

## 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, 2013. 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). The financial information for 2012 shown in the Condensed Statements of Net Position and Condensed Statements of Activities on pages 7-8, has not been updated for changes resulting from the implementation of GASB Statement No. 65 (see page 37 for information regarding the implementation of GASB Statement No. 65).

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at August 31, 2013, by \$1,729,516,046 (net position). Of this amount, \$433,680,033 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$63,026,928. Of this amount, \$47,119,933, or 75 percent, was an increase in governmental activities and \$15,906,995, or 25 percent, related to business-type activities.
- As of August 31, 2013, the City's governmental funds reported combined ending fund balances of \$280,629,212, a decrease of \$73,141,145 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, 11 percent, or \$31,064,517, is available for spending at the City's discretion (unassigned fund balance).
- As of August 31, 2013, unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) for the general fund was \$45,624,223, or 39 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 increased by \$73,516,000 (7 percent) during the current fiscal year. The city issued \$235,055,000 in refunding bonds in the current year for a net present value savings of \$32,264,000.

### **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 position presents information on all of the City's assets and deferred outflows of resources, and the City's liabilities and deferred inflows of resources, with the net difference reported as net position. Over time, increases or decreases in net position 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 position changed during the year ended August 31, 2013. All changes in net position 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; entertainment centers; 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 a biennial 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; entertainment centers; 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 position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,729,516,046 at August 31, 2013.

By far the largest portion of the City’s net position (66 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 Position  
August 31, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 528,495,518	596,213,973	334,413,750	288,936,045	862,909,268	885,150,018
Capital Assets	980,298,540	821,891,490	1,477,846,626	1,449,783,695	2,458,145,166	2,271,675,185
Total Assets	<u>1,508,794,058</u>	<u>1,418,105,463</u>	<u>1,812,260,376</u>	<u>1,738,719,740</u>	<u>3,321,054,434</u>	<u>3,156,825,203</u>
Deferred Outflows of Resources	1,223,669	1,303,610	21,108,867	9,530,262	22,332,536	10,833,872
Long-Term Liabilities Outstanding	539,301,185	501,498,642	857,148,510	759,577,426	1,396,449,695	1,261,076,068
Other Liabilities	49,769,820	37,731,545	167,651,409	195,580,122	217,421,229	233,311,667
Total Liabilities	<u>589,071,005</u>	<u>539,230,187</u>	<u>1,024,799,919</u>	<u>955,157,548</u>	<u>1,613,870,924</u>	<u>1,494,387,735</u>
Deferred Inflows of Resources	-	-	-	22,348	-	22,348
Net Position:						
Net Investment in Capital Assets	522,108,202	405,635,743	615,635,246	608,119,231	1,137,743,448	1,013,754,974
Restricted	144,925,083	246,533,919	13,167,482	31,470,517	158,092,565	278,004,436
Unrestricted	253,913,437	228,009,224	179,766,596	153,480,358	433,680,033	381,489,582
Total Net Position	<u>\$ 920,946,722</u>	<u>880,178,886</u>	<u>808,569,324</u>	<u>793,070,106</u>	<u>1,729,516,046</u>	<u>1,673,248,992</u>

An additional portion of the City’s net position (9 percent) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (25 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

At August 31, 2013, the City is able to report positive balances in all three categories of net position, 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, 2013 and 2012**

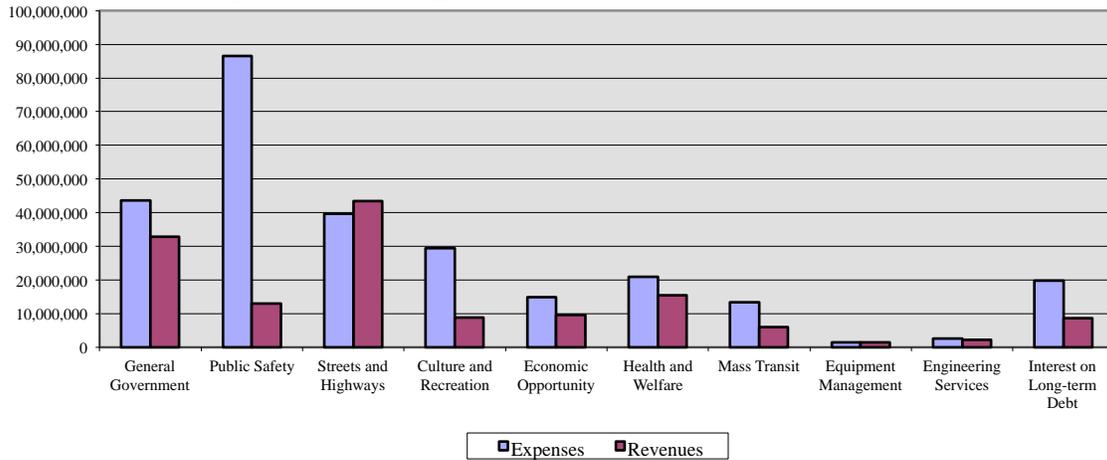
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 55,593,762	49,728,220	358,167,400	350,507,113	413,761,162	400,235,333
Operating Grants and Contributions	57,394,538	51,263,862	-	-	57,394,538	51,263,862
Capital Grants and Contributions	28,517,996	32,043,686	7,195,503	6,731,837	35,713,499	38,775,523
General Revenues:						
Property Tax	56,130,131	53,302,884	-	-	56,130,131	53,302,884
Sales and Use Tax	63,544,137	62,388,551	-	-	63,544,137	62,388,551
Occupation Tax	25,437,045	25,732,963	2,011,468	2,048,615	27,448,513	27,781,578
Other Taxes	20,220,063	18,455,537	-	-	20,220,063	18,455,537
Unrestricted Grants and Contributions	79,177	93,633	-	-	79,177	93,633
Unrestricted Investment Earnings (Loss)	(833,074)	1,014,773	(713,969)	983,824	(1,547,043)	1,998,597
Other	1,925,791	2,623,024	874,807	380,531	2,800,598	3,003,555
Total Revenues	<u>308,009,566</u>	<u>296,647,133</u>	<u>367,535,209</u>	<u>360,651,920</u>	<u>675,544,775</u>	<u>657,299,053</u>
Expenses:						
General Government	43,666,952	40,635,824	-	-	43,666,952	40,635,824
Public Safety	86,493,288	82,915,183	-	-	86,493,288	82,915,183
Streets and Highways	39,551,411	38,319,958	-	-	39,551,411	38,319,958
Culture and Recreation	29,419,132	28,049,044	-	-	29,419,132	28,049,044
Economic Opportunity	14,819,767	16,840,478	-	-	14,819,767	16,840,478
Health and Welfare	20,939,140	21,414,951	-	-	20,939,140	21,414,951
Mass Transit	13,453,926	12,463,592	-	-	13,453,926	12,463,592
Equipment Management	1,479,534	1,162,325	-	-	1,479,534	1,162,325
Engineering Services	2,570,054	1,900,278	-	-	2,570,054	1,900,278
Interest on Long-Term Debt	19,787,131	20,417,899	-	-	19,787,131	20,417,899
Golf Courses	-	-	3,404,885	3,762,650	3,404,885	3,762,650
Parking	-	-	7,144,511	5,933,848	7,144,511	5,933,848
Entertainment Facilities	-	-	4,345,398	2,487,417	4,345,398	2,487,417
Solid Waste Management	-	-	8,472,030	8,080,971	8,472,030	8,080,971
Ambulance Transport	-	-	4,931,379	4,148,850	4,931,379	4,148,850
Wastewater	-	-	23,116,057	23,017,798	23,116,057	23,017,798
Water	-	-	25,499,420	25,908,587	25,499,420	25,908,587
Electric	-	-	263,674,000	250,676,000	263,674,000	250,676,000
Total Expenses	<u>272,180,335</u>	<u>264,119,532</u>	<u>340,587,680</u>	<u>324,016,121</u>	<u>612,768,015</u>	<u>588,135,653</u>
Increase in Net Position Before Transfers	35,829,231	32,527,601	26,947,529	36,635,799	62,776,760	69,163,400
Transfers	11,290,702	9,254,144	(11,040,534)	(5,060,384)	250,168	4,193,760
Increase in Net Position	47,119,933	41,781,745	15,906,995	31,575,415	63,026,928	73,357,160
Net Position - Beginning, Before Restatement	880,178,886	838,397,141	793,070,106	761,494,691	1,673,248,992	1,599,891,832
Adjustment for Implementation of GASB 65	(6,352,097)	-	(407,777)	-	(6,759,874)	-
Net Position - Beginning, After Restatement	873,826,789	838,397,141	792,662,329	761,494,691	1,666,489,118	1,599,891,832
Net Position - Ending	<u>\$ 920,946,722</u>	<u>880,178,886</u>	<u>808,569,324</u>	<u>793,070,106</u>	<u>1,729,516,046</u>	<u>1,673,248,992</u>

**GOVERNMENTAL ACTIVITIES**

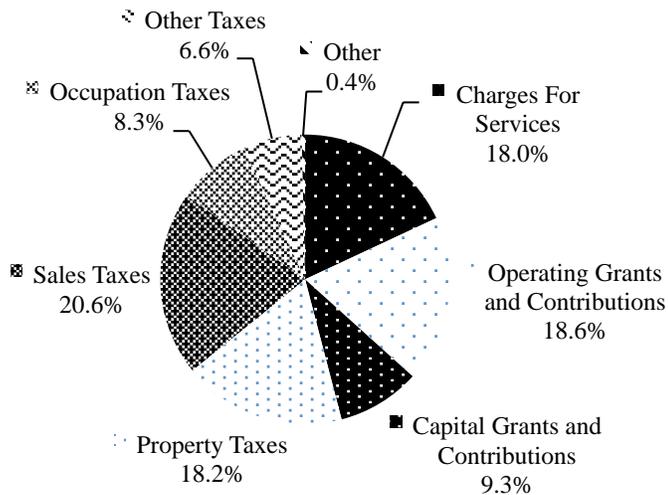
Governmental activities increased the City's net position by \$47,119,933, accounting for 75 percent of the total growth in the net position of the City of Lincoln. Key elements of this increase are as follows:

- Property tax receipts increased \$2.8 million (5.3 percent) with an overall increase in the tax base of 4.88 percent.
- Sales taxes increased by approximately \$1.2 million (1.9 percent) during 2013 after showing an increase of 4.4 percent in the prior year.
- Other taxes increased by approximately \$1.8 million (10 percent) in 2013, which includes a wheel tax increase of approximately \$1.6 million. Commencing September 1, 2012 the wheel tax fee schedule increased by 7.8 percent.

### Expenses and Program Revenues - Governmental Activities



### Revenues By Source - Governmental Activities



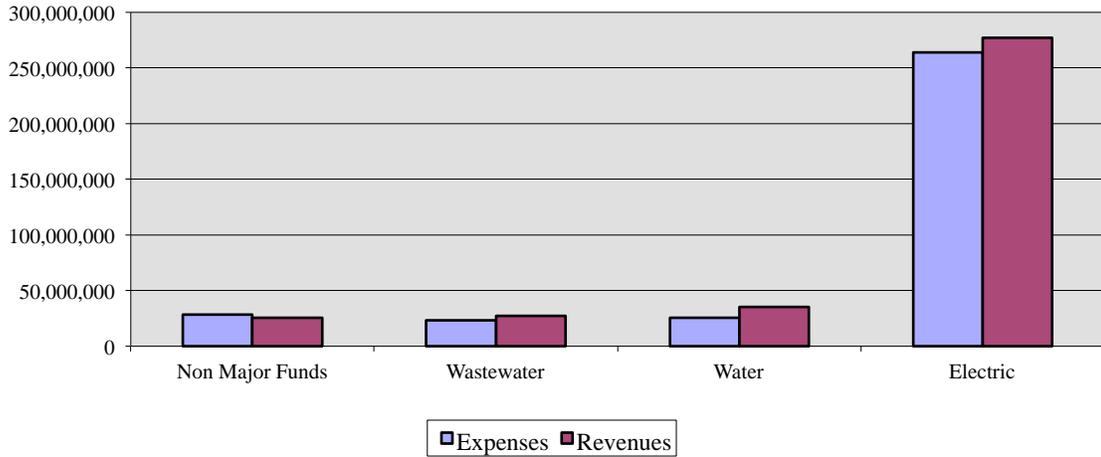
### BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City’s net position by \$15,906,995, accounting for 25 percent of the total growth in the government’s net position. Key elements of this increase are as follows:

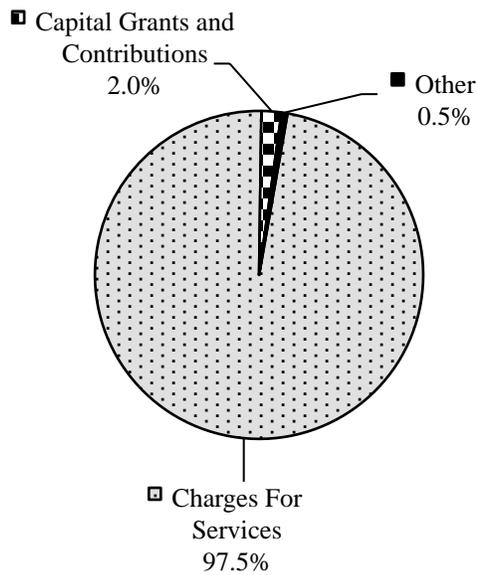
- Lincoln Electric System operating revenue in 2012 was 3 percent higher than 2011. Retail revenue was 3 percent higher due to the impact of a 3.5 percent rate increase on January 1, 2012. Wholesale revenue decreased 20 percent with an energy sales decrease of 21 percent. The city dividend for utility ownership added \$6.5 million to operating revenue, up \$4.4 million due to its implementation in September 2011.

- Lincoln Water and Wastewater Systems reported capital contributions of approximately \$3.5 million (98% increase) and \$2.8 million (31% increase), respectively, due to increased development activity during the year.

### 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, 2013, the City's governmental funds reported combined ending fund balances of \$280,629,212, a decrease of \$73,141,145 in comparison with the prior year. Of this total amount, 11 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 (\$4,053,830), legally required to be maintained intact (\$37,160,000), restricted for particular purposes (\$144,860,012), committed for particular purposes (\$821,517), or assigned for particular purposes (\$62,669,336).

The General Fund is the chief operating fund of the City. At August 31, 2013, the unrestricted fund balance of the General Fund was \$45,624,223, while total fund balance reached \$55,219,236. 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 39 percent of total general fund expenditures, while total fund balance represents 48 percent of that same amount.

The fund balance of the City's General Fund increased by \$6,117,963 during 2013. 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 increased 72 percent 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 has a total fund balance of \$58,016,038, which is to be used in the construction and maintenance of streets and highways. The net increase in fund balance during 2013 in the Street Construction Fund was \$26,191,854, the result of several significant projects that have received funding but for various reasons the actual construction has been delayed.

The West Haymarket JPA Fund had a fund balance of \$32,808,438, which is to be used for funding improvements of the West Haymarket Redevelopment Project and debt service on the related debt. The current year change in fund balance of (\$114,383,015) 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 position of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to \$23,759,692, \$35,259,829, \$130,921,000 and (\$10,173,925), respectively, at August 31, 2013 (December 31, 2012 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 \$290,342) and can be briefly summarized as follows:

Expenditure appropriations:

- \$(1,961,130) in miscellaneous changes in general government activities.
- \$693,646 in increases allocated to public safety.
- \$(79,048) in decreases to streets & highways.
- \$160,584 in increases allocated to parks and recreation.
- \$1,476,290 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:

- \$2,361,438 positive variance in real estate and personal property tax. Actual property collections were 97.31 percent of the 2012 levy, while estimated tax revenue is based on 90 percent collections as provided by the City Charter.
- \$3,238,107 positive variance in miscellaneous general government expenditures. Significant savings were realized in several service line items that are reappropriated to cover future expenditures.
- \$2,357,227 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.

## **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, 2013, amounts to \$2,458,145,166 (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 2013 was 8.2 percent (a 19.3 percent increase for governmental activities and a 19.4 percent increase for business-type activities).

Major capital asset events during 2013 included the following:

- The City increased its investment in infrastructure, including streets, bridges, drainage and traffic systems, in excess of \$28 million.
- The West Haymarket Redevelopment Project increased capital assets by approximately \$147 million, which includes roads and utility work, arena design and construction, site preparation, land purchases, environmental remediation, and parking.
- The City parking system's investment in the Lumberworks Parking Garage increased by approximately \$7.4 million.
- The LES Central Lincoln Reliability Project includes installation of 5.2 miles of transmission lines to replace aging cables, meet the growing demand for electricity in central Lincoln and improve system reliability. Total project cost is estimated at \$27.3 million and the project is expected to be completed in 2013.
- Construction of a 4MW landfill gas-based power generating facility sourced from the Bluff Road Landfill is estimated to cost \$12.9 million and is expected to be completed in 2013.

**City Of Lincoln**  
**Capital Assets (net of depreciation)**  
**August 31, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 139,434,473	138,768,877	24,238,655	24,232,300	163,673,128	163,001,177
Buildings	244,772,550	53,817,461	137,885,757	140,391,808	382,658,307	194,209,269
Improvements Other Than Buildings	42,302,711	40,360,129	456,108,511	450,950,888	498,411,222	491,311,017
Machinery and Equipment	35,076,357	35,302,361	13,711,274	12,765,467	48,787,631	48,067,828
Utility Plant	-	-	757,423,000	761,574,000	757,423,000	761,574,000
Infrastructure	455,365,190	394,256,079	-	-	455,365,190	394,256,079
Construction-in-progress	63,347,259	159,386,583	88,479,429	59,869,232	151,826,688	219,255,815
Total	<u>\$ 980,298,540</u>	<u>821,891,490</u>	<u>1,477,846,626</u>	<u>1,449,783,695</u>	<u>2,458,145,166</u>	<u>2,271,675,185</u>

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, 2013, the City of Lincoln had total bonded debt outstanding of \$1,194,244,000. Of this amount, \$439,274,000 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, 2013 and 2012**  
(dollar amounts in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 439,274	413,958	-	-	439,274	413,958
Tax Supported Bonds	4,470	5,210	-	-	4,470	5,210
Revenue Bonds	-	-	750,500	701,560	750,500	701,560
Total	<u>\$ 443,744</u>	<u>419,168</u>	<u>750,500</u>	<u>701,560</u>	<u>1,194,244</u>	<u>1,120,728</u>

The City's total bonded debt increased by \$73,516,000 (7 percent) in the current fiscal year. Refunding bonds were issued in the amount of \$235,055,000 to refund \$251,065,000 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	Aa1	AA	-
Wastewater Revenue Bonds			
MBIA insured	Aaa	AAA	-
Underlying	Aa2	AA+	-
Parking Revenue Bonds	A1	A	-
Lincoln Electric System Revenue Bonds	Aa2	AA	AA

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. The new biennial budget process has saved several thousand hours of staff time over this two-year period.

- Property tax revenue required to fund the 2012-2014 budget increased \$2,203,752 or 4.88 percent in the first year from the prior year, and \$1,235,401 or 2.61 percent for the second year of the biennium. Total change in the tax base is estimated at 7.61 percent, with the tax rate of .31580 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. Revenue adjustments in both 2013 and 2014 include an increase in parking meter rates, \$750,000; increased Parks and Recreation program fees, \$328,150 and \$467,459, respectively; 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, attained thru increases in various service charges; resulting in additional 2014 revenues of \$2,900,000 for Water and \$2,300,000 for Wastewater.
- Sales tax collections for 2013 finished 1.25 percent ahead of projections. 2014 projections reflect a 2.72 percent increase over 2013 actual collections.
- 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 10<sup>th</sup> Street, Lincoln, NE 68508. This report and other financial information are also available online at [www.lincoln.ne.gov/city/finance/](http://www.lincoln.ne.gov/city/finance/).