

FISCAL YEAR ENDED AUGUST 31, 2007

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF LINCOLN
NEBRASKA
MAYOR CHRIS BEUTLER

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**OF THE
CITY OF LINCOLN, NEBRASKA**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2007

Prepared by:

The Accounting Division of the Finance Department

INTRODUCTORY SECTION

OFFICIALS OF THE CITY OF LINCOLN

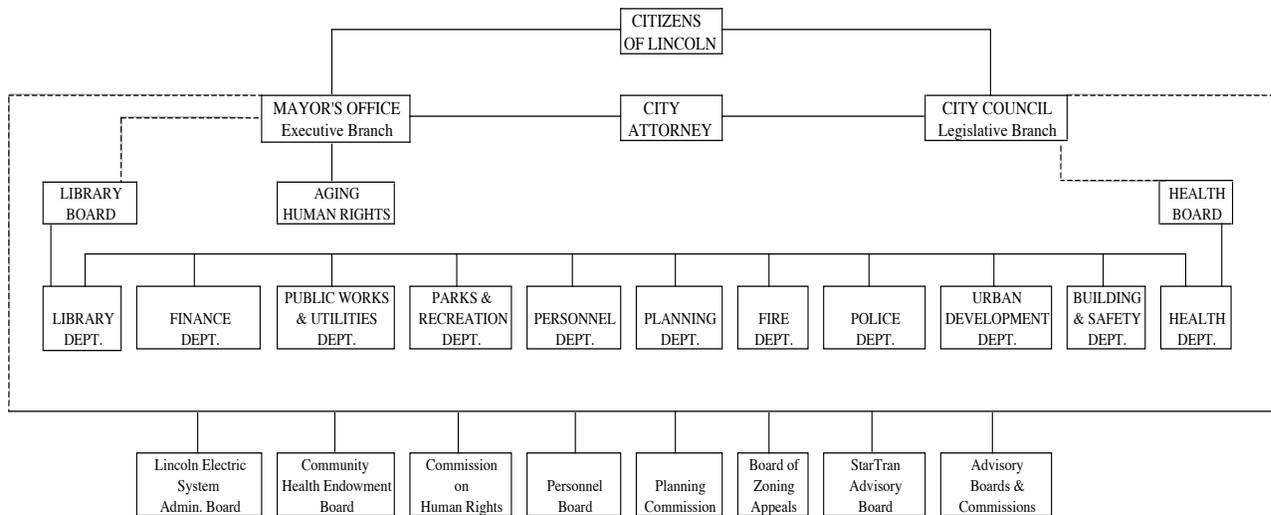
Chris Beutler.....Mayor
 Dan Marvin.....Chair, City Council
 Robin Eschliman.....Vice Chair, City Council
 Jon Camp.....Council Member
 Jonathan Cook.....Council Member
 Doug Emery.....Council Member
 John Spatz.....Council Member
 Ken Svoboda.....Council Member

* * * * *

Don Herz.....Finance Director
 Marvin Krout.....Planning Director
 Lynn Johnson.....Parks and Recreation Director
 Terry Bundy.....Lincoln Electric System Administrator
 David Landis.....Urban Development Director
 Carol Connor.....Library Director
 Greg MacLean.....Public Works/Utilities Director
 Mike Merwick.....Building and Safety Director
 Bruce Dart.....Health Director
 Don Taute.....Personnel Director
 Dana Roper.....City Attorney
 Thomas Casady.....Police Chief
 Niles Ford.....Fire Chief

* * * * *

CITY OF LINCOLN ORGANIZATION CHART



**CITY OF LINCOLN, NEBRASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED AUGUST 31, 2007
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CITY OF LINCOLN
NEBRASKA

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February 1, 2008

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, 2007.

This report is an essential part of our efforts to provide accurate financial reporting to ensure both fiscal and operational accountability in our use of public resources. It provides a complete picture of the City's financial status and is an excellent means of meeting 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 2006 report submitted to the Government Finance Officers Association was recognized with the prestigious Certificate of Achievement for Excellence in Financial Reporting for the twenty-fourth 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,

Chris Beutler
Mayor of Lincoln

February 01, 2008

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, 2007, 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 generally accepted accounting principles (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, 2007, 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 results of operations 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, 2007, 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 80 square miles, serves a population of over 241,000, 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, Parking Lots, Parking Facilities, Golf Courses and Pershing Municipal Auditorium are all part of administrative departments under the direction of the Mayor and are included as part of the primary government. Separately audited financial statements are available for LES, Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, Solid Waste Management, Parking Facilities, and the Community Health Permanent Endowment Trust.

The annual 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 fiscal year, 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 annual 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 over 17% between 1990 and 2000, adding over 3,350 people to the community each year. The 1990

population of 213,641 reached 250,291 persons with the 2000 census, setting the County's annualized rate of population growth for the 1990's at 1.6 percent.

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 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, 2007 was 2.7%, well below the national average of 4.6%, with employment strongest in the categories of government, educational & health services, and retail trade. Lincoln's current number of construction permits is down 14% when compared to levels 5 years ago, with a corresponding decrease in the value of construction permits of over \$11 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 Mayors Technology Council completed its technology audit, which led to a new strategic plan for economic development.

Net sales and use tax revenue increased \$14,826 or .027% from the previous fiscal year. This primary revenue source has been impacted by negative economic factors that have affected the local and national economies. A slight narrowing of the sales tax base by the State legislature also contributed to the slow growth in tax collections.

Long-Term Planning And Major Initiatives

Urban Development

The City anticipates approximately \$10 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 area, Havelock and University Place business areas, Focus Area neighborhoods, the Antelope Valley project area, West O Street, North 56th and Arbor Road, West Cornhusker Highway, and in low-moderate income areas throughout the City.

Financing will be provided by a variety of sources, including Tax Increment Financing (TIF), CDBG, HOME, Economic Development Initiative and Nebraska Affordable Housing Trust Fund 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 projects include:

- ◆ Downtown Redevelopment Projects:
 - 1) Implementation of the Catalyst One project.
 - 2) Redevelopment of former Douglas III theater site.
 - 3) Redevelopment of the West Haymarket project area.
- ◆ North 27th Street redevelopment will consist of the pedestrian trail bridge at X Street.
- ◆ Implementation of selected Antelope Valley Redevelopment Plan catalyst projects.
- ◆ Havelock Redevelopment on-going projects include streetscape improvements, park improvements and public parking lot improvements.
- ◆ University Place will see the redevelopment of the former Green's Plumbing site.
- ◆ West O Street redevelopment projects.
- ◆ North 56th and Arbor Road redevelopment.

- ◆ NW Corridor redevelopment (West Cornhusker Highway).
- ◆ Housing rehabilitation and development programs:
 - 1) Continuation of First-time Homebuyer, Housing Development, and Owner-Occupied housing rehabilitation loan programs.
 - 2) Partner with NeighborWorks-Lincoln for their Home Ownership Zone in Antelope Valley and other initiatives in low-to-moderate income neighborhoods.
 - 3) Complete the final phase of the affordable housing project, Old Mill Village, with Nebraska Housing Resource and plan the development of the next affordable housing project.
 - 4) Sustain the existing affordable rental housing stock by assisting on-going non-profit housing organizations.
 - 5) Resolve the disposition of expiring tax credit rental housing projects.
- ◆ Housing Rehabilitation and Real Estate Division projects also include:
 - 1) Planning and negotiation for acquisition of park sites city-wide.
 - 2) Major acquisition and negotiation projects –

<ul style="list-style-type: none"> ✓ Antelope Valley storm water management and transportation projects. ✓ Antelope Valley redevelopment plan catalyst projects. ✓ West Haymarket area redevelopment. ✓ Upper Beal Sough relief trunk sewer. ✓ Mopac Trail bridge. ✓ Arbor Road water main, 56th to 70th. ✓ Stevens Creek sanitary sewer. ✓ Special assessment, executive order, and arterial rehab projects. ✓ 56th & Elkcrest safety project. ✓ Harris Overpass. 	<ul style="list-style-type: none"> ✓ Pine Lake Road, 84th to 98th Street. ✓ Lincoln Water System Greenwood transmission main. ✓ 98th Street, Yankee Hill Road to Old Cheney. ✓ Alvo Road, NW 20th to 1st Street. ✓ NW 56th, Adams to Partridge. ✓ West Adams, NW 63rd to 48th Street. ✓ East Adams widening and water main, 75th to 94th Street. ✓ Miscellaneous projects in Public Works & Utilities 6-year CIP program.
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 - 3) Acquisition and disposition of surplus properties including tax sale lots, street and alley vacation, surplus park sites, surplus right-of-way, and other miscellaneous properties.
 - 4) Relocation projects including Antelope Valley storm management, transportation, and redevelopment plan catalyst projects and West Haymarket Area redevelopment.
- ◆ Neighborhood Revitalization Focus Area project is located in the Hartley neighborhood.
- ◆ The Workforce Investment Act (WIA) is federal legislation which took effect on July 1, 2000. Under this legislation, the Mayor of Lincoln is the designated Chief Elected Official working in conjunction with a 47 member Workforce Investment Board. This Board is constituted by law with a business majority. Other members represent community based organizations, education, economic development, organized labor, and program partner agencies. The Board and the Mayor developed a local Plan to implement WIA that was approved by the State of Nebraska. This Plan serves as the funding document for receipt of Federal WIA funds, which totaled approximately \$1 million in 2007.

Workforce Investment Act services will continue to be provided from the One Stop Career Center, located in downtown Lincoln. It is anticipated that 20,000+ individuals and 500 employers will use One Stop Services. Workforce services are available directly from Urban Development, Operation ABLE, Nebraska Workforce Development, Goodwill, Vocational Rehabilitation and Experience Works staff members.

WIA funds will continue to be used to improve the employment skills of low-income adults and youth, and to assist individuals laid off from area employers (such as Quebecor and Windstream) to re-enter the labor force. WIA funds will be used to assist these individuals to improve basic skills, complete secondary and post-secondary education, gain work experience, and to obtain and retain employment.

A direct mailing to 28,000+ households in the Area of Substantial Unemployment in the city will be made informing them about the services available from the One Stop Career Center. WIA Youth Program will participate in a job fair for disadvantaged youth in partnership with Iota Phi Theta Fraternity, UN-L Chapter. The One Stop will continue to assist employers (such as Verizon, Farmland, ASI, and Scott Project) with on-site recruiting.

West Haymarket Project

The West Haymarket Redevelopment Project encompasses an area of approximately 150 acres on the western edge of Downtown Lincoln. The project's program statement generally calls for the construction of a 15,000 seat civic arena, a 350-room hotel, and a 120,000 square foot convention center. The project may also include office space, retail businesses, surface and decked parking, and residential units. Supporting infrastructure in the form of roads, bridge crossings, pedestrian walkways, trails, and public open spaces are also planned. The overall project cost is projected to be in the range of \$350 – \$400 million with funding coming from both private and public sources. Private funding will be in the form of developer capital and community donations. Public revenues will be drawn from a wide variety of sources including tax increment financing, arena generated funds, lodging fees, occupation taxes, and other miscellaneous fees.

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 stormwater, transportation and community revitalization strategies.

The stormwater and transportation portions of the project are scheduled for completion in 2011. Redevelopment projects have begun and will progress as flood control work is completed. The channel work needed for re-mapping of the floodplain will be done in 2009.

Projects completed include Fleming Field; Military, Y Street, and Vine Street Bridges and Roadways; the BNSF overpass near Devaney Center; channel work between Salt Creek and Y Street; the BNSF railroad bridge project over Antelope Creek; landscaping work on the Military, Y Street, Vine Street roadway projects and on the BNSF overpass project; and the P and Q Street Bridges and Roadways.

The Corps of Engineers also completed most of the channel work between Y Street and Vine Street in 2007.

Work on the East Leg Bridge and Roadway project, which is a BNSF railroad overpass on the east-west roadway along the south side of State Fair Park, and the O Street Bridge and Roadway started in the fall of 2007.

The entire project is projected to cost \$238 million. By the end of 2008, it is expected that nearly 85% of the cost of the Antelope Valley project will have been spent or be under contract.

Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately \$85,814,000 over the 6-year period of fiscal year 2007-08 through fiscal year 2012-13. Of that total, approximately \$75,019,000 will be financed by revenue bonds, approximately \$3,745,000 will be financed by impact fees, \$3,220,000 from TIF funding, approximately \$887,000 will come from developer contributions, with the remaining \$2,943,000 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 \$106,865,000 over the 6-year period of fiscal year 2007-08 through 2012-13. Of these dollars, approximately \$56,367,000 will be financed through revenue bonds, approximately \$2,800,000 will be financed from TIF funding, approximately \$7,560,000 will be financed through impact fees, with the balance of \$40,138,000 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 2008-2013 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of over \$34.6 million for the next six years. Funding for these projects includes \$123 million in City revenues, \$49 million in federal aid, and \$36 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.

Property Tax Collections

As of August 31, 2007, current tax collections by the County Treasurer were 96.26% of the tax levy, a decrease of .57% from last year. Allocations of property tax levy by purpose are as follows:

<u>City Tax Levy By Purpose</u>	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>
General Fund	.1687	.1955	.1706
Library	.0427	.0488	.0490
Social Security	.0135	.0139	.0149
Police and Fire Pension	.0208	.0219	.0182
General Obligation Debt	<u>.0376</u>	<u>.0208</u>	<u>.0423</u>
	<u>.2833</u>	<u>.3009</u>	<u>.2950</u>

Parking Facilities

The City of Lincoln operates the following parking garages:

	<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	420	August, 2002

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 unappropriated street construction funds, are pledged for debt service of both the 2001 Parking Revenue Bonds and the 1999 Parking Revenue and Refunding Bonds. Comparative data for the past two fiscal years are presented in the following table:

	<u>2006-2007</u>	<u>2005-2006</u>
Operating Revenue	\$ 6,264,527	6,532,352
Operating Income Before Depreciation	3,482,575	3,757,230
Debt Service	1,998,056	1,998,056
Debt Service Coverage Ratio	1.74	1.88

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, 2007, the City estimates that it will incur costs approximating \$16 million to adhere to such requirements (see Note 17 of Notes to the Financial Statements).

Water And Wastewater System

The City's Wastewater Utility System showed an increase in operating revenue 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>2006-2007</u>	<u>2005-2006</u>
Operating Revenue	\$19,402,047	17,997,650
Operating Income	1,846,825	1,030,996
Revenue Available For Debt Service	9,336,962	8,179,646
Debt Service	5,086,481	5,108,500
Debt Service Coverage Ratio	1.84	1.60

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

<u>Water System</u>	<u>2006-2007</u>	<u>2005-2006</u>
Operating Revenue	\$25,249,632	25,599,610
Operating Income	4,174,059	5,392,459
Revenue Available For Debt Service	13,485,554	13,489,164
Debt Service	8,952,001	8,964,301
Debt Service Coverage Ratio	1.51	1.50

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, 2006, is included in the City's August 31, 2007, 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, 2006. This was the twenty-fourth 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 generally accepted accounting principles 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,

Don Herz
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, 2006

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.



Charles S. Cox

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 as of and for the year ended August 31, 2007, 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 of Lincoln'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 56%, 30% and 73%, 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, 2006, and in our report dated December 29, 2006, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, street construction fund and federal grants 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 1, 2008, on our consideration of the City of Lincoln'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.

The accompanying management's discussion and analysis as listed in the table of contents and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other accountants have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lincoln's basic financial statements. The accompanying supplementary information, 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*, as 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 has been subjected to the auditing procedures applied by us and the other accountants in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other accountants, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKA, LLA

February 1, 2008



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, 2007. 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, 2007, by \$1,372,873,714 (net assets). Of this amount, \$38,303,979 (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 \$52,800,142. Of this amount, \$34,724,612, or 66 percent, was an increase in governmental activities and \$18,075,530, or 34 percent, related to business-type activities.
- As of August 31, 2007, the City's governmental funds reported combined ending fund balances of \$214,928,198, an increase of \$42,155,826 in comparison with the prior year. Of this total fund balance, 65 percent, or \$140,701,556, is available for spending at the City's discretion (unreserved fund balance).
- As of August 31, 2007, unreserved fund balance for the general fund was \$27,215,934, or 29 percent of total general fund expenditures.
- The City's total bonded debt increased by \$33,796,000 (4 percent) during the current fiscal year. The key factors in this increase was the issuance of \$20,460,000 in revenue bonds by Lincoln Wastewater System and \$27,000,000 of Highway Allocation Fund bonds.

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, 2007. 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-eight 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 Federal Grants 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, Street Construction, and Federal Grants major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-25 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, 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 26-28 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 29-30 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 31-65 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. Required supplementary information can be found on page 66 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 \$1,372,873,714 at August 31, 2007.

By far the largest portion of the City’s net assets (80 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, 2007 and 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 351,803,367	295,093,325	235,962,147	289,911,082	587,765,514	585,004,407
Capital Assets	565,061,393	541,860,899	1,295,983,463	1,226,525,652	1,861,044,856	1,768,386,551
Total Assets	<u>916,864,760</u>	<u>836,954,224</u>	<u>1,531,945,610</u>	<u>1,516,436,734</u>	<u>2,448,810,370</u>	<u>2,353,390,958</u>
Long-Term Liabilities Outstanding	189,389,458	147,861,604	720,521,396	719,509,376	909,910,854	867,370,980
Other Liabilities	20,864,896	17,206,826	145,160,906	148,739,580	166,025,802	165,946,406
Total Liabilities	<u>210,254,354</u>	<u>165,068,430</u>	<u>865,682,302</u>	<u>868,248,956</u>	<u>1,075,936,656</u>	<u>1,033,317,386</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	433,488,477	417,745,982	658,947,439	626,166,169	1,092,435,916	1,043,912,151
Restricted	215,364,261	194,881,737	26,769,558	23,399,483	242,133,819	218,281,220
Unrestricted (Deficit)	57,757,668	59,258,075	(19,453,689)	(1,377,874)	38,303,979	57,880,201
Total Net Assets	<u>\$ 706,610,406</u>	<u>671,885,794</u>	<u>666,263,308</u>	<u>648,187,778</u>	<u>1,372,873,714</u>	<u>1,320,073,572</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 (3 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

City Of Lincoln
Condensed Statements of Activities
For the Years Ended August 31, 2007 and 2006

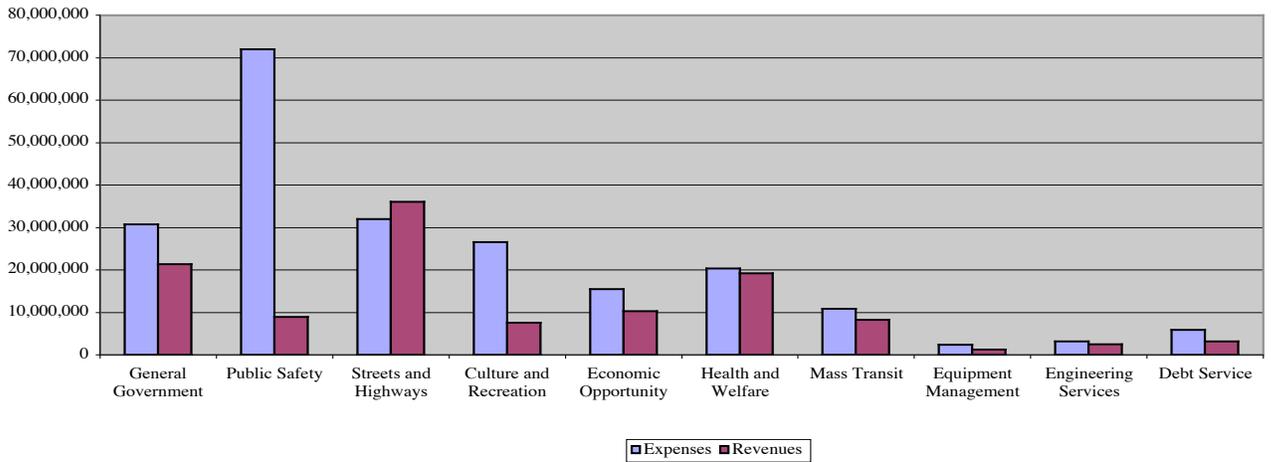
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	\$ 44,445,675	40,715,491	269,038,960	250,844,120	313,484,635	291,559,611
Operating Grants and Contributions	56,089,320	45,068,631	141,346	-	56,230,666	45,068,631
Capital Grants and Contributions	17,990,651	24,519,249	11,359,957	11,092,348	29,350,608	35,611,597
General Revenues:						
Property Tax	45,981,349	43,081,366	-	-	45,981,349	43,081,366
Sales and Use Tax	54,363,413	54,348,587	-	-	54,363,413	54,348,587
Other Taxes	23,929,698	22,760,713	2,195,132	2,232,680	26,124,830	24,993,393
Unrestricted Grants and Contributions	1,573,535	1,589,033	-	-	1,573,535	1,589,033
Unrestricted Investment Earnings	6,355,562	3,650,661	9,333,779	6,187,797	15,689,341	9,838,458
Other	1,456,139	1,671,705	288,597	277,850	1,744,736	1,949,555
Total Revenues	<u>252,185,342</u>	<u>237,405,436</u>	<u>292,357,771</u>	<u>270,634,795</u>	<u>544,543,113</u>	<u>508,040,231</u>
Expenses:						
General Government	30,681,069	30,781,582	-	-	30,681,069	30,781,582
Public Safety	71,999,597	70,390,835	-	-	71,999,597	70,390,835
Streets and Highways	31,953,438	29,293,980	-	-	31,953,438	29,293,980
Culture and Recreation	26,528,155	25,379,286	-	-	26,528,155	25,379,286
Economic Opportunity	15,486,850	16,165,310	-	-	15,486,850	16,165,310
Health and Welfare	20,335,733	20,215,258	-	-	20,335,733	20,215,258
Mass Transit	10,891,704	9,706,032	-	-	10,891,704	9,706,032
Equipment Management	2,363,486	1,789,593	-	-	2,363,486	1,789,593
Engineering Services	3,148,005	2,499,482	-	-	3,148,005	2,499,482
Interest on Long-Term Debt	5,826,378	4,853,854	-	-	5,826,378	4,853,854
Parking	-	-	4,833,961	4,857,024	4,833,961	4,857,024
Golf Courses	-	-	3,167,880	3,169,578	3,167,880	3,169,578
Auditorium	-	-	2,274,043	2,403,906	2,274,043	2,403,906
Solid Waste Management	-	-	6,835,512	6,146,612	6,835,512	6,146,612
Ambulance Transport	-	-	3,679,318	3,793,035	3,679,318	3,793,035
Wastewater	-	-	18,230,853	17,563,692	18,230,853	17,563,692
Water	-	-	23,544,989	23,137,996	23,544,989	23,137,996
Electric	-	-	209,962,000	197,751,000	209,962,000	197,751,000
Total Expenses	<u>219,214,415</u>	<u>211,075,212</u>	<u>272,528,556</u>	<u>258,822,843</u>	<u>491,742,971</u>	<u>469,898,055</u>
Increase in Net Assets Before Transfers	32,970,927	26,330,224	19,829,215	11,811,952	52,800,142	38,142,176
Transfers	1,753,685	1,260,507	(1,753,685)	(1,260,507)	-	-
Increase in Net Assets	34,724,612	27,590,731	18,075,530	10,551,445	52,800,142	38,142,176
Net Assets - Beginning	671,885,794	644,295,063	648,187,778	637,636,333	1,320,073,572	1,281,931,396
Net Assets - Ending	<u>\$ 706,610,406</u>	<u>671,885,794</u>	<u>666,263,308</u>	<u>648,187,778</u>	<u>1,372,873,714</u>	<u>1,320,073,572</u>

GOVERNMENTAL ACTIVITIES

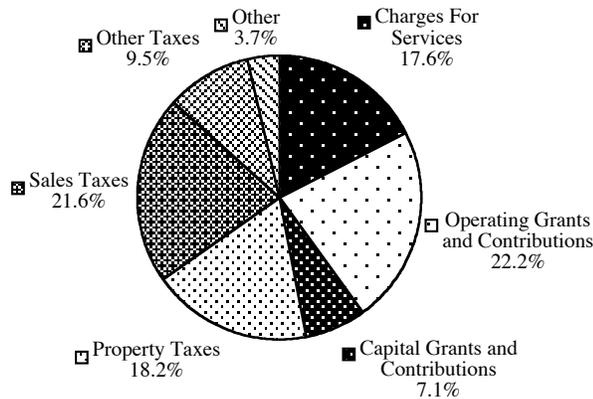
Governmental activities increased the City's net assets by \$34,724,612, accounting for 66 percent of the total growth in the net assets of the City of Lincoln. Key elements of this increase are as follows:

- The City's current year contribution to the Joint Antelope Valley Authority amounted to \$8,503,311.
- Property taxes increased by approximately \$2.9 million (6.7 percent) during 2007. Total growth in the tax base, which includes revaluations, annexations and other adjustments, was 12.95 percent.
- Other taxes increased by approximately \$1.2 million (5 percent). Wheel tax increased 11 percent effective January 1, 2007.
- Unrestricted investment earnings increased by approximately \$2.7 million (74%) during 2007.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



BUSINESS-TYPE ACTIVITIES

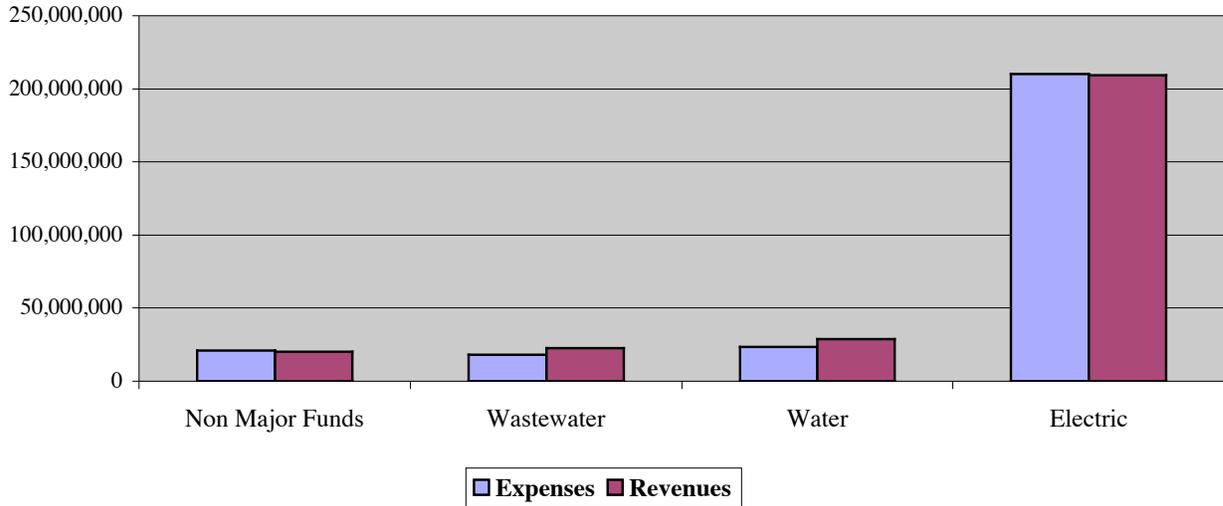
Business-type activities increased the City’s net assets by \$18,075,530, accounting for 35 percent of the total growth in the government’s net assets. Key elements of this increase are as follows:

- Charges for services increased by approximately \$18 million, or 7 percent. Wastewater revenues increased \$1.4 million (7.95%), primarily due to an increase of 9 percent in user fees implemented in February 2007 and because of increased water usage during the sanitary sewer basis period this fiscal year. 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.

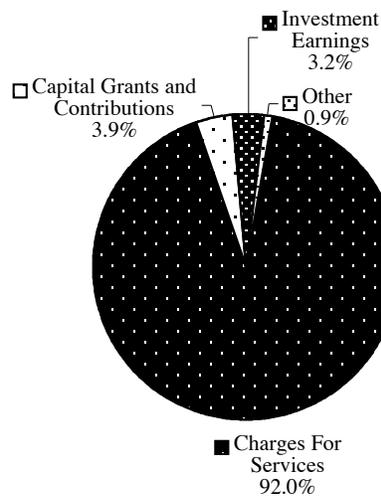
Revenues increased by approximately \$16 million (8.5 percent) for the Electric System in 2006 primarily due to a 4.5 percent rate increase effective April 2006 and a 9 percent rate increase effective August 2005.

- In 2006, LES changed the rate recovery philosophy regarding the recovery of carrying costs of contributed facilities. LES' intent going-forward is to recover carrying costs of contributed facilities in future rate cases.
- Both Lincoln Water and Wastewater Systems reported developer capital contributions in excess of \$3 million each.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of August 31, 2007, the City's governmental funds reported combined ending fund balances of \$214,928,198, an increase of \$42,155,826 in comparison with the prior year. Of this total amount, 65 percent constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

- long-term loans receivable (\$19,143,000),
- pay debt service (\$13,976,879),
- generate income for the purpose of funding health and health-related programs for the citizens of Lincoln (\$37,000,000), and
- a variety of other restricted purposes (\$4,106,763).

The General Fund is the chief operating fund of the City. At August 31, 2007, the unreserved fund balance of the General Fund was \$27,215,934, while total fund balance reached \$30,412,704. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 29 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount.

The fund balance of the City's General Fund increased by \$1,120,666 during 2007. This increase was primarily due to debt proceeds to be used for street lighting left unspent at year end.

The Street Construction Fund had a total fund balance of \$46,517,717, which is to be used in the construction and maintenance of street and highways. The net increase in fund balance during 2007 in the Street Construction Fund was \$28,853,406, a result of proceeds received from the issue of \$27,000,000 of general obligation highway allocation bonds.

The Federal Grants Fund had a fund balance of \$18,558,542, a net increase of \$982,715. While expenditures in the fund increased by \$1,687,003 (8 percent), revenues decreased by only \$239,142 (1 percent) and still exceeded expenditures by \$466,422.

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 (deficit) of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to \$6,482,565, \$26,303,284, \$(56,651,000) and \$4,411,462, respectively, at August 31, 2007 (December 31, 2006 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 (decrease of \$126,072 in appropriations) and can be briefly summarized as follows:

- \$46,312 in miscellaneous changes in general government activities.
- \$(443,097) in decreases allocated to public safety.
- \$19,662 in increases allocated to street maintenance.
- \$(37,284) in decreases allocated to parks and recreation.
- \$288,335 in increases allocated for General Fund transfers to other City funds.

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

- \$3,588,099 positive variance in real estate and personal property tax. Actual property collections were 96.26% of the 2006 levy, while estimated tax revenue is based on 90% collections as provided by the City Charter.
- \$1,200,289 positive variance in general government/miscellaneous function expenditures. This variance was the result of better than anticipated insurance and contractual services costs, and contingency funds left unspent.
- \$(2,390,947) 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, 2007, amounts to \$1,861,044,856 (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 2007 was 5 percent (a 4 percent increase for governmental activities and a 6 percent increase for business-type activities).

Major capital asset events during 2007 included the following:

- A variety of street construction widening and expansion projects for existing streets and bridges continued. Along with new construction of streets and drainage projects, construction-in-progress as of August 31, 2007, reached \$86,580,733.
- Continued major electric plant construction including generation (Council Bluffs #4), transmission, substation and distribution system which totaled over \$70 million in 2006.
- Wastewater System capital assets increased by approximately \$12,976,000 (6 percent) due to major project additions such as:
 - ✓ Trunk sewer mains – \$7,937,000
 - ✓ Theresa Street treatment plant –\$5,724,000
- Water System capital assets increased by approximately \$10,753,000 (4 percent) due to major project additions such as:
 - ✓ Water distribution mains - \$5,952,000
 - ✓ Selected main replacements - \$4,691,000

City Of Lincoln
Capital Assets (net of depreciation)
August 31, 2007 and 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 61,128,379	57,733,188	18,573,146	17,682,928	79,701,525	75,416,116
Buildings	47,679,644	48,432,468	135,597,833	138,885,792	183,277,477	187,318,260
Improvements Other Than Buildings	37,031,339	32,533,330	350,505,718	329,839,791	387,537,057	362,373,121
Machinery and Equipment	35,313,580	31,524,881	9,817,519	9,265,841	45,131,099	40,790,722
Utility Plant	-	-	555,158,000	555,515,000	555,158,000	555,515,000
Infrastructure	294,265,264	267,683,934	-	-	294,265,264	267,683,934
Construction-in-progress	89,643,187	103,953,098	226,331,247	175,336,300	315,974,434	279,289,398
Total	\$ 565,061,393	541,860,899	1,295,983,463	1,226,525,652	1,861,044,856	1,768,386,551

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 47-49 of this report.

LONG-TERM DEBT

At August 31, 2007, the City of Lincoln had total bonded debt outstanding of \$851,573,000. Of this amount, \$133,413,000 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, 2007 and 2006
(dollar amounts in thousands)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 133,413	99,347	-	-	133,413	99,347
Tax Supported Bonds	8,515	9,110	-	-	8,515	9,110
Revenue Bonds	-	-	709,645	709,320	709,645	709,320
Total	\$ 141,928	108,457	709,645	709,320	851,573	817,777

The City's total bonded debt increased by \$33,796,000 (4 percent) during 2007. The key factors in this increase was the issuance of \$20,460,000 in revenue bonds by Lincoln Wastewater System to pay for certain improvements to the City sanitary sewer system, and \$27,000,000 of Highway Allocation Fund bonds for improvements to streets, state highways, or federal-aid routes of the City.

The City maintains the following credit ratings:

	Moody's Investors Service	Standard And Poor's	Fitch Investors Service
General Obligation Bonds	Aaa	AAA	-
Municipal Infrastructure			
Redevelopment Fund Bonds	Aa2	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	A2	A	-
Lincoln Electric System			
Revenue Bonds	Aa2	AA	AA
2005 Revenue Bonds			
FSA insured	-	AAA	AAA
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 51-55 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property tax revenue required to fund the 2008 budget increased \$1,430,491 or 3.66 percent over the prior year. Total change in the tax base is estimated at 2.03 percent.
- Sales tax collections for 2007 were below projections. 2008 projections reflect a 2.65 percent increase over 2007 actual collections. The 2007 Legislature passed a tax reduction package that narrowed the sales tax base. It is estimated this action will reduce 2008 fiscal year collections by \$260,000.
- Permits and fees are projected to decrease \$798,809 (20.5 percent) because \$912,000 revenue from the natural gas franchise fee was a one-time funding source only available for 2007.
- Fuel and utility charges are considerable and volatile cost items within all City operations and have continued to increase significantly.
- A 7 percent water rate increase and a 9 percent wastewater rate increase were adopted by the City Council and become effective February 2008.
- A hiring freeze and a retirement incentive package have been utilized to create vacant positions, eliminate positions, encourage reorganizations and make budget reductions while at the same time minimizing the number of layoffs. Employees selecting the retirement incentive could terminate employment anytime between September 1, 2007 and November 30, 2007. As a result, some positions that will eventually be eliminated are funded for a partial year in the 2008 budget.

All of these factors were considered in preparing the City's budget for the 2008 fiscal year.

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, 2007

With Summarized Financial Information as of August 31, 2006

	Governmental Activities	Business-Type Activities	Totals	
			2007	2006
ASSETS				
Cash and Cash Equivalents	\$ 37,167,340	28,618,690	65,786,030	35,118,941
Investments	121,136,752	12,949,429	134,086,181	134,948,947
Invested Securities Lending Collateral	4,749,143	-	4,749,143	3,870,941
Receivables, (Net of Allowance for Uncollectibles)	31,503,723	32,975,800	64,479,523	61,789,296
Internal Balances	(5,150,473)	5,150,473	-	-
Due from Other Governments	25,679,459	4,349	25,683,808	27,366,044
Inventories	1,876,355	13,862,250	15,738,605	12,213,961
Plant Operation Assets	-	6,383,000	6,383,000	4,886,000
Prepaid Items	731,946	835,697	1,567,643	2,304,501
Deferred Charges and Other Assets	1,304,055	12,560,341	13,864,396	13,372,967
Restricted Assets:				
Cash and Cash Equivalents	-	32,404,264	32,404,264	1,107,660
Investments	37,160,000	89,470,620	126,630,620	200,278,948
Receivables	-	747,234	747,234	604,445
Investment in Joint Venture	95,645,067	-	95,645,067	87,141,756
Capital Assets:				
Non-depreciable	150,771,566	244,904,393	395,675,959	354,705,514
Depreciable (Net)	414,289,827	1,051,079,070	1,465,368,897	1,413,681,037
Total Assets	916,864,760	1,531,945,610	2,448,810,370	2,353,390,958
LIABILITIES				
Accounts Payable	6,812,768	26,053,052	32,865,820	38,505,797
Accrued Liabilities	4,155,467	11,018,302	15,173,769	12,946,178
Due to Other Governments	1,362,075	135,029	1,497,104	409,476
Unearned Revenue	2,134,983	924,867	3,059,850	2,647,493
Obligations under Securities Lending	4,749,143	-	4,749,143	3,870,941
Other Liabilities	-	6,844,000	6,844,000	6,714,000
Commercial Paper Notes Payable	-	90,000,000	90,000,000	90,000,000
Matured Bonds and Interest Payable	-	-	-	104,249
Accrued Interest Payable	1,650,460	10,185,656	11,836,116	10,748,272
Noncurrent Liabilities:				
Compensated Absences:				
Payable within One Year	6,373,544	891,769	7,265,313	6,725,981
Payable in More Than One Year	5,257,577	582,052	5,839,629	3,898,697
Claims and Judgements:				
Payable within One Year	4,051,875	-	4,051,875	2,746,099
Payable in More Than One Year	2,303,631	-	2,303,631	3,165,285
Bonds, Notes and Leases Payable:				
Due within One Year	8,543,258	24,664,469	33,207,727	26,995,375
Due in More Than One Year	158,878,797	685,433,106	844,311,903	811,878,160
Net Pension Obligation	3,980,776	-	3,980,776	3,570,383
Accrued Landfill Closure/Postclosure Care Costs	-	8,950,000	8,950,000	8,391,000
Total Liabilities	210,254,354	865,682,302	1,075,936,656	1,033,317,386
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	433,488,477	658,947,439	1,092,435,916	1,043,912,151
Restricted for:				
Debt Service, Net of Related Debt	7,166,128	22,756,351	29,922,479	27,879,990
Capital Projects	136,250,781	3,920,317	140,171,098	124,299,751
Grantor Loan Programs	19,143,000	-	19,143,000	17,497,000
Other	654,710	92,890	747,600	732,655
Trust Donations:				
Expendable	1,910,741	-	1,910,741	1,749,588
Nonexpendable	160,000	-	160,000	160,000
Health Care:				
Expendable	13,078,901	-	13,078,901	8,962,236
Nonexpendable	37,000,000	-	37,000,000	37,000,000
Unrestricted (Deficit)	57,757,668	(19,453,689)	38,303,979	57,880,201
Total Net Assets	\$ 706,610,406	666,263,308	1,372,873,714	1,320,073,572

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, 2007
With Summarized Financial Information for the Year Ended August 31, 2006

	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			2007	2006
Functions/Programs								
Governmental Activities:								
General Government	\$ (30,681,069)	19,617,633	1,395,767	335,254	(9,332,415)	-	(9,332,415)	(13,062,683)
Public Safety	(71,999,597)	5,490,790	3,249,163	224,212	(63,035,432)	-	(63,035,432)	(59,818,823)
Streets and Highways	(31,953,438)	6,105,933	16,223,950	13,727,190	4,103,635	-	4,103,635	9,669,657
Culture and Recreation	(26,528,155)	3,485,195	1,888,443	2,185,481	(18,969,036)	-	(18,969,036)	(17,188,145)
Economic Opportunity	(15,486,850)	809,767	9,392,662	55,289	(5,229,132)	-	(5,229,132)	(5,773,555)
Health and Welfare	(20,335,733)	3,554,840	15,646,927	-	(1,133,966)	-	(1,133,966)	(6,403,015)
Mass Transit	(10,891,704)	1,525,089	6,772,408	-	(2,594,207)	-	(2,594,207)	(6,328,405)
Equipment Management	(2,363,486)	1,264,810	-	-	(1,098,676)	-	(1,098,676)	(92,656)
Engineering Services	(3,148,005)	2,287,906	-	169,807	(690,292)	-	(690,292)	(328,452)
Interest on Long-Term Debt	(5,826,378)	303,712	1,520,000	1,293,418	(2,709,248)	-	(2,709,248)	(1,445,764)
Total Governmental Activities	(219,214,415)	44,445,675	56,089,320	17,990,651	(100,688,769)	-	(100,688,769)	(100,771,841)
Business-Type Activities:								
Parking Lots	(217,915)	216,723	-	-	-	(1,192)	(1,192)	14,228
Golf	(3,167,880)	2,903,859	-	-	-	(264,021)	(264,021)	(181,506)
Parking Facilities	(4,616,046)	6,264,615	-	-	-	1,648,569	1,648,569	1,878,217
Municipal Auditorium	(2,274,043)	1,620,807	-	-	-	(653,236)	(653,236)	(469,564)
Solid Waste Management	(6,835,512)	5,202,465	-	-	-	(1,633,047)	(1,633,047)	(2,017,782)
Emergency Medical Services	(3,679,318)	3,764,181	-	-	-	84,863	84,863	(503,833)
Wastewater System	(18,230,853)	19,379,833	141,346	3,047,677	-	4,338,003	4,338,003	5,493,657
Water System	(23,544,989)	25,159,477	-	3,420,280	-	5,034,768	5,034,768	8,282,208
Electric System	(209,962,000)	204,527,000	-	4,892,000	-	(543,000)	(543,000)	(9,382,000)
Total Business-Type Activities	(272,528,556)	269,038,960	141,346	11,359,957	-	8,011,707	8,011,707	3,113,625
Total Primary Government	\$ (491,742,971)	313,484,635	56,230,666	29,350,608	(100,688,769)	8,011,707	(92,677,062)	(97,658,216)
General Revenues:								
Property Tax					45,981,349	-	45,981,349	43,081,366
Motor Vehicle Tax					4,298,290	-	4,298,290	4,249,847
Wheel Tax					10,059,772	-	10,059,772	9,250,300
Sales and Use Tax					54,363,413	-	54,363,413	54,348,587
Sundry and In Lieu Tax					37,235	-	37,235	35,020
Occupation Tax					9,534,401	2,195,132	11,729,533	11,458,226
Unrestricted Grants and Contributions					1,573,535	-	1,573,535	1,589,033
Unrestricted Investment Earnings					6,355,562	9,333,779	15,689,341	9,838,458
Miscellaneous General Revenues					907,513	176,226	1,083,739	1,277,957
Gain on Sale of Capital Assets					548,626	112,371	660,997	671,598
Transfers					1,753,685	(1,753,685)	-	-
Total General Revenues and Transfers					135,413,381	10,063,823	145,477,204	135,800,392
Change in Net Assets					34,724,612	18,075,530	52,800,142	38,142,176
Net Assets - Beginning					671,885,794	648,187,778	1,320,073,572	1,281,931,396
Net Assets - Ending					\$ 706,610,406	666,263,308	1,372,873,714	1,320,073,572

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

CITY OF LINCOLN, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2007

	General Fund	Street Construction Fund	Federal Grants Fund	Other Governmental Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 4,073,318	7,613,078	-	21,257,578	32,943,974
Investments	10,432,332	28,083,624	-	104,217,711	142,733,667
Invested Securities Lending Collateral	-	-	-	4,749,143	4,749,143
Receivables, (Net of Allowance for Uncollectibles)	4,915,768	348,605	19,205,301	6,394,506	30,864,180
Due from Other Funds	3,507,480	10,509,125	-	5,989,879	20,006,484
Due from Other Governments	10,045,198	10,953,020	2,650,280	1,863,028	25,511,526
Inventories	531,436	59,243	-	682,250	1,272,929
Prepaid Items	13,563,230	-	-	-	13,563,230
Total Assets	<u>47,068,762</u>	<u>57,566,695</u>	<u>21,855,581</u>	<u>145,154,095</u>	<u>271,645,133</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	733,331	2,293,848	556,599	1,470,253	5,054,031
Contracts Payable	-	700,299	-	645,272	1,345,571
Accrued Liabilities	1,499,237	70,149	225,610	1,212,191	3,007,187
Due to Other Funds	12,767,058	6,083	1,113,479	12,720,079	26,606,699
Due to Other Governments	241,159	66	712,592	104,006	1,057,823
Unearned Revenue	-	-	-	1,539,924	1,539,924
Obligations under Securities Lending	-	-	-	4,749,143	4,749,143
Deferred Revenue	1,415,273	7,978,533	688,759	3,273,992	13,356,557
Total Liabilities	<u>16,656,058</u>	<u>11,048,978</u>	<u>3,297,039</u>	<u>25,714,860</u>	<u>56,716,935</u>
Fund Balances:					
Reserved for:					
Inventories	531,436	59,243	-	682,250	1,272,929
Prepaid Items	417,321	-	-	-	417,321
Improvements	1,593,303	-	-	8,500	1,601,803
Grantor Loan Programs	-	-	19,143,000	-	19,143,000
Restricted Funds	654,710	-	-	-	654,710
Debt Service	-	-	-	13,976,879	13,976,879
Trust Donations (non-expendable)	-	-	-	160,000	160,000
Health Care (non-expendable)	-	-	-	37,000,000	37,000,000
Unreserved, Reported in:					
General Fund:					
Designated for Debt Service	379,035	-	-	-	379,035
Designated for Subsequent Years Expenditures	3,079,398	-	-	-	3,079,398
Designated for Encumbrances	569,068	-	-	-	569,068
Undesignated (Deficit)	23,188,433	-	-	-	23,188,433
Special Revenue Funds:					
Designated for Subsequent Years Expenditures	-	9,309	-	965,028	974,337
Designated for Encumbrances	-	21,659,898	-	1,562,246	23,222,144
Undesignated (Deficit)	-	24,789,267	(584,458)	16,967,143	41,171,952
Debt Service Funds	-	-	-	9,933,914	9,933,914
Capital Projects Funds:					
Designated for Encumbrances	-	-	-	2,750,856	2,750,856
Undesignated	-	-	-	21,823,160	21,823,160
Permanent Funds	-	-	-	13,609,259	13,609,259
Total Fund Balances	<u>30,412,704</u>	<u>46,517,717</u>	<u>18,558,542</u>	<u>119,439,235</u>	<u>214,928,198</u>
Total Liabilities and Fund Balances	<u>\$ 47,068,762</u>	<u>57,566,695</u>	<u>21,855,581</u>	<u>145,154,095</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, not reported in the funds.	541,733,317
Investment in joint venture is not a financial resource and, therefore, not reported in the funds.	95,645,067
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.	13,356,557
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.	23,993,386
Accrued pension contribution, special termination and other liabilities require the use of unavailable financial resources and, therefore, are not reported in the funds.	(1,118,613)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	<u>(181,927,506)</u>
Net assets of governmental activities	<u>\$ 706,610,406</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, 2007

	General Fund	Street Construction Fund	Federal Grants Fund	Other Governmental Funds	Total
REVENUES					
Taxes:					
Property	\$ 26,854,114	-	-	19,149,605	46,003,719
Motor Vehicle	4,298,290	-	-	-	4,298,290
Wheel	-	-	-	10,059,772	10,059,772
Sales and Use	54,363,413	-	-	-	54,363,413
Sundry and In Lieu	25,353	-	-	9,762	35,115
Occupation	9,054,831	-	-	-	9,054,831
Special Assessment	2,306	-	-	1,510,942	1,513,248
Intergovernmental	2,963,083	25,885,965	21,357,361	13,721,634	63,928,043
Permits and Fees	3,825,854	4,250,783	699,354	10,350,248	19,126,239
Reimbursement for Services	5,220,138	2,971	402,255	865,748	6,491,112
Program Income	-	-	34,155	-	34,155
Investment Earnings	873,087	1,086,774	31,579	8,380,125	10,371,565
Donations	645,793	-	79,058	222,588	947,439
Keno Proceeds	-	-	-	2,798,262	2,798,262
Miscellaneous	750,263	1,235,062	78,143	1,208,783	3,272,251
Total Revenues	<u>108,876,525</u>	<u>32,461,555</u>	<u>22,681,905</u>	<u>68,277,469</u>	<u>232,297,454</u>
EXPENDITURES					
Current:					
General Government	26,576,545	-	188,584	7,181,129	33,946,258
Public Safety	48,515,282	-	4,003,174	8,435,195	60,953,651
Streets and Highways	8,452,096	6,165,985	1,554	2,810,817	17,430,452
Culture and Recreation	11,145,161	-	2,116,924	8,457,459	21,719,544
Economic Opportunity	218,570	-	7,103,364	4,348,381	11,670,315
Health and Welfare	301,318	-	8,655,745	11,421,800	20,378,863
Mass Transit	-	-	146,138	14,731,219	14,877,357
Debt Service	80,112	-	-	11,509,608	11,589,720
Capital Outlay	-	30,970,732	-	13,985,222	44,955,954
Total Expenditures	<u>95,289,084</u>	<u>37,136,717</u>	<u>22,215,483</u>	<u>82,880,830</u>	<u>237,522,114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,587,441</u>	<u>(4,675,162)</u>	<u>466,422</u>	<u>(14,603,361)</u>	<u>(5,224,660)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	3,305,338	10,911,613	516,849	27,938,872	42,672,672
Transfers Out	(21,337,665)	(4,650,376)	(556)	(14,654,706)	(40,643,303)
Issuance of Debt	5,500,000	27,000,000	-	12,088,425	44,588,425
Premium on Debt Issued	5,091	267,331	-	212,389	484,811
Discount on Debt Issued	-	-	-	(5,255)	(5,255)
Sale of Capital Assets	60,461	-	-	222,675	283,136
Total Other Financing Sources (Uses)	<u>(12,466,775)</u>	<u>33,528,568</u>	<u>516,293</u>	<u>25,802,400</u>	<u>47,380,486</u>
Net Change in Fund Balances	1,120,666	28,853,406	982,715	11,199,039	42,155,826
Fund Balances - Beginning	<u>29,292,038</u>	<u>17,664,311</u>	<u>17,575,827</u>	<u>108,240,196</u>	<u>172,772,372</u>
Fund Balances - Ending	<u>\$ 30,412,704</u>	<u>46,517,717</u>	<u>18,558,542</u>	<u>119,439,235</u>	<u>214,928,198</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, 2007

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

Net change in fund balances - total governmental funds	\$ 42,155,826
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.	19,497,770
The net effect of various miscellaneous transactions involving capital contributions is to increase net assets.	5,935,163
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,307,685)
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.	(38,089,050)
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.	(3,941,807)
Changes in the net pension asset/obligation do not represent financial activity in governmental funds.	(410,393)
Changes in the interest in the underlying net assets of the joint venture do not represent financial activity in governmental funds.	8,503,311
Some pension contribution expenses require the use of unavailable financial resources and, therefore, are not reported as expenditures in governmental funds.	1,285
Internal service funds are used by management to charge the costs of certain services to individual funds.	<u>2,380,192</u>
Change in net assets of governmental activities	<u>\$ 34,724,612</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Real Estate and Personal Property Tax	\$ 29,062,234	29,062,234	32,650,333	3,588,099
Taxes Collected by Others	54,219,949	54,219,949	53,960,485	(259,464)
Sundry Taxes and In Lieu	26,002	26,002	25,431	(571)
Occupation Taxes	9,634,727	9,634,727	9,871,053	236,326
Intergovernmental	2,959,242	2,959,242	3,121,260	162,018
Permits and Fees	3,564,535	3,564,535	3,421,249	(143,286)
Reimbursement for Services	2,530,447	2,530,447	2,528,006	(2,441)
Court Fees	382,000	382,000	495,049	113,049
Recreation Receipts	2,153,529	2,153,529	2,124,846	(28,683)
Investment Earnings	558,367	558,367	827,437	269,070
Donations	645,311	645,311	646,886	1,575
Rental Income	535,631	535,631	621,442	85,811
Miscellaneous	506,002	506,002	518,105	12,103
Total Revenues	<u>106,777,976</u>	<u>106,777,976</u>	<u>110,811,582</u>	<u>4,033,606</u>
Expenditures:				
General Government:				
Legislative	324,492	307,223	268,865	38,358
Executive	1,298,453	1,356,653	1,259,758	96,895
Financial Administration	2,244,459	2,204,459	2,134,870	69,589
Law	2,047,700	2,052,700	2,030,374	22,326
Personnel Administration	906,578	906,578	887,945	18,633
Planning and Zoning	1,679,249	1,679,249	1,528,546	150,703
Urban Development	855,139	881,139	887,928	(6,789)
Miscellaneous	18,699,067	18,713,448	17,513,159	1,200,289
Total General Government	<u>28,055,137</u>	<u>28,101,449</u>	<u>26,511,445</u>	<u>1,590,004</u>
Public Safety:				
Police	29,412,464	29,028,164	28,301,649	726,515
Fire	19,346,382	19,286,010	18,727,388	558,622
Traffic Engineering	1,607,818	1,609,393	1,543,467	65,926
Total Public Safety	<u>50,366,664</u>	<u>49,923,567</u>	<u>48,572,504</u>	<u>1,351,063</u>
Streets and Highways:				
Street Maintenance	2,308,424	2,328,086	2,435,640	(107,554)
Street Lighting	3,632,410	3,632,410	6,023,357	(2,390,947)
Total Streets and Highways	<u>5,940,834</u>	<u>5,960,496</u>	<u>8,458,997</u>	<u>(2,498,501)</u>
Culture and Recreation:				
Parks and Recreation	11,645,704	11,608,420	11,186,659	421,761
Libraries	136,582	136,582	136,582	-
Total Culture and Recreation	<u>11,782,286</u>	<u>11,745,002</u>	<u>11,323,241</u>	<u>421,761</u>
Economic Opportunity:				
Lincoln Area Agency on Aging	219,140	219,140	219,140	-
Health and Welfare:				
Lincoln/Lancaster County Health	316,527	316,527	316,527	-
Debt Service:				
Issuance and Management Costs	-	-	80,112	(80,112)
Total Expenditures	<u>96,680,588</u>	<u>96,266,181</u>	<u>95,481,966</u>	<u>784,215</u>
Excess of Revenues Over Expenditures	<u>10,097,388</u>	<u>10,511,795</u>	<u>15,329,616</u>	<u>4,817,821</u>
Other Financing Sources (Uses):				
Transfers In	2,553,019	2,553,019	3,302,291	749,272
Transfers Out	(19,399,059)	(19,687,394)	(21,337,665)	(1,650,271)
Proceeds from Issuance of Debt	5,500,000	5,500,000	5,500,000	-
Premium on Debt Issued	-	-	5,091	5,091
Sale of Capital Assets	62,659	62,659	60,461	(2,198)
Total Other Financing Sources (Uses)	<u>(11,283,381)</u>	<u>(11,571,716)</u>	<u>(12,469,822)</u>	<u>(898,106)</u>
Net Change in Fund Balances	(1,185,993)	(1,059,921)	2,859,794	3,919,715
Fund Balances - Beginning	<u>16,603,008</u>	<u>16,603,008</u>	<u>16,603,008</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 15,417,015</u>	<u>15,543,087</u>	<u>19,462,802</u>	<u>3,919,715</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 12,794,018	12,794,018	15,826,903	3,032,885
Permits and Fees	-	-	2,314,448	2,314,448
Reimbursement for Services	400,000	400,000	3,061	(396,939)
Investment Earnings	200,000	200,000	99,984	(100,016)
Miscellaneous	-	-	930	930
Total Revenues	<u>13,394,018</u>	<u>13,394,018</u>	<u>18,245,326</u>	<u>4,851,308</u>
Expenditures -- Streets and Highways:				
Personal Services	3,262,440	3,262,440	3,283,321	(20,881)
Materials and Supplies	514,200	514,200	459,981	54,219
Other Services and Charges	2,941,093	2,941,093	2,159,282	781,811
Capital Outlay	76,100	76,100	68,476	7,624
Total Expenditures	<u>6,793,833</u>	<u>6,793,833</u>	<u>5,971,060</u>	<u>822,773</u>
Excess of Revenues Over Expenditures	<u>6,600,185</u>	<u>6,600,185</u>	<u>12,274,266</u>	<u>5,674,081</u>
Other Financing Sources (Uses):				
Transfers In	10,911,613	10,911,613	10,911,613	-
Transfers Out	(4,650,376)	(4,650,376)	(4,650,376)	-
Issuance of Debt	27,000,000	27,000,000	27,000,000	-
Premium on Debt Issued	-	-	267,330	267,330
Total Other Financing Sources (Uses)	<u>33,261,237</u>	<u>33,261,237</u>	<u>33,528,567</u>	<u>267,330</u>
Net Change in Fund Balances	39,861,422	39,861,422	45,802,833	5,941,411
Amount Budgeted on Project Basis	(15,313,743)	(15,313,743)	(15,313,743)	-
Fund Balances - Beginning	<u>13,403,554</u>	<u>13,403,554</u>	<u>13,403,554</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 37,951,233</u>	<u>37,951,233</u>	<u>43,892,644</u>	<u>5,941,411</u>

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

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 21,123,764	21,123,764	20,719,124	(404,640)
Permits and Fees	639,085	639,085	639,085	-
Reimbursement for Services	303,392	303,392	303,392	-
Client Contributions	324	324	324	-
Program Income	1,232,359	1,232,359	1,331,155	98,796
Recreation Receipts	12,793	12,793	12,793	-
Investment Earnings	27,865	27,865	27,979	114
Donations	79,057	79,057	79,057	-
Rental Income	113,873	113,873	102,303	(11,570)
Private Sector Share of Project	50	50	50	-
Miscellaneous	77,909	77,909	78,093	184
Total Revenues	<u>23,610,471</u>	<u>23,610,471</u>	<u>23,293,355</u>	<u>(317,116)</u>
Expenditures:				
General Government:				
Materials and Supplies	507	507	507	-
Other Services and Charges	97,617	97,617	97,617	-
Capital Outlay	129,675	129,675	129,675	-
Total General Government	<u>227,799</u>	<u>227,799</u>	<u>227,799</u>	<u>-</u>
Public Safety:				
Personal Services	1,194,129	1,194,129	1,194,129	-
Materials and Supplies	151,876	151,876	151,876	-
Other Services and Charges	1,168,894	1,168,894	1,168,894	-
Capital Outlay	551,679	551,679	551,679	-
Total Public Safety	<u>3,066,578</u>	<u>3,066,578</u>	<u>3,066,578</u>	<u>-</u>
Culture and Recreation:				
Personal Services	655,668	655,668	655,668	-
Materials and Supplies	28,988	28,988	28,988	-
Other Services and Charges	493,915	493,915	493,915	-
Capital Outlay	1,080,549	1,080,549	1,080,549	-
Total Culture and Recreation	<u>2,259,120</u>	<u>2,259,120</u>	<u>2,259,120</u>	<u>-</u>
Economic Opportunity:				
Personal Services	3,967,337	3,967,337	3,905,780	61,557
Materials and Supplies	127,662	127,662	129,703	(2,041)
Other Services and Charges	1,948,428	1,948,428	1,737,128	211,300
Capital Outlay	4,858	4,858	63,976	(59,118)
Loans and Grants	4,102,511	4,102,511	4,073,255	29,256
Total Economic Opportunity	<u>10,150,796</u>	<u>10,150,796</u>	<u>9,909,842</u>	<u>240,954</u>

(Continued)

(Federal Grants Fund, Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Personal Services	4,290,212	4,290,212	4,290,212	-
Materials and Supplies	262,466	262,466	262,466	-
Other Services and Charges	3,019,739	3,019,739	3,019,739	-
Capital Outlay	258,687	258,687	258,687	-
Loans and Grants	76,962	76,962	76,962	-
Total Health and Welfare	<u>7,908,066</u>	<u>7,908,066</u>	<u>7,908,066</u>	-
Mass Transit:				
Personal Services	142,867	142,867	142,867	-
Materials and Supplies	5	5	5	-
Other Services and Charges	2,434	2,434	2,434	-
Total Mass Transit	<u>145,306</u>	<u>145,306</u>	<u>145,306</u>	-
Total Expenditures	<u>23,757,665</u>	<u>23,757,665</u>	<u>23,516,711</u>	<u>240,954</u>
Deficiency of Revenues Under Expenditures	<u>(147,194)</u>	<u>(147,194)</u>	<u>(223,356)</u>	<u>(76,162)</u>
Other Financing Sources (Uses):				
Transfers In	516,849	516,849	516,849	-
Transfers Out	<u>(556)</u>	<u>(556)</u>	<u>(556)</u>	-
Total Other Financing Sources (Uses)	<u>516,293</u>	<u>516,293</u>	<u>516,293</u>	-
Net Change in Fund Balances	369,099	369,099	292,937	(76,162)
Fund Deficits - Beginning	<u>(1,360,278)</u>	<u>(1,360,278)</u>	<u>(1,360,278)</u>	-
Fund Deficits - Ending	<u><u>\$ (991,179)</u></u>	<u><u>(991,179)</u></u>	<u><u>(1,067,341)</u></u>	<u><u>(76,162)</u></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, 2007

	Business-Type Activities -- Enterprise Funds					Governmental
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	Activities -- Internal Service Funds
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 4,872,559	7,012,925	13,235,000	3,498,206	28,618,690	4,223,366
Investments	-	-	1,997,000	10,952,429	12,949,429	15,563,085
Restricted Assets:						
Cash and Cash Equivalents	-	-	14,287,000	92,890	14,379,890	-
Accounts Receivable, (Net of Allowance for Uncollectibles)	1,373,610	2,765,516	14,002,000	2,117,764	20,258,890	465,607
Accrued Interest Receivable	-	-	519,000	126,042	645,042	173,936
Unbilled Revenues	1,970,331	3,497,537	6,604,000	-	12,071,868	-
Due from Other Funds	2,105,923	4,242,746	-	872,339	7,221,008	2,447,240
Due from Other Governments	-	-	-	4,349	4,349	167,933
Inventories	93,689	822,851	12,758,000	187,710	13,862,250	603,426
Plant Operation Assets	-	-	6,383,000	-	6,383,000	-
Prepaid Expenses	-	-	828,000	7,697	835,697	314,625
Total Current Assets	<u>10,416,112</u>	<u>18,341,575</u>	<u>70,613,000</u>	<u>17,859,426</u>	<u>117,230,113</u>	<u>23,959,218</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	-	-	17,239,000	785,374	18,024,374	-
Investments	24,361,075	33,947,525	27,336,000	3,826,020	89,470,620	-
Accounts Receivable	-	-	-	23	23	-
Accrued Interest Receivable	326,516	358,063	-	62,632	747,211	-
Due from Other Funds	-	-	-	160,102	160,102	-
Total Restricted Assets	<u>24,687,591</u>	<u>34,305,588</u>	<u>44,575,000</u>	<u>4,834,151</u>	<u>108,402,330</u>	<u>-</u>
Deferred Charges	860,136	710,058	10,498,000	492,147	12,560,341	-
Capital Assets:						
Land	3,184,797	4,712,177	-	10,676,172	18,573,146	48,250
Buildings	52,787,209	95,103,963	-	49,269,005	197,160,177	373,146
Improvements Other Than Buildings	206,422,389	232,790,759	-	30,466,044	469,679,192	1,159,425
Machinery and Equipment	7,864,371	5,644,686	-	10,734,163	24,243,220	23,649,110
Utility Plant	-	-	892,674,000	-	892,674,000	-
Construction in Progress	39,104,516	7,944,302	179,170,000	112,429	226,331,247	-
Less Accumulated Depreciation	(70,308,234)	(85,417,597)	(337,516,000)	(39,435,688)	(532,677,519)	(15,047,764)
Total Capital Assets, Net	<u>239,055,048</u>	<u>260,778,290</u>	<u>734,328,000</u>	<u>61,822,125</u>	<u>1,295,983,463</u>	<u>10,182,167</u>
Total Noncurrent Assets	<u>264,602,775</u>	<u>295,793,936</u>	<u>789,401,000</u>	<u>67,148,423</u>	<u>1,416,946,134</u>	<u>10,182,167</u>
Total Assets	<u>275,018,887</u>	<u>314,135,511</u>	<u>860,014,000</u>	<u>85,007,849</u>	<u>1,534,176,247</u>	<u>34,141,385</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	288,049	540,974	14,615,000	581,138	16,025,161	310,215
Construction Contracts	3,932,978	4,326,913	1,768,000	-	10,027,891	-
Accrued Liabilities	376,864	1,110,356	9,314,000	217,082	11,018,302	435,888
Accrued Compensated Absences	298,861	350,348	-	242,560	891,769	657,185
Due to Other Funds	-	-	-	399,752	399,752	997,498
Due to Other Governments	-	-	-	135,029	135,029	982
Unearned Revenue	-	-	-	924,867	924,867	595,059
Claims	-	-	-	-	-	4,051,875
Accrued Interest	951,707	142,264	9,046,000	45,685	10,185,656	465
Commercial Paper Notes Payable	-	-	90,000,000	-	90,000,000	-
Current Portion of Capital Lease	-	-	-	444,469	444,469	58,886
Current Portion of Long-Term Debt	2,415,000	5,555,000	14,430,000	1,820,000	24,220,000	-
Other	-	-	6,844,000	-	6,844,000	-
Total Current Liabilities	<u>8,263,459</u>	<u>12,025,855</u>	<u>146,017,000</u>	<u>4,810,582</u>	<u>171,116,896</u>	<u>7,108,053</u>
Noncurrent Liabilities:						
Due to Other Funds	-	-	-	1,830,885	1,830,885	-
Accrued Compensated Absences	187,035	339,216	-	55,801	582,052	628,417
Claims	-	-	-	-	-	2,303,631
Long-Term Debt, Net	85,695,062	68,835,091	513,590,000	16,835,424	684,955,577	-
Capital Lease Payable	-	-	-	477,529	477,529	107,898
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	8,950,000	8,950,000	-
Total Noncurrent Liabilities	<u>85,882,097</u>	<u>69,174,307</u>	<u>513,590,000</u>	<u>28,149,639</u>	<u>696,796,043</u>	<u>3,039,946</u>
Total Liabilities	<u>94,145,556</u>	<u>81,200,162</u>	<u>659,607,000</u>	<u>32,960,221</u>	<u>867,912,939</u>	<u>10,147,999</u>
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	173,291,909	204,223,192	235,084,000	46,348,338	658,947,439	10,015,384
Restricted for:						
Debt Service	410,983	205,715	21,974,000	165,653	22,756,351	-
Capital Projects	687,874	2,203,158	-	1,029,285	3,920,317	-
Other	-	-	-	92,890	92,890	-
Unrestricted	6,482,565	26,303,284	(56,651,000)	4,411,462	(19,453,689)	13,978,002
Total Net Assets	<u>\$ 180,873,331</u>	<u>232,935,349</u>	<u>200,407,000</u>	<u>52,047,628</u>	<u>666,263,308</u>	<u>23,993,386</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, 2007

	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	\$ 19,402,047	25,249,632	204,527,000	3,764,181	252,942,860	46,227,490
Fees	-	-	-	7,571,304	7,571,304	-
Parking Facility Revenue	-	-	-	6,471,758	6,471,758	-
Performance Revenue	-	-	-	1,527,542	1,527,542	-
Other Operating Revenue	-	-	-	711,568	711,568	-
Total Operating Revenues	<u>19,402,047</u>	<u>25,249,632</u>	<u>204,527,000</u>	<u>20,046,353</u>	<u>269,225,032</u>	<u>46,227,490</u>
Operating Expenses						
Personal Services	-	-	-	6,804,685	6,804,685	12,625,109
Contractual Services	-	-	-	3,789,152	3,789,152	-
Operation and Maintenance	9,888,570	12,190,525	11,427,000	5,532,172	39,038,267	30,577,708
Purchased Power	-	-	115,051,000	-	115,051,000	-
Depreciation	6,092,258	6,724,437	28,665,000	3,399,897	44,881,592	2,464,483
Administrative Costs	1,574,394	2,160,611	21,964,000	-	25,699,005	-
Total Operating Expenses	<u>17,555,222</u>	<u>21,075,573</u>	<u>177,107,000</u>	<u>19,525,906</u>	<u>235,263,701</u>	<u>45,667,300</u>
Operating Income	<u>1,846,825</u>	<u>4,174,059</u>	<u>27,420,000</u>	<u>520,447</u>	<u>33,961,331</u>	<u>560,190</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	1,256,533	2,587,058	4,468,000	1,022,188	9,333,779	1,038,248
Gain on Disposal of Capital Assets	-	-	-	(15,605)	(15,605)	115,684
Occupation Tax	-	-	-	2,195,132	2,195,132	-
Grants	141,346	-	-	-	141,346	154,628
Payments in Lieu of Taxes	-	-	(7,665,000)	-	(7,665,000)	-
Amortization of Deferred Charges	(33,217)	(70,033)	(660,000)	(51,555)	(814,805)	-
Interest Expense and Fiscal Charges	(642,414)	(2,399,383)	(24,530,000)	(1,095,123)	(28,666,920)	(6,625)
Total Nonoperating Revenues (Expenses)	<u>722,248</u>	<u>117,642</u>	<u>(28,387,000)</u>	<u>2,055,037</u>	<u>(25,492,073)</u>	<u>1,301,935</u>
Income (Loss) Before Contributions and Transfers	2,569,073	4,291,701	(967,000)	2,575,484	8,469,258	1,862,125
Capital Contributions	3,047,677	3,420,280	4,892,000	712,421	12,072,378	81,330
Transfers In	-	-	-	529,049	529,049	436,737
Transfers Out	-	-	(1,385,000)	(1,610,155)	(2,995,155)	-
Change in Net Assets	<u>5,616,750</u>	<u>7,711,981</u>	<u>2,540,000</u>	<u>2,206,799</u>	<u>18,075,530</u>	<u>2,380,192</u>
Net Assets - Beginning	<u>175,256,581</u>	<u>225,223,368</u>	<u>197,867,000</u>	<u>49,840,829</u>	<u>648,187,778</u>	<u>21,613,194</u>
Net Assets - Ending	<u>\$ 180,873,331</u>	<u>232,935,349</u>	<u>200,407,000</u>	<u>52,047,628</u>	<u>666,263,308</u>	<u>23,993,386</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, 2007

	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	\$ 19,091,648	23,946,047	209,610,000	19,583,834	272,231,529	11,644,581
Receipts from Interfund Services Provided	164,809	557,343	4,638,000	184,536	5,544,688	33,688,029
Payments to Suppliers for Goods and Services	(3,307,614)	(4,013,976)	(143,474,000)	(7,465,923)	(158,261,513)	(28,131,365)
Payments to Employees	(6,274,982)	(7,015,101)	(20,312,000)	(6,778,412)	(40,380,495)	(12,085,543)
Payments for Interfund Services Provided	(1,766,457)	(2,811,145)	(1,750,000)	(1,513,015)	(7,840,617)	(2,230,218)
Other Receipts	-	-	-	711,568	711,568	-
Net Cash Provided by Operating Activities	<u>7,907,404</u>	<u>10,663,168</u>	<u>48,712,000</u>	<u>4,722,588</u>	<u>72,005,160</u>	<u>2,885,484</u>
Cash Flows from Noncapital Financing Activities						
Occupation Tax	-	-	-	2,131,822	2,131,822	-
Payments in Lieu of Taxes	-	-	(7,107,000)	-	(7,107,000)	-
Transfers from Other Funds	-	-	-	529,049	529,049	436,737
Transfers to Other Funds	-	-	(1,299,000)	(1,610,155)	(2,909,155)	-
Advances from General Fund	-	-	-	496,766	496,766	963,171
Repayment of Advances from General Fund	-	-	-	(338,870)	(338,870)	-
Advances to Other Funds	(204,796)	-	-	-	(204,796)	-
Payments from Other Funds	-	1,307,388	-	427,456	1,734,844	236,882
Interest Paid	-	-	-	(74,878)	(74,878)	-
Federal Grant Revenue	141,346	-	-	-	141,346	251,394
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(63,450)</u>	<u>1,307,388</u>	<u>(8,406,000)</u>	<u>1,561,190</u>	<u>(5,600,872)</u>	<u>1,888,184</u>
Cash Flows from Capital and Related Financing Activities						
Additions to Capital Assets	(17,144,983)	(11,116,135)	(74,990,000)	(4,410,326)	(107,661,444)	(2,582,243)
Proceeds from Sale of Capital Assets	-	-	-	102,524	102,524	265,491
Proceeds from Long-Term Debt	20,202,038	-	-	595,560	20,797,598	-
Net Cost of Retiring Plant	-	-	(290,000)	-	(290,000)	-
Capital Contributions	-	-	5,194,000	-	5,194,000	-
Principal Payments of Capital Lease	-	-	-	(377,070)	(377,070)	(56,954)
Principal Payments of Long-Term Debt	(2,005,000)	(5,340,000)	(11,050,000)	(1,740,000)	(20,135,000)	-
Interest and Fiscal Charges Paid	(427,372)	(2,610,005)	(29,640,000)	(1,012,629)	(33,690,006)	(6,784)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>624,683</u>	<u>(19,066,140)</u>	<u>(110,776,000)</u>	<u>(6,841,941)</u>	<u>(136,059,398)</u>	<u>(2,380,490)</u>
Cash Flows from Investing Activities						
Proceeds from Sale and Maturities of Investments	4,039,834	19,548,800	345,943,000	9,418,746	378,950,380	6,562,686
Purchases of Investments	(10,870,376)	(13,730,491)	(231,233,000)	(8,698,833)	(264,532,700)	(8,273,762)
Interest and Other Receipts	930,306	1,937,288	491,000	725,242	4,083,836	758,891
Net Cash Provided (Used) by Investing Activities	<u>(5,900,236)</u>	<u>7,755,597</u>	<u>115,201,000</u>	<u>1,445,155</u>	<u>118,501,516</u>	<u>(952,185)</u>
Net Increase in Cash and Cash Equivalents	2,568,401	660,013	44,731,000	886,992	48,846,406	1,440,993
Cash and Cash Equivalents - Beginning	2,304,158	6,352,912	30,000	3,489,478	12,176,548	2,782,373
Cash and Cash Equivalents - Ending	<u>\$ 4,872,559</u>	<u>7,012,925</u>	<u>44,761,000</u>	<u>4,376,470</u>	<u>61,022,954</u>	<u>4,223,366</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income	\$ 1,846,825	4,174,059	27,420,000	520,447	33,961,331	560,190
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	6,092,258	6,724,437	28,665,000	3,399,897	44,881,592	2,464,483
Changes in Assets and Liabilities:						
Accounts Receivable and Unbilled Revenues	(139,590)	(737,442)	(2,422,000)	(304,760)	(3,603,792)	(362,390)
Due from Other Funds	-	-	-	5,102	5,102	(728,646)
Due from Other Governments	-	-	-	(1,537)	(1,537)	160,619
Inventories	57,968	37,817	(3,622,000)	(9,113)	(3,535,328)	(21,132)
Plant Operation Assets	-	-	(1,497,000)	-	(1,497,000)	-
Prepaid Expenses	-	-	747,000	18,348	765,348	34,096
Other Assets	-	-	(90,000)	-	(90,000)	-
Accounts Payable	(32,707)	(120,410)	(619,000)	(211,274)	(983,391)	(240,497)
Accrued Liabilities	30,035	445,303	-	16,216	491,554	206,782
Accrued Compensated Absences	52,615	139,404	-	10,057	202,076	332,784
Due to Other Funds	-	-	-	1,199	1,199	(380)
Due to Other Governments	-	-	-	16,989	16,989	(84)
Unearned Revenue	-	-	-	702,017	702,017	35,537
Claims	-	-	-	-	-	444,122
Deferred Credits and Other Liabilities	-	-	130,000	-	130,000	-
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	559,000	559,000	-
Total Adjustments	<u>6,060,579</u>	<u>6,489,109</u>	<u>21,292,000</u>	<u>4,202,141</u>	<u>38,043,829</u>	<u>2,325,294</u>
Net Cash Provided by Operating Activities	<u>\$ 7,907,404</u>	<u>10,663,168</u>	<u>48,712,000</u>	<u>4,722,588</u>	<u>72,005,160</u>	<u>2,885,484</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:						
Contribution of Capital Assets	\$ 2,547,514	1,870,475	-	712,421	5,130,410	81,330
Capital Asset Trade-Ins	-	-	-	44,678	44,678	30,510
Purchase of Capital Assets on Account	3,932,978	4,326,913	-	12,227	8,272,118	-
Change in Fair Value of Investments	<u>222,970</u>	<u>630,439</u>	<u>2,544,000</u>	<u>245,710</u>	<u>3,643,119</u>	<u>228,530</u>

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, 2007

	Police & Fire Pension Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 11,302,832	3,599,076
Investments:		
Pooled Investment Funds	1,171,758	-
U.S. Agency Obligations	4,973,954	2,829,592
Corporate Bonds	1,980,000	-
Municipal Bonds	1,058,499	-
Mutual Funds	157,222,042	-
Real Estate Limited Partnership	20,255,952	-
Other	607,550	-
Total Investments	187,269,755	2,829,592
Receivables:		
Contributions	455,335	-
Accrued Interest	909,104	40,620
Other	-	34,493
Due from Other Governments	209	-
Contractor Retainage	-	740,204
	-	740,204
Total Assets	199,937,235	7,243,985
LIABILITIES		
Warrants Payable	-	1,803,986
Accounts Payable	137,049	173,048
Accrued Liabilities	2,416	-
Accrued Compensated Absences	13,822	-
Due to Other Governments	-	3,676,845
Due to Homeowners	-	39,952
Due to Contractors	-	1,248,107
Due to Joint Venture	-	184,121
Due to Bondholders	-	117,926
	-	117,926
Total Liabilities	153,287	7,243,985
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	\$ 199,783,948	-

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, 2007

	Police & Fire Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 3,527,523
Employee	2,043,976
Total Contributions	5,571,499
Investment Earnings:	
Interest	1,192,046
Dividends	2,645,110
Net Increase in Fair Value of Investments	20,917,245
Net Investment Earnings	24,754,401
Total Additions	30,325,900
Deductions:	
Benefit Payments	8,515,087
Refunds of Contributions	956,618
Administrative Costs	328,612
Total Deductions	9,800,317
Change in Net Assets	20,525,583
Net Assets Held in Trust for Pension Benefits and Other Purposes - Beginning	179,258,365
Net Assets Held in Trust for Pension Benefits - and Other Purposes - Ending	\$ 199,783,948

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, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The accompanying financial statements present the government of the City of Lincoln, Nebraska (City). Based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, and Statement 39, *Determining Whether Certain Organizations Are Component Units*, none of the City's significant potential component units are required to be included as part of the reporting entity. 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.

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, 2007. 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, 2006. The amounts included in the City's 2007 financial statements for LES are amounts as of and for the year ended December 31, 2006.

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. 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.

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

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2007

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 judgements 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, police and fire protection, legal services, planning, and parks and recreation.

The Street Construction Fund accounts for the resources accumulated and payments made for the maintenance, construction, and improvement of the streets and highways in the City.

The Federal Grants Fund accounts 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; monies received from various federal and state agencies under several small categorical grants and the City's matching funds to provide services as stipulated in the individual grant agreements; costs of providing services under the Workforce Investment Act with funding provided by grants from the Department of Labor; and reimbursements from the Federal Emergency Management Agency due to disasters caused by storm and flood damage with funds used to reimburse other funds for related costs and to pay disaster related expenses.

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, telecommunications, and copy services 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.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2007

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 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; 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 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 the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2007

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. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent current assets. 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

All inventories are valued at cost using the first-in/first-out (FIFO) 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. When certain payments are made that have benefit to future accounting periods and are funded by interfund borrowings, they are recorded as prepayments, with a like amount of interfund liability reflected. The prepayments are charged to expenditures on the governmental fund financial statements over the period of their economic benefit.

Amounts of governmental fund inventories and vendor prepaid items are offset by a fund balance reserve account to indicate that they do not represent "available spendable resources".

Deferred Charges

Advances for mine development are payments made for the construction of the Dry Fork Coal Mine and 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.

Investment in Joint Venture

Investment in joint venture consists of the City's interest in the Joint Antelope Valley Authority (see Note 21), 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, 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.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2007

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 35 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. In some cases payment may be placed directly in a medical spending account rather than reimbursing the employee directly. Police union employees who leave the City's service in good standing after giving two weeks notice of termination of employment are also compensated for sick leave. 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.

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.

Termination Benefits

The City established a Temporary Retirement Incentive Program, offered February 1, 2007 until May 7, 2007, for the purpose of encouraging eligible employees considering an early leave decision to accelerate their retirement plans. Eligible employees included those age 55 with 20 years of service or age 62 and older. Forty-seven employees elected to voluntarily resign from City employment beginning September 1, 2007, but no later than November 30, 2007. As material inducement the City has agreed to contribute \$15,000 plus an amount equal to 15% of accrued sick leave balance at the time of retirement to the employee's Post Employment Health Plan account. Such amounts are in addition to any accrued sick leave otherwise payable upon retirement.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2007

The City records a liability and expense at the government-wide level and in the proprietary funds upon election by the employees to participate in the Program. The liability at August 31, 2007 and expense in the 2007 government-wide financial statements approximated \$880,000. In the governmental fund financial statements, liability and expense are not recognized until employees actually terminate employment, therefore no governmental fund-level expense was recognized in fiscal 2007 for this Program.

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.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of unrestricted fund balance represent tentative management plans that are subject to change.

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 \$22,485,375 of the General Fund's unreserved fund balance of \$27,215,934 meets the requirements of this policy, leaving an additional unreserved balance of \$4,730,559.

Net Assets Classification

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, and unamortized bond issuance costs 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. The government-wide statement of net assets reports \$242,133,819 of restricted net assets, of which \$19,340,511 is restricted by enabling legislation.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2007

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 generally accepted accounting principles (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 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 certain special revenue (Advance Acquisition, Tax Sales Revolving, Police & Fire Pension Contributions, Special Assessment, Property Tax Refunds, Impact Fees, Parks & Recreation Special Projects, and Seniors Foundation of Lincoln & Lancaster County), debt service (Special Assessment), permanent (J.J. Hompes), and agency funds. In addition, capital project funds are budgeted on a project rather than an annual basis.

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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. The initial endowment principal is reported as 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, 2006, 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.

NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued its Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. Statement 45 establishes standards for the measurement, recognition, and display of other postemployment benefits expense and related liabilities or assets, note disclosures, and if applicable, required supplementary information. The City has begun analysis of OPEB and expects to complete it by the implementation deadline.

GASB has also issued its Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Statement 49 addresses standards for pollution remediation obligations dealing with the current or potential detrimental effects of existing pollution by participation in pollution remediation activities such as site assessments and cleanups. The City will review these standards for possible application during the year ending August 31, 2009.

GASB has also issued its Statement 50, *Pension Disclosures*. Statement 50 aligns financial reporting requirements for pensions with those of other postemployment benefits. The City will review these standards in preparation for meeting the implementation deadline as established by the Statement.

(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 that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.” The details of the \$181,927,506 difference are as follows:

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Bonds Payable	\$ 141,928,447
Less deferred charge for issuance costs	(1,304,055)
Less issuance discounts	(26,452)
Plus issuance premiums	2,728,016
Capital Leases Payable	22,625,260
Accrued Interest Payable	1,649,995
Net Pension Obligation	3,980,776
Compensated Absences	<u>10,345,519</u>
Net difference	<u>\$ 181,927,506</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 that “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 \$19,497,770 difference are as follows:

Capital outlay	\$ 39,837,246
Depreciation expense	<u>(20,339,476)</u>
Net difference	<u>\$ 19,497,770</u>

Another element of that reconciliation states that “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 \$(38,089,050) difference are as follows:

Debt issued or incurred:

Issuance of general obligation stormwater drainage and flood management system bonds	\$ (8,295,000)
Issuance of general obligation highway allocation fund bonds	(27,000,000)
Issuance of tax allocation bonds	(3,793,428)
Issuance of certificates of participation	(5,500,000)
Deferred charge for issuance costs	416,384
Issuance discounts	5,255
Issuance premiums	(484,811)
Amortization of deferred items	(27,139)
Principal repayments	<u>6,589,689</u>
Net difference	<u>\$ (38,089,050)</u>

Another element of that reconciliation states that “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 \$(3,941,807) difference are as follows:

Loss on disposal of capital assets	\$ (764,030)
Termination benefits	(631,337)
Other expense	(107,481)
Accrued interest	(493,555)
Compensated absences	<u>(1,945,404)</u>
Net difference	<u>\$ (3,941,807)</u>

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(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 the capital projects.

Certain assets of the Golf Enterprise Fund are classified as restricted assets to be used for capital improvements.

Certain assets of the Pershing Municipal Auditorium Enterprise Fund are classified as restricted assets to be used for improvements.

A recap of restrictions and related balances at August 31, 2007 are as follows:

Fund Account	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Totals
Principal and Interest	\$ -	200,092	-	-	-	-	14,287,000	14,487,092
Reserve	316,500	1,815,575	-	400,000	6,404,184	8,120,246	18,501,000	35,557,505
Depreciation and Replacement	100,000	682,850	-	-	-	-	-	782,850
Construction	-	-	-	1,248,342	18,283,407	26,185,342	26,074,000	71,791,091
Capital Improvements	50,669	11,223	8,900	-	-	-	-	70,792
Marketing	-	-	92,890	-	-	-	-	92,890
	<u>\$ 467,169</u>	<u>2,709,740</u>	<u>101,790</u>	<u>1,648,342</u>	<u>24,687,591</u>	<u>34,305,588</u>	<u>58,862,000</u>	<u>122,782,220</u>

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 give 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).

At August 31, 2007, the City's cash deposits or certificates of deposit, in excess of the \$100,000 FDIC limits, are covered by collateral held in a Federal Reserve pledge account or by an agent for the City and thus no custodial credit risk exists.

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INVESTMENTS

At August 31, 2007, the City had the following investments, maturities and credit ratings:

Type	August 31, 2007					Credit Rating Moody / S&P
	Fair Value	Maturities in Years				
		Less than 1	1-5	6-10	More than 10	
General City:						
U.S. Treasury Obligations	\$ 45,068,016	24,715,000	20,353,016	-	-	N/A
U.S. Sponsored Agency Obligations	183,348,669	82,291,748	97,126,058	3,930,863	-	Aaa / AAA
Collateralized Repurchase Agreements	380,287	380,287	-	-	-	N/A
Collateralized Investment Agreements	1,120,000	-	-	1,120,000	-	Aaa / A
Collateralized Investment Agreements	3,139,981	-	-	-	3,139,981	Aaa/AAA
Collateralized Investment Agreements	4,930,000	-	-	-	4,930,000	Aa/AA
Money Market Mutual Funds - U.S. Treasury	1,739,119	1,739,119	-	-	-	N/A
Money Market Mutual Funds - U.S. Agencies	40,668,825	40,668,825	-	-	-	Aaa / AAA
Money Market Mutual Funds	60,669	60,669	-	-	-	Not Rated
Corporate Bonds	29,315	-	-	29,315	-	A / A
External Investment Trust	5,890,000	5,890,000	-	-	-	Not Rated
Tax Increment Financing Investments	1,908,447	-	-	614,598	1,293,849	Not Rated
Total General City	<u>288,283,328</u>	<u>155,745,648</u>	<u>117,479,074</u>	<u>5,694,776</u>	<u>9,363,830</u>	
Community Health Endowment:						
U.S. Treasury Obligations	3,847,207	737,734	998,072	1,394,140	717,261	Aaa / AAA
U.S. Sponsored Agency Obligations	1,739,957	74,883	978,580	113,060	573,434	Aaa / AAA
U.S. Sponsored Agency Obligations	5,258,208	-	9,246	124,519	5,124,443	Not rated
Money Market Mutual Funds	5,615,614	5,615,614	-	-	-	Not rated
Mortgage-backed Securities	1,032,844	-	51,136	-	981,708	Aaa / AAA
Corporate Bonds	1,056,069	117,879	437,854	322,458	177,878	A / A
Corporate Bonds	48,543	-	-	48,543	-	A / BBB
Corporate Bonds	264,312	-	152,385	111,927	-	Aa / A
Corporate Bonds	483,133	14,996	213,940	194,197	60,000	Aa / AA
Corporate Bonds	2,388,660	-	212,291	396,119	1,780,250	Aaa / AAA
Corporate Bonds	153,782	-	153,782	-	-	Baa / A
Corporate Bonds	1,216,867	-	434,840	482,813	299,214	Baa / BBB
Foreign Obligations	34,150	-	15,638	-	18,512	A / A
Foreign Obligations	161,665	-	-	161,665	-	Aaa / AAA
Foreign Obligations	50,530	-	38,842	11,688	-	Aaa / AAA
Foreign Obligations	45,596	-	21,071	-	24,525	Baa / BB
Mutual Funds – Fixed Income	26,104,636	26,104,636	-	-	-	Not rated
Securities Lending Collateral	4,749,143	4,749,143	-	-	-	Not rated
Total Community Health Endowment:	<u>54,250,916</u>	<u>37,414,885</u>	<u>3,717,677</u>	<u>3,361,129</u>	<u>9,757,225</u>	
Police & Fire Pension Trust:						
U.S. Sponsored Agency Obligations	4,973,954	4,973,954	-	-	-	Aaa / AAA
Corporate Bonds	1,980,000	-	-	-	1,980,000	NotRated/A
Tax Exempt Bonds	1,058,499	-	1,058,499	-	-	Not Rated
Money Market Mutual Funds	10,325,691	10,325,691	-	-	-	Not Rated
Mutual Funds - Fixed Income	27,395,973	27,395,973	-	-	-	Not Rated
	45,734,117	42,695,618	1,058,499	-	1,980,000	
Mutual Funds	130,433,619	-	-	-	-	
Real Estate Limited Partnerships	20,255,952	-	-	-	-	
Total Police & Fire Pension Trust	<u>196,423,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Primary Government	<u>\$ 538,957,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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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. None of the underlying securities for the City's investments at August 31, 2007 are subject to custodial credit risk, as they are held in an account in the City's name, and by an agent who is not the counterparty to the investment transactions.

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 interest rate is guaranteed by the issuer. 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. The following investment types must be rated at the minimum rates noted below:

Money Markets	Aa / AA
Corporate Notes	Aa3 / AA-
Investment Agreements	Aa3 / AA-

The \$60,669 non-rated money market fund is held in the J.J. Hompes fund. The money market fund is comprised of highly rated securities. The external investment funds are held in the City's idle fund pool and is 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.

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	33.66 %	40.00 %
Federal Home Loan Mortgage Corporation	12.66	40.00
Federal National Mortgage Association	8.63	40.00
Federal Farm Credit Bank	8.66	40.00

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Community Health Endowment (CHE) Policy

CHE may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury, U.S. agencies, instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, bankers' acceptance, mutual funds, 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, CHE will not be able to recover the value of its investment securities that are in the possession of an outside party. None of the underlying securities for CHE's investments at August 31, 2007 are subject to custodial credit risk, as they are held in an account in the City's name, and by an agent who is not the counterparty to the investment transactions.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, CHE's investment policy limits all bond investments to a maximum maturity of 30 years. Mutual 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 U.S. treasury and U.S. agency obligations to issues with at least Baa / BBB ratings. Short-term fixed income issues should have a minimum A-1 / P-1 rating. Investments in corporate debt, bank loan portfolios, and associated high yield fixed income mutual funds must have a minimum average credit rating of B-.

Concentration of Credit Risk. CHE limits the percentage of cost that may be invested in any one industry, company and issuer by an investment manager. The limits vary depending on the type of investment. Investments by an investment manager in any one company are limited to 5% of portfolio cost. Except for U.S. treasury and U.S. agency obligations, investments in any one issuer are also limited to 5% of portfolio cost. Industry limits are 25% of portfolio cost depending on the investment type. Investments in Distressed/Mezzanine corporate debt or related mutual funds should have a minimum diversification of at least twenty different company investments. At August 31, 2007, CHE's investment in Federal National Mortgage Association bonds constituted 6% of its total investments.

Foreign Currency Risk. This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. CHE's investment policy states investments in developed country and corporate foreign debt may not exceed 25% of total investment portfolio. CHE had no investment denominated in foreign currency at August 31, 2007.

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.

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. None of the underlying securities for Police & Fire Pension Trust's investments at August 31, 2007 are subject to custodial credit risk, as they are held in an account in the City's name, and by an agent who is not the counterparty to the investment transactions.

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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, 2007:

	<u>Totals</u>			
Investments	\$ 538,957,932			
Deposits and Cash on Hand	29,699,561			
	<u>\$ 568,657,493</u>			
	<u>Government-wide</u>	<u>Fiduciary Funds</u>		
	<u>Statement of</u>	<u>Statement of</u>		
	<u>Net Assets</u>	<u>Net Assets</u>	<u>Totals</u>	
Cash and Cash Equivalents	\$ 65,786,030	14,901,908	80,687,938	
Investments	134,086,181	190,099,347	324,185,528	
Invested Securities Lending	4,749,143	-	4,749,143	
Restricted Assets:				
Cash and Cash Equivalents	32,404,264	-	32,404,264	
Investments	126,630,620	-	126,630,620	
	<u>\$ 363,656,238</u>	<u>205,001,255</u>	<u>568,657,493</u>	

The City invests in various investment securities that are exposed to various risks such as interest rate, market and credit risks as disclosed above. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could affect the fair value of the security portfolio. Management does not believe the changes have had a significant impact on the financial statements.

Securities Lending Transactions

The policies of the Community Health Endowment Board of Trustees authorize CHE to participate in securities lending transactions, where securities are loaned to brokers and broker dealers with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank administers the securities lending program and receives cash at least equal in value to the fair value of the loaned securities as collateral for securities of the type on loan at year-end. Securities lent at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial risk. At year-end, CHE has no credit risk exposure to borrowers because the amounts CHE owes the borrowers exceed the amounts the borrowers owe CHE. The cash cannot be spent by CHE unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year.

Either CHE or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had an average duration of 106 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. Loss indemnification is provided to CHE by the contract with the custodian.

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(5) RECEIVABLES

Receivables at August 31, 2007, consist of the following (in thousands):

Fund	Taxes	Accounts	Loans	Contributions	Special Assessment		Accrued Interest	Gross Receivables	Allowance For Uncollectibles	Net
					Current	Deferred				
General	\$ 4,003	795	-	-	-	-	118	4,916	-	4,916
Street Construction	-	86	-	-	-	-	263	349	-	349
Federal Grants	-	56	22,809	-	-	-	6	22,871	3,666	19,205
Wastewater System	-	3,344	-	-	-	-	327	3,671	-	3,671
Water System	-	6,263	-	-	-	-	358	6,621	-	6,621
Electric System	-	20,606	-	-	-	-	519	21,125	-	21,125
Nonmajor -										
Special Revenue	1,721	362	-	-	-	-	258	2,341	-	2,341
Debt Service	943	-	-	-	520	2,109	203	3,775	197	3,578
Capital Projects	-	74	-	-	-	-	241	315	-	315
Permanent	-	-	-	-	-	-	160	160	-	160
Enterprise	-	3,171	-	-	-	-	189	3,360	1,053	2,307
Internal Service	-	466	-	-	-	-	174	640	-	640
Fiduciary	-	34	-	455	-	-	950	1,439	-	1,439
	<u>\$ 6,667</u>	<u>35,257</u>	<u>22,809</u>	<u>455</u>	<u>520</u>	<u>2,109</u>	<u>3,766</u>	<u>71,583</u>	<u>4,916</u>	<u>66,667</u>

Enterprise funds customer accounts receivable include unbilled charges for services.
Delinquent special assessment receivables at August 31, 2007, were \$265,737.

(6) DUE FROM OTHER GOVERNMENTS

The total of Due From Other Governments of \$25,683,808 includes the following significant items:

Fund/Fund Type	Amount	Service
General/General	\$ 9,515,998	State of Nebraska, July/August Sales and Use Tax
	409,258	August Motor Vehicle Taxes Collected by Lancaster County
	16,439	Federal Government, Cost Reimbursements
	96,767	Lancaster County, Cost Reimbursements
Street Construction/Special Revenue	2,982,676	State of Nebraska, July/August Highway User Fees
	399,950	State of Nebraska, Cost Reimbursements
	7,570,394	Federal Government, Cost Reimbursements
Federal Grants/Special Revenue	2,650,280	Federal Government, Cost Reimbursements
Lincoln Area Agency on Aging/Special Revenue	30,040	Federal Government, Cost Reimbursements
Lincoln/Lancaster Co. Health/Special Revenue	442,728	Lancaster County, Cost Reimbursements
Snow Removal/Special Revenue	101,533	August Motor Vehicle Taxes Collected by Lancaster County
StarTran/Special Revenue	116,271	Federal Government, Cost Reimbursements
Antelope Valley/Tax Supported Bonds/Debt Service	166,667	State of Nebraska, July/August Development Fund Disbursements
Vehicle Tax/Capital Projects	893,885	August Motor Vehicle Taxes Collected by Lancaster County
Strom Sewer Construction/Capital Projects	103,928	Federal Government, Cost Reimbursements
Information Services/Internal Service	139,700	Lancaster County Billings
Copy Services/Internal Service	<u>18,144</u>	Lancaster County Billings
Subtotal	25,654,658	
All other	<u>29,150</u>	
Total Due From Other Governments	<u>\$ 25,683,808</u>	

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(7) **CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 57,733,188	3,477,751	82,560	61,128,379
Construction in Progress	103,953,098	24,983,750	39,293,661	89,643,187
Total Capital Assets, not being Depreciated	<u>161,686,286</u>	<u>28,461,501</u>	<u>39,376,221</u>	<u>150,771,566</u>
Capital Assets, being Depreciated:				
Buildings	73,921,877	1,087,022	10,194	74,998,705
Improvements Other Than Buildings	52,680,408	7,061,384	1,083,357	58,658,435
Machinery and Equipment	67,517,860	10,479,350	4,938,079	73,059,131
Infrastructure	391,230,456	41,498,530	2,068,759	430,660,227
Total Capital Assets, being Depreciated	<u>585,350,601</u>	<u>60,126,286</u>	<u>8,100,389</u>	<u>637,376,498</u>
Less Accumulated Depreciation for:				
Buildings	25,489,409	1,839,846	10,194	27,319,061
Improvements Other Than Buildings	20,147,078	1,696,391	216,373	21,627,096
Machinery and Equipment	35,992,979	6,406,049	4,653,477	37,745,551
Infrastructure	123,546,522	12,861,673	13,232	136,394,963
Total Accumulated Depreciation	<u>205,175,988</u>	<u>22,803,959</u>	<u>4,893,276</u>	<u>223,086,671</u>
Total Capital Assets, being Depreciated, Net	<u>380,174,613</u>	<u>37,322,327</u>	<u>3,207,113</u>	<u>414,289,827</u>
Governmental Activities Capital Assets, Net	<u>\$ 541,860,899</u>	<u>65,783,828</u>	<u>42,583,334</u>	<u>565,061,393</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 17,682,928	890,371	153	18,573,146
Construction in Progress	175,336,300	106,983,344	55,988,397	226,331,247
Total Capital Assets, not being Depreciated	<u>193,019,228</u>	<u>107,873,715</u>	<u>55,988,550</u>	<u>244,904,393</u>
Capital Assets, being Depreciated:				
Buildings	196,009,994	1,150,183	-	197,160,177
Improvements Other Than Buildings	438,948,427	30,730,959	194	469,679,192
Machinery and Equipment	22,805,943	2,408,584	971,307	24,243,220
Utility Plant	867,075,000	28,308,000	2,709,000	892,674,000
Total Capital Assets, being Depreciated	<u>1,524,839,364</u>	<u>62,597,726</u>	<u>3,680,501</u>	<u>1,583,756,589</u>
Less Accumulated Depreciation for:				
Buildings	57,124,202	4,438,142	-	61,562,344
Improvements Other Than Buildings	109,108,636	10,065,032	194	119,173,474
Machinery and Equipment	13,540,102	1,713,418	827,819	14,425,701
Utility Plant	311,560,000	28,665,000	2,709,000	337,516,000
Total Accumulated Depreciation	<u>491,332,940</u>	<u>44,881,592</u>	<u>3,537,013</u>	<u>532,677,519</u>
Total Capital Assets, being Depreciated, Net	<u>1,033,506,424</u>	<u>17,716,134</u>	<u>143,488</u>	<u>1,051,079,070</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,226,525,652</u>	<u>125,589,849</u>	<u>56,132,038</u>	<u>1,295,983,463</u>

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Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 1,014,223
Public Safety	1,848,391
Streets and Highways, including Infrastructure	12,322,015
Culture and Recreation	3,420,429
Economic Opportunity	64,104
Health and Welfare	248,951
Mass Transit	1,421,363
Internal Service Funds Capital Assets	
Depreciation is charged to the various functions based on usage of the assets.	<u>2,464,483</u>
Total Depreciation Expense - Governmental	<u>\$ 22,803,959</u>
Business-type Activities:	
Parking Lots	\$ 28,573
Golf	599,870
Parking Facilities	1,047,176
Pershing Municipal Auditorium	75,933
Solid Waste Management	1,486,664
Emergency Medical Services	161,681
Wastewater System	6,092,258
Water System	6,724,437
Lincoln Electric System	<u>28,665,000</u>
Total Depreciation Expense - Business-type	<u>\$ 44,881,592</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	\$ 2,861,569	323,228	-	3,184,797
Construction in Progress	<u>34,995,029</u>	<u>15,949,354</u>	<u>11,839,867</u>	<u>39,104,516</u>
Total Capital Assets, not being Depreciated	<u>37,856,598</u>	<u>16,272,582</u>	<u>11,839,867</u>	<u>42,289,313</u>
Capital Assets, being Depreciated:				
Buildings	51,969,327	817,882	-	52,787,209
Improvements Other Than Buildings	193,165,147	13,257,242	-	206,422,389
Machinery and Equipment	<u>7,329,068</u>	<u>574,092</u>	<u>38,789</u>	<u>7,864,371</u>
Total Capital Assets, being Depreciated	<u>252,463,542</u>	<u>14,649,216</u>	<u>38,789</u>	<u>267,073,969</u>
Less Accumulated Depreciation for:				
Buildings	15,993,881	1,214,877	-	17,208,758
Improvements Other Than Buildings	45,137,731	4,396,800	-	49,534,531
Machinery and Equipment	<u>3,109,934</u>	<u>480,581</u>	<u>25,570</u>	<u>3,564,945</u>
Total Accumulated Depreciation	<u>64,241,546</u>	<u>6,092,258</u>	<u>25,570</u>	<u>70,308,234</u>
Total Capital Assets, being Depreciated, Net	<u>188,221,996</u>	<u>8,556,958</u>	<u>13,219</u>	<u>196,765,735</u>
Wastewater System Capital Assets, Net	<u>\$ 226,078,594</u>	<u>24,829,540</u>	<u>11,853,086</u>	<u>239,055,048</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Water System:				
Capital Assets, not being Depreciated:				
Land	\$ 4,712,330	-	153	4,712,177
Construction in Progress	4,573,634	15,152,747	11,782,079	7,944,302
Total Capital Assets, not being Depreciated	<u>9,285,964</u>	<u>15,152,747</u>	<u>11,782,232</u>	<u>12,656,479</u>
Capital Assets, being Depreciated:				
Buildings	94,771,662	332,301	-	95,103,963
Improvements Other Than Buildings	219,401,356	13,389,597	194	232,790,759
Machinery and Equipment	5,521,580	388,906	265,800	5,644,686
Total Capital Assets, being Depreciated	<u>319,694,598</u>	<u>14,110,804</u>	<u>265,994</u>	<u>333,539,408</u>
Less Accumulated Depreciation for:				
Buildings	23,242,487	2,133,162	-	25,375,649
Improvements Other Than Buildings	51,961,568	4,184,275	194	56,145,649
Machinery and Equipment	3,750,739	407,000	261,440	3,896,299
Total Accumulated Depreciation	<u>78,954,794</u>	<u>6,724,437</u>	<u>261,634</u>	<u>85,417,597</u>
Total Capital Assets, being Depreciated, Net	<u>240,739,804</u>	<u>7,386,367</u>	<u>4,360</u>	<u>248,121,811</u>
Water System Capital Assets, Net	<u>\$ 250,025,768</u>	<u>22,539,114</u>	<u>11,786,592</u>	<u>260,778,290</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Electric System:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 132,770,000	74,708,000	28,308,000	179,170,000
Capital Assets, being Depreciated:				
Utility Plant	867,075,000	28,308,000	2,709,000	892,674,000
Less Accumulated Depreciation	311,560,000	28,665,000	2,709,000	337,516,000
Total Capital Assets, being Depreciated, Net	<u>555,515,000</u>	<u>(357,000)</u>	<u>-</u>	<u>555,158,000</u>
Electric System Capital Assets, Net	<u>\$ 688,285,000</u>	<u>74,351,000</u>	<u>28,308,000</u>	<u>734,328,000</u>

During 2007, Lincoln Wastewater System incurred \$3,297,828 of interest cost, of which \$2,665,414 was capitalized into construction in progress. Lincoln Water System incurred \$3,473,462 of interest cost, of which \$1,001,995 was capitalized into construction in progress. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Lincoln Electric System utility plant includes an allowance for funds used during construction of projects costing in excess of \$2 million. The allowance for funds used during construction consists of the plant balance times the weighted-average interest rate on debt based on Federal Energy Regulatory Commission accounting method. The weighted-average rate for 2006 was 4.8%.

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(8) INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds at August 31, 2007, consist of the following:

Due To	Due From						
	General Fund	Street Construction	Federal Grants	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund	\$ -	-	293,507	25,506	2,225,236	963,231	3,507,480
Street Construction	2,217,847	-	-	8,291,278	-	-	10,509,125
Nonmajor Governmental	4,493,324	-	5,331	1,491,224	-	-	5,989,879
Lincoln Wastewater System	1,418,049	-	-	687,874	-	-	2,105,923
Lincoln Water System	2,039,588	-	-	2,203,158	-	-	4,242,746
Nonmajor Enterprise	1,026,517	5,924	-	-	-	-	1,032,441
Internal Service	1,571,733	159	814,641	21,039	5,401	34,267	2,447,240
	<u>\$ 12,767,058</u>	<u>6,083</u>	<u>1,113,479</u>	<u>12,720,079</u>	<u>2,230,637</u>	<u>997,498</u>	<u>29,834,834</u>

“Due to” and “Due from” balances are recorded when funds overdraw their share of pooled cash. The total due to the General Fund includes \$1,830,739 from the Emergency Medical Services Enterprise Fund for an advance made for cash flow needs; none of this amount is expected to be repaid within one year. 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 120 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, 2007, consist of the following:

Transfer To	Transfer From						Total
	General Fund	Street Construction	Federal Grants	Nonmajor Governmental	Lincoln Electric System	Nonmajor Enterprise	
General Fund	\$ -	-	-	1,080,838	1,385,000	839,500	3,305,338
Street Construction	2,587,290	-	-	8,324,323	-	-	10,911,613
Federal Grants	507,520	-	-	9,329	-	-	516,849
Nonmajor Governmental	17,647,500	4,283,994	556	5,236,167	-	770,655	27,938,872
Nonmajor Enterprise	525,000	-	-	4,049	-	-	529,049
Internal Service	70,355	366,382	-	-	-	-	436,737
Total	<u>\$ 21,337,665</u>	<u>4,650,376</u>	<u>556</u>	<u>14,654,706</u>	<u>1,385,000</u>	<u>1,610,155</u>	<u>43,638,458</u>

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 and (2) use unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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(9) LONG-TERM DEBT

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 \$4,766,048, \$3,883,753, and \$5,327,078, are currently available in the debt service funds to service the General Obligation Bonds, Tax Supported Bonds, and Tax Allocation 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	\$ 515,750	\$ 210,000
Buildings	11,914,750	-
Improvements	219,925	-
Infrastructure	6,972,510	-
Machinery and Equipment	1,838,042	3,113,553
Less Accumulated Depreciation, (where applicable)	(1,907,191)	(1,743,574)
Total	\$ 19,553,786	\$ 1,579,979

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.

Established by City Ordinance, LES may borrow up to \$150 million under a commercial paper note program. At December 31, 2006, LES had \$90 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, 2006, was 3.4 percent. The annual requirement to pay interest on this outstanding debt is approximately \$3 million. 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 these vehicles as part of their long-term financing strategy. As such, commercial paper is renewed as it matures. The average length of maturity of commercial paper for 2006 was 114 days.

	Beginning Balance	Additions	Reductions	Ending Balance
Lincoln Electric System:				
Commercial Paper Notes	\$ 90,000	521,850	(521,850)	90,000

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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:							
14,435	03/01/99	Various Purpose Series A	3.000 - 4.600	Serial 2000 to 2014	2009	Semiannually	\$ 7,840
7,365	03/01/99	Various Purpose Series A	4.750	Term 2019	2009	"	7,365
8,220	03/01/99	Various Purpose Series B	3.000 - 4.250	Serial 1999 to 2011	2007	"	2,465
6,350	05/29/02	Storm Sewer and Drainage	3.000 - 5.000	Serial 2004 to 2020	2010	"	5,535
1,150	05/29/02	Storm Sewer and Drainage	5.00	Term 2022	2010	"	1,150
15,595	07/08/03	Various Purpose	2.625 - 3.750	Serial 2004 to 2017	2013	"	9,680
3,710	07/08/03	Various Purpose	4.000 / 4.125	Term 2020 & 2023	2013	"	3,710
6,555	06/01/05	Storm Sewer Refunding	2.500 - 4.375	Serial 2005 to 2017	2011	"	5,755
9,950	06/15/05	Storm Sewer Construction	3.250 - 4.250	Serial 2006 to 2025	2015	"	9,225
8,295	06/27/07	Stormwater Drainage and Flood Mgmt	4.625 - 5.000	Serial 2008 to 2027	2017	"	8,295
Total General Bonds							\$ 61,020
Tax Allocation Bonds:							
1,035	04/21/04	Tax Allocation Bonds	2.000 - 3.200	Serial 2004 to 2011	2008	Semiannually	670
5,500	04/21/04	Tax Allocation Bonds	3.000 - 4.800	Serial 2004 to 2015	2010	"	4,530
365	08/15/05	Tax Allocation Bonds	4.750	Serial 2006 to 2018	Anytime	"	320
245	10/01/06	Tax Allocation Bonds	5.100	Serial 2008 to 2015	Anytime	"	245
2,205	04/05/07	Tax Allocation Bonds	5.000 - 5.550	Serial 2009 to 2018	2012	"	2,205
586	06/01/07	Tax Allocation Bonds	5.240	Serial 2008 to 2018	Anytime	"	586
388	06/01/07	Tax Allocation Bonds	5.240	Serial 2007 to 2020	Anytime	"	388
369	06/15/07	Tax Allocation Bonds	5.400	Serial 2007 to 2014	Anytime	"	369
Total Tax Allocation Bonds							\$ 9,313
Tax Supported Bonds:							
3,200	06/13/00	Municipal Infrastructure Redevelopment	4.750 - 5.100	Serial 2001 to 2009	2005	Semiannually	\$ 1,080
35,000	03/17/04	Highway Allocation Fund	2.000 - 5.000	Serial 2007 to 2023	2014	"	35,000
27,000	12/05/06	Highway Allocation Fund	4.000 - 5.000	Serial 2008 to 2027	2016	"	27,000
Total Tax-Supported Bonds							\$ 63,080
TOTAL GENERAL OBLIGATION BONDS							\$ 133,413
Tax Supported Bonds:							
11,080	3/13/02	Antelope Valley Project	1.500 - 5.000	Serial 2002 to 2016	2012	Semiannually	\$ 8,515
Business-Type Activities:							
Revenue Bonds:							
39,235	07/31/03	Wastewater Revenue	2.000 - 5.000	Serial 2004 to 2023	2013	Semiannually	\$ 32,920
15,765	07/31/03	Wastewater Revenue	4.625 / 5.000	Term 2025 & 2028	2013	"	15,765
18,000	08/03/05	Wastewater Revenue	4.000 - 5.000	Serial 2006 to 2030	2015	"	16,995
16,710	04/18/07	Wastewater Revenue	4.000 - 4.500	Serial 2008 to 2029	2017	"	16,710
3,750	04/18/07	Wastewater Revenue	4.375	Term 2032	2017	"	3,750
Total Wastewater Bonds							\$ 86,140
11,850	11/22/02	Water Revenue	2.750 - 5.000	Serial 2005 to 2017	2012	Semiannually	\$ 9,580
6,660	11/22/02	Water Revenue	5.000	Term 2022	2012	"	6,660
32,180	05/01/03	Water Revenue	5.000	Serial 2004 to 2012	-	"	18,795
40,000	11/16/04	Water Revenue	3.000 - 5.000	Serial 2005 to 2025	2014	"	37,175
Total Water Bonds							\$ 72,210
6,815	09/08/99	Parking Revenue Series A	4.000 - 5.000	Serial 2000 to 2009	2009	Semiannually	\$ 2,170
6,695	09/08/99	Parking Revenue Series A	5.375	Term 2014	2009	"	6,695
4,360	12/18/01	Parking Revenue	3.750 - 5.000	Serial 2002 to 2017	2011	"	2,970
1,640	12/18/01	Parking Revenue	5.125	Term 2021	2011	"	1,640
Total Parking Bonds							\$ 13,475
3,165	11/27/01	Golf Course Revenue Refunding	2.300 - 4.050	Serial 2002 to 2011	2008	Semiannually	\$ 1,375
4,000	08/17/06	Solid Waste Management Revenue	4.000 - 4.250	Serial 2007 to 2021	2013	Semiannually	\$ 3,815
45,560	02/15/98	Electric Revenue Bonds Series A	4.500 - 5.000	Serial 2008 to 2018	2008	Semiannually	\$ 31,075
141,150	08/15/01	Electric Revenue Bonds	4.000 - 5.250	Serial 2006 to 2020	2011	"	140,150
148,190	10/01/02	Electric Revenue Bonds	4.000 - 5.000	Serial 2004 to 2025	2012	"	122,945
93,045	10/01/03	Electric Revenue Bonds	3.000 - 5.000	Serial 2004 to 2026	2014	"	90,195
33,265	10/01/03	Electric Revenue 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
Total Electric Bonds							\$ 532,630
TOTAL REVENUE BONDS							\$ 709,645

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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
2008	\$ 6,210	5,611	615	372	1,718	883
2009	7,376	5,401	635	350	1,749	842
2010	6,740	5,120	660	326	1,723	784
2011	7,223	4,851	685	299	1,727	725
2012	7,883	4,543	710	271	1,797	663
2013 - 2017	40,918	17,476	5,210	773	8,357	2,276
2018 - 2022	36,018	8,743	-	-	3,206	1,043
2023 - 2027	21,045	2,008	-	-	2,515	368
	<u>\$ 133,413</u>	<u>53,753</u>	<u>8,515</u>	<u>2,391</u>	<u>22,792</u>	<u>7,584</u>

Fiscal Year Ended August 31	Business-Type Activities			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2008	\$ 24,220	34,490	444	33
2009	25,390	33,294	140	20
2010	26,510	32,150	146	13
2011	29,275	30,910	127	7
2012	27,365	29,572	65	1
2013 - 2017	148,385	127,774	-	-
2018 - 2022	163,860	87,112	-	-
2023 - 2027	103,690	54,016	-	-
2028 - 2032	90,880	29,569	-	-
2033 - 2037	70,070	8,548	-	-
	<u>\$ 709,645</u>	<u>467,435</u>	<u>922</u>	<u>74</u>

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
2008	\$ 2,415	4,031	5,555	3,376	14,430	26,186
2009	2,620	3,820	5,795	3,128	15,085	25,531
2010	2,695	3,731	6,050	2,874	15,780	24,817
2011	2,785	3,607	6,310	2,603	18,095	24,069
2012	2,880	3,504	5,380	2,315	17,295	23,223
2013 - 2017	16,055	15,536	15,375	8,875	111,090	101,968
2018 - 2022	19,585	11,492	18,950	4,746	122,115	70,465
2023 - 2027	24,420	6,470	8,795	803	70,475	46,742
2028 - 2032	12,685	1,282	-	-	78,195	28,287
2033 - 2037	-	-	-	-	70,070	8,548
	<u>\$ 86,140</u>	<u>53,473</u>	<u>72,210</u>	<u>28,720</u>	<u>532,630</u>	<u>379,836</u>

CITY OF LINCOLN, NEBRASKA
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August 31, 2007

Long-term liability activity for the year ended August 31, 2007, 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	\$ 56,665	8,295	(3,940)	61,020	4,260
Tax Allocation Bonds	6,247	3,793	(727)	9,313	620
Tax Supported Bonds	36,435	27,000	(355)	63,080	1,330
Tax Supported Antelope Valley Project Bonds	9,110	-	(595)	8,515	615
Capital Leases	18,321	5,500	(1,029)	22,792	1,718
Gross Bonds and Leases Payable	<u>126,778</u>	<u>44,588</u>	<u>(6,646)</u>	<u>164,720</u>	<u>8,543</u>
Deferred Amounts:					
For Issuance Premiums	2,271	485	(28)	2,728	-
For Issuance Discounts	(23)	(5)	2	(26)	-
Net Bonds and Leases Payable	<u>129,026</u>	<u>45,068</u>	<u>(6,672)</u>	<u>167,422</u>	<u>8,543</u>
Other Liabilities:					
Compensated Absences	9,353	8,185	(5,907)	11,631	6,374
Claims and Judgements	5,911	16,206	(15,762)	6,355	4,052
Net Pension Obligation	<u>3,570</u>	<u>411</u>	<u>-</u>	<u>3,981</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 147,860</u>	<u>69,870</u>	<u>(28,341)</u>	<u>189,389</u>	<u>18,969</u>
Business-Type Activities:					
Bonds, Notes and Leases Payable:					
Wastewater Revenue Bonds	\$ 67,685	20,460	(2,005)	86,140	2,415
Water Revenue Bonds	77,550	-	(5,340)	72,210	5,555
Parking Revenue Bonds	14,715	-	(1,240)	13,475	1,305
Golf Course Revenue Bonds	1,690	-	(315)	1,375	325
Solid Waste Management Revenue Bonds	4,000	-	(185)	3,815	190
Electric System Revenue Bonds	543,680	-	(11,050)	532,630	14,430
Capital Leases	704	595	(377)	922	444
Gross Bonds, Notes and Leases Payable	<u>710,024</u>	<u>21,055</u>	<u>(20,512)</u>	<u>710,567</u>	<u>24,664</u>
Deferred Amounts:					
For Issuance Premiums	20,743	-	(2,441)	18,302	-
For Issuance Discounts	(17,628)	(12)	1,775	(15,865)	-
For Refunding	(3,292)	-	386	(2,906)	-
Net Bonds, Notes and Leases Payable	<u>709,847</u>	<u>21,043</u>	<u>(20,792)</u>	<u>710,098</u>	<u>24,664</u>
Other Liabilities:					
Compensated Absences	1,272	1,021	(819)	1,474	892
Accrued Landfill Closure/Postclosure Care Costs	<u>8,391</u>	<u>737</u>	<u>(178)</u>	<u>8,950</u>	<u>-</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 719,510</u>	<u>22,801</u>	<u>(21,789)</u>	<u>720,522</u>	<u>25,556</u>

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 claims and judgements 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.

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Long-term liability activity for the major enterprise funds for the year ended August 31, 2007, was as follows (in thousands of dollars):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lincoln Wastewater System:					
Bonds Payable:					
Wastewater Revenue Bonds	67,685	20,460	(2,005)	86,140	2,415
Deferred For Issuance Premiums	2,075	-	(93)	1,982	-
Deferred For Issuance Discounts	-	(12)	-	(12)	-
Net Bonds Payable	<u>69,760</u>	<u>20,448</u>	<u>(2,098)</u>	<u>88,110</u>	<u>2,415</u>
Other Liabilities:					
Compensated Absences	433	331	(278)	486	299
Total Long-Term Liabilities	<u>\$ 70,193</u>	<u>20,779</u>	<u>(2,376)</u>	<u>88,596</u>	<u>2,714</u>
 Lincoln Water System:					
Bonds Payable:					
Water Revenue Bonds	\$ 77,550	-	(5,340)	72,210	5,555
Deferred for Issuance Premiums	3,189	-	(336)	2,853	-
Deferred for Refunding	(809)	-	136	(673)	-
Net Bonds Payable	<u>79,930</u>	<u>-</u>	<u>(5,540)</u>	<u>74,390</u>	<u>5,555</u>
Other Liabilities:					
Compensated Absences	550	446	(306)	690	350
Total Long-Term Liabilities	<u>\$ 80,480</u>	<u>446</u>	<u>(5,846)</u>	<u>75,080</u>	<u>5,905</u>
 Lincoln Electric System:					
Bonds and Notes Payable:					
Electric System Revenue Bonds	\$ 543,680	-	(11,050)	532,630	14,430
Deferred for Issuance Premiums	15,466	-	(2,011)	13,455	-
Deferred for Issuance Discounts	(17,628)	-	1,775	(15,853)	-
Deferred for Refunding	(2,457)	-	245	(2,212)	-
Total Long-Term Liabilities	<u>\$ 539,061</u>	<u>-</u>	<u>(11,041)</u>	<u>528,020</u>	<u>14,430</u>

(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, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended August 31, 2007, 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>	<u>Federal Grants Fund</u>
Net Change in Fund Balances:			
Balance on a GAAP basis	\$ 1,120,666	28,853,406	982,715
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.	1,739,128	1,635,684	(689,778)
Entity differences occur when the budget excludes programs or entities that fall within the financial reporting entity as defined by GAAP.	<u>-</u>	<u>15,313,743</u>	<u>-</u>
Balance on a budget basis	<u>\$ 2,859,794</u>	<u>45,802,833</u>	<u>292,937</u>

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(11) DEFICIT NET ASSETS

The following funds had a net asset or fund balance deficit as of August 31, 2007:

Special Revenue - Impact Fees Fund	\$ (7,080)
Enterprise - Emergency Medical Services Fund	(1,060,448)
Internal Service - Engineering Revolving Fund	(815,701)

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

The Emergency Medical Services Fund has reversed the operating losses that had occurred in the three prior fiscal years. This was accomplished by increasing revenues with new rate schedules and decreasing operating expenses.

The Engineering Revolving Fund has incurred losses during the past four years. The City will be evaluating various means to reducing expenses and improving revenue collections affected by staffing levels, overhead costs, and billing practices.

(12) EXCESSES OF EXPENDITURES OVER APPROPRIATIONS

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

General Fund	
Urban Development	\$ 6,789
Street Maintenance	107,554
Street Lighting	2,390,947

(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

CITY OF LINCOLN, NEBRASKA
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August 31, 2007

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, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	370
Terminated plan members entitled to but not yet receiving benefits	28
Active plan members (non-DROP)	531
DROP members	<u>47</u>
Total	<u><u>976</u></u>
Number of participating employers	<u><u>1</u></u>

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 2007 was 13.08% of annual covered payroll. Actual contributions by the City were 11.4% 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	\$ 4,056
Interest on net pension obligation	268
Adjustment to annual required contribution	<u>(419)</u>
Annual pension cost	3,905
Contributions made	<u>3,494</u>
Increase in net pension obligation	411
Net pension obligation beginning	<u>3,570</u>
Net pension obligation ending	<u><u>\$ 3,981</u></u>

The annual required contribution for the current year was determined as part of the August 31, 2005, 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 4.5 to 8.5% per year, including wage inflation at 4.5%, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using a four year smoothed market method. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over a period of ten years.

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
2007	\$ 3,905	\$ 3,494	89 %	\$ 3,981
2006	3,972	2,893	73	3,570
2005	3,623	2,562	71	2,491

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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 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, administered by LES. LES' contribution is equal to 200% of the employees' contributions, which range from 2% to 5% of gross wages. This plan and related contribution requirements were authorized by the administrative board of directors. Vesting of LES contributions occurs over a five-year period. Employee forfeitures are used to reduce employer contributions. Vested benefits are fully funded. LES incurred contribution expense of approximately \$2,952,000 (9.59% of covered payroll) and its employees contributed approximately \$1,891,000 (6.14% 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 the City to contribute 6% of the first \$4,800 of earned income plus 12% of earned income over \$4,800 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, 2006, was \$1,505,823. City contributions totaled \$176,047 or 11.7% of covered payroll.

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 3% of earnings on the first \$4,800 and 6% on the balance of earnings. Currently, the City contributes 200% of the employees' contributions. Employee forfeitures are used to reduce employer contributions. Employees covered by the Plan may also make voluntary contributions. During the year ended December 31, 2006, total payroll was approximately \$70,844,000 and covered payroll was approximately \$60,517,000. City contributions totaled \$6,714,670 or 11.1% of covered payroll and employee contributions totaled \$3,537,784 or 5.8% of covered payroll. Employees made \$97,625 in voluntary contributions for the year ended December 31, 2006.

(14) 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 2006 tax levy, for the 2006-2007 fiscal year, was \$64,793,826 below the legal limit, with a tax rate per \$100 valuation of \$0.28337. The assessed value upon which the 2006 levy was based was \$15,342,163,788.

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

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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.

Property taxes levied for 2006-2007 are recorded as revenue in the Fund Financial Statements when expected to be collected within 60 days after August 31, 2007. 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.

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.

(15) 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. For the year ended August 31, 2007, the City had a self-insured retention for workers' compensation exposures up to \$500,000 per individual; building and contents property exposures up to \$50,000 per occurrence; law enforcement liability exposures up to \$350,000 per occurrence; general liability exposures up to \$250,000 per occurrence; public officials exposures up to \$250,000 per occurrence; public transportation liability exposures up to \$250,000 per occurrence; auto liability exposures up to \$250,000, health benefits (beginning November, 2006), and employee long-term disability benefits, all of which are covered under the Insurance Revolving Fund which is included in the internal service funds. The self-insurance programs are administered through the Risk Management Division.

Workers' compensation was covered by a policy that provided statutory limits above the City's retention of \$500,000 per individual. Law enforcement liability was covered by a policy that provided limits of \$5 million per occurrence and \$6 million in annual aggregate. General liability was covered by a policy that provided limits of \$5 million per occurrence and \$6 million in annual aggregate. Public officials liability was covered by a policy that provided limits of \$5 million per occurrence and \$5 million in annual aggregate. Public transportation liability was covered by a policy that provided a limit of \$5 million. Auto liability was covered by a policy which provided a limit of \$5 million. Health had excess loss indemnity coverage above \$150,000 per claim and above 100% of the plan aggregate. The Nebraska Political Tort Claims Act limits the City's liability for tort claims to \$1 million per individual and \$5 million per occurrence. Settled claims have not exceeded coverage in any of the past three fiscal years.

The City had no significant insurance recoveries in the current year.

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 \$6,355,506 were recorded at August 31, 2007. Excluding health care claims approximating \$1,391,000, 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

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expenses regardless of their allocation to specific claims. These liabilities have been discounted using a 4.37% discount rate and a claim payment pattern based on the historical data of the City. 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, 2007 and 2006:

<u>2007</u>	Worker's Compensation and Others	Long-Term Disability	Health	Total
Balance at September 1	\$ 5,130,000	781,384	-	5,911,384
Current year claims and changes in estimates	3,002,000	(90,437)	13,294,165	16,205,728
Claims payments	(3,773,000)	(85,438)	(11,903,168)	(15,761,606)
Balance at August 31	<u>\$ 4,359,000</u>	<u>605,509</u>	<u>1,390,997</u>	<u>6,355,506</u>

<u>2006</u>	Worker's Compensation and Others	Long-Term Disability	Health	Total
Balance at September 1	\$ 4,407,000	719,431	-	5,126,431
Current year claims and changes in estimates	3,544,000	147,887	-	3,691,887
Claims payments	(2,821,000)	(85,934)	-	(2,906,934)
Balance at August 31	<u>\$ 5,130,000</u>	<u>781,384</u>	<u>-</u>	<u>5,911,384</u>

(16) 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, 2007, approximately 98% of the full-time, regular City's employees are represented by a Union. The existing union contracts will expire either in August 2008 or August 2009.

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 an adverse effect on the City's financial condition or results of operations.

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, additional corrective action costs related to landfill gas migration and groundwater conditions may be identified once testing is completed and the state regulatory agency has issued a final determination.

The City has entered into various agreements with developers for reimbursement of eligible infrastructure construction. After construction is substantially complete, the developer will be reimbursed on a quarterly basis from impact fee collections within the development area. These agreements estimate construction costs and impact fee revenue based on the final plat at the time of acceptance of the agreement. As of August 31, 2007, the City's commitment to developers is estimated to be \$26,300,000.

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STREET CONSTRUCTION PROJECTS

The City's Street Construction Capital Projects Fund has commitments under major construction contracts in progress of approximately \$23,000,000 as of August 31, 2007, which will be financed primarily through highway user fees, bond proceeds, federal and state grants, and developer contributions.

LINCOLN WASTEWATER SYSTEM

The Lincoln Wastewater System has commitments under major construction contracts in progress of approximately \$10,500,000 at August 31, 2007.

LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately \$9,166,000 as of August 31, 2007.

LINCOLN ELECTRIC SYSTEM (LES)

An agreement signed in May 2002 provides for LES joint ownership in the Council Bluffs No. 4 coal-fired unit located south of Council Bluffs, Iowa, for 100 megawatts of generating capacity. The plant is scheduled for commercial operation in June 2007 with MidAmerican Energy Company (MEC) acting as operating agent. In addition to joint ownership, LES executed a Power Purchase Agreement with MEC that resells 50 megawatts of the 100 megawatt capacity back to MEC for the first 19 months of operations to optimize the economics of LES's participation and better fit LES's anticipated load growth. LES's share of the total estimated cost of construction is approximately \$164.3 million dollars. As of December 31, 2006 approximately \$47 million of construction costs remain. Funding for this construction includes earnings, available funds, and short-and long-term financing.

Participation Contracts with NPPD

LES has participating interests in the output of two existing NPPD power plants, a thirty percent (approximately 68 MW) and eight percent (approximately 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 \$7,200,000 in 2006. LES recognizes its share of capital acquisition costs and debt service payments as power costs in the period the costs are billed. 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 \$17,100,000 in 2006.

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 estimated fixed cost payments to NPPD under these contracts, including capital additions and improvements, debt service payments and fixed costs, and credits aggregate approximately \$19,000,000, \$21,600,000, \$20,900,000, \$17,600,000, and \$17,400,000, respectively, in each of the five years subsequent to December 31, 2006.

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 \$38,000,000 are reflected in utility plant at December 31, 2006.

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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 notice to terminate the agreement. During 2006, LES billed the County approximately \$2,900,000 for demand and energy charges.

(17) 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 balance sheet date.

At August 31, 2007, the City had incurred a liability of approximately \$6,079,000 for the municipal solid waste landfill which represents the amount of costs reported to date based on the approximately 41 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$9 million, which will be recognized as the remaining capacity is used (estimated to be approximately 22 years).

As of August 31, 2007, the City had incurred a liability of approximately \$517,000 for the construction and demolition debris landfill which represents the amount of costs reported to date based on the approximately 45 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$622,000, which will be recognized as the remaining capacity is used (estimated to be approximately 20 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, 2007, a liability for closure and postclosure care costs is recorded in the amount of approximately \$2,354,000, which is based on appropriations identified in the City's capital improvement projects budgeting process. Additional corrective action costs related to possible landfill gas migration and groundwater conditions may be identified once testing is completed and the state regulatory agency has issued a final determination. These additional potential costs cannot be reasonably estimated and thus no liability has been accrued as of August 31, 2007.

(18) SEGMENT INFORMATION

The City has issued revenue bonds and other debt instruments to finance capital construction and acquisitions for both the Parks and Recreation and Public Works/Utilities Departments. The Golf Division of the Parks and Recreation Department operates the City's golf courses and is accounted for in the Golf Fund. The Parking Facilities Division of the Public Works/Utilities Department operates the

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
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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, and re-cycling drop-off program. Summary financial information for these divisions as of and for the year ended August 31, 2007, is presented as follows:

	<u>Golf</u>	<u>Parking Facilities</u>	<u>Solid Waste Management</u>
CONDENSED STATEMENT OF NET ASSETS			
Assets:			
Current Assets	\$ 44,869	4,703,977	9,271,772
Due from Other Funds	24,320	325,493	606,381
Restricted Assets	442,849	2,669,529	1,552,771
Deferred Charges	33,408	385,756	72,012
Capital Assets	<u>6,793,756</u>	<u>36,441,813</u>	<u>17,566,507</u>
Total Assets	<u>7,339,202</u>	<u>44,526,568</u>	<u>29,069,443</u>
Liabilities:			
Current Liabilities	881,382	2,095,045	484,626
Due to Other Funds	346,083	-	1,103
Noncurrent Liabilities	<u>1,486,201</u>	<u>12,170,000</u>	<u>12,612,594</u>
Total Liabilities	<u>2,713,666</u>	<u>14,265,045</u>	<u>13,098,323</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	5,150,081	25,173,962	15,285,119
Restricted	151,565	859,725	174,748
Unrestricted	<u>(676,110)</u>	<u>4,227,836</u>	<u>511,253</u>
Total Net Assets	<u>\$ 4,625,536</u>	<u>30,261,523</u>	<u>15,971,120</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS			
Operating Revenues	\$ 2,919,968	6,264,527	5,259,855
Depreciation Expense	(599,870)	(1,047,176)	(1,486,664)
Other Operating Expenses	<u>(2,463,827)</u>	<u>(2,781,952)</u>	<u>(5,079,147)</u>
Operating Income (Loss)	(143,729)	2,435,399	(1,305,956)
Nonoperating Revenues (Expenses):			
Investment Earnings	7,017	380,486	565,403
Loss on Disposal of Capital Assets	(6,999)	-	(10,105)
Occupation Tax	-	-	2,195,132
Interest Expense and Fiscal Charges	(95,381)	(786,918)	(165,832)
Capital Contributions	17,927	567,143	127,351
Transfers	<u>(4,500)</u>	<u>(835,000)</u>	<u>(770,655)</u>
Change in Net Assets	<u>(225,665)</u>	<u>1,761,110</u>	<u>635,338</u>
Beginning Net Assets	<u>4,851,201</u>	<u>28,500,413</u>	<u>15,335,782</u>
Ending Net Assets	<u>\$ 4,625,536</u>	<u>30,261,523</u>	<u>15,971,120</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net Cash Provided (Used) by:			
Operating Activities	\$ 515,996	3,910,865	435,635
Noncapital Financing Activities	85,549	(816,605)	1,736,775
Capital and Related Financing Activities	(551,994)	(2,047,247)	(3,991,431)
Investing Activities	<u>11,616</u>	<u>(611,105)</u>	<u>2,009,344</u>
Net Increase in Cash	61,167	435,908	190,323
Beginning Balance	<u>72,344</u>	<u>913,540</u>	<u>1,870,069</u>
Ending Balance	<u>\$ 133,511</u>	<u>1,349,448</u>	<u>2,060,392</u>

(19) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the 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:

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
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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 as of August 31, 2007 is approximately \$73,866,000 for the Water System and \$89,116,000 for the Wastewater System.

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) 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, 2007, the City made rental payments of approximately \$2.4 million to the Commission.

As of August 31, 2007, the Commission has bonds outstanding of \$48,250,000 attributable to several bond issues. Certain proceeds from the bonds totaling \$26,725,000 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 estimated that the City occupies approximately 65% of the new building and 38% of the renovated building (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.

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.

(21) 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

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2007

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.

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.

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.

(22) 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 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 twenty-year 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 at an established interruptible commercial rate. The total amount of payments to LES for management, operations, and maintenance services was approximately \$198,000 in 2006. The total amount of payments to LES for energy was approximately \$73,000 in 2006.

Nebraska Utility Corporation

On May 17, 2001, LES, in conjunction with another governmental entity, created the Nebraska Utility Corporation (NUCorp) to purchase, lease, construct, and finance facilities and acquire services in order to furnish energy requirements, utility and infrastructure facilities, and all related energy, utility, and infrastructure services to counties, cities, villages, school districts, sanitary and improvement districts, or other municipal corporations or political subdivisions of the State of Nebraska or political subdivisions of another state. The Board of Directors of NUCorp is comprised of five members: three members appointed by the University of Nebraska 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, operations, and maintenance services was approximately \$94,000 in 2006. The total amount of payments to LES for energy was approximately \$8.1 million in 2006.

Required Supplementary Information

Schedule of Funding Progress

(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, 2007	\$ 171,264	\$ 169,587	\$ (1,677)	101.0 %	\$ 30,546	(5.5) %
August 31, 2006	157,527	161,583	4,056	97.5	30,724	13.2
August 31, 2005	145,730	151,978	6,248	95.9	29,029	21.5
August 31, 2004	136,974	144,179	7,205	95.0	28,125	25.6
August 31, 2003	132,578	137,508	4,930	96.4	27,415	18.0
August 31, 2002	128,319	130,875	2,556	98.0	26,607	9.6

* Non-DROP payroll in 2002 and later

Schedule of Employer Contributions

(dollar amounts in thousands)

Year Ended August 31	Annual Required Contribution	Annual Pension Contribution	Percentage Contributed
2007	\$ 4,056	\$ 3,494	86 %
2006	4,077	2,893	71
2005	3,684	2,562	70
2004	3,297	1,992	60
2003	2,234	1,781	80
2002	1,878	1,542	82

**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**



CITY OF LINCOLN, NEBRASKA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2007

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 6,696,913	4,019,436	4,752,058	5,789,171	21,257,578
Investments	24,340,369	17,444,271	17,546,415	44,886,656	104,217,711
Invested Securities Lending Collateral	-	-	-	4,749,143	4,749,143
Receivables, (Net of Allowance for Uncollectibles)	2,340,892	3,578,472	314,767	160,375	6,394,506
Due from Other Funds	1,928,104	1,171,169	2,857,216	33,390	5,989,879
Due from Other Governments	698,169	167,046	997,813	-	1,863,028
Inventories	682,250	-	-	-	682,250
Total Assets	36,686,697	26,380,394	26,468,269	55,618,735	145,154,095
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	551,219	-	863,563	55,471	1,470,253
Contracts Payable	-	-	576,875	-	576,875
Retainages Payable	-	-	68,397	-	68,397
Accrued Liabilities	1,206,736	-	-	5,455	1,212,191
Due to Other Funds	12,334,692	-	385,387	-	12,720,079
Due to Other Governments	64,568	-	31	39,407	104,006
Unearned Revenue	1,539,924	-	-	-	1,539,924
Obligations under Securities Lending	-	-	-	4,749,143	4,749,143
Deferred Revenue	804,391	2,469,601	-	-	3,273,992
Total Liabilities	16,501,530	2,469,601	1,894,253	4,849,476	25,714,860
Fund Balances:					
Reserved for:					
Inventories	682,250	-	-	-	682,250
Improvements	8,500	-	-	-	8,500
Debt Service	-	13,976,879	-	-	13,976,879
Trust Donations (non-expendable)	-	-	-	160,000	160,000
Health Care (non-expendable)	-	-	-	37,000,000	37,000,000
Unreserved:					
Designated for Debt Service	-	9,933,914	-	-	9,933,914
Designated for Subsequent Years Expenditures	965,028	-	-	-	965,028
Designated for Encumbrances	1,562,246	-	2,750,856	-	4,313,102
Undesignated	16,967,143	-	21,823,160	13,609,259	52,399,562
Total Fund Balances	20,185,167	23,910,793	24,574,016	50,769,259	119,439,235
Total Liabilities and Fund Balances	\$ 36,686,697	26,380,394	26,468,269	55,618,735	145,154,095

CITY OF LINCOLN, NEBRASKA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Taxes:					
Property	\$ 11,460,495	7,689,110	-	-	19,149,605
Wheel	1,058,931	-	9,000,841	-	10,059,772
Sundry and In Lieu	6,545	3,217	-	-	9,762
Special Assesment	379	1,510,563	-	-	1,510,942
Intergovernmental	10,920,432	1,820,699	980,503	-	13,721,634
Permits and Fees	10,066,815	-	283,433	-	10,350,248
Reimbursement for Services	865,748	-	-	-	865,748
Investment Earnings	1,040,617	1,027,020	1,189,331	5,123,157	8,380,125
Donations	161,885	-	52,203	8,500	222,588
Keno Proceeds	2,798,262	-	-	-	2,798,262
Miscellaneous	187,194	100,000	795,959	125,630	1,208,783
Total Revenues	<u>38,567,303</u>	<u>12,150,609</u>	<u>12,302,270</u>	<u>5,257,287</u>	<u>68,277,469</u>
EXPENDITURES					
Current:					
General Government	7,181,129	-	-	-	7,181,129
Public Safety	8,435,195	-	-	-	8,435,195
Streets and Highways	2,810,817	-	-	-	2,810,817
Culture and Recreation	8,438,393	-	-	19,066	8,457,459
Economic Opportunity	4,348,381	-	-	-	4,348,381
Health and Welfare	10,351,267	-	-	1,070,533	11,421,800
Mass Transit	14,731,219	-	-	-	14,731,219
Debt Service:					
Principal Retirement	-	6,282,536	-	-	6,282,536
Interest and Fiscal Charges	-	5,221,734	-	-	5,221,734
Miscellaneous	-	5,338	-	-	5,338
Capital Outlay	-	-	13,985,222	-	13,985,222
Total Expenditures	<u>56,296,401</u>	<u>11,509,608</u>	<u>13,985,222</u>	<u>1,089,599</u>	<u>82,880,830</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>(17,729,098)</u>	<u>641,001</u>	<u>(1,682,952)</u>	<u>4,167,688</u>	<u>(14,603,361)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	18,561,800	4,681,059	4,696,013	-	27,938,872
Transfers Out	(2,425,135)	(1,941,705)	(10,287,866)	-	(14,654,706)
Issuance of Debt	-	175,479	11,912,946	-	12,088,425
Premiums on Debt Issued	-	-	212,389	-	212,389
Discounts on Debt Issued	-	-	(5,255)	-	(5,255)
Sale of Capital Assets	28,081	-	194,594	-	222,675
Total Other Financing Sources (Uses)	<u>16,164,746</u>	<u>2,914,833</u>	<u>6,722,821</u>	<u>-</u>	<u>25,802,400</u>
Net Change in Fund Balances	(1,564,352)	3,555,834	5,039,869	4,167,688	11,199,039
Fund Balances - Beginning	<u>21,749,519</u>	<u>20,354,959</u>	<u>19,534,147</u>	<u>46,601,571</u>	<u>108,240,196</u>
Fund Balances - Ending	<u>\$ 20,185,167</u>	<u>23,910,793</u>	<u>24,574,016</u>	<u>50,769,259</u>	<u>119,439,235</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds from a specific revenue source that is restricted to expenditures for a specified purpose.

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.

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. These monies must be used for improvements to athletic field and facilities.

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 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.

Tax Sales Revolving Fund - To provide working funds to acquire lots sold at tax sale for which any part of the taxes included in the decree of foreclosure is due to the City as well as to account for expenditures from this fund to purchase such lots and associated expenses, and to account for monies received from the sale of such lots. Financing is provided by transfers from the Advance Acquisition Fund and monies received from the sale of lots.

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.

Snow Removal Fund - To account for the costs of providing snow and ice removal services for all streets in the City of Lincoln. Financing is provided by a percentage of wheel tax receipts and transfers from the Street Construction Fund.

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.

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.



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 is provided by a specific annual property tax levy. Such property taxes may only be used for this purpose.

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

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.

Property Tax Refunds Fund - To accumulate resources for reimbursement of taxes on centrally assessed property per court order. Resources are derived from collection of prior years' tax levies and interest earned on those collections.

Impact Fees - 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.

Senior 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 - To be used for the Polley Music Library.

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2007

	Advance Acquisition	Athletic Field & Facilities Improvement	Cable Access Television	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
ASSETS										
Cash and Cash Equivalents	\$ 211,822	51,598	272,398	533,063	63,438	1,368	96,321	293,764	47,809	332,262
Investments	777,819	187,749	1,002,448	1,968,016	227,981	-	326,885	1,086,264	144,165	1,222,048
Receivables:										
Taxes	-	-	-	960,312	-	-	-	-	-	305,314
Accounts	-	-	-	5,354	-	-	12,462	1,155	205,343	-
Accrued Interest	6,362	2,031	11,449	16,206	5,840	5,318	5,009	1,025	1,392	13,538
Due from Other Funds	61,523	14,855	79,138	155,385	23,526	132	25,766	85,711	11,437	96,622
Due from Other Governments	-	-	-	430	36,224	-	442,728	101,533	-	136
Inventories	-	-	-	-	-	-	-	202,045	-	-
Total Assets	1,057,526	256,233	1,365,433	3,638,766	357,009	6,818	909,171	1,771,497	410,146	1,969,920
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	1,612	-	39,137	75,434	39,847	-	56,412	-	1,827	-
Accrued Liabilities	-	-	643	149,709	62,513	-	179,195	8,113	59,935	115,682
Due to Other Funds	-	-	-	633	2,824	-	11,765	25	466	-
Due to Other Governments	-	-	-	70	5	-	721	-	64	-
Unearned Revenue	-	-	1,252,214	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	191,201	-	-	444,661	1,155	24,789	61,530
Total Liabilities	1,612	-	1,291,994	417,047	105,189	-	692,754	9,293	87,081	177,212
Fund Balances (Deficits):										
Reserved for:										
Inventories	-	-	-	-	-	-	-	202,045	-	-
Improvements	-	-	-	-	-	-	-	-	8,500	-
Unreserved:										
Designated for Subsequent Years' Expenditures	-	-	85	616,422	8,296	-	23,780	1,077	7,953	179,431
Designated for Encumbrances	-	-	36,438	70,247	28,727	-	19,148	367,141	-	-
Undesignated	1,055,914	256,233	36,916	2,535,050	214,797	6,818	173,489	1,191,941	306,612	1,613,277
Total Fund Balances (Deficits)	1,055,914	256,233	73,439	3,221,719	251,820	6,818	216,417	1,762,204	323,065	1,792,708
Total Liabilities and Fund Balances (Deficits)	\$ 1,057,526	256,233	1,365,433	3,638,766	357,009	6,818	909,171	1,771,497	410,146	1,969,920

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks & Recreation Special Projects	Seniors Foundation Of Lincoln & Lancaster County	Library Special Trust	Total
-	393,734	47,762	614,502	-	930,034	418	2,526,064	157,903	58,844	63,809	6,696,913
-	1,320,951	172,662	2,263,051	217,923	3,433,132	5,029	8,954,977	578,335	216,247	234,687	24,340,369
455,335	-	-	-	-	-	-	-	-	-	-	1,720,961
-	12,072	-	125,817	-	52	-	-	39	-	-	362,294
-	10,424	1,992	27,191	1,006	40,864	58	96,348	6,537	2,436	2,611	257,637
-	104,247	13,672	178,784	17,221	271,068	394	707,118	45,748	17,090	18,667	1,928,104
-	116,271	-	-	-	-	-	-	847	-	-	698,169
-	480,205	-	-	-	-	-	-	-	-	-	682,250
<u>455,335</u>	<u>2,437,904</u>	<u>236,088</u>	<u>3,209,345</u>	<u>236,150</u>	<u>4,675,150</u>	<u>5,899</u>	<u>12,284,507</u>	<u>789,409</u>	<u>294,617</u>	<u>319,774</u>	<u>36,686,697</u>
-	279,471	-	37,516	-	7,950	-	-	9,967	2,046	-	551,219
374,280	154,952	-	-	-	97,780	-	2,296	-	-	1,638	1,206,736
-	2,045	-	24,204	-	3,415	-	12,289,291	-	24	-	12,334,692
-	-	-	60,881	-	1,585	-	-	1,242	-	-	64,568
-	64,636	-	-	-	223,074	-	-	-	-	-	1,539,924
81,055	-	-	-	-	-	-	-	-	-	-	804,391
<u>455,335</u>	<u>501,104</u>	<u>-</u>	<u>122,601</u>	<u>-</u>	<u>333,804</u>	<u>-</u>	<u>12,291,587</u>	<u>11,209</u>	<u>2,070</u>	<u>1,638</u>	<u>16,501,530</u>
-	480,205	-	-	-	-	-	-	-	-	-	682,250
-	-	-	-	-	-	-	-	-	-	-	8,500
-	20,008	95,000	-	-	12,976	-	-	-	-	-	965,028
-	1,008,000	-	3,613	-	20,432	-	-	8,500	-	-	1,562,246
-	428,587	141,088	3,083,131	236,150	4,307,938	5,899	(7,080)	769,700	292,547	318,136	16,967,143
-	1,936,800	236,088	3,086,744	236,150	4,341,346	5,899	(7,080)	778,200	292,547	318,136	20,185,167
<u>455,335</u>	<u>2,437,904</u>	<u>236,088</u>	<u>3,209,345</u>	<u>236,150</u>	<u>4,675,150</u>	<u>5,899</u>	<u>12,284,507</u>	<u>789,409</u>	<u>294,617</u>	<u>319,774</u>	<u>36,686,697</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, 2007

	Advance Acquisition	Athletic Field & Facilities Improvement	Cable Access Television	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
Revenues:										
Real Property and										
Personal Property Tax	\$ -	-	-	6,505,230	-	-	-	-	-	2,057,087
Wheel Tax	-	-	-	-	-	-	-	1,058,931	-	-
Sundry and In Lieu Tax	-	-	-	3,653	-	-	-	-	-	1,158
Special Assessment	-	-	-	-	-	-	379	-	-	-
Intergovernmental	-	-	-	646,582	1,141,766	-	2,258,629	-	199,730	-
Permits and Fees	-	-	305,606	382,823	93,162	-	2,727,258	-	1,327,881	-
Reimbursement for Services	174	53,670	-	-	191,308	-	220,521	-	-	-
Investment Earnings	38,199	11,293	76,182	85,316	28,963	36,568	22,525	50,264	2,426	75,611
Donations	130	-	-	-	2	-	-	-	-	-
Keno Proceeds	-	-	-	-	-	-	-	-	-	-
Private Sector Share of Projects	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	3,426	-	21,166	1,385	-	17,010	-	1,643	-
Total Revenues	38,503	68,389	381,788	7,644,770	1,456,586	36,568	5,246,322	1,109,195	1,531,680	2,133,856
Expenditures:										
General Government	51,866	-	444,981	-	-	-	-	-	-	1,950,491
Public Safety	-	-	-	-	-	-	-	-	3,143,079	-
Streets and Highways	-	-	-	-	-	-	-	2,810,817	-	-
Culture and Recreation	-	-	-	7,339,835	-	-	-	-	-	-
Economic Opportunity	-	-	-	-	4,310,244	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	10,351,267	-	-	-
Mass Transit	-	-	-	-	-	-	-	-	-	-
Total Expenditures	51,866	-	444,981	7,339,835	4,310,244	-	10,351,267	2,810,817	3,143,079	1,950,491
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(13,363)	68,389	(63,193)	304,935	(2,853,658)	36,568	(5,104,945)	(1,701,622)	(1,611,399)	183,365
Other Financing Sources (Uses):										
Transfers In	-	-	-	-	2,684,026	-	5,029,634	1,768,431	1,927,963	-
Transfers Out	(136,704)	(18,010)	-	-	-	(719,513)	(9,329)	(89,474)	(70,033)	-
Sale of Capital Assets	2,413	-	-	516	6,957	-	1,340	-	-	-
Total Other Financing										
Sources (Uses)	(134,291)	(18,010)	-	516	2,690,983	(719,513)	5,021,645	1,678,957	1,857,930	-
Net Change In Fund Balances	(147,654)	50,379	(63,193)	305,451	(162,675)	(682,945)	(83,300)	(22,665)	246,531	183,365
Fund Balances (Deficits) - Beginning	1,203,568	205,854	136,632	2,916,268	414,495	689,763	299,717	1,784,869	76,534	1,609,343
Fund Balances (Deficits) - Ending	\$ 1,055,914	256,233	73,439	3,221,719	251,820	6,818	216,417	1,762,204	323,065	1,792,708

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks & Recreation Special Projects	Seniors Foundation Of Lincoln & Lancaster County	Library Special Trust	Total
2,898,178	-	-	-	-	-	-	-	-	-	-	11,460,495
-	-	-	-	-	-	-	-	-	-	-	1,058,931
1,734	-	-	-	-	-	-	-	-	-	-	6,545
-	-	-	-	-	-	-	-	-	-	-	379
-	6,662,128	-	-	-	-	-	-	11,597	-	-	10,920,432
-	1,401,249	-	-	-	3,719,935	-	108,901	-	-	-	10,066,815
-	123,168	-	-	-	117,246	-	-	159,661	-	-	865,748
-	86,299	12,581	173,316	10,084	262,211	299	-	37,847	14,917	15,716	1,040,617
-	-	-	-	-	-	-	-	37,790	35,470	88,493	161,885
-	-	-	2,798,262	-	-	-	-	-	-	-	2,798,262
-	-	-	-	-	-	-	-	44,070	-	-	44,070
-	27,646	-	5,175	49,402	2,100	-	-	13,527	644	-	143,124
2,899,912	8,300,490	12,581	2,976,753	59,486	4,101,492	299	108,901	304,492	51,031	104,209	38,567,303
2,899,912	-	21,378	1,065,104	639,283	-	-	108,114	-	-	-	7,181,129
-	-	-	-	-	5,292,116	-	-	-	-	-	8,435,195
-	-	-	-	-	-	-	-	-	-	-	2,810,817
-	-	-	793,870	-	-	-	-	197,162	-	107,526	8,438,393
-	-	-	-	-	-	-	-	-	38,137	-	4,348,381
-	-	-	-	-	-	-	-	-	-	-	10,351,267
-	14,731,219	-	-	-	-	-	-	-	-	-	14,731,219
2,899,912	14,731,219	21,378	1,858,974	639,283	5,292,116	-	108,114	197,162	38,137	107,526	56,296,401
-	(6,430,729)	(8,797)	1,117,779	(579,797)	(1,190,624)	299	787	107,330	12,894	(3,317)	(17,729,098)
-	5,842,979	-	-	552,367	756,400	-	-	-	-	-	18,561,800
-	-	-	(1,357,211)	(23,673)	-	-	-	(1,188)	-	-	(2,425,135)
-	16,855	-	-	-	-	-	-	-	-	-	28,081
-	5,859,834	-	(1,357,211)	528,694	756,400	-	-	(1,188)	-	-	16,164,746
-	(570,895)	(8,797)	(239,432)	(51,103)	(434,224)	299	787	106,142	12,894	(3,317)	(1,564,352)
-	2,507,695	244,885	3,326,176	287,253	4,775,570	5,600	(7,867)	672,058	279,653	321,453	21,749,519
-	1,936,800	236,088	3,086,744	236,150	4,341,346	5,899	(7,080)	778,200	292,547	318,136	20,185,167



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:

- 1999A Various Purpose Bonds
- 1999B Various Purpose Bonds
- 2002 Storm Sewer and Drainage System Bonds
- 2003 Various Purpose Bonds
- 2004 Certificates of Participation – Fire & 911 Lease
- 2005 Storm Sewer Refunding Bonds
- 2005 Storm Sewer Construction Bonds
- 2005 Certificates of Participation – Street Lights
- 2006 Certificates of Participation – Street Lights
- 2007 Certificates of Participation – Street Lights
- 2007 Stormwater Drainage and Flood Management System Bonds

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

MIRF Bond Debt Fund – To accumulate resources for payment of principal and interest on the Municipal Infrastructure Redevelopment Fund Bonds, Series 2000. The bonds are payable from amounts received by the City from the State of Nebraska MIRF fund established pursuant to the MIRF Act (Chapter 18, Article 26, Reissue Revised Statutes of Nebraska, as amended), which provides annual appropriations from an imposed cigarette tax.

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 User Allocation Debt Fund - To accumulate resources for payment of principal and interest on the Highway User Allocation Bonds, Series 2004 and Series 2006. 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, 2007

	Tax Allocation Projects Debt Service	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
ASSETS					
Cash and Cash Equivalents	\$ 936,773	815,665	512,911	1,754,087	4,019,436
Investments	3,993,623	3,005,667	3,009,228	7,435,753	17,444,271
Receivables (Net of Allowance for Uncollectibles):					
Taxes	84,155	858,795	-	-	942,950
Accrued Interest	39,881	29,724	45,609	88,198	203,412
Special Assessment	-	-	-	2,432,110	2,432,110
Due from Other Funds	272,646	237,415	149,338	511,770	1,171,169
Due from Other Governments	-	379	166,667	-	167,046
Total Assets	<u>5,327,078</u>	<u>4,947,645</u>	<u>3,883,753</u>	<u>12,221,918</u>	<u>26,380,394</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	-	181,597	-	2,288,004	2,469,601
Fund Balances:					
Reserved for Debt Service	5,327,078	4,766,048	3,883,753	-	13,976,879
Unreserved - Designated for Debt Service	-	-	-	9,933,914	9,933,914
Total Fund Balances	<u>5,327,078</u>	<u>4,766,048</u>	<u>3,883,753</u>	<u>9,933,914</u>	<u>23,910,793</u>
Total Liabilities and Fund Balances	<u>\$ 5,327,078</u>	<u>4,947,645</u>	<u>3,883,753</u>	<u>12,221,918</u>	<u>26,380,394</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, 2007

	Tax Allocation Projects Debt Service	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
Revenues:					
Real Property and Personal Property Tax	\$ 2,031,843	5,657,267	-	-	7,689,110
Sundry and In Lieu Tax	-	3,217	-	-	3,217
Special Assessment	-	-	-	1,322,214	1,322,214
Special Assessment Interest	-	-	-	188,349	188,349
Intergovernmental	-	134,032	1,686,667	-	1,820,699
Investment Earnings	242,051	121,697	185,541	477,731	1,027,020
Miscellaneous	-	100,000	-	-	100,000
Total Revenues	<u>2,273,894</u>	<u>6,016,213</u>	<u>1,872,208</u>	<u>1,988,294</u>	<u>12,150,609</u>
Expenditures -- Debt Service:					
Principal Retirement	727,536	3,940,000	950,000	-	5,617,536
Interest	248,975	2,215,943	2,521,769	-	4,986,687
Fiscal Charges	700	3,320	2,800	-	6,820
Capital Lease Principal	-	665,000	-	-	665,000
Capital Lease Interest	-	228,227	-	-	228,227
Miscellaneous	-	5,250	-	88	5,338
Total Expenditures	<u>977,211</u>	<u>7,057,740</u>	<u>3,474,569</u>	<u>88</u>	<u>11,509,608</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,296,683</u>	<u>(1,041,527)</u>	<u>(1,602,361)</u>	<u>1,988,206</u>	<u>641,001</u>
Other Financing Sources (Uses):					
Transfers In	39,342	2,583,283	2,058,434	-	4,681,059
Transfers Out	(1,394,718)	(960)	-	(546,027)	(1,941,705)
Issuance of Debt	175,479	-	-	-	175,479
Total Other Financing Sources (Uses)	<u>(1,179,897)</u>	<u>2,582,323</u>	<u>2,058,434</u>	<u>(546,027)</u>	<u>2,914,833</u>
Net Change in Fund Balances	116,786	1,540,796	456,073	1,442,179	3,555,834
Fund Balances - Beginning	<u>5,210,292</u>	<u>3,225,252</u>	<u>3,427,680</u>	<u>8,491,735</u>	<u>20,354,959</u>
Fund Balances - Ending	<u>\$ 5,327,078</u>	<u>4,766,048</u>	<u>3,883,753</u>	<u>9,933,914</u>	<u>23,910,793</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.

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.

1991 G. O. Various Purpose Bonds Fund - To account for the cost of providing improvements to the City's existing library system, including the expansion and equipping of Gere Branch Library and to purchase and equip a new bookmobile; and providing improvements to the City's existing storm sewer and drainage system. Financing is provided by general obligation bonds.

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 to be provided by a combination of general obligation bond issue proceeds, tax increment financing and reimbursement funds from the Federal Emergency Management Agency.

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.

2002 Antelope Valley Bonds - To account for the costs of funding portions of new stormwater, transportation, and community revitalization strategies incorporated into the Antelope Valley Project. Financing is provided by tax supported bonds.

Other Capital Projects Fund - To account for the cost of acquiring or improving various general fixed 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, 2007

	Storm Sewer Construction	Vehicle Tax	1991 G.O. Various Purpose Bonds	Storm Sewer Bonds	1999 G.O. Various Purpose Bonds
ASSETS					
Cash and Cash Equivalents	\$ 40,615	1,218,080	9,224	2,934,208	15,092
Investments	150,870	4,487,546	36,880	11,079,118	58,672
Accounts Receivable	-	-	-	-	-
Accrued Interest Receivable	-	97,295	406	114,905	658
Due from Other Funds	11,963	354,414	2,892	855,141	4,601
Due from Other Governments	-	893,885	-	103,928	-
	<u>203,448</u>	<u>7,051,220</u>	<u>49,402</u>	<u>15,087,300</u>	<u>79,023</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	11,473	-	-	778,474	-
Contracts Payable	-	-	-	129,177	-
Retainages Payable	-	-	-	58,397	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	31	-
	<u>11,473</u>	<u>-</u>	<u>-</u>	<u>966,079</u>	<u>-</u>
Total Liabilities					
Fund Balances:					
Unreserved:					
Designated for Encumbrances	3,286	-	-	2,260,912	-
Undesignated	188,689	7,051,220	49,402	11,860,309	79,023
Total Fund Balances	<u>191,975</u>	<u>7,051,220</u>	<u>49,402</u>	<u>14,121,221</u>	<u>79,023</u>
Total Liabilities and Fund Balances	<u>\$ 203,448</u>	<u>7,051,220</u>	<u>49,402</u>	<u>15,087,300</u>	<u>79,023</u>

<u>2002 Antelope Valley Bonds</u>	<u>Other Capital Projects</u>	<u>Special Assessment</u>	<u>Total</u>
-	471,958	62,881	4,752,058
-	1,733,329	-	17,546,415
-	74,100	-	74,100
-	27,403	-	240,667
-	1,628,205	-	2,857,216
-	-	-	997,813
<u>-</u>	<u>3,934,995</u>	<u>62,881</u>	<u>26,468,269</u>
-	70,016	3,600	863,563
-	447,698	-	576,875
-	10,000	-	68,397
-	385,387	-	385,387
-	-	-	31
<u>-</u>	<u>913,101</u>	<u>3,600</u>	<u>1,894,253</u>
-	486,658	-	2,750,856
-	2,535,236	59,281	21,823,160
-	3,021,894	59,281	24,574,016
<u>-</u>	<u>3,934,995</u>	<u>62,881</u>	<u>26,468,269</u>

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	<u>Storm Sewer Construction</u>	<u>Vehicle Tax</u>	<u>1991 G.O. Various Purpose Bonds</u>	<u>Storm Sewer Bonds</u>	<u>1999 G.O. Various Purpose Bonds</u>
Revenues:					
Wheel Tax	\$ -	9,000,841	-	-	-
Intergovernmental	16,073	-	-	113,928	-
Permits and Fees	-	-	-	-	-
Investment Earnings	365	425,690	2,485	561,019	48,240
Donations	-	-	-	-	-
Developer's Share	-	-	-	16,974	-
Miscellaneous	-	-	-	648,801	-
Total Revenues	<u>16,438</u>	<u>9,426,531</u>	<u>2,485</u>	<u>1,340,722</u>	<u>48,240</u>
Expenditures -- Capital Outlay:					
General Government	-	-	-	-	-
Streets and Highways	42,185	-	-	5,143,147	-
Culture and Recreation	-	-	-	-	13,317
Economic Opportunity	-	-	-	-	-
Total Expenditures	<u>42,185</u>	<u>-</u>	<u>-</u>	<u>5,143,147</u>	<u>13,317</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(25,747)</u>	 <u>9,426,531</u>	 <u>2,485</u>	 <u>(3,802,425)</u>	 <u>34,923</u>
 Other Financing Sources (Uses):					
Transfers In	235,250	-	-	-	960
Transfers Out	(44,049)	(8,214,900)	-	(923,885)	(1,064,195)
Issuance of Debt	-	-	-	8,295,000	-
Premium on Debt Issued	-	-	-	212,389	-
Discount on Debt Issued	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>191,201</u>	<u>(8,214,900)</u>	<u>-</u>	<u>7,583,504</u>	<u>(1,063,235)</u>
 Net Change in Fund Balances	 165,454	 1,211,631	 2,485	 3,781,079	 (1,028,312)
 Fund Balances - Beginning	 <u>26,521</u>	 <u>5,839,589</u>	 <u>46,917</u>	 <u>10,340,142</u>	 <u>1,107,335</u>
 Fund Balances - Ending	 <u>\$ 191,975</u>	 <u>7,051,220</u>	 <u>49,402</u>	 <u>14,121,221</u>	 <u>79,023</u>

<u>2002 Antelope Valley Bonds</u>	<u>Other Capital Projects</u>	<u>Special Assessment</u>	<u>Total</u>
-	-	-	9,000,841
-	850,502	-	980,503
-	283,433	-	283,433
16,503	135,029	-	1,189,331
-	52,203	-	52,203
-	-	-	16,974
-	130,184	-	778,985
<u>16,503</u>	<u>1,451,351</u>	<u>-</u>	<u>12,302,270</u>
-	77,335	-	77,335
618,828	650,134	146,268	6,600,562
-	2,471,395	-	2,484,712
-	4,822,613	-	4,822,613
<u>618,828</u>	<u>8,021,477</u>	<u>146,268</u>	<u>13,985,222</u>
<u>(602,325)</u>	<u>(6,570,126)</u>	<u>(146,268)</u>	<u>(1,682,952)</u>
-	4,254,513	205,290	4,696,013
-	(40,837)	-	(10,287,866)
-	3,617,946	-	11,912,946
-	-	-	212,389
-	(5,255)	-	(5,255)
-	194,594	-	194,594
<u>-</u>	<u>8,020,961</u>	<u>205,290</u>	<u>6,722,821</u>
(602,325)	1,450,835	59,022	5,039,869
<u>602,325</u>	<u>1,571,059</u>	<u>259</u>	<u>19,534,147</u>
<u>-</u>	<u>3,021,894</u>	<u>59,281</u>	<u>24,574,016</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 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, 2007

	Community Health <u>Endowment</u>	<u>J.J. Hompes</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,717,550	71,621	5,789,171
Investments	44,270,030	616,626	44,886,656
Invested Securities Lending Collateral	4,749,143	-	4,749,143
Accrued Interest Receivable	159,949	426	160,375
Due from Other Funds	<u>30,235</u>	<u>3,155</u>	<u>33,390</u>
Total Assets	<u>54,926,907</u>	<u>691,828</u>	<u>55,618,735</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	54,001	1,470	55,471
Accrued Liabilities	5,455	-	5,455
Due to Other Governments	39,407	-	39,407
Obligations under Securities Lending	<u>4,749,143</u>	<u>-</u>	<u>4,749,143</u>
Total Liabilities	<u>4,848,006</u>	<u>1,470</u>	<u>4,849,476</u>
Fund Balances:			
Reserved for:			
Trust Donations (non-expendable)	-	160,000	160,000
Health Care (non-expendable)	37,000,000	-	37,000,000
Unreserved, Undesignated	<u>13,078,901</u>	<u>530,358</u>	<u>13,609,259</u>
Total Fund Balances	<u>50,078,901</u>	<u>690,358</u>	<u>50,769,259</u>
Total Liabilities and Fund Balances	<u>\$ 54,926,907</u>	<u>691,828</u>	<u>55,618,735</u>

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Community Health Endowment	J.J. Hompes	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment Earnings	\$ 5,053,068	70,089	5,123,157
Donations	8,500	-	8,500
Miscellaneous	125,630	-	125,630
Total Revenues	<u>5,187,198</u>	<u>70,089</u>	<u>5,257,287</u>
Expenditures:			
Culture and Recreation	-	19,066	19,066
Health and Welfare	1,070,533	-	1,070,533
Total Expenditures	<u>1,070,533</u>	<u>19,066</u>	<u>1,089,599</u>
Excess of Revenues Over Expenditures	4,116,665	51,023	4,167,688
Fund Balances - Beginning	<u>45,962,236</u>	<u>639,335</u>	<u>46,601,571</u>
Fund Balances - Ending	<u>\$ 50,078,901</u>	<u>690,358</u>	<u>50,769,259</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Recreation Receipts	\$ 20,000	20,000	53,670	33,670
Investment Earnings	-	-	10,335	10,335
Miscellaneous	-	-	3,426	3,426
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>67,431</u>	<u>47,431</u>
Other Financing Uses:				
Transfers Out	<u>(118,491)</u>	<u>(118,491)</u>	<u>(18,010)</u>	<u>100,481</u>
Net Change in Fund Balances	(98,491)	(98,491)	49,421	147,912
Fund Balances - Beginning	<u>208,291</u>	<u>208,291</u>	<u>208,291</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 109,800</u>	<u>109,800</u>	<u>257,712</u>	<u>147,912</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Permits and Fees	\$ 66,662	66,662	305,606	238,944
Investment Earnings	-	-	77,891	77,891
Total Revenues	<u>66,662</u>	<u>66,662</u>	<u>383,497</u>	<u>316,835</u>
Expenditures -- General Government:				
Personal Services	31,604	31,604	31,311	293
Materials and Supplies	2,550	2,550	1,930	620
Other Services and Charges	32,659	32,659	50,837	(18,178)
Capital Outlay	-	-	330,449	(330,449)
Total Expenditures	<u>66,813</u>	<u>66,813</u>	<u>414,527</u>	<u>(347,714)</u>
Deficiency of Revenues Under Expenditures	(151)	(151)	(31,030)	(30,879)
Fund Balances - Beginning	<u>129,059</u>	<u>129,059</u>	<u>129,059</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 128,908</u></u>	<u><u>128,908</u></u>	<u><u>98,029</u></u>	<u><u>(30,879)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Real Property and Personal Property Tax	\$ 5,909,204	5,909,204	6,866,613	957,409
Intergovernmental	649,940	649,940	646,582	(3,358)
Permits and Fees	750,000	750,000	382,010	(367,990)
Investment Earnings	82,000	82,000	78,416	(3,584)
Miscellaneous	31,200	31,200	21,088	(10,112)
Total Revenues	<u>7,422,344</u>	<u>7,422,344</u>	<u>7,994,709</u>	<u>572,365</u>
Expenditures -- Culture and Recreation:				
Personal Services	5,552,125	5,552,125	5,293,529	258,596
Materials and Supplies	210,455	210,455	184,953	25,502
Other Services and Charges	1,046,991	1,046,991	973,567	73,424
Capital Outlay	826,810	826,810	814,231	12,579
Total Expenditures	<u>7,636,381</u>	<u>7,636,381</u>	<u>7,266,280</u>	<u>370,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(214,037)	(214,037)	728,429	942,466
Other Financing Sources:				
Sale of Capital Assets	300	300	516	216
Net Change in Fund Balances	(213,737)	(213,737)	728,945	942,682
Fund Balances - Beginning	<u>2,274,634</u>	<u>2,274,634</u>	<u>2,274,634</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,060,897</u>	<u>2,060,897</u>	<u>3,003,579</u>	<u>942,682</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,143,439	1,143,439	1,216,726	73,287
Permits and Fees	130,798	130,798	93,133	(37,665)
Reimbursement for Services	12,500	12,500	26,009	13,509
Client Contributions	167,342	167,342	167,607	265
Investment Earnings	-	-	28,754	28,754
Donations	53,815	53,815	2	(53,813)
Miscellaneous	2,000	2,000	1,372	(628)
Total Revenues	<u>1,509,894</u>	<u>1,509,894</u>	<u>1,533,603</u>	<u>23,709</u>
Expenditures -- Economic Opportunity:				
Personal Services	2,974,511	2,960,367	2,873,837	86,530
Materials and Supplies	323,773	324,573	309,598	14,975
Other Services and Charges	1,194,847	1,224,328	1,117,251	107,077
Capital Outlay	3,660	11,827	2,988	8,839
Total Expenditures	<u>4,496,791</u>	<u>4,521,095</u>	<u>4,303,674</u>	<u>217,421</u>
Deficiency of Revenues Under Expenditures	<u>(2,986,897)</u>	<u>(3,011,201)</u>	<u>(2,770,071)</u>	<u>241,130</u>
Other Financing Sources:				
Transfers In	2,684,026	2,684,026	2,684,026	-
Sale of Capital Assets	-	-	6,957	6,957
Total Other Financing Sources	<u>2,684,026</u>	<u>2,684,026</u>	<u>2,690,983</u>	<u>6,957</u>
Net Change in Fund Balances	(302,871)	(327,175)	(79,088)	248,087
Fund Balances - Beginning	<u>408,712</u>	<u>408,712</u>	<u>408,712</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 105,841</u>	<u>81,537</u>	<u>329,624</u>	<u>248,087</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessment	\$ -	-	379	379
Intergovernmental	2,258,970	2,258,970	2,258,629	(341)
Permits and Fees	3,170,035	3,170,035	2,737,096	(432,939)
Reimbursement for Services	-	-	219,693	219,693
Investment Earnings	-	-	23,420	23,420
Miscellaneous	-	-	17,428	17,428
Total Revenues	<u>5,429,005</u>	<u>5,429,005</u>	<u>5,256,645</u>	<u>(172,360)</u>
Expenditures -- Health and Welfare:				
Personal Services	7,953,213	7,953,213	7,733,441	219,772
Materials and Supplies	355,309	355,309	349,479	5,830
Other Services and Charges	2,594,744	2,594,744	2,236,115	358,629
Capital Outlay	14,734	14,734	18,181	(3,447)
Total Expenditures	<u>10,918,000</u>	<u>10,918,000</u>	<u>10,337,216</u>	<u>580,784</u>
Deficiency of Revenues Under Expenditures	<u>(5,488,995)</u>	<u>(5,488,995)</u>	<u>(5,080,571)</u>	<u>408,424</u>
Other Financing Sources (Uses):				
Transfers In	5,140,823	5,140,823	5,029,634	(111,189)
Transfers Out	-	-	(9,329)	(9,329)
Sale of Capital Assets	-	-	1,339	1,339
Total Other Financing Sources (Uses)	<u>5,140,823</u>	<u>5,140,823</u>	<u>5,021,644</u>	<u>(119,179)</u>
Net Change in Fund Balances	(348,172)	(348,172)	(58,927)	289,245
Fund Balances - Beginning	<u>618,380</u>	<u>618,380</u>	<u>618,380</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 270,208</u>	<u>270,208</u>	<u>559,453</u>	<u>289,245</u>

CITY OF LINCOLN, NEBRASKA
SNOW REMOVAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Wheel Tax	\$ 1,057,400	1,057,400	1,054,844	(2,556)
Investment Earnings	-	-	53,979	53,979
Total Revenues	<u>1,057,400</u>	<u>1,057,400</u>	<u>1,108,823</u>	<u>51,423</u>
Expenditures -- Streets and Highways:				
Personal Services	1,124,848	1,124,848	1,130,938	(6,090)
Materials and Supplies	220,250	220,250	219,160	1,090
Other Services and Charges	1,482,486	1,482,486	1,472,413	10,073
Capital Outlay	-	420,900	301	420,599
Total Expenditures	<u>2,827,584</u>	<u>3,248,484</u>	<u>2,822,812</u>	<u>425,672</u>
Deficiency of Revenues Under Expenditures	<u>(1,770,184)</u>	<u>(2,191,084)</u>	<u>(1,713,989)</u>	<u>477,095</u>
Other Financing Sources (Uses):				
Transfers In	1,768,431	1,768,431	1,768,431	-
Transfers Out	-	-	(89,474)	(89,474)
Total Other Financing Sources (Uses)	<u>1,768,431</u>	<u>1,768,431</u>	<u>1,678,957</u>	<u>(89,474)</u>
Net Change in Fund Balances	(1,753)	(422,653)	(35,032)	387,621
Fund Balances - Beginning	<u>1,504,765</u>	<u>1,504,765</u>	<u>1,504,765</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,503,012</u>	<u>1,082,112</u>	<u>1,469,733</u>	<u>387,621</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 123,767	123,767	199,729	75,962
Permits and Fees	1,209,440	1,209,440	1,342,387	132,947
Investment Earnings	-	-	13	13
Miscellaneous	-	-	2,179	2,179
Total Revenues	<u>1,333,207</u>	<u>1,333,207</u>	<u>1,544,308</u>	<u>211,101</u>
Expenditures -- Public Safety:				
Personal Services	2,584,956	2,751,956	2,622,284	129,672
Materials and Supplies	19,900	19,900	11,104	8,796
Other Services and Charges	480,662	495,744	497,619	(1,875)
Capital Outlay	20,000	20,000	4,260	15,740
Total Expenditures	<u>3,105,518</u>	<u>3,287,600</u>	<u>3,135,267</u>	<u>152,333</u>
Deficiency of Revenues Under Expenditures	<u>(1,772,311)</u>	<u>(1,954,393)</u>	<u>(1,590,959)</u>	<u>363,434</u>
Other Financing Sources (Uses):				
Transfers In	1,760,963	1,760,963	1,927,963	167,000
Transfers Out	(70,886)	(70,886)	(70,033)	853
Total Other Financing Sources (Uses)	<u>1,690,077</u>	<u>1,690,077</u>	<u>1,857,930</u>	<u>167,853</u>
Net Change in Fund Balances	(82,234)	(264,316)	266,971	531,287
Fund Deficits - Beginning	<u>(25,437)</u>	<u>(25,437)</u>	<u>(25,437)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (107,671)</u>	<u>(289,753)</u>	<u>241,534</u>	<u>531,287</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Real Property and Personal Property Tax	\$ 1,871,924	1,871,924	2,137,011	265,087
Investment Earnings	<u>100,000</u>	<u>100,000</u>	<u>71,874</u>	<u>(28,126)</u>
Total Revenues	<u>1,971,924</u>	<u>1,971,924</u>	<u>2,208,885</u>	<u>236,961</u>
Expenditures -- General Government:				
Personal Services	2,122,534	2,122,534	1,890,012	232,522
Other Services and Charges	<u>45,569</u>	<u>45,569</u>	<u>39,586</u>	<u>5,983</u>
Total Expenditures	<u>2,168,103</u>	<u>2,168,103</u>	<u>1,929,598</u>	<u>238,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(196,179)	(196,179)	279,287	475,466
Fund Balances - Beginning	<u>1,681,981</u>	<u>1,681,981</u>	<u>1,681,981</u>	-
Fund Balances - Ending	<u><u>\$ 1,485,802</u></u>	<u><u>1,485,802</u></u>	<u><u>1,961,268</u></u>	<u><u>475,466</u></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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,868,000	1,868,000	1,868,180	180
Permits and Fees	1,308,850	1,308,850	1,281,372	(27,478)
Reimbursement for Services	-	-	123,168	123,168
Investment Earnings	-	-	4,107	4,107
Miscellaneous	-	-	14,985	14,985
Total Revenues	<u>3,176,850</u>	<u>3,176,850</u>	<u>3,291,812</u>	<u>114,962</u>
Expenditures -- Mass Transit:				
Personal Services	6,542,202	6,542,202	6,352,931	189,271
Materials and Supplies	1,368,021	1,401,354	1,301,329	100,025
Other Services and Charges	1,180,244	1,180,244	1,088,550	91,694
Total Expenditures	<u>9,090,467</u>	<u>9,123,800</u>	<u>8,742,810</u>	<u>380,990</u>
Deficiency of Revenues Under Expenditures	(5,913,617)	(5,946,950)	(5,450,998)	495,952
Other Financing Sources:				
Transfers In	5,809,646	5,809,646	5,842,979	33,333
Net Change in Fund Balances	(103,971)	(137,304)	391,981	529,285
Amount Budgeted on Project Basis	(891,628)	(891,628)	(891,628)	-
Fund Balances - Beginning	<u>2,317,857</u>	<u>2,317,857</u>	<u>2,317,857</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,322,258</u>	<u>1,288,925</u>	<u>1,818,210</u>	<u>529,285</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	12,348	12,348
Expenditures -- General Government:				
Unemployment Insurance Payments	<u>95,000</u>	<u>95,000</u>	<u>21,378</u>	<u>73,622</u>
Deficiency of Revenues Under Expenditures	(95,000)	(95,000)	(9,030)	85,970
Fund Balances - Beginning	<u>244,698</u>	<u>244,698</u>	<u>244,698</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 149,698</u>	<u>149,698</u>	<u>235,668</u>	<u>85,970</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	171,606	171,606
Keno Proceeds	3,284,337	3,284,337	2,786,093	(498,244)
Miscellaneous	-	-	5,175	5,175
Total Revenues	<u>3,284,337</u>	<u>3,284,337</u>	<u>2,962,874</u>	<u>(321,463)</u>
Expenditures:				
General Government:				
Other Services and Charges	1,100,297	1,100,297	1,052,639	47,658
Culture and Recreation:				
Other Services and Charges	-	66,000	331,252	(265,252)
Capital Outlay	8,477	466,832	463,207	3,625
Total Expenditures	<u>1,108,774</u>	<u>1,633,129</u>	<u>1,847,098</u>	<u>(213,969)</u>
Excess of Revenues Over Expenditures	2,175,563	1,651,208	1,115,776	(535,432)
Other Financing Uses:				
Transfers Out	<u>(3,994,887)</u>	<u>(3,470,532)</u>	<u>(1,354,163)</u>	<u>2,116,369</u>
Net Change in Fund Balances	(1,819,324)	(1,819,324)	(238,387)	1,580,937
Fund Balances - Beginning	<u>3,568,102</u>	<u>3,568,102</u>	<u>3,568,102</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,748,778</u>	<u>1,748,778</u>	<u>3,329,715</u>	<u>1,580,937</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits and Fees	\$ 4,869,199	4,869,199	3,719,882	(1,149,317)
Reimbursement for Services	-	-	117,246	117,246
Investment Earnings	-	-	260,039	260,039
Miscellaneous	-	-	2,100	2,100
Total Revenues	<u>4,869,199</u>	<u>4,869,199</u>	<u>4,099,267</u>	<u>(769,932)</u>
Expenditures -- Public Safety:				
Personal Services	4,624,735	4,624,735	4,509,376	115,359
Materials and Supplies	64,672	64,672	46,962	17,710
Other Services and Charges	930,084	930,084	686,926	243,158
Capital Outlay	77,310	77,310	30,713	46,597
Total Expenditures	<u>5,696,801</u>	<u>5,696,801</u>	<u>5,273,977</u>	<u>422,824</u>
Deficiency of Revenues Under Expenditures	<u>(827,602)</u>	<u>(827,602)</u>	<u>(1,174,710)</u>	<u>(347,108)</u>
Other Financing Sources (Uses):				
Transfers In	756,400	756,400	756,400	-
Transfers Out	(15,000)	(15,000)	-	15,000
Total Other Financing Sources (Uses)	<u>741,400</u>	<u>741,400</u>	<u>756,400</u>	<u>15,000</u>
Net Change in Fund Balances	(86,202)	(86,202)	(418,310)	(332,108)
Fund Balances - Beginning	<u>4,878,616</u>	<u>4,878,616</u>	<u>4,878,616</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,792,414</u>	<u>4,792,414</u>	<u>4,460,306</u>	<u>(332,108)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	10,804	10,804
Donations	<u>106,638</u>	<u>106,638</u>	<u>88,493</u>	<u>(18,145)</u>
Total Revenues	<u>106,638</u>	<u>106,638</u>	<u>99,297</u>	<u>(7,341)</u>
Expenditures -- Culture and Recreation:				
Personal Services	97,071	97,071	98,282	(1,211)
Other Services and Charges	300	300	-	300
Capital Outlay	<u>10,412</u>	<u>10,412</u>	<u>8,183</u>	<u>2,229</u>
Total Expenditures	<u>107,783</u>	<u>107,783</u>	<u>106,465</u>	<u>1,318</u>
Deficiency of Revenues Under Expenditures	(1,145)	(1,145)	(7,168)	(6,023)
Amount Not Required to be Budgeted	3,052	3,052	3,052	-
Fund Balances - Beginning	<u>322,415</u>	<u>322,415</u>	<u>322,415</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 324,322</u></u>	<u><u>324,322</u></u>	<u><u>318,299</u></u>	<u><u>(6,023)</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, 2007

	<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	\$ 862,431	862,431	2,087,970	1,225,539
Investment Earnings	-	-	235,306	235,306
Total Revenues	<u>862,431</u>	<u>862,431</u>	<u>2,323,276</u>	<u>1,460,845</u>
Expenditures -- Debt Service:				
Principal Retirement	618,377	618,377	727,536	(109,159)
Interest	244,054	244,054	248,975	(4,921)
Fiscal Charges	-	-	700	(700)
Total Expenditures	<u>862,431</u>	<u>862,431</u>	<u>977,211</u>	<u>(114,780)</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>1,346,065</u>	<u>1,346,065</u>
Other Financing Sources (Uses):				
Transfers In	-	-	39,342	39,342
Transfers Out	-	-	(1,394,718)	(1,394,718)
Bond Proceeds	-	-	175,479	175,479
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,179,897)</u>	<u>(1,179,897)</u>
Net Change in Fund Balances	-	-	166,168	166,168
Fund Balances - Beginning	<u>4,728,037</u>	<u>4,728,037</u>	<u>4,728,037</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,728,037</u>	<u>4,728,037</u>	<u>4,894,205</u>	<u>166,168</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 5,195,931	5,195,931	5,460,690	264,759
Sundry and In Lieu Tax	3,331	3,331	3,025	(306)
Intergovernmental	134,032	134,032	134,032	-
Investment Earnings	80,000	80,000	118,021	38,021
Miscellaneous	-	-	100,000	100,000
Total Revenues	<u>5,413,294</u>	<u>5,413,294</u>	<u>5,815,768</u>	<u>402,474</u>
Expenditures -- Debt Service:				
Principal Retirement	3,940,000	3,940,000	3,950,000	(10,000)
Interest	2,217,500	2,217,500	2,217,611	(111)
Fiscal Charges	-	-	3,320	(3,320)
Capital Lease Principal	-	-	665,000	(665,000)
Capital Lease Interest	-	-	228,227	(228,227)
Miscellaneous	-	-	5,250	(5,250)
Total Expenditures	<u>6,157,500</u>	<u>6,157,500</u>	<u>7,069,408</u>	<u>(911,908)</u>
Deficiency of Revenues Under Expenditures	<u>(744,206)</u>	<u>(744,206)</u>	<u>(1,253,640)</u>	<u>(509,434)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	2,583,283	2,583,283
Transfers Out	-	-	(960)	(960)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,582,323</u>	<u>2,582,323</u>
Net Change in Fund Balances	<u>(744,206)</u>	<u>(744,206)</u>	<u>1,328,683</u>	<u>2,072,889</u>
Fund Balances - Beginning	<u>3,526,291</u>	<u>3,526,291</u>	<u>3,526,291</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,782,085</u>	<u>2,782,085</u>	<u>4,854,974</u>	<u>2,072,889</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,414,600	1,414,600	1,520,000	105,400
Investment Earnings	-	-	178,746	178,746
Total Revenues	<u>1,414,600</u>	<u>1,414,600</u>	<u>1,698,746</u>	<u>284,146</u>
Expenditures -- Debt Service:				
Principal Retirement	950,000	950,000	950,000	-
Interest	2,030,800	2,030,800	2,521,769	(490,969)
Fiscal Charges	-	-	2,800	(2,800)
Total Expenditures	<u>2,980,800</u>	<u>2,980,800</u>	<u>3,474,569</u>	<u>(493,769)</u>
Deficiency of Revenues Under Expenditures	(1,566,200)	(1,566,200)	(1,775,823)	(209,623)
Other Financing Sources:				
Transfer In	<u>1,566,200</u>	<u>1,566,200</u>	<u>2,058,435</u>	<u>492,235</u>
Net Change in Fund Balances	-	-	282,612	282,612
Fund Balances - Beginning	<u>3,380,739</u>	<u>3,380,739</u>	<u>3,380,739</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 3,380,739</u></u>	<u><u>3,380,739</u></u>	<u><u>3,663,351</u></u>	<u><u>282,612</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 1,533,172	1,533,172	5,052,264	3,519,092
Donations	-	-	8,500	8,500
Miscellaneous	-	-	125,630	125,630
Total Revenues	<u>1,533,172</u>	<u>1,533,172</u>	<u>5,186,394</u>	<u>3,653,222</u>
Expenditures -- Health and Welfare:				
Personal Services	264,348	264,348	227,705	36,643
Materials and Supplies	13,280	13,280	3,521	9,759
Other Services and Charges	255,544	322,331	241,418	80,913
Capital Outlay	-	-	2,904	(2,904)
Grants	<u>2,120,402</u>	<u>2,053,615</u>	<u>581,871</u>	<u>1,471,744</u>
Total Expenditures	<u>2,653,574</u>	<u>2,653,574</u>	<u>1,057,419</u>	<u>1,596,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,120,402)	(1,120,402)	4,128,975	5,249,377
Fund Balances - Beginning	<u>46,041,261</u>	<u>46,041,261</u>	<u>46,041,261</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 44,920,859</u>	<u>44,920,859</u>	<u>50,170,236</u>	<u>5,249,377</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 seven downtown parking garages: Carriage Park, Que Place, Center Park, Cornhusker Square, University Square, Market Place, and Haymarket.

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

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, 2007

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Emergency Medical Services	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 263,484	-	1,035,251	467,845	1,731,626	-	3,498,206
Investments	960,539	-	3,613,439	3,353	6,375,098	-	10,952,429
Restricted Assets:							
Cash and Cash Equivalents	-	-	-	92,890	-	-	92,890
Accounts Receivable (Net of Allowance for Uncollectibles)	-	69	11,475	39,513	1,089,125	977,582	2,117,764
Accrued Interest Receivable	10,617	-	43,812	39	71,574	-	126,042
Due from Other Funds	75,984	-	285,282	263	510,810	-	872,339
Due from Other Governments	-	-	-	-	4,349	-	4,349
Inventories	-	44,800	-	19,093	-	123,817	187,710
Prepaid Expenses	-	-	-	7,697	-	-	7,697
Total Current Assets	<u>1,310,624</u>	<u>44,869</u>	<u>4,989,259</u>	<u>630,693</u>	<u>9,782,582</u>	<u>1,101,399</u>	<u>17,859,426</u>
Noncurrent Assets:							
Restricted Assets:							
Cash and Cash Equivalents	-	133,511	314,197	8,900	328,766	-	785,374
Investments	-	308,445	2,307,262	-	1,210,313	-	3,826,020
Accounts Receivable	-	23	-	-	-	-	23
Accrued Interest Receivable	-	870	48,070	-	13,692	-	62,632
Due from Other Funds	-	24,320	40,211	-	95,571	-	160,102
Total Restricted Assets	<u>-</u>	<u>467,169</u>	<u>2,709,740</u>	<u>8,900</u>	<u>1,648,342</u>	<u>-</u>	<u>4,834,151</u>
Deferred Charges	<u>-</u>	<u>33,408</u>	<u>385,756</u>	<u>-</u>	<u>72,012</u>	<u>971</u>	<u>492,147</u>
Capital Assets:							
Land	320,200	1,082,623	7,283,892	46,500	1,942,957	-	10,676,172
Buildings	9,765	2,408,035	40,930,520	4,350,992	1,569,693	-	49,269,005
Improvements Other Than Buildings	287,148	7,025,773	226,428	203,958	22,722,737	-	30,466,044
Machinery and Equipment	88,219	2,036,037	1,199,771	889,243	5,255,861	1,265,032	10,734,163
Construction in Progress	-	83,283	12,227	-	16,919	-	112,429
Less Accumulated Depreciation	<u>(217,723)</u>	<u>(5,841,995)</u>	<u>(13,211,025)</u>	<u>(5,155,694)</u>	<u>(13,941,660)</u>	<u>(1,067,591)</u>	<u>(39,435,688)</u>
Total Capital Assets, Net	<u>487,609</u>	<u>6,793,756</u>	<u>36,441,813</u>	<u>334,999</u>	<u>17,566,507</u>	<u>197,441</u>	<u>61,822,125</u>
Total Noncurrent Assets	<u>487,609</u>	<u>7,294,333</u>	<u>39,537,309</u>	<u>343,899</u>	<u>19,286,861</u>	<u>198,412</u>	<u>67,148,423</u>
Total Assets	<u>1,798,233</u>	<u>7,339,202</u>	<u>44,526,568</u>	<u>974,592</u>	<u>29,069,443</u>	<u>1,299,811</u>	<u>85,007,849</u>
LIABILITIES							
Current Liabilities:							
Accounts Payable	5,430	157,623	135,989	62,813	98,842	120,441	581,138
Accrued Liabilities	-	52,878	2,230	67,018	38,866	56,090	217,082
Accrued Compensated Absences	-	67,363	2,576	-	67,529	105,092	242,560
Due to Other Funds	-	346,083	2,566	-	1,103	50,000	399,752
Due to Other Governments	-	34,559	-	23,703	76,401	366	135,029
Unearned Revenue	-	29,685	618,062	277,120	-	-	924,867
Accrued Interest	-	3,730	28,622	-	12,988	345	45,685
Current Portion of Capital Lease	17,321	210,544	-	21,604	-	195,000	444,469
Current Portion of Long-Term Debt	-	325,000	1,305,000	-	190,000	-	1,820,000
Total Current Liabilities	<u>22,751</u>	<u>1,227,465</u>	<u>2,095,045</u>	<u>452,258</u>	<u>485,729</u>	<u>527,334</u>	<u>4,810,582</u>
Noncurrent Liabilities:							
Due to Other Funds	-	-	-	-	-	1,830,885	1,830,885
Accrued Compensated Absences	-	28,161	-	-	25,600	2,040	55,801
Long-Term Debt, Net	-	1,028,430	12,170,000	-	3,636,994	-	16,835,424
Capital Lease Payable	-	429,610	-	47,919	-	-	477,529
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	-	8,950,000	-	8,950,000
Total Noncurrent Liabilities	<u>-</u>	<u>1,486,201</u>	<u>12,170,000</u>	<u>47,919</u>	<u>12,612,594</u>	<u>1,832,925</u>	<u>28,149,639</u>
Total Liabilities	<u>22,751</u>	<u>2,713,666</u>	<u>14,265,045</u>	<u>500,177</u>	<u>13,098,323</u>	<u>2,360,259</u>	<u>32,960,221</u>
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	470,288	5,150,081	25,173,962	265,476	15,285,119	3,412	46,348,338
Restricted for:							
Debt Service	-	-	165,653	-	-	-	165,653
Capital Projects	-	151,565	694,072	8,900	174,748	-	1,029,285
Other	-	-	-	92,890	-	-	92,890
Unrestricted	1,305,194	(676,110)	4,227,836	107,149	511,253	(1,063,860)	4,411,462
Total Net Assets	<u>\$ 1,775,482</u>	<u>4,625,536</u>	<u>30,261,523</u>	<u>474,415</u>	<u>15,971,120</u>	<u>(1,060,448)</u>	<u>52,047,628</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, 2007

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Emergency Medical Services	Total
Operating Revenues							
Charges for Services	\$ -	-	-	-	-	3,764,181	3,764,181
Fees	-	2,889,075	-	-	4,682,229	-	7,571,304
Parking Facility Revenue	216,723	-	6,255,035	-	-	-	6,471,758
Performance Revenue	-	-	-	1,527,542	-	-	1,527,542
Other Operating Revenue	293	30,893	9,492	93,264	577,626	-	711,568
Total Operating Revenues	<u>217,016</u>	<u>2,919,968</u>	<u>6,264,527</u>	<u>1,620,806</u>	<u>5,259,855</u>	<u>3,764,181</u>	<u>20,046,353</u>
Operating Expenses							
Personal Services	-	1,293,263	102,821	979,387	1,812,200	2,617,014	6,804,685
Contractual Services	28,610	58,766	1,798,140	-	1,503,801	399,835	3,789,152
Operation and Maintenance	158,529	1,111,798	880,991	1,207,350	1,763,146	410,358	5,532,172
Depreciation	28,573	599,870	1,047,176	75,933	1,486,664	161,681	3,399,897
Total Operating Expenses	<u>215,712</u>	<u>3,063,697</u>	<u>3,829,128</u>	<u>2,262,670</u>	<u>6,565,811</u>	<u>3,588,888</u>	<u>19,525,906</u>
Operating Income (Loss)	<u>1,304</u>	<u>(143,729)</u>	<u>2,435,399</u>	<u>(641,864)</u>	<u>(1,305,956)</u>	<u>175,293</u>	<u>520,447</u>
Nonoperating Revenues (Expenses)							
Investment Earnings	64,528	7,017	380,486	4,754	565,403	-	1,022,188
Gain (Loss) on Disposal of Capital Assets	-	(6,999)	-	1,499	(10,105)	-	(15,605)
Occupation Tax	-	-	-	-	2,195,132	-	2,195,132
Amortization of Deferred Charges	-	(7,653)	(38,079)	-	(3,492)	(2,331)	(51,555)
Interest Expense and Fiscal Charges	(2,203)	(87,728)	(748,839)	(5,914)	(162,340)	(88,099)	(1,095,123)
Total Nonoperating Revenues (Expenses)	<u>62,325</u>	<u>(95,363)</u>	<u>(406,432)</u>	<u>339</u>	<u>2,584,598</u>	<u>(90,430)</u>	<u>2,055,037</u>
Income (Loss) Before Contributions and Transfers	63,629	(239,092)	2,028,967	(641,525)	1,278,642	84,863	2,575,484
Capital Contributions	-	17,927	567,143	-	127,351	-	712,421
Transfers In	4,049	-	-	525,000	-	-	529,049
Transfers Out	-	(4,500)	(835,000)	-	(770,655)	-	(1,610,155)
Change in Net Assets	<u>67,678</u>	<u>(225,665)</u>	<u>1,761,110</u>	<u>(116,525)</u>	<u>635,338</u>	<u>84,863</u>	<u>2,206,799</u>
Net Assets - Beginning	<u>1,707,804</u>	<u>4,851,201</u>	<u>28,500,413</u>	<u>590,940</u>	<u>15,335,782</u>	<u>(1,145,311)</u>	<u>49,840,829</u>
Net Assets - Ending	<u>\$ 1,775,482</u>	<u>4,625,536</u>	<u>30,261,523</u>	<u>474,415</u>	<u>15,971,120</u>	<u>(1,060,448)</u>	<u>52,047,628</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Emergency Medical Services	Total
Cash Flows from Operating Activities							
Receipts from Customers and Users	\$ 216,723	2,919,797	6,840,501	1,702,362	4,271,305	3,633,146	19,583,834
Receipts from Interfund Services Provided	-	-	21,178	-	163,358	-	184,536
Payments to Suppliers for Goods and Services	(177,957)	(754,389)	(2,448,354)	(1,159,354)	(2,350,624)	(575,245)	(7,465,923)
Payments to Employees	-	(1,254,709)	(106,521)	(995,595)	(1,801,390)	(2,620,197)	(6,778,412)
Payments for Interfund Services Provided	(4,572)	(425,596)	(405,431)	(10,891)	(424,640)	(241,885)	(1,513,015)
Other Receipts	293	30,893	9,492	93,264	577,626	-	711,568
Net Cash Provided (Used) by Operating Activities	<u>34,487</u>	<u>515,996</u>	<u>3,910,865</u>	<u>(370,214)</u>	<u>435,635</u>	<u>195,819</u>	<u>4,722,588</u>
Cash Flows from Noncapital Financing Activities							
Occupation Tax	-	-	-	-	2,131,822	-	2,131,822
Transfers from Other Funds	4,049	-	-	525,000	-	-	529,049
Transfers to Other Funds	-	(4,500)	(835,000)	-	(770,655)	-	(1,610,155)
Advances from General Fund	-	80,643	-	-	-	416,123	496,766
Repayment of Advances from General Fund	-	-	-	-	-	(338,870)	(338,870)
Payments from Other Funds	24,016	9,406	18,395	31	375,608	-	427,456
Interest Paid to General Fund	-	-	-	-	-	(74,878)	(74,878)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>28,065</u>	<u>85,549</u>	<u>(816,605)</u>	<u>525,031</u>	<u>1,736,775</u>	<u>2,375</u>	<u>1,561,190</u>
Cash Flows from Capital and Related Financing Activities							
Additions to Capital Assets	-	(600,563)	(55,943)	(9,946)	(3,743,874)	-	(4,410,326)
Proceeds from Sale of Capital Assets	-	1,804	-	6,957	93,763	-	102,524
Proceeds from Long-Term Debt	-	595,560	-	-	-	-	595,560
Principal Payments of Capital Lease	(21,797)	(150,101)	-	(20,172)	-	(185,000)	(377,070)
Principal Payments of Bonded Debt	-	(315,000)	(1,240,000)	-	(185,000)	-	(1,740,000)
Interest and Fiscal Charges Paid	(2,203)	(83,694)	(751,304)	(5,914)	(156,320)	(13,194)	(1,012,629)
Net Cash Used by Capital and Related Financing Activities	<u>(24,000)</u>	<u>(551,994)</u>	<u>(2,047,247)</u>	<u>(29,075)</u>	<u>(3,991,431)</u>	<u>(198,194)</u>	<u>(6,841,941)</u>
Cash Flows from Investing Activities							
Proceeds from Sale and Maturities of Investments	495,560	174,000	3,087,989	1,233	5,659,964	-	9,418,746
Purchases of Investments	(510,649)	(163,978)	(3,989,811)	(1,782)	(4,032,613)	-	(8,698,833)
Interest and Other Receipts	46,242	1,594	290,717	4,696	381,993	-	725,242
Net Cash Provided (Used) by Investing Activities	<u>31,153</u>	<u>11,616</u>	<u>(611,105)</u>	<u>4,147</u>	<u>2,009,344</u>	<u>-</u>	<u>1,445,155</u>
Net Increase in Cash and Cash Equivalents	69,705	61,167	435,908	129,889	190,323	-	886,992
Cash and Cash Equivalents - Beginning	193,779	72,344	913,540	439,746	1,870,069	-	3,489,478
Cash and Cash Equivalents - Ending	<u>\$ 263,484</u>	<u>133,511</u>	<u>1,349,448</u>	<u>569,635</u>	<u>2,060,392</u>	<u>-</u>	<u>4,376,470</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating Income (Loss)	\$ 1,304	(143,729)	2,435,399	(641,864)	(1,305,956)	175,293	520,447
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	28,573	599,870	1,047,176	75,933	1,486,664	161,681	3,399,897
Changes in Assets and Liabilities:							
Accounts Receivable and Unbilled Revenues	-	2,006	(11,418)	86,818	(251,131)	(131,035)	(304,760)
Due from Other Funds	-	-	-	-	5,102	-	5,102
Due from Other Governments	-	-	-	-	(1,537)	-	(1,537)
Inventories	-	721	-	(436)	-	(9,398)	(9,113)
Prepaid Expenses	-	-	-	18,348	-	-	18,348
Accounts Payable	4,640	25,268	(175,241)	12,440	(79,493)	1,112	(211,274)
Accrued Liabilities	-	25,829	427	(16,208)	6,533	(365)	16,216
Accrued Compensated Absences	-	12,725	(4,127)	-	4,277	(2,818)	10,057
Due to Other Funds	-	(1,241)	587	-	413	1,440	1,199
Due to Other Governments	(30)	(1,406)	-	6,753	11,763	(91)	16,989
Unearned Revenue	-	(4,047)	618,062	88,002	-	-	702,017
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	-	559,000	-	559,000
Total Adjustments	<u>33,183</u>	<u>659,725</u>	<u>1,475,466</u>	<u>271,650</u>	<u>1,741,591</u>	<u>20,526</u>	<u>4,202,141</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,487</u>	<u>515,996</u>	<u>3,910,865</u>	<u>(370,214)</u>	<u>435,635</u>	<u>195,819</u>	<u>4,722,588</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:							
Contribution of Capital Assets	\$ -	17,927	567,143	-	127,351	-	712,421
Capital Asset Trade-Ins	-	44,678	-	-	-	-	44,678
Purchase of Capital Assets on Account	-	-	12,227	-	-	-	12,227
Change in Fair Value of Investments	<u>15,887</u>	<u>5,395</u>	<u>64,516</u>	<u>46</u>	<u>159,866</u>	<u>-</u>	<u>245,710</u>

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. Resources used are billed at cost plus an administrative overhead.

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.

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, 2007

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 431,644	21,407	3,373,966	-
Investments	1,594,194	77,111	12,435,046	-
Accounts Receivable	40,874	359,157	-	32,125
Accrued Interest Receivable	15,007	155	145,411	-
Due from Other Funds	294,088	8,560	982,394	820,466
Due from Other Governments	139,737	8,137	-	335
Inventories	-	-	-	491,467
Prepaid Expenses	314,625	-	-	-
Total Current Assets	<u>2,830,169</u>	<u>474,527</u>	<u>16,936,817</u>	<u>1,344,393</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	-	-
Buildings	26,485	-	-	-
Improvements Other Than Buildings	-	693,733	-	420,192
Machinery and Equipment	1,815,952	477,130	28,936	16,393,764
Less Accumulated Depreciation	<u>(1,325,691)</u>	<u>(914,524)</u>	<u>(19,308)</u>	<u>(9,288,681)</u>
Total Capital Assets, Net	<u>516,746</u>	<u>256,339</u>	<u>9,628</u>	<u>7,525,275</u>
Total Assets	<u>3,346,915</u>	<u>730,866</u>	<u>16,946,445</u>	<u>8,869,668</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	65,240	6,194	58,278	109,491
Accrued Liabilities	75,389	262,343	10,585	66,071
Accrued Compensated Absences	167,324	347,644	20,761	81,133
Due to Other Funds	5,436	13,608	260	978,109
Due to Other Governments	30	121	-	831
Unearned Revenue	-	595,059	-	-
Claims	-	-	4,051,875	-
Accrued Interest	465	-	-	-
Current Portion of Capital Lease	58,886	-	-	-
Total Current Liabilities	<u>372,770</u>	<u>1,224,969</u>	<u>4,141,759</u>	<u>1,235,635</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	123,998	321,598	31,110	67,190
Claims	-	-	2,303,631	-
Capital Lease Payable	107,898	-	-	-
Total Noncurrent Liabilities	<u>231,896</u>	<u>321,598</u>	<u>2,334,741</u>	<u>67,190</u>
Total Liabilities	<u>604,666</u>	<u>1,546,567</u>	<u>6,476,500</u>	<u>1,302,825</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	349,963	256,339	9,628	7,525,275
Unrestricted	2,392,286	(1,072,040)	10,460,317	41,568
Total Net Assets	<u>\$ 2,742,249</u>	<u>(815,701)</u>	<u>10,469,945</u>	<u>7,566,843</u>

<u>Police Garage</u>	<u>Communication Services</u>	<u>Copy Services</u>	<u>Total</u>
309,116	31,440	55,793	4,223,366
1,138,231	115,667	202,836	15,563,085
27,638	4,363	1,450	465,607
9,940	1,218	2,205	173,936
296,415	13,012	32,305	2,447,240
285	1,295	18,144	167,933
111,959	-	-	603,426
-	-	-	314,625
<u>1,893,584</u>	<u>166,995</u>	<u>312,733</u>	<u>23,959,218</u>
48,250	-	-	48,250
346,661	-	-	373,146
45,500	-	-	1,159,425
4,872,979	60,349	-	23,649,110
(3,444,219)	(55,341)	-	(15,047,764)
<u>1,869,171</u>	<u>5,008</u>	<u>-</u>	<u>10,182,167</u>
<u>3,762,755</u>	<u>172,003</u>	<u>312,733</u>	<u>34,141,385</u>
42,679	270	28,063	310,215
17,737	2,777	986	435,888
36,428	2,780	1,115	657,185
8	77	-	997,498
-	-	-	982
-	-	-	595,059
-	-	-	4,051,875
-	-	-	465
-	-	-	58,886
<u>96,852</u>	<u>5,904</u>	<u>30,164</u>	<u>7,108,053</u>
83,987	-	534	628,417
-	-	-	2,303,631
-	-	-	107,898
<u>83,987</u>	<u>-</u>	<u>534</u>	<u>3,039,946</u>
<u>180,839</u>	<u>5,904</u>	<u>30,698</u>	<u>10,147,999</u>
1,869,171	5,008	-	10,015,384
1,712,745	161,091	282,035	13,978,002
<u>3,581,916</u>	<u>166,099</u>	<u>282,035</u>	<u>23,993,386</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, 2007

	<u>Information Services</u>	<u>Engineering Revolving</u>	<u>Insurance Revolving</u>	<u>Fleet Services</u>
Operating Revenues				
Charges for Services	\$ 6,130,173	6,584,629	23,364,598	6,481,115
Operating Expenses				
Personal Services	3,482,329	6,052,668	490,193	1,579,363
Materials and Supplies	135,249	44,253	9,052	1,829,271
Other Services and Charges	2,350,515	1,225,792	20,535,993	2,121,524
Depreciation	212,638	60,165	1,725	1,603,846
Total Operating Expenses	<u>6,180,731</u>	<u>7,382,878</u>	<u>21,036,963</u>	<u>7,134,004</u>
Operating Income (Loss)	<u>(50,558)</u>	<u>(798,249)</u>	<u>2,327,635</u>	<u>(652,889)</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	90,896	8,959	837,502	7,983
Gain (Loss) on Disposal of Capital Assets	(835)	751	-	117,733
Grants	-	154,628	-	-
Interest Expense and Fiscal Charges	(6,625)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>83,436</u>	<u>164,338</u>	<u>837,502</u>	<u>125,716</u>
Income (Loss) Before Contributions and Transfers	32,878	(633,911)	3,165,137	(527,173)
Capital Contributions	-	-	-	81,330
Transfers In	-	366,382	-	33,334
Change in Net Assets	<u>32,878</u>	<u>(267,529)</u>	<u>3,165,137</u>	<u>(412,509)</u>
Net Assets - Beginning	<u>2,709,371</u>	<u>(548,172)</u>	<u>7,304,808</u>	<u>7,979,352</u>
Net Assets - Ending	<u>\$ 2,742,249</u>	<u>(815,701)</u>	<u>10,469,945</u>	<u>7,566,843</u>

<u>Police Garage</u>	<u>Communication Services</u>	<u>Copy Services</u>	<u>Total</u>
<u>3,114,940</u>	<u>218,475</u>	<u>333,560</u>	<u>46,227,490</u>
875,904	99,084	45,568	12,625,109
1,114,163	5,362	-	3,137,350
791,255	91,029	324,250	27,440,358
585,170	939	-	2,464,483
<u>3,366,492</u>	<u>196,414</u>	<u>369,818</u>	<u>45,667,300</u>
<u>(251,552)</u>	<u>22,061</u>	<u>(36,258)</u>	<u>560,190</u>
71,451	7,278	14,179	1,038,248
(1,965)	-	-	115,684
-	-	-	154,628
-	-	-	(6,625)
<u>69,486</u>	<u>7,278</u>	<u>14,179</u>	<u>1,301,935</u>
(182,066)	29,339	(22,079)	1,862,125
-	-	-	81,330
33,333	3,688	-	436,737
<u>(148,733)</u>	<u>33,027</u>	<u>(22,079)</u>	<u>2,380,192</u>
<u>3,730,649</u>	<u>133,072</u>	<u>304,114</u>	<u>21,613,194</u>
<u><u>3,581,916</u></u>	<u><u>166,099</u></u>	<u><u>282,035</u></u>	<u><u>23,993,386</u></u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,758,525	1,886,803	6,310,391	371,885
Receipts from Interfund Services Provided	3,473,612	4,407,250	17,076,707	5,372,316
Payments to Suppliers for Goods and Services	(2,294,589)	(706,854)	(20,003,175)	(3,638,842)
Payments to Employees	(3,407,297)	(5,727,744)	(468,477)	(1,517,716)
Payments for Interfund Services Provided	(157,909)	(635,011)	(185,416)	(378,476)
Net Cash Provided (Used) by Operating Activities	<u>372,342</u>	<u>(775,556)</u>	<u>2,730,030</u>	<u>209,167</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	366,382	-	33,334
Advance from General Fund	-	-	-	963,171
Payments from Other Funds	22,795	18,121	106,853	37,408
Federal Grant Revenue	-	251,394	-	-
Net Cash Provided by Noncapital Financing Activities	<u>22,795</u>	<u>635,897</u>	<u>106,853</u>	<u>1,033,913</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Capital Assets	(56,555)	(46,061)	-	(1,876,690)
Proceeds from Sale of Capital Assets	-	751	-	205,105
Principal Payments of Capital Lease	(56,954)	-	-	-
Interest and Fiscal Charges Paid	(6,784)	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>(120,293)</u>	<u>(45,310)</u>	<u>-</u>	<u>(1,671,585)</u>
Cash Flows from Investing Activities				
Proceeds from Sale and Maturities of Investments	656,985	194,389	4,460,557	355,942
Purchases of Investments	(847,517)	(40,994)	(6,610,812)	-
Interest and Other Receipts	65,701	6,528	620,287	1,627
Net Cash Provided (Used) by Investing Activities	<u>(124,831)</u>	<u>159,923</u>	<u>(1,529,968)</u>	<u>357,569</u>
Net Increase (Decrease) in Cash and Cash Equivalents	150,013	(25,046)	1,306,915	(70,936)
Cash and Cash Equivalents - Beginning	281,631	46,453	2,067,051	70,936
Cash and Cash Equivalents - Ending	<u>\$ 431,644</u>	<u>21,407</u>	<u>3,373,966</u>	<u>-</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (50,558)	(798,249)	2,327,635	(652,889)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	212,638	60,165	1,725	1,603,846
Changes in Assets and Liabilities:				
Accounts Receivable	7,986	(330,371)	22,500	(31,843)
Due from Other Funds	(17,066)	12,011	-	(748,478)
Due from Other Governments	111,044	(7,753)	-	43,407
Inventories	-	-	-	2,024
Prepaid Expenses	34,096	-	-	-
Accounts Payable	6,732	(67,670)	(87,335)	(80,062)
Accrued Liabilities	8,648	151,165	1,955	40,402
Accrued Compensated Absences	66,384	173,759	19,761	21,245
Due to Other Funds	(7,574)	(4,179)	(213)	11,520
Due to Other Governments	12	29	(120)	(5)
Unearned Revenue	-	35,537	-	-
Claims	-	-	444,122	-
Total Adjustments	<u>422,900</u>	<u>22,693</u>	<u>402,395</u>	<u>862,056</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 372,342</u>	<u>(775,556)</u>	<u>2,730,030</u>	<u>209,167</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:				
Contribution of Capital Assets	\$ -	-	-	81,330
Capital Asset Trade-ins	-	-	-	30,510
Change in Fair Value of Investments	<u>23,109</u>	<u>4,321</u>	<u>167,172</u>	<u>7,011</u>

Police Garage	Communication Services	Copy Services	Total
86,202	77,558	153,217	11,644,581
3,026,717	140,377	191,050	33,688,029
(1,082,352)	(87,860)	(317,693)	(28,131,365)
(814,639)	(105,265)	(44,405)	(12,085,543)
(855,173)	(8,650)	(9,583)	(2,230,218)
<u>360,755</u>	<u>16,160</u>	<u>(27,414)</u>	<u>2,885,484</u>
33,333	3,688	-	436,737
-	-	-	963,171
42,630	1,402	7,673	236,882
-	-	-	251,394
<u>75,963</u>	<u>5,090</u>	<u>7,673</u>	<u>1,888,184</u>
(602,937)	-	-	(2,582,243)
59,635	-	-	265,491
-	-	-	(56,954)
-	-	-	(6,784)
<u>(543,302)</u>	<u>-</u>	<u>-</u>	<u>(2,380,490)</u>
719,926	46,784	128,103	6,562,686
(605,115)	(61,491)	(107,833)	(8,273,762)
49,291	5,269	10,188	758,891
<u>164,102</u>	<u>(9,438)</u>	<u>30,458</u>	<u>(952,185)</u>
57,518	11,812	10,717	1,440,993
251,598	19,628	45,076	2,782,373
<u>309,116</u>	<u>31,440</u>	<u>55,793</u>	<u>4,223,366</u>
(251,552)	22,061	(36,258)	560,190
585,170	939	-	2,464,483
(26,807)	(4,145)	290	(362,390)
19,424	3,745	1,718	(728,646)
5,362	(140)	8,699	160,619
(23,156)	-	-	(21,132)
-	-	-	34,096
(8,940)	(196)	(3,026)	(240,497)
3,351	948	313	206,782
57,914	(7,129)	850	332,784
(11)	77	-	(380)
-	-	-	(84)
-	-	-	35,537
-	-	-	444,122
<u>612,307</u>	<u>(5,901)</u>	<u>8,844</u>	<u>2,325,294</u>
<u>360,755</u>	<u>16,160</u>	<u>(27,414)</u>	<u>2,885,484</u>
-	-	-	81,330
-	-	-	30,510
<u>21,440</u>	<u>1,660</u>	<u>3,817</u>	<u>228,530</u>



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:

Airport Authority - Taxes collected on its behalf.

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.

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 2005B. 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, 2007

	Collections Due Other Governments	HILP Escrow Accounts	Contractor Deposits	Payroll Revolving	Outstanding Warrants
ASSETS					
Cash and Cash Equivalents	\$ 63,772	39,952	507,903	646,079	1,803,986
Investments	-	-	-	-	-
Receivables:					
Accrued Interest	19	-	-	-	-
Other	34,493	-	-	-	-
Contractor Retainage	-	-	740,204	-	-
	98,284	39,952	1,248,107	646,079	1,803,986
Total Assets	98,284	39,952	1,248,107	646,079	1,803,986
LIABILITIES					
Warrants Payable	-	-	-	-	1,803,986
Accounts Payable	-	-	-	119,986	-
Due to Other Governments	98,284	-	-	526,093	-
Due To Homeowners	-	39,952	-	-	-
Due to Contractors	-	-	1,248,107	-	-
Due to Joint Venture	-	-	-	-	-
Due to Bondholders	-	-	-	-	-
	98,284	39,952	1,248,107	646,079	1,803,986
Total Liabilities	\$ 98,284	39,952	1,248,107	646,079	1,803,986

<u>Telephone Bill Suspense</u>	<u>Unredeemed Bonds And Coupons</u>	<u>Gateway Center Joint Venture Escrow</u>	<u>Public Building Commission Bond Reserve</u>	<u>Total</u>
53,062	117,926	182,593	183,803	3,599,076
-	-	-	2,829,592	2,829,592
-	-	1,528	39,073	40,620
-	-	-	-	34,493
-	-	-	-	740,204
<u>53,062</u>	<u>117,926</u>	<u>184,121</u>	<u>3,052,468</u>	<u>7,243,985</u>
-	-	-	-	1,803,986
53,062	-	-	-	173,048
-	-	-	3,052,468	3,676,845
-	-	-	-	39,952
-	-	-	-	1,248,107
-	-	184,121	-	184,121
-	117,926	-	-	117,926
<u>53,062</u>	<u>117,926</u>	<u>184,121</u>	<u>3,052,468</u>	<u>7,243,985</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Balance Sep. 1, 2006	Additions	Deductions	Balance Aug. 31, 2007
COLLECTIONS DUE OTHER GOVERNMENTS:				
Assets:				
Cash and Cash Equivalents	\$ 66,325	790,316	792,869	63,772
Receivables	30,251	34,512	30,251	34,512
	96,576	824,828	823,120	98,284
Liabilities:				
Due to Other Governments	\$ 96,576	720,845	719,137	98,284
	96,576	720,845	719,137	98,284
HILP ESCROW ACCOUNTS:				
Assets:				
Cash and Cash Equivalents	\$ 66,997	103,905	130,950	39,952
	66,997	103,905	130,950	39,952
Liabilities:				
Due to Homeowners	\$ 66,997	-	27,045	39,952
	66,997	-	27,045	39,952
CONTRACTOR DEPOSITS:				
Assets:				
Cash and Cash Equivalents	\$ 531,591	42,565	66,253	507,903
Contractor Retainage	790,624	26,300	76,720	740,204
	1,322,215	68,865	142,973	1,248,107
Liabilities:				
Due to Contractors	\$ 1,322,215	68,865	142,973	1,248,107
	1,322,215	68,865	142,973	1,248,107
PAYROLL REVOLVING:				
Assets:				
Cash and Cash Equivalents	\$ 641,881	195,233,814	195,229,616	646,079
	641,881	195,233,814	195,229,616	646,079
Liabilities:				
Accounts Payable	121,225	125,588,086	125,589,325	119,986
Due to Other Governments	520,656	28,085,546	28,080,109	526,093
	\$ 641,881	153,673,632	153,669,434	646,079
OUTSTANDING WARRANTS:				
Assets:				
Cash and Cash Equivalents	\$ 4,953,375	359,914,692	363,064,081	1,803,986
	4,953,375	359,914,692	363,064,081	1,803,986
Liabilities:				
Warrants Payable	\$ 4,953,375	359,914,692	363,064,081	1,803,986
	4,953,375	359,914,692	363,064,081	1,803,986
TELEPHONE BILL SUSPENSE:				
Assets:				
Cash and Cash Equivalents	\$ 54,620	720,815	722,373	53,062
	54,620	720,815	722,373	53,062
Liabilities:				
Accounts Payable	\$ 54,620	720,815	722,373	53,062
	54,620	720,815	722,373	53,062

(Continued)

(Agency Funds, Continued)

	Balance Sep. 1, 2006	Additions	Deductions	Balance Aug. 31, 2007
UNREDEEMED BONDS AND COUPONS:				
Assets:				
Cash and Cash Equivalents	\$ 12,373	105,553	-	117,926
Liabilities:				
Due to Bondholders	\$ 12,373	105,553	-	117,926
JOINT ANTELOPE VALLEY AUTHORITY				
Assets:				
Cash and Cash Equivalents	\$ -	27,072,456	27,072,456	-
Receivables	-	655,246	655,246	-
	-	27,727,702	27,727,702	-
Liabilities:				
Accounts Payable	\$ -	15,583,282	15,583,282	-
GATEWAY CENTER JOINT VENTURE ESCROW:				
Assets:				
Cash and Cash Equivalents	\$ 175,954	7,205	566	182,593
Receivables	1,203	1,528	1,203	1,528
	177,157	8,733	1,769	184,121
Liabilities:				
Due to Joint Venture	\$ 177,157	6,964	-	184,121
PUBLIC BUILDING COMMISSION BOND RESERVE:				
Assets:				
Cash and Cash Equivalents	\$ 318,711	143,111	278,019	183,803
Investments	2,821,472	28,339	20,219	2,829,592
Receivables	38,940	39,073	38,940	39,073
	3,179,123	210,523	337,178	3,052,468
Liabilities:				
Due to Other Governments	\$ 3,179,123	212,336	338,991	3,052,468
AGENCY FUND TOTALS:				
Total Assets	\$ 10,504,317	584,919,430	588,179,762	7,243,985
Total Liabilities	\$ 10,504,317	531,006,984	534,267,316	7,243,985



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>
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Financial Trends	131
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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	138
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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	148
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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	154
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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	156
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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.



Table 1

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

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Governmental Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 433,488,477	417,745,982	399,561,548	361,516,579	353,228,671	321,761,052
Restricted	215,364,261	194,881,737	184,367,499	147,333,934	111,928,216	101,499,367
Unrestricted	57,757,668	59,258,075	60,366,016	64,026,685	66,785,387	70,508,399
Total Governmental Activities Net Assets	\$ 706,610,406	671,885,794	644,295,063	572,877,198	531,942,274	493,768,818
Business-Type Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 658,947,439	626,166,169	509,989,903	496,144,600	513,682,743	476,054,560
Restricted	26,769,558	23,399,483	15,101,637	16,262,952	52,887,433	47,701,632
Unrestricted	(19,453,689)	(1,377,874)	112,544,793	114,643,047	39,215,687	55,451,079
Total Business-Type Activities Net Assets	\$ 666,263,308	648,187,778	637,636,333	627,050,599	605,785,863	579,207,271
Primary Government:						
Invested in Capital Assets, Net of Related Debt	\$ 1,092,435,916	1,043,912,151	909,551,451	857,661,179	866,911,414	797,815,612
Restricted	242,133,819	218,281,220	199,469,136	163,596,886	164,815,649	149,200,999
Unrestricted	38,303,979	57,880,201	172,910,809	178,669,732	106,001,074	125,959,478
Total Primary Government Net Assets	\$ 1,372,873,714	1,320,073,572	1,281,931,396	1,199,927,797	1,137,728,137	1,072,976,089

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

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Expenses						
Governmental Activities:						
General Government	\$ 30,681,069	30,781,582	27,955,407	28,475,396	26,781,326	23,530,070
Public Safety	71,999,597	70,390,835	70,432,578	66,461,665	60,312,147	58,784,389
Streets and Highways	31,953,438	29,293,980	20,620,140	24,066,450	21,627,658	21,073,128
Culture and Recreation	26,528,155	25,379,286	23,827,670	23,699,396	23,183,517	21,219,904
Economic Opportunity	15,486,850	16,165,310	15,522,471	16,778,622	18,803,783	14,097,457
Health and Welfare	20,335,733	20,215,258	18,873,394	18,122,416	17,232,211	18,133,340
Mass Transit	10,891,704	9,706,032	9,511,096	8,928,193	8,526,212	8,176,390
Equipment Management	2,363,486	1,789,593	2,012,107	1,017,244	580,423	906,227
Engineering Services	3,148,005	2,499,482	2,073,123	2,139,853	2,517,342	1,810,386
Interest on Long-Term Debt	5,826,378	4,853,854	4,859,767	3,701,385	3,510,748	2,680,738
Total Governmental Activities Expenses	219,214,415	211,075,212	195,687,753	193,390,620	183,075,367	170,412,029
Business-Type Activities:						
Parking Lots	217,915	204,531	282,945	231,572	184,222	187,586
Golf	3,167,880	3,169,578	3,295,680	3,230,108	3,064,867	2,785,793
Parking Facilities	4,616,046	4,652,493	4,903,338	4,731,301	4,328,388	3,726,638
Municipal Auditorium	2,274,043	2,403,906	2,211,685	2,374,730	2,341,886	2,303,780
Solid Waste Management	6,835,512	6,146,612	6,767,689	6,446,310	4,390,601	5,428,560
Emergency Medical Services	3,679,318	3,793,035	3,828,891	3,684,221	3,905,011	3,518,764
Wastewater System	18,230,853	17,563,692	16,461,078	15,461,420	13,205,150	12,659,850
Water System	23,544,989	23,137,996	22,249,027	20,169,981	19,144,465	18,206,099
Electric System	209,962,000	197,751,000	171,812,000	163,078,000	155,489,000	161,026,000
Total Business-Type Activities Expenses	272,528,556	258,822,843	231,812,333	219,407,643	206,053,590	209,843,070
Total Primary Government Expenses	\$ 491,742,971	469,898,055	427,500,086	412,798,263	389,128,957	380,255,099
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	\$ 19,617,633	15,643,439	14,366,997	14,507,882	13,883,872	13,145,419
Public Safety	5,490,790	5,862,622	6,336,457	6,136,393	5,797,146	5,780,009
Streets and Highways	6,105,933	5,774,740	6,773,393	4,191,241	881,255	3,140,077
Culture and Recreation	3,485,195	4,207,617	3,088,848	2,792,436	2,700,504	2,455,509
Economic Opportunity	809,767	754,096	576,632	2,573,607	2,334,074	1,945,026
Health and Welfare	3,554,840	3,133,880	3,100,114	2,979,036	2,735,248	2,737,636
Other Activities	5,381,517	5,339,097	4,473,512	3,745,956	4,081,655	4,504,543
Operating Grants and Contributions	56,089,320	45,068,631	36,666,428	59,074,592	43,864,363	56,861,307
Capital Grants and Contributions	17,990,651	24,519,249	48,270,586	18,375,380	32,549,986	22,629,262
Total Governmental Activities Program Revenues	118,525,646	110,303,371	123,652,967	114,376,523	108,828,103	113,198,788
Business-Type Activities:						
Charges for Services:						
Wastewater System	19,379,833	17,955,248	16,920,940	15,980,045	14,665,990	14,926,446
Water System	25,159,477	25,487,483	24,266,844	22,064,193	20,841,857	21,971,839
Electric System	204,527,000	188,369,000	168,487,000	168,868,000	164,974,000	159,415,000
Other Activities	19,972,650	19,032,389	17,350,098	17,896,445	18,765,461	18,398,186
Operating Grants and Contributions	141,346	-	650,300	1,316,900	294,915	3,296
Capital Grants and Contributions	11,359,957	11,092,348	9,703,652	8,707,137	7,538,876	6,073,286
Total Business-Type Activities Program Revenues	280,540,263	261,936,468	237,378,834	234,832,720	227,081,099	220,788,053
Total Primary Government Program Revenues	\$ 399,065,909	372,239,839	361,031,801	349,209,243	335,909,202	333,986,841
Net (Expense)/Revenue						
Governmental Activities	\$ (100,688,769)	(100,771,841)	(72,034,786)	(79,014,097)	(74,247,264)	(57,213,241)
Business-Type Activities	8,011,707	3,113,625	5,566,501	15,425,077	21,027,509	10,944,983
Total Primary Government Net Expense	\$ (92,677,062)	(97,658,216)	(66,468,285)	(63,589,020)	(53,219,755)	(46,268,258)

(Continued)

(Changes In Net Assets, Table 2, Continued)

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
General Revenues and Other Changes In Net Assets						
Governmental Activities:						
Taxes:						
Property Tax	\$ 45,981,349	43,081,366	40,877,070	39,138,647	36,389,326	34,991,750
Motor Vehicle Tax	4,298,290	4,249,847	4,256,521	4,055,313	3,823,011	3,589,367
Wheel Tax	10,059,772	9,250,300	9,153,599	8,634,929	7,767,169	7,758,565
Sales and Use Tax	54,363,413	54,348,587	53,741,266	51,978,978	49,010,546	47,049,405
Sundry and In Lieu Tax	37,235	35,020	31,765	36,735	44,810	45,685
Occupation Tax	9,534,401	9,225,546	9,451,789	9,291,595	8,555,252	9,020,544
Unrestricted Grants and Contributions	1,573,535	1,589,033	1,577,852	1,597,551	2,970,754	3,425,878
Unrestricted Investment Earnings	6,355,562	3,650,661	2,800,970	3,163,454	2,157,467	3,495,539
Miscellaneous General Revenues	907,513	1,107,132	1,042,665	590,961	405,066	492,161
Gain on Sale of Capital Assets	548,626	564,573	2,857,136	304,974	1,073,191	915,594
Transfers	1,753,685	1,260,507	1,290,018	1,155,884	224,128	1,104,289
Total Governmental Activities	<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>	<u>111,888,777</u>
Business-Type Activities:						
Occupation Tax	2,195,132	2,232,680	2,111,731	2,234,490	565,790	-
Unrestricted Investment Earnings	9,333,779	6,187,797	3,986,941	4,387,629	5,045,047	5,239,848
Miscellaneous General Revenues	176,226	170,825	165,585	80,033	92,258	204,685
Gain on Sale of Capital Assets	112,371	107,025	44,736	293,726	72,505	148,653
Transfers	(1,753,685)	(1,260,507)	(1,289,760)	(1,156,219)	(224,517)	(1,087,038)
Total Business-Type Activities	<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>	<u>4,506,148</u>
Total Primary Government	<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>	<u>116,394,925</u>
Change in Net Assets						
Governmental Activities	\$ 34,724,612	27,590,731	55,045,865	40,934,924	38,173,456	54,675,536
Business-Type Activities	18,075,530	10,551,445	10,585,734	21,264,736	26,578,592	15,451,131
Total Primary Government	<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>	<u>70,126,667</u>

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

	Fiscal Year				
	2007	2006	2005	2004	2003
General Fund					
Reserved	\$ 3,196,770	1,828,587	1,935,693	3,420,876	1,129,488
Unreserved	27,215,934	27,463,451	29,467,581	32,552,543	35,987,302
Total General Fund	<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>
All Other Governmental Funds					
Reserved	\$ 71,029,872	67,422,892	55,344,060	85,470,219	68,736,621
Unreserved, Reported in:					
Special Revenue Funds	65,368,433	67,422,892	46,519,881	31,763,330	18,170,362
Debt Service Funds	9,933,914	8,491,735	7,070,715	7,344,884	6,135,384
Capital Projects Funds	24,574,016	19,534,147	27,698,544	18,619,537	24,877,481
Permanent Funds	13,609,259	9,441,571	8,834,071	8,025,744	6,904,635
Total All Other Governmental Funds	<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>

Note: ¹ In 2002, StarTran was added as a Governmental Fund.

² Lincoln General Hospital was sold adding \$37,000,000 to Reserved Governmental Funds and creating the Community Health Permanent Endowment Fund.

Table 3

Fiscal Year				
2002 ¹	2001	2000	1999 ²	1998
1,395,664	1,879,514	1,616,391	1,566,905	2,016,607
36,735,397	30,964,860	32,849,589	26,582,477	24,473,276
<u>38,131,061</u>	<u>32,844,374</u>	<u>34,465,980</u>	<u>28,149,382</u>	<u>26,489,883</u>
72,352,843	55,771,848	64,461,276	58,767,136	27,905,182
24,251,512	43,188,432	23,634,730	26,087,589	16,878,805
4,866,366	3,646,779	2,306,563	4,082,008	4,864,243
25,320,734	16,573,262	31,308,422	33,543,294	18,406,565
5,624,910	6,905,368	6,301,298	4,403,768	-
<u>132,416,365</u>	<u>126,085,689</u>	<u>128,012,289</u>	<u>126,883,795</u>	<u>68,054,795</u>

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

	Fiscal Year				
	2007	2006	2005	2004	2003
Revenues					
Taxes:					
Property	\$ 46,003,719	43,051,465	40,877,024	38,825,280	36,350,142
Motor Vehicle	4,298,290	4,249,847	4,256,521	4,055,313	3,823,011
Wheel	10,059,772	9,250,300	9,153,599	8,634,929	7,767,169
Sales and Use	54,363,413	54,348,587	53,741,266	51,978,978	49,010,546
Sundry and In Lieu	35,115	34,090	34,888	31,194	44,809
Occupation	9,054,831	9,232,431	9,853,990	9,265,448	8,172,116
Special Assessment	1,513,248	1,691,266	1,400,791	1,965,820	1,946,784
Intergovernmental	63,928,043	60,757,501	63,180,171	58,619,699	52,773,424
Permits and Fees	19,126,239	18,423,079	16,535,049	15,593,326	12,679,623
Reimbursement for Services	6,491,112	7,063,192	6,936,334	6,322,870	6,097,336
Program Income	34,155	26,614	1,758,999	1,808,012	1,748,959
Investment Earnings	10,371,565	4,082,196	4,327,311	5,207,711	4,353,336
Donations	947,439	1,062,197	2,150,197	1,769,777	2,081,127
Keno Proceeds	2,798,262	2,745,869	3,016,301	3,331,968	3,178,094
Miscellaneous	3,272,251	4,051,697	5,102,920	3,278,763	1,225,958
Total Revenues	232,297,454	220,070,331	222,325,361	210,689,088	191,252,434
Expenditures					
General Government	33,946,258	34,666,641	32,532,685	30,884,544	28,938,852
Public Safety	60,953,651	60,064,604	58,669,932	55,272,920	50,933,285
Streets and Highways	17,430,452	16,928,575	17,064,845	13,633,902	12,317,663
Culture and Recreation	21,719,544	20,938,212	21,669,847	22,308,940	19,935,823
Economic Opportunity	11,670,315	12,623,307	14,870,592	14,728,510	16,469,645
Health and Welfare ²	20,378,863	25,566,267	19,126,931	18,544,667	17,614,751
Mass Transit ³	14,877,357	8,901,327	8,306,921	10,525,090	7,996,019
Debt Service					
Principal Retirement	6,282,536	6,200,794	5,536,580	5,003,161	5,498,277
Interest and Fiscal Charges	5,223,234	4,803,380	4,934,088	2,904,318	3,001,504
Miscellaneous	83,950	12,095	92,325	7,042	7,442
Capital Outlay	44,955,954	65,229,370	65,859,750	58,177,933	48,163,988
Total Expenditures	237,522,114	255,934,572	248,664,496	231,991,027	210,877,249
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,224,660)	(35,864,241)	(26,339,135)	(21,301,939)	(19,624,815)
Other Financing Sources (Uses)					
Transfers In	42,672,672	39,460,154	38,002,168	32,371,598	31,698,768
Transfers Out	(40,643,303)	(38,051,423)	(36,757,125)	(31,663,701)	(31,487,832)
Issuance of Debt	44,588,425	9,600,000	18,655,035	43,799,999	19,347,418
Premiums on Debt Issued	484,811	7,397	42,635	1,918,788	247,703
Discounts on Debt Issued	(5,255)	-	(16,057)	(5,854)	-
Transfer to Bond Refunding Agent	-	-	(6,504,876)	-	(9,598,350)
Sale of Capital Assets	283,136	4,080,940	2,590,767	136,969	810,955
Total Other Financing Sources (Uses)	47,380,486	15,097,068	16,012,547	46,557,799	11,018,662
Net Change in Fund Balances	\$ 42,155,826	(20,767,173)	(10,326,588)	25,255,860	(8,606,153)
Debt Service as a Percentage of Noncapital Expenditures	5.9%	5.4%	5.3%	4.1%	4.8%

Note: ¹ GASB 34 implemented.

² In 1999 Community Health Permanent Endowment Fund added as a Governmental Fund.

³ In 2002 StarTran added as a Governmental Fund.

Table 4

Fiscal Year				
2002 ¹	2001	2000	1999	1998
35,969,591	30,943,110	29,736,987	28,908,119	29,290,456
3,589,367	3,375,770	3,108,906	2,443,832	2,267,776
7,758,565	7,569,236	7,451,237	7,253,208	7,020,123
47,049,405	43,988,822	44,099,958	41,713,530	38,520,544
45,685	47,512	36,207	58,390	10,437
9,020,544	7,282,792	5,917,801	5,673,130	5,192,341
1,705,895	1,808,772	1,954,357	2,209,404	2,089,434
59,029,609	48,619,317	35,807,100	35,600,952	41,035,908
12,449,879	9,638,475	9,838,029	8,685,268	9,131,287
5,605,557	5,071,766	4,896,203	4,366,482	3,709,572
1,354,481	1,136,720	627,374	1,088,531	1,544,039
4,606,825	8,005,027	9,330,374	8,016,026	4,726,874
1,524,145	1,949,751	2,620,512	659,738	641,838
3,209,235	3,039,664	2,870,743	2,805,009	2,586,468
4,237,773	3,020,054	4,127,567	3,131,133	4,616,810
<u>197,156,556</u>	<u>175,496,788</u>	<u>162,423,355</u>	<u>152,612,752</u>	<u>152,383,907</u>
27,237,134	23,821,580	23,529,495	21,891,174	30,170,768
49,913,169	48,122,074	44,042,882	41,555,922	41,140,827
10,833,055	11,175,059	9,039,840	9,406,531	8,992,439
16,974,798	14,806,760	13,958,414	13,254,994	13,111,328
14,017,601	12,559,336	11,204,029	10,215,261	12,009,990
17,989,603	15,862,462	13,974,690	11,709,801	10,979,131
12,691,837	-	-	-	-
4,974,223	4,966,405	5,125,296	5,079,267	5,799,585
2,437,266	2,765,418	2,781,777	3,682,808	3,753,255
389	10,867	17,222	418,996	98,292
<u>49,461,878</u>	<u>48,371,432</u>	<u>35,820,347</u>	<u>33,916,861</u>	<u>21,553,188</u>
<u>206,530,953</u>	<u>182,461,393</u>	<u>159,493,992</u>	<u>151,131,615</u>	<u>147,608,803</u>
<u>(9,374,397)</u>	<u>(6,964,605)</u>	<u>2,929,363</u>	<u>1,481,137</u>	<u>4,775,104</u>
36,383,394	47,073,066	44,844,418	45,896,207	58,531,208
(35,321,704)	(50,858,221)	(50,745,518)	(50,114,170)	(35,661,249)
18,580,000	1,390,001	3,431,579	30,020,000	-
143,659	-	-	-	-
(3,066)	-	-	-	-
-	(631,895)	-	(8,134,836)	-
753,313	584,952	1,819,622	602,700	828,203
<u>20,535,596</u>	<u>(2,442,097)</u>	<u>(649,899)</u>	<u>18,269,901</u>	<u>23,698,162</u>
<u>11,161,199</u>	<u>(9,406,702)</u>	<u>2,279,464</u>	<u>19,751,038</u>	<u>28,473,266</u>
4.8%	5.1%	5.5%	6.5%	6.8%

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
2006	1,106,943	1,167,869	547,028	19,667	260,225	(45,195)	467,471	3,524,008	\$ 0.0612
2005	1,130,943	1,146,236	565,404	19,080	263,157	(25,389)	401,203	3,500,634	0.0557
2004	1,036,911	1,091,094	555,127	18,860	250,887	17,209	384,639	3,354,727	0.0520
2003	1,030,296	1,068,587	529,119	18,437	258,030	22,777	552,090	3,479,336	0.0520
2002	1,058,694	1,054,667	543,527	18,118	255,305	(4,095)	790,000	3,716,216	0.0498

Note: The numbers are based on Lincoln Electric System's 12/31/06 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 2006
(dollars in thousands)

Customer Type	2006		
	Revenue From Electric Sales	Rank	Percentage of Revenue From Electric Sales
Residential	\$ 79,910	1	39.36 %
Commercial	66,811	2	32.91
Industrial	26,424	3	13.01
Other	29,895	-	14.72
Total	<u>203,040</u>		<u>100.00 %</u>

Note: The numbers are based on Lincoln Electric System's 12/31/06 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
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
2002	3,392,336,361	0.0150
2001	3,242,035,037	0.0150
2000	3,228,281,779	0.0150
1999	3,014,819,988	0.0150
1998	2,814,528,943	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	
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
2002	0.015	0.050	0.065
2001	0.015	0.050	0.065
2000	0.015	0.050	0.065
1999	0.015	0.045	0.060
1998	0.015	0.050	0.065

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

Business Classification	2006		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 1,756,116,137	1	51.99 %
Accommodation & Food Services	415,713,192	2	12.31
Utilities	270,300,514	3	8.00
Other	935,819,522	-	27.70
Total	<u>3,377,949,365</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. 2007 amounts are not yet available. Numbers are not available for nine years ago.

Source: Nebraska Department of Revenue

Table 10

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		
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
2002	7,048,688,380	2,855,200,333	634,025,721	186,771,403	10,724,685,837	0.3145
2001	6,273,610,610	2,540,905,431	626,730,328	179,701,486	9,620,947,855	0.3239
2000	6,067,493,586	2,356,367,014	554,008,996	162,771,461	9,140,641,057	0.3239
1999	5,726,511,673	2,132,780,337	528,831,574	131,777,630	8,519,901,214	0.3239
1998	4,863,604,491	2,001,814,878	510,068,845	127,600,539	7,503,088,753	0.3581

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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
City of Lincoln										
General Fund	0.1687	0.1955	0.1706	0.1692	0.1757	0.1780	0.1869	0.1828	0.2022	0.2232
Library Fund	0.0427	0.0488	0.0490	0.0485	0.0534	0.0522	0.0467	0.0462	0.0460	0.0516
Social Security Fund	0.0135	0.0139	0.0149	0.0143	0.0162	0.0153	0.0158	0.0163	0.0166	0.0179
Police and Fire Pension Fund	0.0208	0.0219	0.0182	0.0149	0.0149	0.0126	0.0109	0.0106	0.0109	0.0067
Bond Interest and Redemption	<u>0.0376</u>	<u>0.0208</u>	<u>0.0423</u>	<u>0.0434</u>	<u>0.0543</u>	<u>0.0564</u>	<u>0.0636</u>	<u>0.0680</u>	<u>0.0482</u>	<u>0.0587</u>
Total City of Lincoln	<u>0.2833</u>	<u>0.3009</u>	<u>0.2950</u>	<u>0.2903</u>	<u>0.3145</u>	<u>0.3145</u>	<u>0.3239</u>	<u>0.3239</u>	<u>0.3239</u>	<u>0.3581</u>
Overlapping Rates ¹										
School District No. 1	1.2764	1.3142	1.3141	1.3011	1.2830	1.2732	1.3684	1.3813	1.3050	1.6308
Lancaster County	0.2655	0.2841	0.2797	0.2683	0.2683	0.2583	0.2643	0.2584	0.2782	0.2966
Educational Service Unit #18	0.0141	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0149	0.0089
Community Technical College	0.0689	0.0696	0.0655	0.0655	0.0655	0.0636	0.0295	0.0334	0.0696	0.0782
Lower Platte South N.R.D.	0.0416	0.0422	0.0323	0.0323	0.0359	0.0365	0.0367	0.0372	0.0389	0.0365
Railroad Transportation Safety Dist.	0.0246	0.0260	0.0260	0.0248	0.0220	0.0221	0.0260	0.0260	0.0260	0.0260
Agricultural Society of Lancaster County	0.0016	0.0018	0.0020	0.0030	0.0012	0.0024	0.0073	0.0032	0.0013	0.0364
Lancaster County Fairgrounds	0.0037	0.0042	0.0042	0.0043	0.0050	0.0052	-	-	-	-
Public Building Commission	<u>0.0170</u>									
Total Overlapping Rates	<u>1.7134</u>	<u>1.7741</u>	<u>1.7558</u>	<u>1.7313</u>	<u>1.7129</u>	<u>1.6933</u>	<u>1.7642</u>	<u>1.7715</u>	<u>1.7509</u>	<u>2.1304</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	2007			1998		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Alltel Communications	Telecommunications	\$ 72,471,636	1	0.47 %	\$ 67,105,462	1	0.89 %
B & J Partnership Ltd.	Building Management	71,086,013	2	0.46	-	-	-
Kawasaki	Manufacturing	68,098,040	3	0.44	-	-	-
WEA Gateway LLC	Retail Management	59,386,082	4	0.39	44,708,707	4	0.60
Ameritas Life Insurance Corp.	Insurance	50,334,651	5	0.33	24,142,330	7	0.32
Chateau Van Dorn LLC	Real Estate Development	49,958,335	6	0.33	29,389,539	5	0.39
Pfizer	Animal Health	48,138,439	7	0.31	65,739,211	2	0.88
Nebco	Construction / Development	47,148,845	8	0.31	-	-	-
Burlington Northern	Railroad	46,701,614	9	0.30	26,778,819	6	0.36
Molex Inc.	Manufacturing	38,979,611	10	0.25	44,983,001	3	0.60
Goodyear Tire & Rubber Co.	Manufacturing	-	-	-	23,719,364	8	0.32
Archer Daniels Midland Co.	Soybean Processing	-	-	-	20,734,402	9	0.28
Aquila	Gas Utility	-	-	-	19,204,027	10	0.26
Total		\$ 552,303,266		3.59 %	\$ 366,504,862		4.90 %

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
2007	\$ 43,475,089	\$ 41,848,163	96.26 %	\$ -	\$ 41,848,163	96.26 %
2006	40,873,358	39,579,041	96.83	1,477,192	41,056,233	100.45
2005	38,755,995	37,514,748	96.80	1,350,797	38,865,545	100.28
2004	36,994,112	35,726,509	96.57	1,305,441	37,031,950	100.10
2003	35,007,926	33,676,453	96.20	1,363,681	35,040,134	100.09
2002	33,731,282	32,501,760	96.35	1,331,491	33,833,251	100.30
2001	31,159,364	29,936,079	96.07	1,209,711	31,145,790	99.96
2000	29,603,794	28,665,780	96.83	1,095,641	29,761,421	100.53
1999	27,597,664	26,411,546	95.70	1,099,549	27,511,095	99.69
1998	26,812,692	25,758,577	96.07	1,217,358	26,975,935	100.61

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. Delinquent taxes bear 14 percent interest. The figures above include interest and penalties. 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	Notes Payable	Capital Leases
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
2002	52,157	2,685	1,845	310	11,080	-	1,818
2001	48,794	2,960	2,244	420	-	-	1,868
2000	52,847	3,200	2,067	690	-	10	1,755
1999	56,821	-	2,184	1,460	-	43	1,823
1998	37,666	-	2,749	2,245	-	77	1,871

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.

² \$24,470,000 of Hospital Revenue Bonds were defeased in relation to the sale of Lincoln General Hospital.

Table 14

 Business-Type Activities

Revenue Bonds	Wastewater Project Loan	Notes Payable	Commercial Paper Notes	Capital Leases	Total Primary Government	Net Debt Per Capita ¹	Percentage of Personal Income ¹
\$ 709,645	\$ -	\$ -	\$ 90,000	\$ 922	\$ 965,287	\$ 4,003	- %
709,320	-	-	90,000	704	926,802	3,874	-
609,550	-	-	90,173	1,136	824,562	3,455	8.79
572,360	-	-	90,173	1,554	781,042	3,307	8.65
499,320	-	-	90,173	1,349	665,091	2,823	7.74
430,975	5,593	-	75,000	1,639	583,102	2,516	7.06
335,305	6,585	-	65,000	1,326	464,502	2,059	5.84
350,120	7,538	-	25,000	140	443,367	2,029	5.70
359,310	8,450	-	15,000	153	445,244	2,047	6.22
328,190 ²	8,580	2,075	45,000	165	428,618	1,994	6.29

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
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
2002	52,157	2,685	1,845	310	56,997	11,147	45,850	197.80	0.46
2001	48,794	2,960	2,244	420	54,418	7,596	46,822	207.56	0.53
2000	52,847	3,200	2,067	690	58,804	7,432	51,372	235.12	0.61
1999	56,821	-	2,184	1,460	60,465	8,100	52,365	240.72	0.67
1998	37,666	-	2,749	2,245	42,660	12,843	29,817	138.68	0.43

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, 2007

<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>133,413,000</u>	100.0 %	\$ <u>133,413,000</u>
Overlapping:			
School District #1	268,540,000	99.5	267,197,000
Lower Platte South N.R.D.	8,250,000	75.4	6,221,000
Lancaster County	6,850,000	85.4	5,850,000
Public Building Commission	48,660,000	85.4	41,556,000
Lancaster County Fairgrounds	<u>2,275,000</u>	85.4	<u>1,943,000</u>
	<u>334,575,000</u>		<u>322,767,000</u>
Total	<u>\$ <u>467,988,000</u></u>		<u>\$ <u>456,180,000</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
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Table 17

	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<u>Wastewater System</u>							
<u>Utility Service Charges</u>							
2007	\$ 20,799,926	11,462,964	9,336,962	2,005,000	3,081,481	5,086,481	1.84
2006	19,305,465	11,125,819	8,179,646	2,065,000	3,043,500	5,108,500	1.60
2005	18,526,816	10,482,955	8,043,861	1,500,000	2,403,519	3,903,519	2.06
2004	19,071,798	10,042,919	9,028,879	1,750,000	2,133,704	3,883,704	2.32
2003	15,785,843	9,086,469	6,699,374	1,032,500	266,722	1,299,222	5.16
2002	15,731,749	8,632,287	7,099,462	992,500	316,847	1,309,347	5.42
2001	16,663,975	8,087,688	8,576,287	952,500	364,972	1,317,472	6.51
2000	16,741,692	7,707,242	9,034,450	912,500	411,097	1,323,597	6.83
1999	16,286,632	7,591,990	8,694,642	1,255,000	474,743	1,729,743	5.03
1998	15,873,036	7,512,753	8,360,283	1,217,500	554,216	1,771,716	4.72
<u>Water System</u>							
<u>Utility Service Charges</u>							
2007	\$ 27,836,690	14,351,136	13,485,554	5,340,000	3,612,001	8,952,001	1.51
2006	27,297,378	13,808,214	13,489,164	5,130,000	3,834,301	8,964,301	1.50
2005	25,600,740	13,145,665	12,455,075	4,895,000	3,517,932	8,412,932	1.48
2004	22,940,862	12,477,486	10,463,376	3,115,000	2,411,632	5,526,632	1.89
2003	21,533,965	11,631,496	9,902,469	3,010,000	2,898,489	5,908,489	1.68
2002	22,687,789	11,474,433	11,213,356	2,880,000	2,110,590	4,990,590	2.25
2001	22,287,139	10,960,315	11,326,824	2,755,000	2,240,075	4,995,075	2.27
2000	23,823,957	9,812,147	14,011,810	2,640,000	2,361,515	5,001,515	2.80
1999	20,787,797	9,067,262	11,720,535	2,530,000	2,514,373	5,044,373	2.32
1998	21,009,615	8,894,295	12,115,320	2,435,000	2,621,365	5,056,365	2.40
<u>Lincoln Electric System</u>							
<u>Utility Service Charges</u>							
2006	\$ 208,995,000	148,442,000	60,553,000	12,177,000	26,541,000	38,718,000	1.56
2005	191,074,000	139,094,000	51,980,000	10,713,000	22,795,000	33,508,000	1.55
2004	169,986,000	113,755,000	56,231,000	12,341,000	20,790,000	33,131,000	1.70
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	18,678,000	29,518,000	2.00
2001	162,882,000	117,165,000	45,717,000	11,025,000	15,779,000	26,804,000	1.71
2000	158,052,000	112,111,000	45,941,000	11,163,000	14,516,000	25,679,000	1.79
1999	151,534,000	99,465,000	52,069,000	10,687,000	14,990,000	25,677,000	2.03
1998	148,792,000	100,999,000	47,793,000	10,468,000	15,104,000	25,572,000	1.87
1997	137,795,000	89,127,000	48,668,000	8,535,000	13,656,000	22,191,000	2.19
<u>Golf</u>							
<u>Facility and Course Fees</u>							
2007	\$ 2,926,985	2,463,827	463,158	315,000	65,060	380,060	1.22
2006	2,993,961	2,467,141	526,820	305,000	74,973	379,973	1.39
2005	3,135,875	2,568,462	567,413	295,000	83,823	378,823	1.50
2004	2,899,670	2,467,141	432,529	290,000	91,653	381,653	1.13
2003	2,648,552	2,408,947	239,605	280,000	98,513	378,513	0.63
2002	2,673,078	2,141,707	531,371	305,000	75,628	380,628	1.40
2001	2,626,592	2,140,853	485,739	230,000	239,088	469,088	1.04
2000	2,934,568	1,952,906	981,662	215,000	252,310	467,310	2.10
1999	2,527,564	1,656,746	870,818	200,000	264,310	464,310	1.88
1998	2,337,800	1,493,277	844,523	190,000	275,520	465,520	1.81

(Continued)

(Pledged Revenue Coverage, Table 17, Continued)

	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<u>Parking Facilities</u> ^{1,2}							
<u>Parking Fees</u>							
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
2002	5,483,546	1,964,389	3,519,157	1,115,000	924,470	2,039,470	1.73
2001	5,172,264	2,127,350	3,044,914	795,000	787,419	1,582,419	1.92
2000	4,853,708	1,393,637	3,460,071	455,000	761,521	1,216,521	2.84
1999	4,209,988	2,329,165	1,880,823	585,000	640,712	1,225,712	1.53
1998	4,068,991	1,340,709	2,728,282	455,000	651,694	1,106,694	2.47
<u>Antelope Valley Project Bonds</u>							
<u>Development Fund *</u>							
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
2002	1,000,000	-	1,000,000	-	-	-	-
2001	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-
<u>Solid Waste Management</u>							
<u>Waste Disposal Fees</u>							
2007	\$ 8,020,390	5,079,147	2,941,243	185,000	155,971	340,971	8.63
2006	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-

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.

* 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.

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 LINCOLN, NEBRASKA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ¹	Personal Income (thousands of dollars) ²	Per Capita Personal Income ²	School Enrollment ³	Unemployment Rate ⁴
2007	241,167	\$ -	-	33,466	2.7 %
2006	239,213	-	-	32,934	2.8
2005	238,625	9,376,528	32,248	32,505	3.4
2004	236,146	9,027,865	31,587	32,270	3.7
2003	235,565	8,592,801	30,064	31,889	3.6
2002	231,800	8,254,893	28,656	31,867	3.0
2001	225,588	7,947,494	28,354	31,581	2.6
2000	218,497	7,774,823	27,588	31,354	2.7
1999	217,537	7,158,353	26,009	31,052	1.9
1998	215,000	6,815,249	25,272	31,000	1.5

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. 2006 and 2007 numbers are unavailable.

³ Lincoln Public Schools.

⁴ State of Nebraska, Department of Labor.

Median age from 2000 census was 31.3 years old. Education statistics per the 2000 census indicate that 90.2% of the population 25 years and older has a high school degree or greater with 33.3% of the same population holding a Bachelor's degree or greater.

CITY OF LINCOLN, NEBRASKA
PRINCIPAL EMPLOYERS
CURRENT YEAR

Employer	2007		Percentage of Total City Employment
	Employees	Rank	
State of Nebraska	10,016	1	5.81 %
Lincoln Public Schools	6,865	2	3.98
University of Nebraska-Lincoln	5,728	3	3.32
BryanLGH Medical Center	3,670	4	2.13
City of Lincoln	2,685	5	1.56
US Government	2,680	6	1.56
Saint Elizabeth Regional Medical Center	2,541	7	1.47
Burlington Northern	1,800	8	1.04
Kawasaki Motors Mfg. Corp.	1,570	9	0.91
B&R Stores, Inc.	1,425	10	0.83
Total	<u>38,980</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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Legislative	8.00	9.00	9.00	9.00	9.00	9.00	9.00	7.00	7.00	7.00
Executive	25.20	26.60	28.10	28.10	27.50	27.68	26.63	24.71	25.00	26.74
Financial Administration	72.00	71.67	73.00	73.00	72.00	74.00	74.00	75.00	76.60	81.98
Law	28.50	28.50	28.50	28.50	28.46	27.50	27.75	26.88	27.50	25.50
Personnel Administration	23.19	23.19	22.38	22.38	21.00	21.40	21.38	21.40	21.73	22.23
Planning and Zoning	22.00	21.06	21.08	21.00	20.25	21.00	21.00	21.00	19.00	19.00
Urban Development	11.58	11.78	11.83	10.93	9.23	9.65	8.80	7.65	7.65	8.15
Public Safety										
Police	407.13	407.40	407.33	405.75	392.50	396.25	392.65	386.90	379.90	379.94
Fire	264.57	264.57	263.48	259.06	255.07	253.77	255.65	256.50	259.50	265.50
Building and Safety	63.00	63.00	65.00	62.00	61.00	62.50	60.84	58.50	56.60	56.00
Transportation	20.50	21.50	21.33	20.50	20.50	20.50	20.58	22.38	22.60	20.35
911 Communication	39.50	39.50	39.50	39.50	35.50	35.25	34.85	33.90	32.90	33.90
Streets and Highways	109.40	110.35	110.01	108.02	106.00	106.52	101.20	97.43	97.80	99.30
Culture and Recreation										
Parks and Recreation	280.79	286.23	276.94	271.95	264.25	265.16	250.49	245.54	245.54	247.75
Library	121.67	124.17	124.17	124.17	124.16	120.63	101.76	101.45	101.42	101.92
Economic Opportunity										
Lincoln Area Agency on Aging	64.30	64.86	68.42	69.42	68.22	71.95	71.87	69.72	68.93	69.93
Urban Development	12.68	14.34	14.39	15.80	18.28	15.95	13.95	13.71	13.32	11.25
Workforce Investment Act	6.20	5.64	5.54	3.82	4.24	5.15	5.00	-	-	-
Job Training Partnership Act	-	-	-	-	-	-	-	6.98	6.15	5.68
Health and Welfare	119.52	123.45	124.85	120.55	125.95	124.35	124.85	121.12	119.20	117.43
Mass Transit	111.00	111.00	113.00	112.00	111.00	113.00	115.00	112.67	114.00	111.25
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	17.00	17.37	17.38	17.38	17.38	17.38	16.38	15.88	15.70	16.00
Radio Maintenance	6.00	6.00	6.00	6.00	6.00	7.00	7.00	5.25	5.25	4.55
Engineering Services	74.95	76.00	76.00	75.45	74.45	73.05	71.30	71.83	70.95	73.40
Golf	30.67	30.49	32.55	32.32	32.78	33.88	31.64	31.44	29.36	29.47
Parking Facilities	1.60	1.60	1.60	1.60	1.60	1.70	1.70	1.55	1.55	1.55
Municipal Auditorium	11.00	12.00	11.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00
Sanitary Landfill	30.85	30.84	30.85	30.85	29.35	29.35	29.25	29.25	28.75	28.75
Emergency Medical Services	29.43	29.43	30.52	37.43	35.43	35.73	18.34	-	-	-
Wastewater System	98.70	98.69	95.44	95.19	96.85	98.05	97.65	99.50	102.49	108.09
Water System	115.28	115.27	112.26	111.76	108.63	109.38	106.65	104.40	103.40	104.80
Electric System	444.00	452.50	447.50	446.50	435.00	421.00	415.00	409.50	402.50	396.00
	<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>	<u>2,634.73</u>	<u>2,560.16</u>	<u>2,507.04</u>	<u>2,490.29</u>	<u>2,501.41</u>

Note: The Job Training Partnership Act was replaced by the Workforce Investment Act in 2001.
 Emergency Medical Services began mid-year of 2001.

Source: City of Lincoln Budget Office

Table 21

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

Function	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Public Safety										
Police:										
Arrests	29,404	28,523	24,609	23,298	22,339	23,523	23,513	22,638	21,262	21,180
Parking Violations	64,710	54,852	80,071	91,529	101,537	108,286	110,495	116,371	105,250	115,435
Traffic Violations	47,997	54,572	57,732	54,260	48,250	52,843	49,470	48,818	44,824	47,663
Fire:										
Number of Calls Answered	19,075	18,362	18,457	17,931	19,557	20,314	19,472	13,794	13,381	13,243
Building and Safety:										
Number of Commercial Building Permits	994	1,088	1,092	1,061	1,036	1,013	1,017	1,069	1,148	1,093
Number of Residential Building Permits	2,820	3,150	3,387	3,846	3,913	3,405	3,212	3,385	3,235	3,109
Culture and Recreation										
Library:										
Total Circulation (thousands)	3,138	3,108	3,076	3,077	3,016	2,751	2,307	2,293	2,261	2,250
Golf:										
Rounds of Golf	179,827	186,164	185,236	182,296	174,548	181,319	173,594	210,783	200,977	194,039
Mass Transit										
StarTran Ridership (thousands)	1,871	1,826	1,649	1,553	1,529	1,581	1,603	1,589	1,663	1,705
Wastewater										
Number of Consumers	76,458	75,573	74,326	72,753	70,651	69,292	67,916	66,665	65,521	67,217
Water										
Number of Consumers	76,816	75,919	74,649	73,059	72,260	69,704	68,187	66,956	65,823	64,423
Average Daily Consumption (thousand gallons)	35,057	38,425	37,867	35,141	37,520	40,091	39,698	41,821	34,737	34,600
Electric System										
Number of Consumers	124,878	123,376	121,508	119,456	116,974	114,388	112,247	110,414	108,194	105,970

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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Public Safety										
Police Stations	3	2	2	2	2	2	1	1	1	1
Fire Stations	14	14	14	14	14	14	14	14	14	14
Ambulances	11	11	11	11	11	11	11	-	-	-
Streets and Highways										
Lane Miles of Streets ¹	2,641	2,450	2,420	2,818	2,791	2,729	2,678	2,268	2,170	2,101
Streetlights	27,923	27,519	26,654	25,973	25,196	24,677	24,270	23,551	22,699	22,510
Culture and Recreation										
Parks Acreage	6,114	6,114	6,748	5,891	5,779	5,455	5,474	6,280	6,190	6,051
Parks	123	122	116	114	112	105	102	100	98	98
Playgrounds	85	85	83	86	85	81	80	78	80	78
Swimming Pools (Public)	11	11	11	11	11	11	11	11	11	10
Golf Courses (Public)	5	5	5	5	5	5	5	5	5	5
Trail Miles	128	122	99	84	83	80	90	89	77	77
Recreation Centers	8	8	8	8	8	8	8	8	8	8
Libraries	8	8	8	8	8	8	7	7	7	7
Mass Transit										
Buses and Handivans	69	69	69	66	66	65	66	65	65	65
Wastewater										
Miles of Wastewater Mains	995	978	960	935	909	875	868	857	832	812
Water										
Miles of Water Mains	1,201	1,183	1,164	1,132	1,104	1,085	1,065	1,060	1,023	1,000

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
FISCAL YEAR ENDED AUGUST 31, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>	
OFFICE OF NATIONAL DRUG CONTROL POLICY				
Pass-Through Nebraska State Patrol:				
High Intensity Drug Trafficking Area	07	16PMWP634F	\$ 35,745	
High Intensity Drug Trafficking Area	07	15PMWP634F	<u>25,186</u>	<u>\$ 60,931</u>
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Community Food Projects (Open Harvenst)	10.225	2006-33800-17641	\$	25,628
Pass-Through State Department Of Health And Human Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2006	63,079	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2007	<u>486,322</u>	549,401
Summer Food Service Program for Children	10.559	6/06-8/06	3,594	
Summer Food Service Program for Children	10.559	6/07-08/07	<u>55,961</u>	59,555
Nutrition Program for the Elderly (Commodities)	10.570			<u>142,467</u>
Total U.S. Department Of Agriculture				<u>\$ 777,051</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 55,430	
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	<u>46,806</u>	102,236
Community Development Block Grant	14.218	B-06 MC-31-0001		2,827,321
HOME Investment Partnerships Program	14.239	* M-06 MC-31-0202		2,013,016
Fair Housing Assistance Program - State and Local	14.401	FF207K677017		88,305
Pass-Through State Department Of Health And Human Services:				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2006	737	
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2007	<u>4,594</u>	<u>5,331</u>
Total U.S. Department Of Housing And Urban Development				<u>\$ 5,036,209</u>
U.S. DEPARTMENT OF INTERIOR				
Pass-Through State Historical Society:				
Historical Preservation Fund Grants-in-Aid	15.904	06/07	\$ 22,320	
Historical Preservation Fund Grants-in-Aid	15.904	07/08	<u>1,695</u>	<u>24,015</u>
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)	16.710	2001ULWX0017	\$ 8,169	
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)	16.710	2004ULWX0018	55,955	
Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications Technology Grant Award)	16.710	2004INWX0014	<u>100,699</u>	164,823
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-1406	8,865	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0742	<u>181,119</u>	189,984
Pass-Through Lancaster County:				
Violence Against Women Formula Grants	16.588	04-VW-719		23,075
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)	16.590	2004-WE-AZ-0049-C-06-0050	33,741	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)	16.590	2004-WE-AZ-0049-C-07-0196	<u>7,839</u>	41,580
Pass-Through Nebraska State Patrol:				
Missing Children's Assistance (Internet Crimes Against Children)	16.543	05-IC-03		1,103
Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)	16.710	04-ML-03	5,504	
Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)	16.710	05-ME-03	<u>9,917</u>	15,421
Pass-Through State Comm. On Law Enforcement And Criminal Justice:				
Crime Victim Assistance	16.575	06-VA-233/06-VS-900	135,000	
Crime Victim Assistance	16.575	05-VA-234/05-VS-900	<u>3,728</u>	138,728
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579	05-DA-303	49,234	
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579	06-DA-300/05-DA-315	<u>100,477</u>	149,711
Community Prosecution and Project Safe Neighborhoods	16.609	06-SN-8903	32,227	
Community Prosecution and Project Safe Neighborhoods	16.609	04SN-8915	<u>5,652</u>	<u>37,879</u>
Total U.S. Department Of Justice				<u>\$ 762,304</u>

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Health And Human Services:				
Senior Community Service Employment Program	17.235	NGA 2007-027	\$ 28,175	
Senior Community Service Employment Program	17.235	NGA 2008-02	<u>6,108</u>	34,283
Pass-Through State Department Of Labor:				
WIA Cluster:				
Workforce Investment Act (Adult)	17.258	2006	140,297	
Workforce Investment Act (Youth)	17.259	2006	118,770	
Workforce Investment Act (Dislocated Worker)	17.260	2006	292,974	
Workforce Investment Act Incentive/Capacity	17.258	2006	64,862	
Workforce Investment Act (Adult)	17.258	2007	32,832	
Workforce Investment Act (Youth)	17.259	2007	24,482	
Workforce Investment Act (Dislocated Worker)	17.260	2007	34,428	
Workforce Investment Act Incentive/Capacity	17.258	2007	<u>1,342</u>	<u>709,987</u>
Total U.S. Department Of Labor			\$	<u>744,270</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit: Formula Grants (Sec. 9 Operating)	20.507	NE-90-X067	\$ 1,450,000	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X058	160,369	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X060	4,317	
Federal Transit: Formula Grants (AVL System)	20.507	NE-26-0001	108,891	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X062	957,499	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X064	292,483	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X065	1,196,658	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-03-0039	666,290	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0067	32,000	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-04-0001	1,267,538	
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-90-0064	46,317	
Pass-Through Nebraska Department Of Roads:				
Federal Transit: Formula Grants (Transit Planning)	20.507	RPT -C990(026)	30,438	
Federal Transit: Formula Grants (Transit Planning)	20.507	RPT -C990(027)	<u>39,490</u>	6,252,290
Pass-Through Nebraska Department Of Roads:				
Highway Planning And Construction Cluster:				
Highway Planning and Construction (Planning)	20.205	HPR-PL1(44)	315,170	
Highway Planning and Construction (Planning)	20.205	HPR-PL1(45)	48,237	
Highway Planning and Construction (Countdown Ped Heads)	20.205	STPP -5234(2)	89,618	
Highway Planning and Construction (N 56th Street and Cornhusker Hwy)	20.205	STPP-6-6(158)	450,448	
Highway Planning and Construction (9th-10th Street and Van Dorn)	20.205	STPP-5236(1)	61,051	
Highway Planning and Construction (East Beltway)	20.205	DPU-55(156)	221,195	
Highway Planning and Construction (JAVA)	20.205		<u>3,001,731</u>	4,187,450
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)				
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(207)	25,068	
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(208)	<u>4,297</u>	<u>29,365</u>
Total U.S. Department Of Transportation			\$	<u>10,469,105</u>
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	6FPSLP0107	\$	<u>34,214</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission:				
State Library Program (Library Services and Technology Act)	45.310	06.03	\$ 2,151	
State Library Program (Library Services and Technology Act)	45.310	06.04	6,450	
State Library Program (Library Services and Technology Act)	45.310	06.11	16,737	
State Library Program (Library Services and Technology Act)	45.310	7.08	28,233	
State Library Program (Net Lender Contract)	45.310		<u>5,723</u>	<u>\$ 59,294</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Program:				
Air Pollution Control Program Support (Communities in Motion Program)	66.001	A-98742601-0	\$	9,644
Surveys, Studies, Investigations and Special Purpose Grants (Influent Pump Station)	66.606	XP9873401-01		141,346
Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	66.810	CA-98763001		8,581
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-987634-01		47,197
Pass-Through State Department Of Environmental Quality:				
Air Pollution Control Program Support	66.001	M-007056(06)	10,184	
Air Pollution Control Program Support	66.001	M-007056(07)	<u>83,098</u>	93,282

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
Nonpoint Source Implementation Grants (Test Your Well Statewide Project)	66.460	56-359	27,149	
Nonpoint Source Implementation Grants (Holmes Lake Watershed Project)	66.460	C900740314	72,092	
Nonpoint Source Implementation Grants (Urban Retrofit Pollution Reduction)	66.460	C900740313	<u>43,504</u>	142,745
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(06)	35,312	
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(07)	<u>11,762</u>	47,074
Total U.S. Environmental Protection Agency				\$ <u>489,869</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	90ZF 0033/03	\$	9,477
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 2007-034		4,986
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 2007-107		18,762
Aging Cluster:				
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	* NGA 2007-104	370,151	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	* NGA 2008-040	24,479	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 2007-105	386,107	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 2008-015	18,575	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 2007-106	106,727	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	* NGA 2008-016	<u>6,806</u>	912,845
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2007-108	217,647	
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2008-018	<u>17,599</u>	235,246
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2006	4,616	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2007	<u>811</u>	5,427
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2006	14,655	
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2007	<u>8,822</u>	23,477
Immunization Grants (Hepatitis B)	93.268	2006	5,888	
Immunization Grants (Hepatitis B)	93.268	2007	13,331	
Immunization Grants (NE Immunization Action Plan)	93.268	2006	18,383	
Immunization Grants (NE Immunization Action Plan)	93.268	2007	<u>43,852</u>	81,454
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2006	242	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2007	46,343	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2008	13,608	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2004	1,609	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480180 2006	6,151	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480180 2007	4,829	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Bright Futures)	93.283	U58/722780-03	<u>17,135</u>	89,917
Refugee and Entrant Assistance Program (Health Screening)	93.566	3120090 2007		19,385
Social Services Block Grant (SSBG)	93.667			8,714
National Bioterrorism Hospital Preparedness Program	93.889	BT-496-123106	208,358	
National Bioterrorism Hospital Preparedness Program	93.889	BT-579-033108	104,489	
National Bioterrorism Hospital Preparedness Program (Pandemic)	93.889	BT-496-123106	51,522	
National Bioterrorism Hospital Preparedness Program (Pandemic)	93.889	BT-579-033108	<u>38,925</u>	403,294
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2007	28,824	
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	22106-04	<u>29,211</u>	58,035
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	5120145 2006	10,392	
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	5120145 2007	<u>15,050</u>	25,442
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Testing)	93.943	U62/CCU723301	37,388	
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Training and Quality Assurance)	93.943	U62/CCU723301	5,096	
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Training and Quality Assurance)	93.943	U62/CCU723501	<u>5,074</u>	47,558
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2006-PHHSBG-11-CMPT	1,912	
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2007-PHHSBG-10-CMPT	23,541	
Preventive Health and Health Services Block Grant (All Recreate on Friday)	93.991	2006	2,880	
Preventive Health and Health Services Block Grant (Epidemiology 2001)	93.991	2007-PHHSBG-11-CMPT	<u>21,192</u>	49,525
Maternal and Child Health Services Block Grant to the States (Infrastructure)	93.994	MCH-06-07	14,409	
Maternal and Child Health Services Block Grant to the States (Injury)	93.994	MCH-06-06	11,882	
Maternal and Child Health Services Block Grant to the States (Injury)	93.994	MCH-07-06	<u>36,631</u>	62,922
Bioterrorism Training and Curriculum Development Program	93.996	BT-488-123106	273,668	
Bioterrorism Training and Curriculum Development Program	93.996	BT-566-123107	<u>48,688</u>	322,356
Total U.S. Department Of Health And Human Services				\$ <u>2,378,822</u>

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	02SRNNE 004 (05/06)	\$ 18,626
Retired and Senior Volunteer Program	94.002	02SRNNE 004 (06/07)	<u>81,199</u> 99,825
Foster Grandparent Program	94.011	05SFNNE 004 (06/07)	101,894
Foster Grandparent Program	94.011	05SFNNE 004 (07/08)	<u>47,334</u> 149,228
Volunteers In Service To America (Youth Achievement)	94.013	2004-DVSA-61321-A21-4101	97,961
Senior Companion Program	94.016	04SCNNE 002 (06/07)	116,215
Senior Companion Program	94.016	04SCNNE 002 (07/08)	<u>10,570</u> 126,785
Pass-Through Nebraska Volunteer Commission:			
AmeriCorps (Urban Revitalization Project)	94.006	03AFHNE0010008	32,829
AmeriCorps (Urban Revitalization Project)	94.006	06AFHNE001003	<u>251,896</u> 284,725
Total Corporation For National And Community Service			<u>\$ 758,524</u>
DEPARTMENT OF HOMELAND SECURITY			
Direct Programs:			
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2004-CA-0325	\$ 1,656
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2005-CA-0257	329,660
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2006-CA-0224	539,912
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2007-CA-0170	<u>56,043</u> 927,271
Assistance to Firefighters Grant	97.044	EMW-2005-F6-17396	285,632
Metropolitan Medical Response System	97.071	EMW-2004-GR-0807	50,521
Pass-Through Nebraska Emergency Management Agency:			
Homeland Security Grant Program	97.067	2004-GE-T4-0048	17,879
Homeland Security Grant Program (Terrorism Prevention Program)	97.067	2004-GE-T4-0048	91,000
Homeland Security Grant Program (N.E.M.A.)	97.067	2005-GE-T5-0020	<u>4,699</u> 113,578
Buffer Zone Protection Plan (State Domestic Preparedness Equipment)	97.078	2005 BZPP - Lnk Police	<u>48,441</u>
Total Department Of Homeland Security			<u>\$ 1,425,443</u>
Total Federal Expenditures			<u>\$ 23,020,051</u>

See Accompanying Notes



CITY OF LINCOLN, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2007

(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, 2007, basic financial statements for LES are audited figures as of and for the year ended December 31, 2006.

(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	\$ 61,249
93.044	Title III, Part B: Grants for Supportive Services and Senior Centers	37,175
93.045	Title III, Part C: Nutrition Services	142,370
93.052	Title III, Part E: National Family Caregiver Support	20,887
Pass-Through to Joint Antelope Valley Authority:		
20.205	Highway Planning and Construction (JAVA)	\$ 3,001,731

(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, 2007</u>
14.218	Community Development Block Grant	\$ 12,597,000
14.239	HOME Investment Partnership Program	10,212,000

New loans included in the Schedule totaled \$903,000 and \$1,083,000, 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, 2007, which collectively comprise its basic financial statements and have issued our report thereon dated February 1, 2008, which contained a reference to the report of other accountants. 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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 07-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

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*.

We also noted certain additional matters that we reported to the City's management in a separate letter dated February 1, 2008.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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.

February 1, 2008

BKI, LLP



Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

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 are applicable to each of its major federal programs for the year ended August 31, 2007. 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 on the City's compliance with those requirements.

In our opinion, the City of Lincoln, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

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 our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 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 1, 2008

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2007

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 described:
 Significant deficiency noted considered to be a material weakness? Yes No
 Significant deficiency noted that is not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Significant deficiency noted considered to be a material weakness? Yes No
 Significant deficiency noted that is not considered to be a material weakness? Yes No

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was (were):
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. The Organization's major programs were:

Cluster/Program	CFDA Number
HOME Investment Partnerships Program	14.239
Aging Cluster	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,374,872.

9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2007

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
	Significant Deficiency	
07-01	<p><i>Criteria or Specific Requirement</i> – The objectives of internal control are to provide reasonable rather than absolute assurance that assets are safeguarded and financial statements are reliable.</p> <p><i>Condition</i> – The City identified an adjustment that was required to increase the fair value of investment securities held by the Community Health Endowment Permanent Fund (CHE), a fund of the City. CHE owned more shares in a specific mutual fund than had been previously reported in prior years.</p> <p><i>Context</i> – CHE has a Board of Trustees that is responsible for the investment of all CHE monies. The Board contracts with investment advisors and custodians for assistance with portfolio management, security and investment performance. However, as it relates to this specific mutual fund, which appears to be an isolated circumstance, the information regarding shares owned was not properly communicated between the fund manager, advisor and custodian. The discrepancy was also not identified through investment performance monitoring by CHE.</p> <p><i>Effect</i> – An adjustment was recorded in the current year financial statements, which partially related to prior years and although it is not material to the 2007 financial statements, is more than insignificant or inconsequential.</p> <p><i>Cause</i> – The lack of communication and balancing of ownership shares between the parties identified above resulted in a significant adjustment to the financial statements.</p> <p><i>Recommendation</i> – CHE management should evaluate and modify procedures and controls that are currently in place, to provide for verification of mutual fund share ownership with each investment manager and the investment custodian.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – City management concurs with the finding and recommendation. The City agrees that CHE management should review the monthly investment statements for accuracy and understandability and that CHE management should evaluate existing procedures to determine what modifications can be implemented.</p>	None

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2007

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of Lincoln, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2007

Reference Number	Summary of Finding	Status
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No matters are reportable.

