608,289	624,840	2,001
	18,552	608,289	624,840	2,001
Liabilities:				
Accounts Payable	\$ 18,552	614,554	631,105	2,001
	18,552	614,554	631,105	2,001

(Continued)

(Agency Funds, Continued)

	Balance Sep. 1, 2011	Additions	Deductions	Balance Aug. 31, 2012
UNREDEEMED BONDS AND COUPONS:				
Assets:				
Cash and Cash Equivalents	\$ 117,926	-	-	117,926
Liabilities:				
Due to Bondholders	\$ 117,926	-	-	117,926
JOINT ANTELOPE VALLEY AUTHORITY				
Assets:				
Cash and Cash Equivalents	\$ -	12,193,566	12,193,566	-
Liabilities:				
Accounts Payable	\$ -	6,703,152	6,703,152	-
GATEWAY CENTER JOINT VENTURE ESCROW:				
Assets:				
Cash and Cash Equivalents	\$ 204,658	1,543	187	206,014
Receivables	726	534	726	534
	<u>205,384</u>	<u>2,077</u>	<u>913</u>	<u>206,548</u>
Liabilities:				
Due to Joint Venture	\$ 205,384	1,164	-	206,548
PIONEER CONSORTIUM				
Assets:				
Cash and Cash Equivalents	\$ 7,440	210,461	159,986	57,915
Receivables	7,373	122	7,373	122
Due from Other Governments	-	2,664	-	2,664
	<u>14,813</u>	<u>213,247</u>	<u>167,359</u>	<u>60,701</u>
Liabilities:				
Due to Plan Members	\$ 14,813	45,888	-	60,701
PUBLIC BUILDING COMMISSION BOND RESERVE:				
Assets:				
Cash and Cash Equivalents	\$ 963,652	341,760	17,671	1,287,741
Investments	2,243,564	-	333,564	1,910,000
Receivables	38,282	37,472	38,282	37,472
	<u>3,245,498</u>	<u>379,232</u>	<u>389,517</u>	<u>3,235,213</u>
Liabilities:				
Due to Other Governments	\$ 3,245,498	50,601	60,886	3,235,213
AGENCY FUND TOTALS:				
Total Assets	\$ 6,902,608	731,189,857	731,315,208	6,777,257
Total Liabilities	\$ 6,902,608	672,361,204	672,486,555	6,777,257



STATISTICAL SECTION

This part of the City of Lincoln’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Page</u>
------------------------	--------------------

Financial Trends	141
-------------------------	------------

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity	148
-------------------------	------------

These schedules contain information to help the reader assess the City’s three most significant local revenue sources; electrical sales, sales tax, and property tax.

Debt Capacity	158
----------------------	------------

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information	164
---	------------

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information	166
------------------------------	------------

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



CITY OF LINCOLN, NEBRASKA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 405,635,743	386,451,715	482,099,420	471,161,398	460,113,747	433,488,477	417,745,982	399,561,548	361,516,579	353,228,671
Restricted	246,533,919	235,695,091	121,155,820	111,672,739	111,555,338	119,719,194	107,739,981	111,872,162	99,491,762	85,214,600
Unrestricted	228,009,224	216,250,335	207,317,364	211,304,395	189,259,245	153,402,735	146,399,831	132,861,353	111,868,857	93,499,003
Total Governmental Activities Net Assets	\$ 880,178,886	838,397,141	810,572,604	794,138,532	760,928,330	706,610,406	671,885,794	644,295,063	572,877,198	531,942,274
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 608,119,231	622,950,944	598,053,416	583,202,962	570,458,163	568,947,439	626,166,169	509,989,903	496,144,600	513,682,743
Restricted	31,470,517	31,480,358	37,040,667	37,782,662	35,665,851	26,769,558	23,399,483	15,101,637	16,262,952	52,887,433
Unrestricted	153,480,358	107,063,389	100,903,096	93,873,028	82,155,334	70,546,311	(1,377,874)	112,544,793	114,643,047	39,215,687
Total Business-Type Activities Net Assets	\$ 793,070,106	761,494,691	735,997,179	714,858,652	688,279,348	666,263,308	648,187,778	637,636,333	627,050,599	605,785,863
Primary Government:										
Invested in Capital Assets,										
Net of Related Debt	\$ 1,013,754,974	1,009,402,659	1,080,152,836	1,054,364,360	1,030,571,910	1,002,435,916	1,043,912,151	909,551,451	857,661,179	866,911,414
Restricted	278,004,436	267,175,449	158,196,487	149,455,401	147,221,189	146,488,752	131,139,464	126,973,799	115,754,714	138,102,033
Unrestricted	381,489,582	323,313,724	308,220,460	305,177,423	271,414,579	223,949,046	145,021,957	245,406,146	226,511,904	132,714,690
Total Primary Government Net Assets	\$ 1,673,248,992	1,599,891,832	1,546,569,783	1,508,997,184	1,449,207,678	1,372,873,714	1,320,073,572	1,281,931,396	1,199,927,797	1,137,728,137

CITY OF LINCOLN, NEBRASKA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental Activities:										
General Government	\$ 40,635,824	40,059,839	36,991,820	31,985,923	32,808,482	30,681,069	30,781,582	27,955,407	28,475,396	26,781,326
Public Safety	82,915,183	81,218,142	75,364,591	75,077,334	72,715,593	71,999,597	70,390,835	70,432,578	66,461,665	60,312,147
Streets and Highways	38,319,958	39,840,551	38,150,193	31,465,735	29,132,813	31,953,438	29,293,980	20,620,140	24,066,450	21,627,658
Culture and Recreation	28,049,044	26,578,448	25,713,710	28,998,338	27,971,636	26,528,155	25,379,286	23,827,670	23,699,396	23,183,517
Economic Opportunity	16,840,478	16,336,855	17,198,314	14,851,021	16,355,833	15,486,850	16,165,310	15,522,471	16,778,622	18,803,783
Health and Welfare	21,414,951	21,153,869	20,840,847	19,592,758	20,674,538	20,335,733	20,215,258	18,873,394	18,122,416	17,232,211
Mass Transit	12,463,592	12,007,410	11,198,681	11,059,139	11,296,888	10,891,704	9,706,032	9,511,096	8,928,193	8,526,212
Equipment Management	1,162,325	1,882,136	1,767,774	2,562,842	2,563,466	2,363,486	1,789,593	2,012,107	1,017,244	580,423
Engineering Services	1,900,278	1,219,084	829,470	1,859,008	2,029,134	3,148,005	2,499,482	2,073,123	2,139,853	2,517,342
Interest on Long-Term Debt	20,417,899	11,568,353	6,373,674	6,503,466	6,473,960	5,826,378	4,853,854	4,859,767	3,701,385	3,510,748
Total Governmental Activities Expenses	264,119,532	251,864,687	234,429,074	223,955,564	222,022,343	219,214,415	211,075,212	195,687,753	193,390,620	183,075,367
Business-Type Activities:										
Parking Lots	322,612	313,810	386,081	297,452	213,043	217,915	204,531	282,945	231,572	184,222
Golf	3,762,650	3,414,074	3,165,446	3,170,423	3,152,455	3,167,880	3,169,578	3,295,680	3,230,108	3,064,867
Parking Facilities	5,611,236	5,319,163	5,089,076	4,710,433	4,695,494	4,616,046	4,652,493	4,903,338	4,731,301	4,328,388
Municipal Auditorium	2,468,566	2,202,234	2,243,518	1,937,132	2,041,953	2,274,043	2,403,906	2,211,685	2,374,730	2,341,886
Municipal Arena	18,851	-	-	-	-	-	-	-	-	-
Solid Waste Management	8,080,971	8,490,392	10,607,775	6,543,805	7,506,257	6,835,512	6,146,612	6,767,689	6,446,310	4,390,601
Emergency Medical Services	4,148,850	3,940,669	3,819,895	3,687,450	3,711,546	3,679,318	3,793,035	3,828,891	3,684,221	3,905,011
Wastewater System	23,017,798	23,135,157	22,265,579	22,979,974	18,965,453	18,230,853	17,563,692	16,461,078	15,461,420	13,205,150
Water System	25,908,587	26,084,158	23,469,948	23,794,190	23,378,936	23,544,989	23,137,996	22,249,027	20,169,981	19,144,465
Electric System	250,676,000	242,743,000	229,241,000	237,476,000	224,594,000	209,962,000	197,751,000	171,812,000	163,078,000	155,489,000
Total Business-Type Activities Expenses	324,016,121	315,642,657	300,288,318	304,596,859	288,259,137	272,528,556	258,822,843	231,812,333	219,407,643	206,053,590
Total	\$ 588,135,653	567,507,344	534,717,392	528,552,423	510,281,480	491,742,971	469,898,055	427,500,086	412,798,263	389,128,957
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 22,686,194	21,544,375	20,614,039	20,413,769	20,572,788	19,617,633	15,643,439	14,366,997	14,507,882	13,883,872
Public Safety	6,150,370	5,730,687	5,034,014	4,921,077	5,671,183	5,490,790	5,862,622	6,336,457	6,136,393	5,797,146
Streets and Highways	3,489,348	4,087,358	3,291,012	3,202,082	5,485,027	6,105,933	5,774,740	6,773,393	4,191,241	881,255
Culture and Recreation	4,473,514	4,114,179	3,880,012	3,537,088	3,583,144	3,485,195	4,207,617	3,088,848	2,792,436	2,700,504
Economic Opportunity	2,346,582	2,269,303	1,014,906	750,883	731,663	809,767	754,096	576,632	2,573,607	2,334,074
Health and Welfare	4,773,397	4,435,710	4,257,066	4,345,410	3,248,351	3,554,840	3,133,880	3,100,114	2,979,036	2,735,248
Other Activities	5,808,815	4,244,695	3,610,376	4,674,371	5,465,776	5,381,517	5,339,097	4,473,512	3,745,956	4,081,655
Operating Grants and Contributions	51,263,862	73,594,748	55,013,696	50,412,504	52,058,209	56,089,320	45,068,631	36,666,428	59,074,592	43,864,363
Capital Grants and Contributions	32,043,686	7,982,667	16,171,192	25,746,780	39,507,199	17,990,651	24,519,249	48,270,586	18,375,380	32,549,986
Total Governmental Activities	133,035,768	128,003,722	112,886,313	118,003,964	136,323,340	118,525,646	110,303,371	123,652,967	114,376,523	108,828,103
Business-Type Activities:										
Charges for Services:										
Wastewater System	24,040,603	22,931,019	21,661,455	21,111,385	20,575,445	19,379,833	17,955,248	16,920,940	15,980,045	14,665,990
Water System	34,021,393	28,474,175	25,012,703	25,586,213	23,943,135	25,159,477	25,487,483	24,266,844	22,064,193	20,841,857
Electric System	269,043,000	261,377,000	245,705,000	248,131,000	225,406,000	204,527,000	188,369,000	168,487,000	168,868,000	164,974,000
Other Activities	23,402,117	22,423,038	21,311,191	20,786,248	21,159,042	19,972,650	19,032,389	17,350,098	17,896,445	18,765,461
Operating Grants and Contributions	-	-	-	-	26,000	141,346	-	650,300	1,316,900	294,915
Capital Grants and Contributions	6,731,837	4,645,062	5,767,531	11,025,070	10,809,320	11,359,957	11,092,348	9,703,652	8,707,137	7,538,876
Total Business-Type Activities	357,238,950	339,850,294	319,457,880	326,639,916	301,918,942	280,540,263	261,936,468	237,378,834	234,832,720	227,081,099
Total	\$ 490,274,718	467,854,016	432,344,193	444,643,880	438,242,282	399,065,909	372,239,839	361,031,801	349,209,243	335,909,202
Net (Expense)/Revenue										
Governmental Activities	\$ (131,083,764)	(123,860,965)	(121,542,761)	(105,951,600)	(85,699,003)	(100,688,769)	(100,771,841)	(72,034,786)	(79,014,097)	(74,247,264)
Business-Type Activities	33,222,829	24,207,637	19,169,562	22,043,057	13,659,805	8,011,707	3,113,625	5,566,501	15,425,077	21,027,509
Total	\$ (97,860,935)	(99,653,328)	(102,373,199)	(83,908,543)	(72,039,198)	(92,677,062)	(97,658,216)	(66,468,285)	(63,589,020)	(53,219,755)

(Continued)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes In Net Assets										
Governmental Activities:										
Taxes:										
Property Tax	\$ 53,302,884	48,621,668	48,637,701	49,370,031	48,016,158	45,981,349	43,081,366	40,877,070	39,138,647	36,389,326
Motor Vehicle Tax	4,331,331	4,284,369	4,247,118	4,323,350	4,303,363	4,298,290	4,249,847	4,256,521	4,055,313	3,823,011
Wheel Tax	14,055,801	12,031,376	11,519,622	10,697,955	10,458,568	10,059,772	9,250,300	9,153,599	8,634,929	7,767,169
Sales and Use Tax	62,388,551	57,996,100	55,362,688	54,337,312	55,351,848	54,363,413	54,348,587	53,741,266	51,978,978	49,010,546
Sundry and In Lieu Tax	68,405	63,118	54,431	46,078	45,761	37,235	35,020	31,765	36,735	44,810
Occupation Tax	25,732,963	20,403,399	10,847,214	10,541,781	10,038,110	9,534,401	9,225,546	9,451,789	9,291,595	8,555,252
Unrestricted Grants and Contributions:	93,633	1,927,588	2,006,071	1,542,816	1,569,021	1,573,535	1,589,033	1,577,852	1,597,551	2,970,754
Unrestricted Investment Earnings	1,014,773	1,370,358	1,926,976	5,181,996	6,738,206	6,355,562	3,650,661	2,800,970	3,163,454	2,157,467
Miscellaneous General Revenues	2,623,024	2,309,497	793,365	844,591	820,587	907,513	1,107,132	1,042,665	590,961	405,066
Gain on Sale of Capital Assets	-	-	-	-	-	548,626	564,573	2,857,136	304,974	1,073,191
Transfers	9,254,144	2,678,029	2,581,647	2,275,892	2,675,305	1,753,685	1,260,507	1,290,018	1,155,884	224,128
Total Governmental Activities	<u>172,865,509</u>	<u>151,685,502</u>	<u>137,976,833</u>	<u>139,161,802</u>	<u>140,016,927</u>	<u>135,413,381</u>	<u>128,362,572</u>	<u>127,080,651</u>	<u>119,949,021</u>	<u>112,420,720</u>
Business-Type Activities:										
Occupation Tax	2,048,615	2,059,361	1,984,400	1,978,659	2,134,549	2,195,132	2,232,680	2,111,731	2,234,490	565,790
Unrestricted Investment Earnings	983,824	1,564,708	1,673,103	4,680,958	8,761,713	9,333,779	6,187,797	3,986,941	4,387,629	5,045,047
Miscellaneous General Revenues	380,531	343,835	893,109	152,522	135,278	176,226	170,825	165,585	80,033	92,258
Gain on Sale of Capital Assets	-	-	-	-	-	112,371	107,025	44,736	293,726	72,505
Transfers	(5,060,384)	(2,678,029)	(2,581,647)	(2,275,892)	(2,675,305)	(1,753,685)	(1,260,507)	(1,289,760)	(1,156,219)	(224,517)
Total Business-Type Activities	<u>(1,647,414)</u>	<u>1,289,875</u>	<u>1,968,965</u>	<u>4,536,247</u>	<u>8,356,235</u>	<u>10,063,823</u>	<u>7,437,820</u>	<u>5,019,233</u>	<u>5,839,659</u>	<u>5,551,083</u>
Total	<u>\$ 171,218,095</u>	<u>152,975,377</u>	<u>139,945,798</u>	<u>143,698,049</u>	<u>148,373,162</u>	<u>145,477,204</u>	<u>135,800,392</u>	<u>132,099,884</u>	<u>125,788,680</u>	<u>117,971,803</u>
Change in Net Assets										
Governmental Activities	\$ 41,781,745	27,824,537	16,434,072	33,210,202	54,317,924	34,724,612	27,590,731	55,045,865	40,934,924	38,173,456
Business-Type Activities	31,575,415	25,497,512	21,138,527	26,579,304	22,016,040	18,075,530	10,551,445	10,585,734	21,264,736	26,578,592
Total	<u>\$ 73,357,160</u>	<u>53,322,049</u>	<u>37,572,599</u>	<u>59,789,506</u>	<u>76,333,964</u>	<u>52,800,142</u>	<u>38,142,176</u>	<u>65,631,599</u>	<u>62,199,660</u>	<u>64,752,048</u>

CITY OF LINCOLN, NEBRASKA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2012	2011 ²	2010	2009	2008
General Fund					
Reserved	\$ -	-	4,723,651	4,668,702	4,025,169
Unreserved	-	-	25,701,931	27,586,521	28,453,611
Nonspendable	4,833,496	6,891,170	-	-	-
Restricted	5,277,054	5,525,739	-	-	-
Assigned	13,359,297	13,750,394	-	-	-
Unassigned	25,631,426	15,586,533	-	-	-
Total General Fund	<u>\$ 49,101,273</u>	<u>41,753,836</u>	<u>30,425,582</u>	<u>32,255,223</u>	<u>32,478,780</u>
All Other Governmental Funds					
Reserved	\$ -	-	73,769,526	74,955,098	73,635,833
Unreserved, Reported in:					
Special Revenue Funds	-	-	57,417,341	59,557,240	61,839,340
Nonspendable	952,070	971,115	-	-	-
Restricted	193,309,126	275,451,124	-	-	-
Committed	805,612	633,206	-	-	-
Assigned	21,386,596	21,097,190	-	-	-
Unassigned	(191,814)	(140,056)	-	-	-
Debt Service ¹	-	-	-	-	-
Restricted	17,964,189	16,060,411	-	-	-
Capital Projects Funds					
Restricted	11,783,064	13,748,458	8,764,922	9,853,337	13,339,093
Assigned	207,968	207,940	-	-	-
Permanent Funds	-	-	16,511,201	14,146,177	13,529,735
Nonspendable	37,160,000	37,160,000	-	-	-
Restricted	21,292,273	19,553,118	-	-	-
Total All Other Governmental Funds	<u>\$ 304,669,084</u>	<u>384,742,506</u>	<u>156,462,990</u>	<u>158,511,852</u>	<u>162,344,001</u>

Note: ¹ In 2008, Special Assessment Debt Service Fund balance transferred to Special Revenue Special Assessment Fund.

² In 2011, Reporting of fund balances was changed to meet the requirements of GASB 54.

Table 3

Fiscal Year				
2007	2006	2005	2004	2003
3,196,770	1,828,587	1,935,693	3,420,876	1,129,488
27,215,934	27,463,451	29,467,581	32,552,543	35,987,302
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>30,412,704</u>	<u>29,292,038</u>	<u>31,403,274</u>	<u>35,973,419</u>	<u>37,116,790</u>
71,029,872	67,422,892	55,344,060	85,470,219	68,736,621
65,368,433	67,422,892	46,519,881	31,763,330	18,170,362
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,933,914	8,491,735	7,070,715	7,344,884	6,135,384
-	-	-	-	-
24,574,016	19,534,147	27,698,544	18,619,537	24,877,481
-	-	-	-	-
-	-	-	-	-
13,609,259	9,441,571	8,834,071	8,025,744	6,904,635
-	-	-	-	-
-	-	-	-	-
<u>184,515,494</u>	<u>172,313,237</u>	<u>145,467,271</u>	<u>151,223,714</u>	<u>124,824,483</u>

CITY OF LINCOLN, NEBRASKA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2012	2011	2010	2009	2008
Revenues					
Taxes:					
Property	\$ 53,542,530	48,204,472	48,916,327	49,359,612	48,061,759
Motor Vehicle	4,331,331	4,284,369	4,247,118	4,323,350	4,303,363
Wheel	14,055,801	12,031,376	11,519,622	10,697,955	10,458,568
Sales and Use	62,388,551	57,996,100	55,362,688	54,337,312	55,351,848
Sundry and In Lieu	68,845	61,251	57,195	44,479	50,068
Occupation	25,732,963	20,936,558	10,314,055	10,541,781	10,517,680
Special Assessment	1,213,968	1,118,514	1,145,298	1,055,927	1,351,532
Intergovernmental	68,267,660	71,532,824	61,640,301	75,099,973	73,830,720
Permits and Fees	20,239,031	18,524,372	16,432,219	17,119,002	18,013,104
Reimbursement for Services	7,850,732	7,521,366	7,004,334	6,600,299	6,511,457
Court Settlements	1,931,804	1,700,000	-	-	-
Program Income	122,767	1,217,936	207,978	57,535	48,549
Investment Earnings	4,744,887	5,454,877	5,197,259	5,791,391	6,806,258
Donations	9,510,272	1,985,681	1,251,904	2,755,165	1,747,959
Keno Proceeds	3,639,819	3,321,506	3,132,180	3,140,726	3,373,939
Miscellaneous	5,004,523	3,054,429	1,875,076	1,864,589	2,497,331
Total Revenues	282,645,484	258,945,631	228,303,554	242,789,096	242,924,135
Expenditures					
General Government	39,048,320	36,622,362	35,865,006	34,428,477	35,278,575
Public Safety	70,444,362	69,537,057	64,679,523	63,984,484	61,147,903
Streets and Highways	18,471,067	18,335,078	19,832,223	16,445,304	16,482,240
Culture and Recreation	22,518,532	21,794,585	21,483,873	22,449,569	21,686,564
Economic Opportunity	14,673,671	15,811,914	15,359,628	11,321,242	14,685,668
Health and Welfare	22,070,619	21,993,415	21,652,729	20,349,757	21,053,132
Mass Transit	10,288,935	15,088,883	12,034,413	9,575,670	10,707,601
Debt Service					
Principal Retirement	10,403,101	9,657,542	10,087,532	10,446,544	7,989,828
Interest and Fiscal Charges	20,265,733	12,625,404	6,285,998	6,414,144	6,384,069
Miscellaneous	1,020,997	4,156,516	658,871	129,417	53,898
Capital Outlay ¹	142,260,715	109,581,050	32,547,239	61,094,201	79,369,789
Total Expenditures	371,466,052	335,203,806	240,487,035	256,638,809	274,839,267
Deficiency of Revenues Under Expenditures	<u>(88,820,568)</u>	<u>(76,258,175)</u>	<u>(12,183,481)</u>	<u>(13,849,713)</u>	<u>(31,915,132)</u>
Other Financing Sources (Uses)					
Transfers In	53,359,760	43,860,255	46,026,786	53,544,932	60,693,467
Transfers Out	(44,157,324)	(41,111,608)	(43,259,113)	(51,005,462)	(58,325,388)
Issuance of Debt ¹	6,080,000	335,895,500	4,131,948	6,501,393	8,877,537
Issuance of Refunding Debt	36,185,000	-	-	-	-
Premium on Debt Issued	4,182,049	5,761,647	-	25,473	98,768
Discounts on Debt Issued	-	(6,427)	-	-	-
Transfer to Bond Refunding Agent	(39,840,997)	(28,822,296)	-	-	-
Sale of Capital Assets	286,095	288,874	1,405,357	727,671	465,331
Total Other Financing Sources (Uses)	16,094,583	315,865,945	8,304,978	9,794,007	11,809,715
Net Change in Fund Balances	\$ (72,725,985)	239,607,770	(3,878,503)	(4,055,706)	(20,105,417)
Debt Service as a Percentage of					
Noncapital Expenditures	12.7%	9.8%	7.7%	7.7%	6.5%

Note: ¹ In 2011 West Haymarket JPA settled \$300,000,000 in bonds to fund portion of construction costs.

Table 4

Fiscal Year				
2007	2006	2005	2004	2003
46,003,719	43,051,465	40,877,024	38,825,280	36,350,142
4,298,290	4,249,847	4,256,521	4,055,313	3,823,011
10,059,772	9,250,300	9,153,599	8,634,929	7,767,169
54,363,413	54,348,587	53,741,266	51,978,978	49,010,546
35,115	34,090	34,888	31,194	44,809
9,054,831	9,232,431	9,853,990	9,265,448	8,172,116
1,513,248	1,691,266	1,400,791	1,965,820	1,946,784
63,928,043	60,757,501	63,180,171	58,619,699	52,773,424
19,126,239	18,423,079	16,535,049	15,593,326	12,679,623
6,491,112	7,063,192	6,936,334	6,322,870	6,097,336
-	-	-	-	-
34,155	26,614	1,758,999	1,808,012	1,748,959
10,371,565	4,082,196	4,327,311	5,207,711	4,353,336
947,439	1,062,197	2,150,197	1,769,777	2,081,127
2,798,262	2,745,869	3,016,301	3,331,968	3,178,094
3,272,251	4,051,697	5,102,920	3,278,763	1,225,958
<u>232,297,454</u>	<u>220,070,331</u>	<u>222,325,361</u>	<u>210,689,088</u>	<u>191,252,434</u>
33,946,258	34,666,641	32,532,685	30,884,544	28,938,852
60,953,651	60,064,604	58,669,932	55,272,920	50,933,285
17,430,452	16,928,575	17,064,845	13,633,902	12,317,663
21,719,544	20,938,212	21,669,847	22,308,940	19,935,823
11,670,315	12,623,307	14,870,592	14,728,510	16,469,645
20,378,863	25,566,267	19,126,931	18,544,667	17,614,751
14,877,357	8,901,327	8,306,921	10,525,090	7,996,019
6,282,536	6,200,794	5,536,580	5,003,161	5,498,277
5,223,234	4,803,380	4,934,088	2,904,318	3,001,504
83,950	12,095	92,325	7,042	7,442
44,955,954	65,229,370	65,859,750	58,177,933	48,163,988
<u>237,522,114</u>	<u>255,934,572</u>	<u>248,664,496</u>	<u>231,991,027</u>	<u>210,877,249</u>
<u>(5,224,660)</u>	<u>(35,864,241)</u>	<u>(26,339,135)</u>	<u>(21,301,939)</u>	<u>(19,624,815)</u>
42,672,672	39,460,154	38,002,168	32,371,598	31,698,768
(40,643,303)	(38,051,423)	(36,757,125)	(31,663,701)	(31,487,832)
44,588,425	9,600,000	18,655,035	43,799,999	19,347,418
-	-	-	-	-
484,811	7,397	42,635	1,918,788	247,703
(5,255)	-	(16,057)	(5,854)	-
-	-	(6,504,876)	-	(9,598,350)
283,136	4,080,940	2,590,767	136,969	810,955
<u>47,380,486</u>	<u>15,097,068</u>	<u>16,012,547</u>	<u>46,557,799</u>	<u>11,018,662</u>
<u>42,155,826</u>	<u>(20,767,173)</u>	<u>(10,326,588)</u>	<u>25,255,860</u>	<u>(8,606,153)</u>
5.8%	5.4%	5.2%	4.1%	4.8%

CITY OF LINCOLN, NEBRASKA
LINCOLN ELECTRIC SYSTEM MEGAWATT-HOUR SALES
LAST FIVE CALENDAR YEARS

Lincoln Electric System Megawatt-Hour Sales									
Calendar Year	Residential	Commercial	Industrial	Street and Highway Lighting	Government and Other Billed	Unbilled Energy Increase/ (Decrease)	Sales To Others	Total Megawatt-Hour Sales	Average Cent per Kilowatt Hour Rate
2011	1,214,170	1,176,199	496,957	21,166	291,331	(25,504)	1,116,821	4,291,140	\$ 0.0738
2010	1,216,899	1,188,925	495,279	21,082	285,260	(17,765)	1,006,085	4,195,765	0.0721
2009	1,121,769	1,149,462	483,982	20,651	277,940	269	1,092,093	4,146,166	0.0700
2008	1,133,238	1,177,049	558,088	20,349	274,304	73,241	1,232,903	4,469,172	0.0648
2007	1,152,048	1,198,401	539,438	20,234	273,056	(3,435)	569,319	3,749,061	0.0634

Note: The numbers are based on Lincoln Electric System's 12/31 fiscal year end.
Per Lincoln Electric System, numbers are only comparable for last five years.

Source: Lincoln Electric System

Table 6

CITY OF LINCOLN, NEBRASKA
REVENUE FROM ELECTRICAL SALES BY CUSTOMER TYPE
CALENDAR YEAR 2011
(dollars in thousands)

Customer Type	2011		
	Revenue From Electric Sales	Rank	Percentage of Revenue From Electric Sales
Residential	\$ 103,387	1	39.46 %
Commercial	81,531	2	31.12
Industrial	29,370	3	11.21
Other	47,725	-	18.21
Total	<u>\$ 262,013</u>		<u>100.00 %</u>

Note: The numbers are based on Lincoln Electric System's 12/31/11 fiscal year end. Numbers from nine years ago are not comparable per Lincoln Electric System.

Source: Lincoln Electric System

Table 7

CITY OF LINCOLN, NEBRASKA
TOTAL CITY TAXABLE SALES
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Total City Taxable Sales	Total Direct Tax Rate
2012	\$ 4,290,698,668	0.0150
2011	4,098,124,125	0.0150
2010	3,918,162,825	0.0150
2009	3,860,013,289	0.0150
2008	3,961,835,269	0.0150
2007	3,890,346,633	0.0150
2006	3,825,820,559	0.0150
2005	3,834,847,147	0.0150
2004	3,735,080,884	0.0150
2003	3,533,640,597	0.0150

Source: City of Lincoln Treasurer's Office

Table 8

CITY OF LINCOLN, NEBRASKA
SALES TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Direct	Overlapping ¹	Total Tax Rate
	City of Lincoln	State of Nebraska	
2012	0.015	0.055	0.070
2011	0.015	0.055	0.070
2010	0.015	0.055	0.070
2009	0.015	0.055	0.070
2008	0.015	0.055	0.070
2007	0.015	0.055	0.070
2006	0.015	0.055	0.070
2005	0.015	0.055	0.070
2004	0.015	0.055	0.070
2003	0.015	0.055	0.070

Note: ¹ Overlapping rates are those of other governments that apply to consumers within the City of Lincoln.

Table 9

CITY OF LINCOLN, NEBRASKA
NET TAXABLE SALES BY BUSINESS CLASSIFICATION
CURRENT YEAR AND NINE YEARS AGO

Business Classification	2011			2002		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 1,585,151,644	1	50.83 %	\$ 1,482,243,895	1	52.60 %
Accommodation & Food Services	485,332,201	2	15.56	347,472,934	2	12.33
Utilities	230,072,822	3	7.38	203,746,524	3	7.23
Other	818,113,359	-	26.23	784,233,526	-	27.84
Total	\$ <u>3,118,670,026</u>		<u>100.00 %</u>	\$ <u>2,817,696,879</u>		<u>100.00 %</u>

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales. The numbers are only available on a calendar year basis. 2012 amounts are not yet available.

Source: Nebraska Department of Revenue

CITY OF LINCOLN, NEBRASKA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Real Property		Other Property		Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property	Centrally Assessed Property		
2012	\$ 10,745,000,908	\$ 4,476,953,562	\$ 517,899,056	\$ 160,975,287	\$ 15,900,828,813	0.3158
2011	10,648,151,681	4,477,256,519	565,104,377	190,747,843	15,881,260,420	0.2879
2010	10,546,474,527	4,438,463,100	566,308,151	195,207,804	15,746,453,582	0.2879
2009	10,839,440,027	4,382,749,195	547,971,496	165,412,019	15,935,572,737	0.2879
2008	10,723,170,809	4,246,365,596	521,771,782	162,618,303	15,653,926,490	0.2879
2007	10,402,515,684	4,236,340,817	538,646,420	164,660,867	15,342,163,788	0.2833
2006	9,083,290,211	3,814,534,869	525,730,603	159,694,612	13,583,250,295	0.3009
2005	8,727,702,573	3,694,097,147	560,657,306	156,059,200	13,138,516,226	0.2950
2004	8,402,403,364	3,598,787,015	566,854,120	176,060,893	12,744,105,392	0.2903
2003	7,255,640,292	3,094,988,486	599,272,540	180,686,849	11,130,588,167	0.3145

Note: Property is assessed at actual value; therefore, the assessed values are equal to actual value.

Source: Lancaster County Assessor's Office

CITY OF LINCOLN, NEBRASKA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
City of Lincoln										
General Fund	0.1876	0.1739	0.1772	0.1806	0.1778	0.1687	0.1955	0.1706	0.1692	0.1757
Library Fund	0.0400	0.0398	0.0398	0.0396	0.0404	0.0427	0.0488	0.0490	0.0485	0.0534
Social Security Fund	0.0163	0.0141	0.0097	0.0129	0.0134	0.0135	0.0139	0.0149	0.0143	0.0162
Police and Fire Pension Fund	0.0348	0.0261	0.0251	0.0201	0.0203	0.0208	0.0219	0.0182	0.0149	0.0149
Bond Interest and Redemption	0.0371	0.0340	0.0361	0.0347	0.0360	0.0376	0.0208	0.0423	0.0434	0.0543
Total City of Lincoln	<u>0.3158</u>	<u>0.2879</u>	<u>0.2879</u>	<u>0.2879</u>	<u>0.2879</u>	<u>0.2833</u>	<u>0.3009</u>	<u>0.2950</u>	<u>0.2903</u>	<u>0.3145</u>
Overlapping Rates ¹										
School District No. 1	1.2461	1.2462	1.2537	1.2668	1.2719	1.2764	1.3142	1.3141	1.3011	1.2830
Lancaster County	0.2683	0.2683	0.2683	0.2683	0.2755	0.2655	0.2841	0.2797	0.2683	0.2683
Educational Service Unit #18	0.0150	0.0145	0.0150	0.0150	0.0141	0.0141	0.0150	0.0150	0.0150	0.0150
Community Technical College	0.0627	0.0600	0.0676	0.0722	0.0689	0.0689	0.0696	0.0655	0.0655	0.0655
Lower Platte South N.R.D.	0.0398	0.0406	0.0410	0.0410	0.0418	0.0416	0.0422	0.0323	0.0323	0.0359
Lancaster County Correctional JPA City	0.0185	0.0189	0.0194	0.0195	-	-	-	-	-	-
Lancaster County Correctional JPA County	0.0105	0.0106	0.0107	0.0106	-	-	-	-	-	-
Railroad Transportation Safety Dist.	0.0260	0.0260	0.0260	0.0260	0.0260	0.0246	0.0260	0.0260	0.0248	0.0220
Agricultural Society of Lancaster County	0.0016	0.0017	0.0016	0.0015	0.0016	0.0016	0.0018	0.0020	0.0030	0.0012
Lancaster County Fairgrounds	0.0037	0.0038	0.0038	0.0038	0.0043	0.0037	0.0042	0.0042	0.0043	0.0050
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170
Total Overlapping Rates	<u>1.7092</u>	<u>1.7076</u>	<u>1.7241</u>	<u>1.7417</u>	<u>1.7211</u>	<u>1.7134</u>	<u>1.7741</u>	<u>1.7558</u>	<u>1.7313</u>	<u>1.7129</u>

Note: ¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Lincoln.

State of Nebraska State Statute 77-3442 limits the maximum levy of ninety cents per one hundred dollars of taxable valuation of property subject to the levy.

Sources: Lancaster County Clerk's Office and City of Lincoln Budget Office

Table 12

CITY OF LINCOLN, NEBRASKA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Burlington Northern	Railroad	\$ 82,347,921	1	0.52 %	\$ 48,504,622	4	0.44 %
B & J Partnership Ltd.	Building Management	79,342,600	2	0.50	39,222,660	7	0.35
Kawasaki	Manufacturing	72,189,027	3	0.45	61,047,430	2	0.55
Ameritas Life Insurance Corp.	Insurance	59,515,629	4	0.37	-	-	-
WEA Gateway LLC	Retail Management	57,102,771	5	0.36	43,142,298	6	0.39
Bryan LGH	Hospital	51,802,894	6	0.33	-	-	-
Chateau Van Dorn LLC	Real Estate Development	49,141,073	7	0.31	37,319,079	8	0.34
Pfizer	Animal Health	45,496,415	8	0.29	51,035,883	3	0.46
Nebco	Construction / Development	44,869,204	9	0.28	-	-	-
Windstream	Telecommunications	40,146,292	10	0.25	84,443,473	1	0.76
Molex Inc.	Manufacturing	-	-	-	44,982,045	5	0.40
RED Capital Management	Retail Management	-	-	-	36,133,814	9	0.32
Black Hills Utility Holdings	Gas Utility	-	-	-	30,842,051	10	0.28
Total		<u>\$ 581,953,826</u>		<u>3.66 %</u>	<u>\$ 476,673,355</u>		<u>4.29 %</u>

Source: Lancaster County Assessor's Office



CITY OF LINCOLN, NEBRASKA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 50,214,817	\$ 48,788,943	97.16 %	\$ -	\$ 48,788,943	97.16 %
2011	45,718,972	44,206,917	96.69	1,348,640	45,555,557	99.64
2010	45,197,040	43,791,366	96.89	1,393,986	45,185,352	99.97
2009	45,884,670	44,385,970	96.73	1,483,418	45,869,388	99.97
2008	45,052,028	43,526,689	96.61	1,513,991	45,040,680	99.97
2007	43,291,440	41,815,295	96.59	1,469,770	43,285,065	99.99
2006	40,930,818	39,549,553	96.63	1,378,055	40,927,608	99.99
2005	38,755,995	37,488,504	96.73	1,260,779	38,749,283	99.98
2004	36,994,112	35,696,288	96.49	1,206,531	36,902,819	99.75
2003	35,007,926	33,648,496	96.12	1,267,967	34,916,463	99.74

Note: The fiscal year of the City begins September 1 and ends August 31. Taxes are levied in October. First installments of real estate taxes are delinquent the following April 1, second installments delinquent August 1; personal property taxes are delinquent April 1 and August 1. The figures above do not include motor vehicle in lieu of ad valorem taxes.

CITY OF LINCOLN, NEBRASKA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands, except per capita)

Governmental Activities							
Fiscal Year	General Bonds	Tax Supported Bonds	Tax Allocation Bonds	Special Assessment Bonds	Antelope Valley Project Bonds	West Haymarket Joint Public Agency Bonds	Capital Leases
2012	\$ 49,340	\$ 50,250	\$ 10,358	\$ 4,010	\$ 5,210	\$ 300,000	\$ 33,371
2011	51,600	55,205	11,658	1,200	5,920	300,000	33,525
2010	48,330	57,655	12,398	-	6,605	-	28,989
2009	52,440	59,385	13,356	-	7,265	-	28,094
2008	56,760	61,750	10,071	-	7,900	-	28,574
2007	61,020	63,080	9,313	-	8,515	-	22,792
2006	56,665	36,435	6,247	-	9,110	-	18,321
2005	60,915	36,770	6,853	-	9,690	-	9,475
2004	54,650	37,090	7,075	100	10,255	-	7,785
2003	57,865	2,395	1,294	205	10,810	-	1,680

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
¹ See Table 18, Demographic and Economic Statistics, for income and population data.

Table 14

Business-Type Activities						
Revenue Bonds	Project Loans	Commercial Paper Notes	Capital Leases	Total Primary Government	Net Debt Per Capita ¹	Percentage of Personal Income ¹
\$ 701,560	\$ 16,532	\$ 128,500	\$ 2,271	\$ 1,301,402	\$ 4,961	- %
732,650	6,991	90,000	1,009	1,289,758	4,992	10.78
745,660	3,049	90,000	1,328	994,014	3,913	8.81
773,390	-	90,000	338	1,024,268	4,071	9.33
781,125	-	90,000	478	1,036,658	4,168	9.16
709,645	-	90,000	922	965,287	4,003	9.01
709,320	-	90,000	704	926,802	3,874	9.10
609,550	-	90,173	1,136	824,562	3,455	8.59
572,360	-	90,173	1,554	781,042	3,307	8.42
499,320	-	90,173	1,349	665,091	2,823	7.44

CITY OF LINCOLN, NEBRASKA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	General Bonds	Tax Supported Bonds	Tax Allocation Bonds	Special Assessment Bonds	General Bonded Debt	Sinking Funds	Net General Bonded Debt	Net Bonded Debt Per Capita ¹	Ratio of Net Debt To Estimated Valuation of Taxable Real Property ²
2012	\$ 49,340	\$ 50,250	\$ 10,358	\$ 4,010	\$ 113,958	\$ 15,142	\$ 98,816	\$ 376.67	0.65 %
2011	51,600	55,205	11,658	1,200	119,663	13,305	106,358	411.64	0.70
2010	48,330	57,655	12,398	-	118,383	13,480	104,903	413.00	0.70
2009	52,440	59,385	13,356	-	125,181	13,604	111,577	443.43	0.73
2008	56,760	61,750	10,071	-	128,581	12,962	115,619	464.81	0.77
2007	61,020	63,080	9,313	-	133,413	11,574	121,839	505.21	0.83
2006	56,665	36,435	6,247	-	99,347	9,733	89,614	374.62	0.69
2005	60,915	36,770	6,853	-	104,538	13,364	91,174	382.08	0.73
2004	54,650	37,090	7,075	100	98,915	13,164	85,751	363.13	0.71
2003	57,865	2,395	1,294	205	61,759	11,114	50,645	214.99	0.49

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Population data can be found in Table 18, Demographic and Economic Statistics.

² Property value information can be found in Table 10, Assessed Value and Actual Value of Taxable Property.

CITY OF LINCOLN, NEBRASKA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2012

<u>Governmental Units</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Direct And Overlapping Debt To The City</u>
Direct:			
City	\$ <u>413,958,000</u>	100.0 %	\$ <u>413,958,000</u>
Overlapping:			
School District #1	351,443,000	99.5	349,686,000
Lancaster County	1,070,000	85.4	914,000
Public Building Commission	39,270,000	85.4	33,537,000
Lancaster County Correctional Facility	57,130,000	85.4	48,789,000
Lancaster County Fairgrounds	<u>8,115,000</u>	85.4	<u>6,930,000</u>
	<u>457,028,000</u>		<u>439,856,000</u>
Total	\$ <u><u>870,986,000</u></u>		\$ <u><u>853,814,000</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lincoln. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable revenue base that is within the City of Lincoln's boundaries and dividing it by the unit's total taxable revenue base.

Sources: Assessed value data used to estimate applicable percentages provided by the County Assessor's Office. Debt outstanding data provided by each governmental entity.

CITY OF LINCOLN, NEBRASKA
PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Table 17

	<u>Gross Revenue</u>	<u>Direct Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
<u>Wastewater System</u>							
	<u>Utility Service Charges</u>						
2012	\$ 24,763,975	12,378,673	12,385,302	3,137,858	3,655,156	6,793,014	1.82
2011	23,546,370	12,543,964	11,002,406	2,865,000	3,647,609	6,512,609	1.69
2010	22,472,095	11,664,593	10,807,502	2,695,000	3,731,444	6,426,444	1.68
2009	22,643,270	11,771,291	10,871,979	2,620,000	3,820,044	6,440,044	1.69
2008	22,347,867	11,393,624	10,954,243	2,415,000	4,030,454	6,445,454	1.70
2007	21,158,743	11,462,964	9,695,779	2,005,000	3,081,481	5,086,481	1.91
2006	19,827,194	11,125,819	8,701,375	2,065,000	3,043,500	5,108,500	1.70
2005	18,248,683	10,482,955	7,765,728	1,500,000	2,403,519	3,903,519	1.99
2004	18,092,619	10,042,919	8,049,700	1,750,000	2,133,704	3,883,704	2.07
2003	15,607,743	9,086,469	6,521,274	1,032,500	266,722	1,299,222	5.02
<u>Water System</u>							
	<u>Utility Service Charges</u>						
2012	\$ 35,984,891	15,636,494	20,348,397	5,380,000	2,955,202	8,335,202	2.44
2011	30,629,506	15,455,027	15,174,479	6,310,000	3,191,857	9,501,857	1.60
2010	26,515,467	14,091,292	12,424,175	6,050,000	3,458,097	9,508,097	1.31
2009	27,838,187	14,995,077	12,843,110	5,795,000	3,128,414	8,923,414	1.44
2008	27,257,184	14,425,521	12,831,663	5,555,000	3,376,201	8,931,201	1.44
2007	29,386,495	14,351,136	15,035,359	5,340,000	3,612,001	8,952,001	1.68
2006	29,014,999	13,808,214	15,206,785	5,130,000	3,834,301	8,964,301	1.70
2005	27,153,937	13,145,665	14,008,272	4,895,000	3,517,932	8,412,932	1.67
2004	24,557,918	12,477,486	12,080,432	3,115,000	2,411,632	5,526,632	2.19
2003	22,094,721	11,631,496	10,463,225	3,010,000	2,898,489	5,908,489	1.77
<u>Lincoln Electric System</u>							
	<u>Utility Service Charges</u>						
2011	\$ 269,236,000	176,956,000	92,280,000	18,990,000	27,126,000	46,116,000	2.00
2010	261,748,000	169,389,000	92,359,000	18,107,000	27,763,000	45,870,000	2.01
2009	246,182,000	158,143,000	88,039,000	17,273,000	29,052,000	46,325,000	1.90
2008	249,914,000	164,758,000	85,156,000	14,333,000	29,879,000	44,212,000	1.93
2007	229,766,000	152,645,000	77,121,000	13,953,000	28,676,000	42,629,000	1.81
2006	208,995,000	143,062,000	65,933,000	12,177,000	24,530,000	36,707,000	1.80
2005	191,075,000	135,178,000	55,897,000	10,713,000	22,124,000	32,837,000	1.70
2004	169,986,000	114,486,000	55,500,000	12,341,000	20,790,000	33,131,000	1.68
2003	170,410,000	116,151,000	54,259,000	12,646,000	15,235,000	27,881,000	1.95
2002	168,279,000	109,348,000	58,931,000	10,840,000	18,197,000	29,037,000	2.03
<u>Parking Facilities</u> ^{1,2}							
	<u>Parking Fees</u>						
2012	\$ 7,382,101	3,823,131	3,558,970	860,000	1,078,688	1,938,688	1.84
2011	7,698,018	3,606,008	4,092,010	580,000	689,717	1,269,717	3.22
2010	6,869,392	3,340,601	3,528,791	1,435,000	558,519	1,993,519	1.77
2009	7,014,250	2,874,768	4,139,482	1,360,000	624,394	1,984,394	2.09
2008	7,134,709	2,912,511	4,222,198	1,305,000	687,194	1,992,194	2.12
2007	6,645,013	2,781,952	3,863,061	1,240,000	746,374	1,986,374	1.94
2006	6,785,593	2,775,122	4,010,471	1,185,000	799,931	1,984,931	2.02
2005	6,219,935	2,972,709	3,247,226	1,140,000	850,501	1,990,501	1.63
2004	6,299,598	2,733,492	3,566,106	1,145,000	908,456	2,053,456	1.74
2003	5,988,240	2,304,632	3,683,608	1,085,000	962,829	2,047,829	1.80

(Continued)

(Pledged Revenue Coverage, Table 17, Continued)

	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<u>Antelope Valley Project Bonds</u>							
	<u>Development Fund *</u>						
2012	\$ 1,000,000	-	1,000,000	710,000	270,980	980,980	1.02
2011	1,000,000	-	1,000,000	685,000	299,235	984,235	1.02
2010	1,000,000	-	1,000,000	660,000	325,640	985,640	1.01
2009	1,000,000	-	1,000,000	635,000	349,934	984,934	1.02
2008	1,000,000	-	1,000,000	615,000	371,978	986,978	1.01
2007	1,000,000	-	1,000,000	595,000	391,655	986,655	1.01
2006	1,000,000	-	1,000,000	580,000	408,998	988,998	1.01
2005	1,000,000	-	1,000,000	565,000	423,615	988,615	1.01
2004	1,000,000	-	1,000,000	555,000	435,663	990,663	1.01
2003	1,000,000	-	1,000,000	270,000	445,711	715,711	1.40
<u>Solid Waste Management</u>							
	<u>Waste Disposal Fees</u>						
2012	\$ 7,745,565	6,376,120	1,369,445	220,000	124,025	344,025	3.98
2011	7,615,130	6,253,133	1,361,997	210,000	132,425	342,425	3.98
2010	7,377,385	5,768,077	1,609,308	200,000	140,425	340,425	4.73
2009	7,664,336	5,491,789	2,172,547	195,000	148,225	343,225	6.33
2008	8,537,520	5,540,292	2,997,228	190,000	155,825	345,825	8.67
2007	8,020,390	5,290,802	2,729,588	185,000	160,825	345,825	7.89
2006	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Direct Operating Expenses do not include interest, depreciation and amortization expenses, or in lieu of taxes.

¹ Parking Facilities' gross revenues include parking meter revenues which were deposited to the General Fund but are pledged per bond ordinance.

² Information in this schedule does not agree with information in the transmittal letter which is calculated in accordance with specific requirements of the bond covenants.

* City of the Primary Class Redevelopment Fund provides for annual appropriations from a cigarette tax imposed by the State of Nebraska. Should these funds be insufficient to pay principal and interest the City has covenanted to use City sales tax receipts.

CITY OF LINCOLN, NEBRASKA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u> ¹	<u>Personal Income (thousands of dollars)</u> ²	<u>Per Capita Personal Income</u> ²	<u>School Enrollment</u> ³	<u>Unemployment Rate</u> ⁴
2012	262,341	\$ -	\$ -	36,902	3.4 %
2011	258,379	11,959,030	39,018	36,530	3.7
2010	254,001	11,279,204	37,231	35,896	3.9
2009	251,624	10,982,583	36,653	34,973	4.3
2008	248,744	11,318,270	38,204	34,061	3.0
2007	241,167	10,712,724	36,624	33,466	2.7
2006	239,213	10,185,369	35,251	32,934	2.8
2005	238,625	9,604,373	33,644	32,505	3.4
2004	236,146	9,272,040	32,907	32,270	3.7
2003	235,565	8,936,663	32,009	31,889	3.6

Sources: ¹ Lincoln/Lancaster Planning Department.

² U.S. Department of Commerce Bureau of Economic Analysis. Personal Income and Per Capita Income are based on Lincoln Metropolitan Statistical Area, which includes all of Lancaster and Seward Counties. 2012 numbers are unavailable.

³ Lincoln Public Schools.

⁴ State of Nebraska, Department of Labor.

Median age from 2010 census was 31.8 years old. Education statistics per the 2010 census indicate that 92.4% of the population 25 years and older has a high school degree or greater with 35.2% of the same population holding a Bachelor's degree or greater.

Table 19

CITY OF LINCOLN, NEBRASKA
PRINCIPAL EMPLOYERS
CURRENT YEAR

<u>Employer</u>	<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
State of Nebraska	8,894	1	5.00 %
Lincoln Public Schools	7,515	2	4.23
University of Nebraska-Lincoln	6,006	3	3.38
BryanLGH Medical Center	3,865	4	2.17
US Government	3,035	5	1.71
City of Lincoln	2,587	6	1.45
Saint Elizabeth Regional Medical Center	2,259	7	1.27
Burlington Northern Railroad	1,800	8	1.01
B&R Stores, Inc.	1,506	9	0.85
State Farm Insurance	1,382	10	0.78
Total	<u>38,849</u>		<u>21.85 %</u>

Note: Data not available for Employers nine years prior.

Sources: Nebraska Department of Labor, Lincoln Partnership for Economic Development, and Employers.

CITY OF LINCOLN, NEBRASKA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full-Time Equivalent Employees as of August 31									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Legislative	8.00	8.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00	9.00
Executive	19.70	20.75	21.15	21.25	20.50	25.20	26.60	28.10	28.10	27.50
Financial Administration	71.30	70.58	66.20	66.20	68.00	72.00	71.67	73.00	73.00	72.00
Law	30.00	29.00	27.00	27.00	26.00	28.50	28.50	28.50	28.50	28.46
Personnel Administration	22.42	23.47	22.80	22.80	22.00	23.19	23.19	22.38	22.38	21.00
Planning and Zoning	21.00	22.00	21.50	22.19	22.00	22.00	21.06	21.08	21.00	20.25
Urban Development	9.06	9.28	9.44	9.91	10.29	11.58	11.78	11.83	10.93	9.23
Public Safety										
Police	402.38	402.51	406.43	406.15	402.38	407.13	407.40	407.33	405.75	392.50
Fire	272.71	272.76	267.76	266.41	264.92	264.57	264.57	263.48	259.06	255.07
Building and Safety	51.00	54.58	54.62	58.00	63.00	63.00	63.00	65.00	62.00	61.00
Transportation	16.25	17.25	17.25	18.50	18.50	20.50	21.50	21.33	20.50	20.50
911 Communication	41.50	41.50	41.50	41.02	38.50	39.50	39.50	39.50	39.50	35.50
Streets and Highways	106.84	108.84	106.85	105.92	106.70	109.40	110.35	110.01	108.02	106.00
Culture and Recreation										
Parks and Recreation	230.28	232.43	226.26	231.17	264.65	280.79	286.23	276.94	271.95	264.25
Library	107.09	107.47	107.47	111.47	117.01	121.67	124.17	124.17	124.17	124.16
Economic Opportunity										
Lincoln Area Agency on Aging	50.84	51.03	51.33	52.50	57.10	64.30	64.86	68.42	69.42	68.22
Urban Development	10.22	10.43	10.31	11.23	12.83	12.68	14.34	14.39	15.80	18.28
Workforce Investment Act	13.11	12.02	8.98	9.01	8.20	6.20	5.64	5.54	3.82	4.24
Health and Welfare	112.97	112.25	112.03	112.78	113.97	119.52	123.45	124.85	120.55	125.95
Mass Transit	109.52	111.52	112.38	109.38	112.38	111.00	111.00	113.00	112.00	111.00
Equipment Management										
Police Garage	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Fleet Services	15.00	15.00	15.00	15.00	15.42	17.00	17.37	17.38	17.38	17.38
Radio Maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Engineering Services	66.02	68.45	68.65	69.53	70.80	74.95	76.00	76.00	75.45	74.45
Golf	29.50	27.86	28.00	29.95	30.16	30.67	30.49	32.55	32.32	32.78
Parking Facilities	2.80	2.80	1.72	2.40	1.60	1.60	1.60	1.60	1.60	1.60
Municipal Auditorium	11.00	11.00	11.00	11.00	11.00	11.00	12.00	11.00	12.00	12.00
Sanitary Landfill	31.70	31.70	30.80	30.75	30.85	30.85	30.84	30.85	30.85	29.35
Emergency Medical Services	28.54	28.49	28.49	28.09	28.34	29.43	29.43	30.52	37.43	35.43
Wastewater System	90.23	92.43	93.65	96.72	97.36	98.70	98.69	95.44	95.19	96.85
Water System	106.81	108.56	107.43	112.60	113.68	115.28	115.27	112.26	111.76	108.63
Electric System	478.00	456.00	456.00	445.00	445.00	444.00	452.50	447.50	446.50	435.00
Total	<u>2,586.79</u>	<u>2,580.96</u>	<u>2,561.00</u>	<u>2,572.93</u>	<u>2,622.14</u>	<u>2,685.21</u>	<u>2,713.00</u>	<u>2,703.95</u>	<u>2,686.93</u>	<u>2,638.58</u>

Source: City of Lincoln Budget Office

CITY OF LINCOLN, NEBRASKA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety										
Police:										
Arrests	24,868	25,637	26,796	28,183	31,026	29,404	28,523	24,609	23,298	22,339
Parking Violations	58,112	59,049	61,493	75,234	64,116	64,710	54,852	80,071	91,529	101,537
Traffic Violations	50,059	50,872	48,580	48,290	53,862	47,997	54,572	57,732	54,260	48,250
Fire:										
Number of Calls Answered	21,179	20,770	19,602	19,536	19,572	19,075	18,362	18,457	17,931	19,557
Building and Safety:										
Number of Commercial Building Permits	1,372	1,320	1,234	1,196	1,064	994	1,088	1,092	1,061	1,036
Number of Residential Building Permits	2,319	2,336	2,225	1,794	2,261	2,820	3,150	3,387	3,846	3,913
Culture and Recreation										
Library:										
Total Circulation (thousands)	3,294	3,417	3,343	3,348	3,182	3,138	3,108	3,076	3,077	3,016
Golf:										
Rounds of Golf	191,997	171,518	175,940	199,567	196,988	198,337	203,802	202,255	200,986	195,003
Mass Transit										
StarTran Ridership (thousands)	2,067	1,935	1,810	1,790	1,975	1,871	1,826	1,649	1,553	1,529
Wastewater										
Number of Consumers	79,346	78,811	78,376	77,613	77,174	76,458	75,573	74,326	72,753	70,651
Water										
Number of Consumers	79,698	79,184	78,740	77,973	77,532	76,816	75,919	74,649	73,059	72,260
Average Daily Consumption (thousand gallons)	38,445	32,017	31,064	32,716	32,832	35,057	38,425	37,867	35,141	37,520
Electric System										
Number of Consumers	129,163	128,373	129,322	128,115	126,978	124,878	123,376	121,508	119,456	116,974

Note: Indicators are not available for the general government function.

Sources: Various City Departments

CITY OF LINCOLN, NEBRASKA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public Safety										
Police Stations	3	3	3	3	3	3	2	2	2	2
Fire Stations	14	14	14	14	14	14	14	14	14	14
Ambulances	11	11	10	11	11	11	11	11	11	11
Streets and Highways										
Lane Miles of Streets ¹	2,760	2,757	2,732	2,713	2,677	2,641	2,450	2,420	2,818	2,791
Streetlights	29,393	29,040	28,928	28,412	28,223	27,923	27,519	26,654	25,973	25,196
Culture and Recreation										
Parks Acreage	6,503	6,503	6,503	6,503	7,124	6,114	6,114	6,748	5,891	5,779
Parks	141	141	141	141	125	123	122	116	114	112
Playgrounds	85	84	84	85	85	85	85	83	86	85
Swimming Pools (Public)	9	9	9	9	10	11	11	11	11	11
Golf Courses (Public)	5	5	5	5	5	5	5	5	5	5
Trail Miles	128	128	128	128	128	128	122	99	84	83
Recreation Centers	8	8	8	7	7	8	8	8	8	8
Libraries	8	8	8	8	8	8	8	8	8	8
Mass Transit										
Buses and Handivans	71	71	70	70	69	69	69	69	66	66
Wastewater										
Miles of Wastewater Mains	1,022	1,017	1,015	1,010	1,006	995	978	960	935	909
Water										
Miles of Water Mains	1,250	1,243	1,237	1,230	1,213	1,201	1,183	1,164	1,132	1,104

Note: No capital asset indicators are available for the general government function.

¹ In 2005, the qualifications for Lane Miles of Streets were reassessed.

Sources: Various City Departments

SINGLE AUDIT SECTION

CITY OF LINCOLN, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through State Department Of Education:				
Summer Food Service Program for Children	10.559	DO 05955	\$ 470	
Summer Food Service Program for Children	10.559	2012	<u>239,418</u>	239,888
Pass-Through State Department Of Health And Human Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	* EO 082647	776,220	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	* EO 083554	<u>97,017</u>	873,237
Nutrition Program for the Elderly (Commodities)	10.570			<u>100,858</u>
Total U.S. Department Of Agriculture				<u>\$ 1,213,983</u>
U.S. DEPARTMENT OF COMMERCE				
Pass-Through Nebraska Emergency Management Agency:				
Public Safety Interoperable Communications Grant Program	11.555	* 2007GSH70050	\$ 499,090	
Public Safety Interoperable Communications Grant Program	11.555	* 2007 PSIC	<u>162,820</u>	<u>\$ 661,910</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 68,218	
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	<u>46,321</u>	114,539
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	* B-10 MC-31-0001	12,454,158	
Community Development Block Grant ARRA	14.253	* B-09-MY-31-0001	<u>79,954</u>	12,534,112
Shelter Plus Care	14.238	NE26C602001		14,619
HOME Investment Partnerships Program	14.239	M-10 MC-31-0202		14,219,470
Economic Development Initiative - Special Project	14.251	B-08-SP-NE-05037		106,400
Homelessness Prevention and Rapid Re-Housing Program ARRA	14.257	S-09-MY-31-0002		198,964
Fair Housing Assistance Program - State and Local	14.401	FF207K117017		50,223
Pass-Through State Department Of Economic Development:				
CDBG - State-Administered Small Cities Program Cluster:				
Community Development Block Grant (Neighborhood Stabilization Program)	14.228	092LS41	333,251	
Community Development Block Grant (Neighborhood Stabilization Program)	14.228	092N40	<u>218,828</u>	<u>552,079</u>
Total U.S. Department Of Housing And Urban Development				<u>\$ 27,790,406</u>
U.S. DEPARTMENT OF INTERIOR				
Pass-Through State Historical Society:				
Historic Preservation Fund Grants-in-Aid	15.904	11/12	\$ 21,362	
Historic Preservation Fund Grants-in-Aid	15.904	12/13	<u>10,825</u>	<u>\$ 32,187</u>
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (Arrest Grant SART)	16.590	2007-WE-AX-0057	\$	165,013
Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications Technology Grant)	16.710	2004INWX0014	1,507	
Public Safety Partnership and Community Policing Grant ARRA (Cops Hiring Recovery Program)	16.710	2009RJWX0059	<u>240,705</u>	242,212
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	* 2010DJBX1262	57,851	
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	* 2009DJBX0775	202,921	
Edward Byrne Memorial Justice Assistance Grant Program ARRA (JAG Formula)	16.804	* 2009SBB92551	151,139	
Pass-Through State Commission On Law Enforcement And Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program (Lin/Lan Investigative Narcotics Coop)	16.738	* 10DA034/08DA0315	103,204	
Edward Byrne Memorial Justice Assistance Grant Program (Lin/Lan Investigative Narcotics Coop)	16.738	* 11DA304	6,400	
Edward Byrne Memorial Justice Assistance Grant Program ARRA (Lin/Lan Investigative Narcotics Coop)	16.738	* 09-DX-9035	265,827	
Edward Byrne Memorial Justice Assistance Grant Program ARRA (CC Recovery Narcotics)	16.803	* 09-DX-9001	<u>47,243</u>	834,585
Pass-Through Lancaster County:				
Title V Delinquency Prevention (POWER)	16.548	10JP0032		17,611
Violence Against Women Formula Grants (DV Specialist)	16.588	10-VW-714		36,649
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (VAWA Interpreters)	16.590	2010-WE-AX-0040		15,289
Pass-Through University of Nebraska-Lincoln:				
National Institute of Justice Research, Evaluation, and Development Project Grants (JAG Technology)	16.560	2010-DE-BX-K001		34,590

(Continued)
See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA		Federal Expenditures
	Number	Grant Number	
Pass-Through State Commission On Law Enforcement And Criminal Justice:			
Crime Victim Assistance	16.575	11-VA-0236/1145-0900	127,265
Crime Victim Assistance	16.575	10-VA-0230/1045-0900	<u>1,722</u>
			128,987
Project Safe Neighborhoods	16.609	2010GPBX0048	<u>8,319</u>
Total U.S. Department Of Justice			\$ <u>1,483,255</u>
U.S. DEPARTMENT OF LABOR			
Pass-Through State Department Of Labor:			
WIA Cluster:			
WIA Dislocated Workers Formula Grants	17.278	2009	\$ 95,545
WIA Adult Program (Incentive/Capacity)	17.258	2010	36,190
WIA Adult Program	17.258	2010	117,500
WIA Dislocated Workers Formula Grants	17.278	2010	18,507
WIA Youth Activities	17.259	2010	410,492
WIA Adult Program	17.258	2011	140,253
WIA Youth Activities	17.259	2011	84,980
WIA Dislocated Workers Formula Grants	17.278	2011	210,028
WIA Adult Program	17.258	2012	16,349
WIA Adult Program (Incentive/Capacity)	17.258	2012	98
WIA Youth Activities	17.259	2012	68,724
WIA Dislocated Workers Formula Grants	17.278	2012	<u>34,864</u>
			1,233,530
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors ARRA	17.275	2012	<u>8,977</u>
Total U.S. Department Of Labor			\$ <u>1,242,507</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
Transit Services Programs Cluster:			
Job Access Reverse Commute	20.516	NE37-009	\$ 19,216
Job Access Reverse Commute	20.516	NE37-X010	7,062
Job Access Reverse Commute	20.516	NE-37-0011	72,117
Job Access Reverse Commute	20.516	NE-37-0012	364,696
New Freedom Program	20.521	NE-57-X007	85,230
New Freedom Program	20.521	NE-57-X004	7,645
New Freedom Program	20.521	NE-57-0009	<u>8,437</u>
			564,403
Federal Transit - Formula Grants:			
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0068	42
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X072	1,286
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X073	9,764
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X091	293,795
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0095	1,551,249
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-90-0095	<u>109,538</u>
			1,965,674
Pass-Through Nebraska Department Of Roads:			
Federal Transit: Formula Grants (Transit Planning)	20.507	RPT-C990(031)	83,562
Federal Transit: Formula Grants (Transit Planning)	20.507	RPT-C990(032)	<u>15,625</u>
			99,187
Highway Planning and Construction Cluster:			
Highway Planning and Construction (Planning)	20.205	HPR-PL1(49)	289,142
Highway Planning and Construction (Planning)	20.205	HPR-PL1(50)	51,766
Highway Planning and Construction ARRA (Aylesworth to Vine)	20.205	LCLC-5247(12)	14,877
Highway Planning and Construction ARRA (Holdrege 70th to 79th)	20.205	LCLC-5244(8)	6,739
Highway Planning and Construction ARRA (Holdrege 33rd to 47th)	20.205	LCLC-5244(7)	17,195
Highway Planning and Construction ARRA (Adams 57th to 62nd)	20.205	LCLC-5250(3)	10,450
Highway Planning and Construction ARRA (A St & Van Dorn)	20.205	LCLC-5220(3)	54,753
Highway Planning and Construction ARRA (P St, Y St, NW 1st St)	20.205	LCLC-5236(2)	22,384
Highway Planning and Construction ARRA (Citywide)	20.205	LCLC-5247(11)	27,603
Highway Planning and Construction ARRA (O Street)	20.205	LCLC-34-6(140)	35,121
Highway Planning and Construction ARRA (Superior Street)	20.205	LCLC-5254(9)	1,443
Highway Planning and Construction (14th and Cornhusker)	20.205	HSIP-5227(7)	4,427
Highway Planning and Construction (56th, Shadow Pines, and Old Cheney)	20.205	LCLC-5241(5)	20,283
Highway Planning and Construction (Superior Street at I-80)	20.205	HSIP-5254(8)	10,571
Highway Planning and Construction (Downtown Rehab)	20.205	LCLC-5230(2)	243,330
Highway Planning and Construction (Citywide Micro Surfacing)	20.205	LCLC-5249(7)	52,028
Highway Planning and Construction (JAVA)	20.205		473,715
Highway Planning and Construction (Click It or Ticket)	20.205	MAY	8,001
Highway Planning and Construction (Click It or Ticket)	20.205	NOV	3,239
Highway Planning and Construction (You Drink, You Drive, You Lose)	20.205	DEC	<u>6,980</u>
			1,354,047
Pass-Through Nebraska Department Of Roads:			
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(212)	33,317
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(213)	<u>4,754</u>
			38,071

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA		Federal Expenditures
	Number	Grant Number	
Highway Safety Cluster:			
State and Community Highway Safety (School Zones Enforcement)	20.600	2011	11,588
State and Community Highway Safety (Chemical Testing)	20.600		1,249
State and Community Highway Safety (IPTM Recon)	20.600		360
State and Community Highway Safety (Tech Inv Course)	20.600		703
State and Community Highway Safety (Digital Photography)	20.600		979
Alcohol Impaired Driving Countermeasures Incentive Grants (DRE Training)	20.601	August	5,433
Alcohol Impaired Driving Countermeasures Incentive Grants (ALR Hearings)	20.601		22,796
Alcohol Impaired Driving Countermeasures Incentive Grants (Alcohol Selective)	20.601	September	2,212
Alcohol Impaired Driving Countermeasures Incentive Grants (Party Patrols)	20.601	October	1,098
Alcohol Impaired Driving Countermeasures Incentive Grants (You Drink, You Drive, You Lose)	20.601	August	4,637
Occupant Protection Incentive Grants	20.602	405-11-06-16	5,000
			<u>56,055</u>
Total U.S. Department Of Transportation			\$ <u>4,077,437</u>
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
Direct Program:			
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	EEOCN120112	\$ <u>33,498</u>
FEDERAL MEDIATION AND CONCILIATION SERVICE			
Direct Program:			
Labor Management Cooperation	34.002	10-NE/A-005	\$ <u>27,302</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Pass-Through State Library Commission:			
Grants to States (Net Lender Contract)	45.310		\$ 4,869
Grants to States (Pioneer 2011)	45.310	11.16	<u>44,978</u>
			\$ <u>49,847</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
National Clean Diesel Emissions Reduction Program ARRA	66.039	ARRA 2A-97706801-1	\$ 28,945
Congressionally Mandated Projects	66.202	* XP98773401	799,143
Pass-Through State Department Of Environmental Quality:			
Air Pollution Control Program Support	66.001	RES 86361	78,840
Air Pollution Control Program Support	66.001	2011	<u>13,254</u>
			92,094
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose Activities Relating to the Clean Air Act	66.034	XA-97726301	11,449
Congressionally Mandated Projects (103 PM Monitoring)	66.202	* 2011	13,951
Congressionally Mandated Projects (103 PM Monitoring)	66.202	* 2010	<u>1,630</u>
			15,581
Nonpoint Source Implementation Grants (East Saline Wetlands Project)	66.460	NDEQ 56-00686	214,228
Nonpoint Source Implementation Grants (Lincoln Clean Water Project)	66.460	C900740317	36,587
Nonpoint Source Implementation Grants (North Star Wetlands)	66.460	C900740314	134,020
Nonpoint Source Implementation Grants (Antelope Creek Mainstem Water Quality)	66.460	C900740317	<u>217,458</u>
			602,293
Total U.S. Environmental Protection Agency			\$ <u>1,549,505</u>
U.S. DEPARTMENT OF ENERGY			
Direct Program:			
Energy Efficiency and Conservation Block Grant Program ARRA	81.128	* DE-EE0000664	\$ 658,365
Pass-Through City Of Omaha:			
Energy Efficiency and Conservation Block Grant Program ARRA	81.128	* DE-003578	<u>43,996</u>
Total U.S. Department Of Energy			\$ <u>702,361</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-Through State Library Commission:			
Urban Library System Resource Sharing	84.034	94/95	\$ 5,849
Pass-Through State Department Of Health And Human Services:			
Special Education - Grants for Infants and Families, Recovery Act ARRA	84.393	96-5508-248-ARRA-C-4-10	<u>1,780</u>
Total U.S. Department Of Education			\$ <u>7,629</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Program:			
Early Retiree Reinsurance Program	93.546		\$ 129,513
Pass-Through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC 11 360	1,625
Pass-Through State Department Of Health And Human Services:			
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2012-044	4,768
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2011-031	17,317
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2012-031	<u>2,727</u>
			24,812
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 2012-030	22,590

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA		Federal Expenditures
	Number	Grant Number	
Aging Cluster:			
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	* NGA 14185-III-B	18,652
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	* NGA 2012-026	341,337
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 2012-127	448,298
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 14185-III-C1	27,420
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 2012-028	148,038
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 14185-III-C2	11,912
			<u>995,657</u>
National Family Caregiver Support, Title III, Part E	93.052	NGA 2012-029	160,124
National Family Caregiver Support, Title III, Part E	93.052	NGA 14185-III-E	13,018
			<u>173,142</u>
Public Health Emergency Preparedness	93.069	1H75TP000381-01	27,520
Public Health Emergency Preparedness	93.069	BT-845-80911	8,671
Public Health Emergency Preparedness	93.069	BT-885-80912	269,344
Public Health Emergency Preparedness (Pandemic)	93.069	BT-863-73011	1,033
			<u>306,568</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DO 03586	1,949
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DO 05387	226
			<u>2,175</u>
Grants to States to Support Oral Health Workforce Activities	93.236	T12HP14997	1,807
Immunization Cluster:			
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	IP08-80308CONT10	14,132
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	5H23IP722562-09	31,855
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	5H23IP722562-09	48,537
			<u>94,524</u>
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	5U58DP001978-04	18,439
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	1U58DP001978-01 2012	36,728
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	1U50CK000273-01	4,400
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	3U50C1723775-05S2	14,695
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Colon Cancer)	93.283	5U58DP002043-02	7,931
			<u>82,193</u>
PPHF 2012 National Public Health Improvement Initiative (CHIP)	93.507	5U58CD001310-02	4,425
Refugee and Entrant Assistance Program (Health Screening)	93.566	RES 85442 12/13	900
Refugee and Entrant Assistance Program (Health Screening)	93.566	RES 85442 11/12	82,288
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 083947 10/11	54,265
Refugee and Entrant Assistance Program (Health Screening)	93.566	2011	10,614
			<u>148,067</u>
Developmental Disabilities Basic Support and Advocacy Grants (Food Handler Training)	93.630	DD-OG-11A	1,168
Social Services Block Grant (SSBG)	93.667		26,452
Medical Assistance Program (Medicaid PH Outreach)	93.778	05NE5028	72,650
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889	BT 829 83111	15,584
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889	BT 929 63012	177,376
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889		6,384
			<u>199,344</u>
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	EO 084809	46,999
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	EO 083681	27,328
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	EO 085205	13,190
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	EO 082960	18,027
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	EO 083802	11,392
			<u>116,936</u>
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	5H25PS001356	4,015
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	CDC-RFA-PS09-902	10,050
			<u>14,065</u>
Preventive Health and Health Services Block Grant (Worksite Wellness Initiative)	93.991	DP009036	5,336
Preventive Health and Health Services Block Grant (Worksite Wellness Initiative)	93.991	DP009036	2,815
Preventive Health and Health Services Block Grant (Worksite Wellness Initiative)	93.991	2011-PHHSBG-Worksite-01-LHD	45,017
Preventive Health and Health Services Block Grant (MAPP)	93.991	2B01DP009036-08	9,223
Preventive Health and Health Services Block Grant (GIS-Walkability)	93.991	2B01DP009036-10	4,610
Preventive Health and Health Services Block Grant (Growing the Worksite)	93.991	5U58DP001473-03	40,000
Preventive Health and Health Services Block Grant (Growing the Worksite)	93.991	B01-DP009036-11	5,269
			<u>112,270</u>
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	MCH-11-06	2,393
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	MCH-10-06	25,308
			<u>27,701</u>
Bioterrorism Training and Curriculum Development Program (HRSA)	93.996	BT-566-123107	8,604
Bioterrorism Training and Curriculum Development Program (HRSA)	93.996	BT-623-123108	42,289
			<u>50,893</u>
Pass-Through Lincoln Action Program:			
Head Start	93.600	RES A 85792 2013	1,754
Head Start	93.600	RES A 85792 2012	2,624
			<u>4,378</u>
Total U.S. Department Of Health And Human Services			<u>\$ 2,612,955</u>

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	11SFNNE 003 (12/13)	\$ 39,906	
Foster Grandparent Program	94.011	11SFNNE 003 (11/12)	101,300	
Senior Companion Program	94.016	10SCNNE 002 (11/12)	122,437	
Senior Companion Program	94.016	10SCNNE 002 (12/13)	<u>19,481</u>	283,124
Pass-Through Nebraska Volunteer Commission:				
AmeriCorps (Reach for the Stars)	94.006	06ACHNE0010002	3,077	
AmeriCorps (Nebraska Go Green)	94.006	06AFHNE0010030	12,648	
AmeriCorps (ECHO)	94.006	06AFHNE0010033	<u>259,985</u>	<u>275,710</u>
Total Corporation For National And Community Service				\$ 558,834
EXECUTIVE OFFICE OF THE PRESIDENT				
Pass-Through Nebraska State Patrol:				
High Intensity Drug Trafficking Areas Program	95.001	12HD02	\$ 5,933	
High Intensity Drug Trafficking Areas Program	95.001	11HD02	37,980	
High Intensity Drug Trafficking Areas Program	95.001	10H02	<u>22,491</u>	\$ 66,404
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2011-CA-APP-00058	\$ 884,681	
National Urban Search and Rescue (US&R) Response System	97.025	2010-SR-24-K054	105,431	
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2012-CA-K00011	<u>12,748</u>	1,002,860
Assistance to Firefighters Grant				
Assistance to Firefighters Grant	97.044	EMW-2009-FP-01522	10,415	
Assistance to Firefighters Grant	97.044	EMW-2009-FV-03572	25,512	
Assistance to Firefighters Grant	97.044	EMW-2011-FO-01774	<u>11,531</u>	47,458
Staffing for Adequate Fire and Emergency Response				
	97.083	EMW-2009-FH-00370		446,428
Pass-Through Nebraska State Patrol:				
Homeland Security Grant Program (N.E.M.A.)	97.067	8MMRS531	139,098	
Homeland Security Grant Program (N.E.M.A.)	97.067	2007-GE-T7-0035	321,273	
Homeland Security Grant Program (N.E.M.A.)	97.067	2010-SS-TO-13	7,243	
Homeland Security Grant Program (N.E.M.A.)	97.067	2009-SS-T9-0061	<u>110,705</u>	578,319
Buffer Zone Protection Program				
Buffer Zone Protection Program	97.078	08-BZ-02	66,172	
Buffer Zone Protection Program	97.078	09-BZ-06	<u>193,295</u>	<u>259,467</u>
Total Department of Homeland Security				\$ 2,334,532
Total Federal Expenditures				<u>\$ 44,444,552</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**CITY OF LINCOLN, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012**

(1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

(2) REPORTING ENTITY

The City of Lincoln, Nebraska, for purposes of the Schedule, includes all funds of the City as defined in Note 1 of the Notes to the Financial Statements, including Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.

Lincoln Electric System (LES) operates on a calendar year basis for reporting purposes as opposed to the August 31 fiscal year basis of the City. As a result, the amounts included in the City's August 31, 2012, basic financial statements for LES are audited amounts as of and for the year ended December 31, 2011.

(3) PASS-THROUGH AWARDS

The City of Lincoln receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule.

(4) MAJOR PROGRAMS

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

(5) SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
Pass-Through to County Aging Programs:		
10.570	Nutrition Program for the Elderly	\$ 54,774
93.044	Title III, Part B: Grants for Supportive Services and Senior Centers	29,630
93.045	Title III, Part C: Nutrition Services	105,547
93.052	Title III, Part E: National Family Caregiver Support	17,087
Pass-Through to Joint Antelope Valley Authority:		
20.205	Highway Planning and Construction (JAVA)	\$ 473,715

(6) FEDERAL LOANS OUTSTANDING

The City administers the following loan programs for which the federal government imposes continuing compliance requirements on the following outstanding balances:

<u>CFDA#</u>	<u>Program</u>	<u>Outstanding Balance as of August 31, 2012</u>
14.218	Community Development Block Grant	\$ 10,172,000
14.228	Community Development Block Grant – Neighborhood Stabilization Program	190,000
14.239	HOME Investment Partnership Program	12,449,000

New loans included in the Schedule totaled \$1,100,000, \$0 and \$1,739,000, respectively.

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

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

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 Lincoln, Nebraska (the "City") as of and for the year ended August 31, 2012, which collectively comprise its basic financial statements and have issued our report thereon dated February 25, 2013, which contained a reference to the report of other accountants and an explanation regarding prior-year summarized comparative financial information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other accountants audited the financial statements of Lincoln Electric System, as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body, management and others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

February 25, 2013

**Independent Accountants' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program
and on Internal Control Over Compliance in Accordance
with OMB Circular A-133**

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

Compliance

We have audited the compliance of the City of Lincoln, Nebraska (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended August 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Lincoln, Nebraska based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Lincoln, Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

The management of the City of Lincoln, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing body, management and others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

February 25, 2013

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2012

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

4. The independent accountants' report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements that could have a direct and material effect on major federal awards was (were):
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133?

	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

7. The City's major programs were:

Cluster/Program	CFDA Number
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557
Public Safety Interoperable Communications Grant Program	11.555
Community Development Block Grant – Entitlement Grants Cluster	14.218/14.253
JAG Program Cluster	16.738/16.803/16.804
Congressionally Mandated Projects	66.202
Energy Efficiency and Conservation Block Grant Program	81.128
Aging Cluster	93.044/93.045

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2012

Summary of Auditor's Results - Continued

- 8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$657,034.
- 9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
No matters are reportable.		

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
No matters are reportable.		

City of Lincoln, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2012

Reference Number	Summary of Finding	Status
-----------------------------	---------------------------	---------------

No matters are reportable.