

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, 2014. 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 and deferred outflows of resources of the City exceeded its liabilities at August 31, 2014, by \$1,798,628,904 (net position). Of this amount, \$408,268,857 (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 \$69,112,858. Of this amount, \$44,474,285, or 64 percent, was an increase in governmental activities and \$24,638,573, or 36 percent, related to business-type activities. Please refer to the fund descriptions preceding the various combining statements (beginning on page 77) for information regarding constraints imposed on the City in spending available funds.
- As of August 31, 2014, the City's governmental funds reported combined ending fund balances of \$291,322,893, an increase of \$10,693,681 in comparison with the prior year. Of this total fund balance, 9 percent, or \$27,142,940, is available for spending at the City's discretion (unassigned fund balance).
- As of August 31, 2014, unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) for the general fund was \$42,146,860, or 34 percent of total general fund expenditures. Following 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 \$11,672,000 (1 percent) during the current fiscal year. The city issued \$75,525,000 in refunding bonds in the current year for a net present value savings of \$12,726,000.

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, 2014. 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 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 30-73 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 pages 74-76 of this report.

The combining statements referred to earlier are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found beginning on page 77 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 \$1,798,628,904 at August 31, 2014.

By far the largest portion of the City's net position (68 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, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 536,125,243	528,495,518	287,136,962	334,413,750	823,262,205	862,909,268
Capital Assets	1,033,606,965	980,298,540	1,524,122,083	1,477,846,626	2,557,729,048	2,458,145,166
Total Assets	<u>1,569,732,208</u>	<u>1,508,794,058</u>	<u>1,811,259,045</u>	<u>1,812,260,376</u>	<u>3,380,991,253</u>	<u>3,321,054,434</u>
Deferred Outflows of Resources	1,109,915	1,223,669	21,879,889	21,108,867	22,989,804	22,332,536
Long-Term Liabilities Outstanding	561,671,668	539,301,185	861,413,108	857,148,510	1,423,084,776	1,396,449,695
Other Liabilities	43,749,448	49,769,820	138,517,929	167,651,409	182,267,377	217,421,229
Total Liabilities	<u>605,421,116</u>	<u>589,071,005</u>	<u>999,931,037</u>	<u>1,024,799,919</u>	<u>1,605,352,153</u>	<u>1,613,870,924</u>
Net Position:						
Net Investment in Capital Assets	545,831,558	522,108,202	673,582,095	615,635,246	1,219,413,653	1,137,743,448
Restricted	155,105,392	144,925,083	15,841,002	13,167,482	170,946,394	158,092,565
Unrestricted	264,484,057	253,913,437	143,784,800	179,766,596	408,268,857	433,680,033
Total Net Position	<u>\$ 965,421,007</u>	<u>920,946,722</u>	<u>833,207,897</u>	<u>808,569,324</u>	<u>1,798,628,904</u>	<u>1,729,516,046</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 (23 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At August 31, 2014, 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, 2014 and 2013

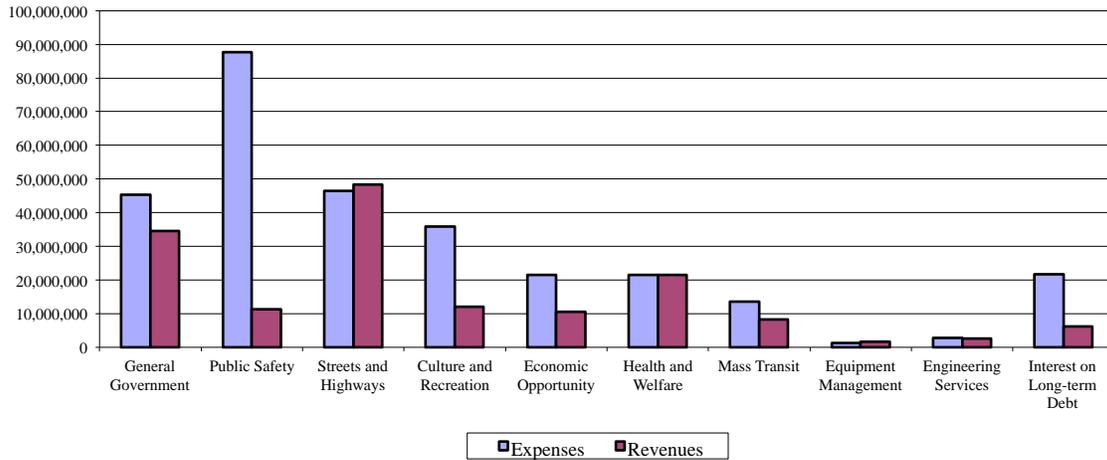
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 62,644,024	55,593,762	386,940,021	358,167,400	449,584,045	413,761,162
Operating Grants and Contributions	71,235,768	57,394,538	-	-	71,235,768	57,394,538
Capital Grants and Contributions	23,165,428	28,517,996	5,403,759	7,195,503	28,569,187	35,713,499
General Revenues:						
Property Tax	55,871,758	56,130,131	-	-	55,871,758	56,130,131
Sales and Use Tax	66,753,197	63,544,137	-	-	66,753,197	63,544,137
Occupation Tax	25,830,488	25,437,045	2,598,793	2,011,468	28,429,281	27,448,513
Other Taxes	21,973,301	20,220,063	-	-	21,973,301	20,220,063
Unrestricted Grants and Contributions	80,178	79,177	-	-	80,178	79,177
Unrestricted Investment Earnings (Loss)	2,855,984	(833,074)	1,757,946	(713,969)	4,613,930	(1,547,043)
Other	890,450	1,925,791	136,403	874,807	1,026,853	2,800,598
Total Revenues	331,300,576	308,009,566	396,836,922	367,535,209	728,137,498	675,544,775
Expenses:						
General Government	45,355,465	43,666,952	-	-	45,355,465	43,666,952
Public Safety	87,571,014	86,493,288	-	-	87,571,014	86,493,288
Streets and Highways	46,525,688	39,551,411	-	-	46,525,688	39,551,411
Culture and Recreation	35,878,349	29,419,132	-	-	35,878,349	29,419,132
Economic Opportunity	21,549,476	14,819,767	-	-	21,549,476	14,819,767
Health and Welfare	21,456,657	20,939,140	-	-	21,456,657	20,939,140
Mass Transit	13,582,835	13,453,926	-	-	13,582,835	13,453,926
Equipment Management	1,181,947	1,479,534	-	-	1,181,947	1,479,534
Engineering Services	2,774,223	2,570,054	-	-	2,774,223	2,570,054
Interest on Long-Term Debt	21,776,180	19,787,131	-	-	21,776,180	19,787,131
Golf Courses	-	-	3,473,671	3,404,885	3,473,671	3,404,885
Parking	-	-	8,078,478	7,144,511	8,078,478	7,144,511
Entertainment Facilities	-	-	13,000,711	4,345,398	13,000,711	4,345,398
Solid Waste Management	-	-	8,838,837	8,472,030	8,838,837	8,472,030
Ambulance Transport	-	-	5,564,099	4,931,379	5,564,099	4,931,379
Wastewater	-	-	23,864,691	23,116,057	23,864,691	23,116,057
Water	-	-	25,941,743	25,499,420	25,941,743	25,499,420
Electric	-	-	272,692,000	263,674,000	272,692,000	263,674,000
Total Expenses	297,651,834	272,180,335	361,454,230	340,587,680	659,106,064	612,768,015
Increase in Net Position Before Transfers	33,648,742	35,829,231	35,382,692	26,947,529	69,031,434	62,776,760
Transfers	10,825,543	11,290,702	(10,744,119)	(11,040,534)	81,424	250,168
Increase in Net Position	44,474,285	47,119,933	24,638,573	15,906,995	69,112,858	63,026,928
Net Position - Beginning	920,946,722	873,826,789	808,569,324	792,662,329	1,729,516,046	1,666,489,118
Net Position - Ending	\$ 965,421,007	920,946,722	833,207,897	808,569,324	1,798,628,904	1,729,516,046

GOVERNMENTAL ACTIVITIES

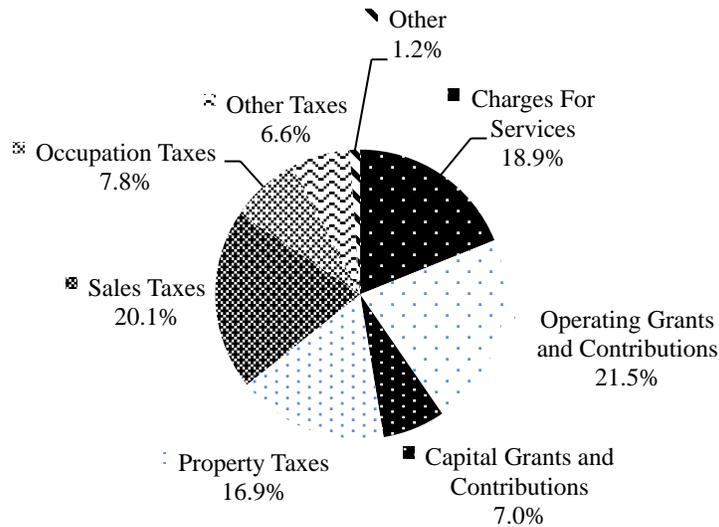
Governmental activities increased the City's net position by \$44,474,285, accounting for 64 percent of the total growth in the net position of the City of Lincoln. Key elements of this increase are as follows:

- Total grants and contributions increased by approximately \$8.5 million (9.9 percent) during 2014.
- Sales taxes increased by approximately \$3.2 million (5.1 percent) during 2014 after showing an increase of 1.9 percent in the prior year.
- Other taxes increased by approximately \$1.8 million (8.7 percent) in 2014, which includes a wheel tax increase of approximately \$1.5 million. Commencing September 1, 2013 the wheel tax fee schedule increased by 7.25 percent.
- Unrestricted investment earnings increased by approximately \$3.7 million in 2014 after showing a loss the prior year. The most significant reason for this change was the volatility of the investment market from the prior fiscal year to the current fiscal year. In 2014, the City's cash and investment pool had a market value adjustment downward in the amount of \$1,168,139 compared to a \$3,100,321 downward adjustment in 2013, therefore mitigating the impact to interest earnings.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



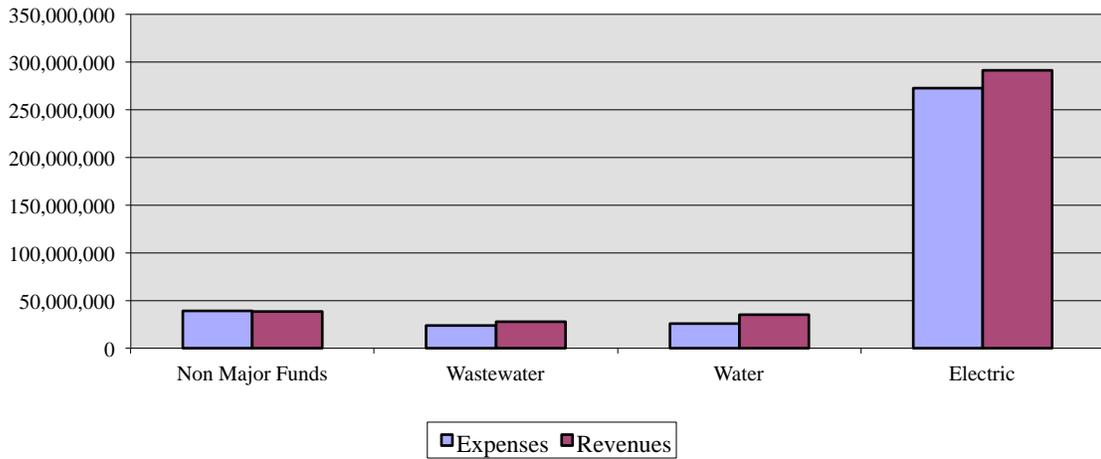
BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City’s net position by \$24,638,573, accounting for 36 percent of the total growth in the government’s net position. Key elements of this increase are as follows:

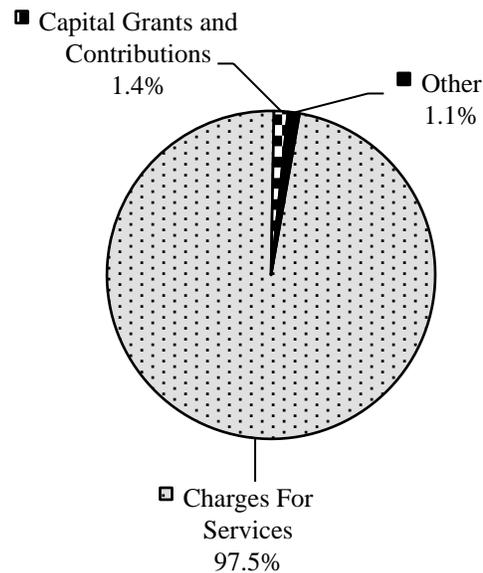
- Lincoln Electric System operating revenue in 2013 was 5.1 percent higher than 2012. Retail revenue was 4.0 percent higher due to the impact of a 2.6 percent rate increase on January 1, 2013. Wholesale revenue decreased 17.5 percent with an energy sales decrease of 9.3 percent. The city dividend for utility ownership added \$6.8 million to operating revenue, up \$.3 million due to increased net position (net position is used in the determination of the city dividend for utility ownership).

- Lincoln Water and Wastewater Systems had increased service charge revenues due to a 5% increase implemented November 2013. Total operating expenses increased primarily due to higher personnel costs, increased depreciation expense, and increases in utility costs.

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, 2014, the City's governmental funds reported combined ending fund balances of \$291,322,893, an increase of \$10,693,681 in comparison with the prior year. Of this total amount, 9 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 (\$3,161,680), legally required to be maintained intact (\$37,160,000), restricted for particular purposes (\$149,109,449), committed for particular purposes (\$1,800,869), or assigned for particular purposes (\$72,947,955).

The General Fund is the chief operating fund of the City. At August 31, 2014, the unrestricted fund balance of the General Fund was \$42,146,860, while total fund balance reached \$57,464,383. 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 47 percent of that same amount.

The fund balance of the City's General Fund increased by \$2,245,147 during 2014. For the 2013 fiscal year, appropriated General Fund balance, used as a funding source for the budget, decreased by 40.6 percent over the prior year. It 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 \$74,350,375, which is to be used in the construction and maintenance of streets and highways. The net increase in fund balance during 2014 in the Street Construction Fund was \$16,334,337, 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 \$23,329,047, 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 (\$9,479,391) 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 \$26,173,693, \$30,161,406, \$97,512,000 and (\$10,062,299), respectively, at August 31, 2014 (December 31, 2013 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 \$176,390) and can be briefly summarized as follows:

Expenditure appropriations:

- \$(3,474,733) in miscellaneous changes in general government activities.
- \$2,001,605 in increases allocated to public safety.
- \$(251,628) in decreases to streets & highways.
- \$56,006 in increases allocated to parks and recreation.
- \$1,845,140 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:

- \$4,601,279 positive variance in real estate and personal property tax. Actual property tax collections were 97.42 percent of the 2013 levy, while estimated tax revenue is based on 90 percent collections as provided by the City Charter.
- \$3,963,181 positive variance in miscellaneous general government expenditures. Significant savings were realized in several service line items that are reappropriated to cover future expenditures.
- \$3,876,458 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.
- \$2,599,631 negative variance in street lighting function expenditures. This variance was the result of 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, 2014, amounts to \$2,557,729,048 (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 2014 was 4 percent (a 5.4 percent increase for governmental activities and a 3.1 percent increase for business-type activities).

Major capital asset events during 2014 included the following:

- The City increased its investment in infrastructure, including streets, bridges, drainage and traffic systems, in excess of \$35 million.
- The West Haymarket Redevelopment Project increased capital assets by approximately \$38.6 million, which includes roads and utility work, arena construction, environmental remediation, and parking.
- The City invested in its mass transit system with the purchase of five new buses at a cost of approximately \$2.4 million.
- The City parking system's investment in the Lumberworks Parking Garage increased by approximately \$2 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. This project was completed at a total cost of \$25.4 million.
- Construction of a 4MW landfill gas-based power generating facility sourced from the Bluff Road Landfill was completed at a total cost of \$12 million.
- A multi-year project by LES to install underground duct adjacent to existing aging underground facilities to allow faster restoration of service should the cable fail was started in the summer of 2012 with a target completion date of 2027 and a total project cost of \$33.3 million.

City Of Lincoln
Capital Assets (net of depreciation)
August 31, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 141,724,149	139,434,473	24,440,188	24,238,655	166,164,337	163,673,128
Buildings	267,885,080	244,772,550	156,269,518	137,885,757	424,154,598	382,658,307
Improvements Other Than Buildings	59,970,122	42,302,711	464,616,356	456,108,511	524,586,478	498,411,222
Machinery and Equipment	34,330,128	35,076,357	13,726,707	13,711,274	48,056,835	48,787,631
Utility Plant	-	-	779,726,000	757,423,000	779,726,000	757,423,000
Infrastructure	466,235,722	455,365,190	-	-	466,235,722	455,365,190
Construction-in-progress	63,461,764	63,347,259	85,343,314	88,479,429	148,805,078	151,826,688
Total	\$ 1,033,606,965	980,298,540	1,524,122,083	1,477,846,626	2,557,729,048	2,458,145,166

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, 2014, the City of Lincoln had total bonded debt outstanding of \$1,205,916,000. Of this amount, \$458,566,000 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, 2014 and 2013
(dollar amounts in thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 458,566	439,274	-	-	458,566	439,274
Tax Supported Bonds	3,690	4,470	-	-	3,690	4,470
Revenue Bonds	-	-	743,660	750,500	743,660	750,500
Total	\$ 462,256	443,744	743,660	750,500	1,205,916	1,194,244

The City's total bonded debt increased by \$11,672,000 (1 percent) in the current fiscal year. LES refunding bonds were issued in the amount of \$75,525,000 to refund \$53,710,000 of outstanding bonds and \$24,000,000 of outstanding commercial paper notes.

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	-	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 2014-2016 biennial budget prepared for the City of Lincoln included the following factors relative to the 2014-2015 fiscal year.

- Property tax revenue required to fund the 2014-2015 budget increased \$1,356,580 from the prior year. Total change in the tax base is 1.573 percent. Voter approval of a \$7,900,000 stormwater bond issue and the corresponding tax levy to fund debt service payments requires a tax rate of .31958, or 1.20% increase over the prior year tax rate.
- 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 2015 include increased Parks and Recreation program fees, \$210,673; increased tax increment financing administrative fees, \$100,000; and increased various environmental health fees, \$67,498.
- Utility rates are increased by an average of 3 percent, resulting in additional 2015 revenues of \$1,167,000 for Water and \$875,000 for Wastewater.
- Sales tax collections for 2014 finished .03 percent ahead of projections. 2015 projections reflect a 4.5 percent increase over 2014 actual collections. Refunds in 2014 were down 4.6% from the prior year.
- Staffing changes included in the 2014-2015 budget result in an increase for all funds of 9.99 full-time equivalents.
- Health care premiums for the City's self-insured health plan for employees are projected to increase 12% in 2015.

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. This report and other financial information are also available online at www.lincoln.ne.gov/city/finance/.