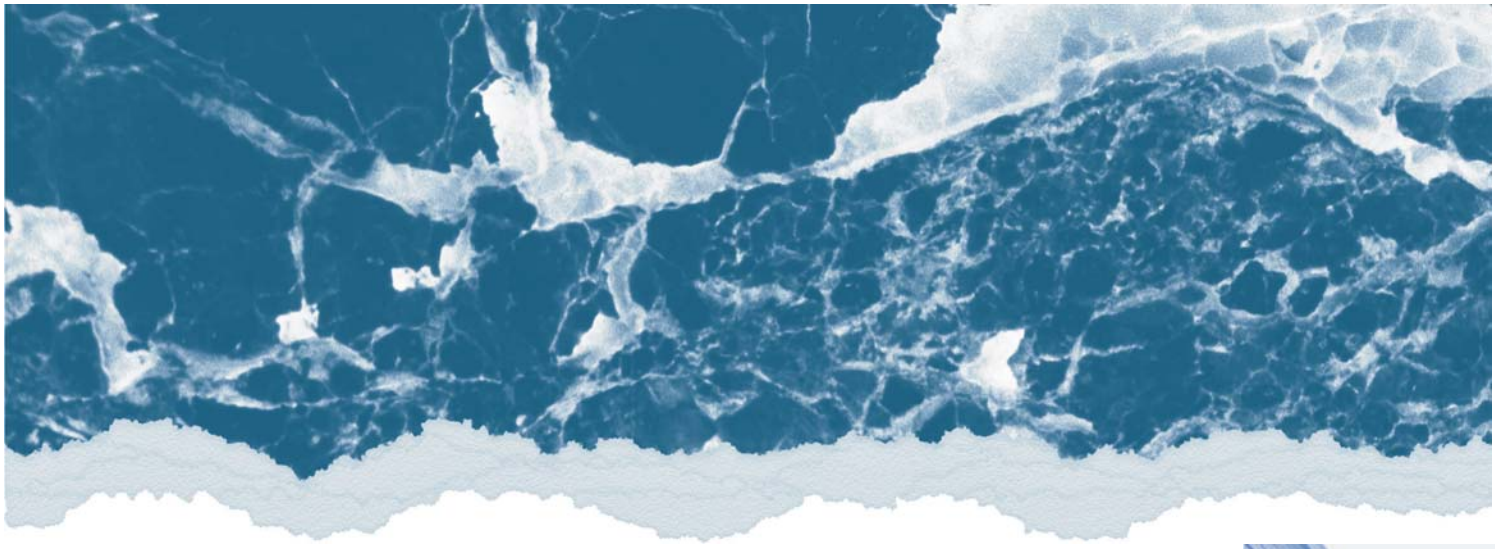
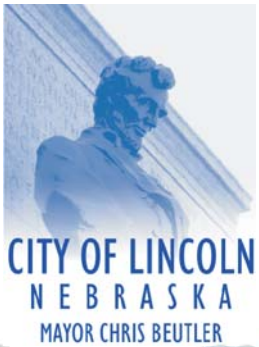
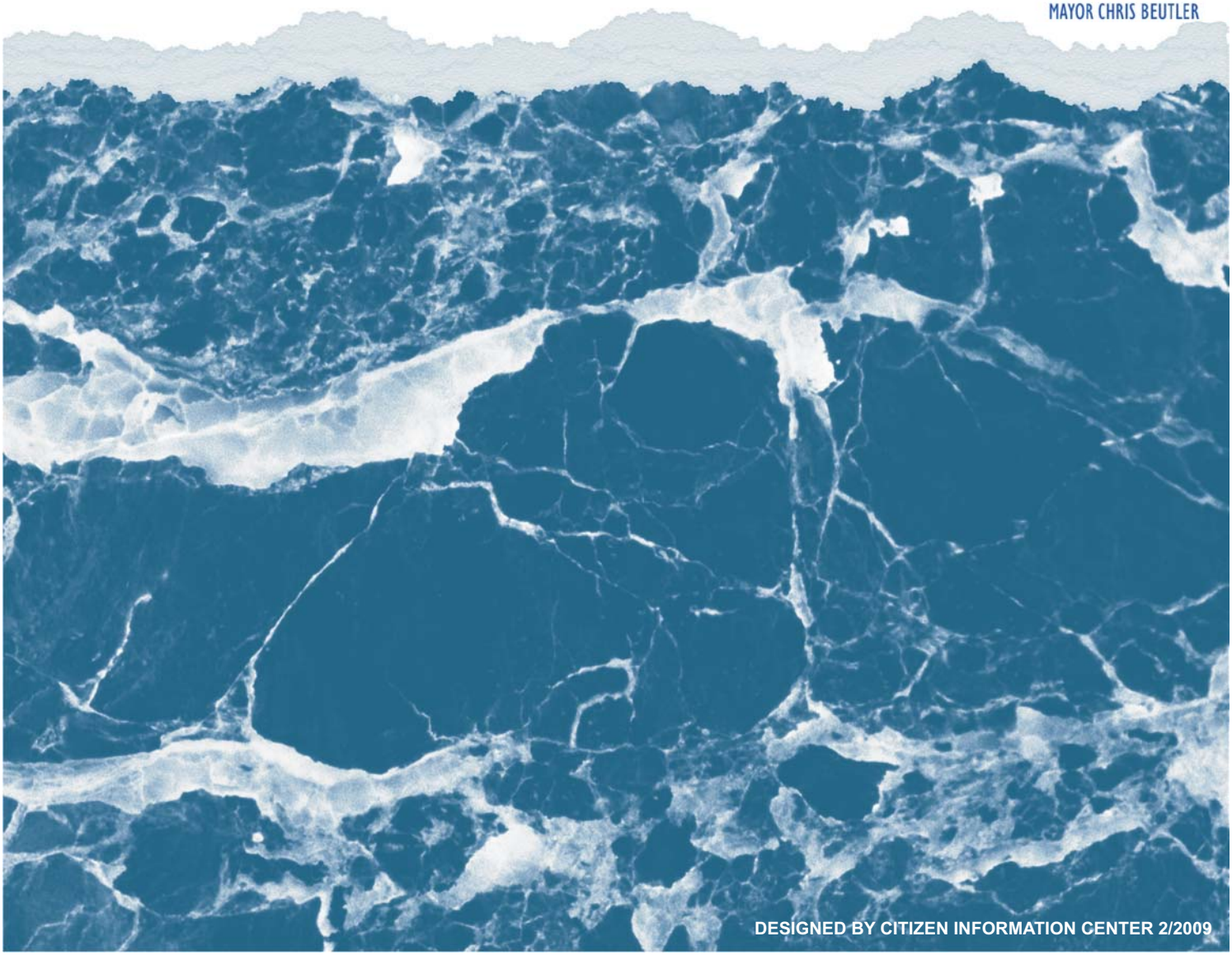


Fiscal Year Ended August 31, 2008

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



DESIGNED BY CITIZEN INFORMATION CENTER 2/2009

# COMPREHENSIVE

# ANNUAL FINANCIAL REPORT

**OF THE**

**CITY OF LINCOLN, NEBRASKA**

**FOR THE FISCAL YEAR ENDED AUGUST 31, 2008**

Prepared by:

The Accounting Division of the Finance Department

# INTRODUCTORY SECTION

# OFFICIALS OF THE CITY OF LINCOLN

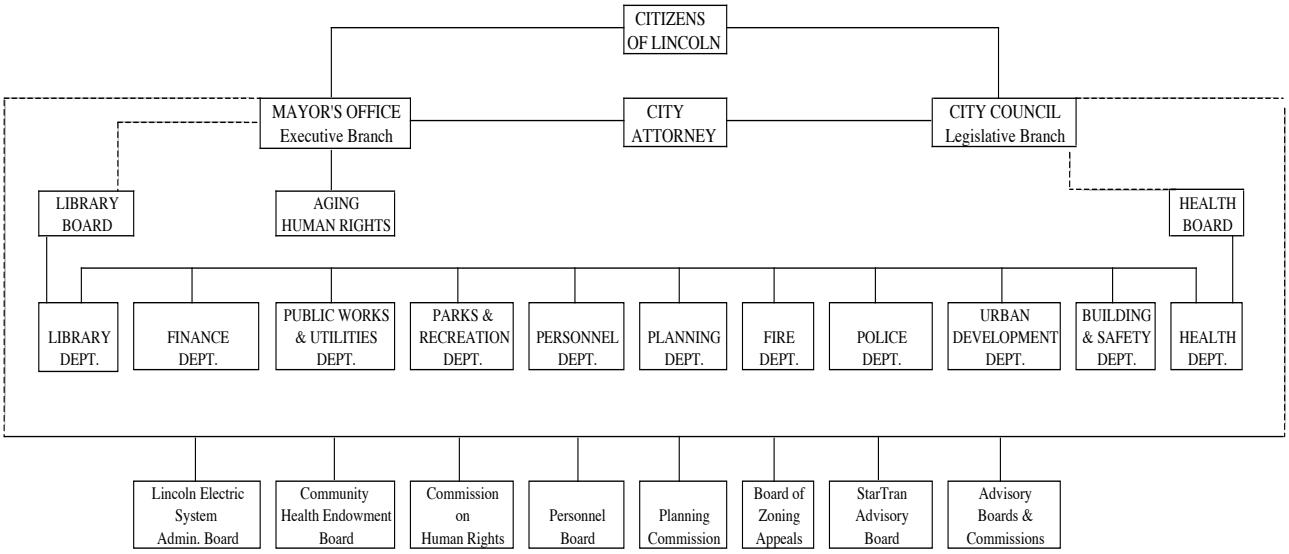
Chris Beutler.....Mayor
Robin Eschliman .....Chair, City Council
Doug Emery ..... Vice Chair, City Council
Jon Camp.....Council Member
Jonathan Cook .....Council Member
Dan Marvin.....Council Member
John Spatz .....Council Member
Ken Svoboda ..... Council Member

* * * * * *

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
Pat Leach .....Library Director
Greg MacLean.....Public Works/Utilities Director
Fred Hoke.....Building and Safety Director
Bruce Dart ..... Health Director
Mark Koller ..... Personnel Director
John Hendry ..... 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, 2008**
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CITY OF LINCOLN
FOUNDED JULY 29, 1867
SEAL
INCORPORATED APRIL 7, 1869
LANCASTER COUNTY, NEBRASKA

CITY OF LINCOLN
NEBRASKA

Mayor's Committee for
International Friendship
555 South 10th Street
Suite 208
Lincoln, Nebraska 68508
402-441-7511
fax: 402-441-7120

February 11, 2009

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, 2008.

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 2007 report submitted to the Government Finance Officers Association was recognized with the prestigious Certificate of Achievement for Excellence in Financial Reporting for the twenty-fifth 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

LINCOLN
The Community of Opportunity

February 11, 2009

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, 2008, 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, 2008, disclosed no material internal control weaknesses. The independent accountants' reports are included in the Single Audit section found at the end of the CAFR.

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

A firm of licensed certified public accountants has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's financial statements for the fiscal year ended August 31, 2008, 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 248,000, 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, 2008 was 3.0%, well below the national average of 6.1%, with employment strongest in the categories of government, educational & health services, and retail trade. Lincoln's current number of construction permits is down 37% when compared to levels 5 years ago, with a corresponding decrease in the value of construction permits of over $128 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 $988,435 or 1.8% from the previous fiscal year. This primary revenue source has been impacted by negative economic factors that have affected the local and national economies.

## Long-Term Planning And Major Initiatives

### Urban Development

The City anticipates approximately $19.5 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, 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 and Economic Development Initiative 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) Catalyst One site.
  2) Former Douglas III/Civic Plaza site.
  3) West Haymarket Arena/Hotel project.
  4) Bank of the West/Lincoln Flats building.
  5) North Haymarket Arts and Humanities Block.
  6) Block 85.
- North 27th Street redevelopment will consist of the pedestrian trail bridge at X Street, mini parks under the bridge, acquisition of blighted structures, Little Saigon (26th & W), and Matt Talbot Kitchen and Outreach.
- Antelope Valley Redevelopment Projects:
  1) AV Plaza Parkway Triangle, phase 1 – Assurity project site.
  2) AV 19th & K - WJS project site.
- 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 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).
- Indian Village redevelopment.
- 70th and Fletcher redevelopment.
- South Capital redevelopment.
- Focus area projects such as sidewalk improvements in Hartley and installation of decorative lights and street trees on 4th Street, A to J.
- Housing rehabilitation programs for quality, affordable housing and home ownership:
  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.
  3) Partner with other non-profit and for-profit housing organizations for affordable housing projects in low-to-moderate income neighborhoods under the Mayor's Stronger Safer Neighborhoods Program.
  4) Manage the local affordable housing effort made possible by Federal Economic Stimulus Programs.
  5) Assist non-profit housing organizations to create and sustain housing units for special need clients.
- Real Estate Division major acquisition and negotiation projects.

  1) For effective transportation:
     - ✓ Antelope Valley transportation and relocation projects.
     - ✓ Antelope Valley redevelopment plan catalyst projects.
     - ✓ West Haymarket area redevelopment.
     - ✓ Mopac Trail bridge.
     - ✓ Pine Lake Road, 84th to 98th Street.
     - ✓ 98th Street, Yankee Hill 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, 75th to 94th Street.
     - ✓ Yankee Hill Roadway, 70th to 84th Street
     - ✓ SW 40th Street overpass.
     - ✓ 14th Street, Superior to Alvo Road.
     - ✓ 56th Street, Old Cheney to Pine Lake Road.
     - ✓ Old Cheney Road, 70th to 84th Street.
     - ✓ Arterial rehab, executive order, traffic signal, and Federal Infrastructure Stimulus funded projects.

  2) For environmental quality:
     - ✓ Park sites city-wide.
     - ✓ Antelope Valley storm water projects.
     - ✓ Arbor Road water main, 56th to 70th.
     - ✓ Stevens Creek sanitary sewer.
     - ✓ Lincoln Water System Greenwood transmission main.
     - ✓ East Adams water main, 75th to 94th Street.
     - ✓ Yankee Hill water main, 56th to 84th Street.
     - ✓ 98th Street water main, Holdrege to Alvo.
     - ✓ 84th Street sanitary sewer, Fletcher to Havelock.
     - ✓ Additional projects made possible by Federal Infrastructure Stimulus funds.
- 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 forty-seven 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 2008.

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 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. The majority of training will be in occupations that meet the requirements of high demand, high wage, and high skills.

Additional partnerships will be developed with organizations that provide services to youth. The goal of these partnerships is to increase the number of youth receiving WIA assistance. Recruitment efforts will continue in the Area of Substantial Unemployment in the city. An expanded job search assistance service will be provided to individuals that are unemployed due to a layoff or business closing. The One Stop will continue to assist employers with job listing and recruiting.

The City is administering a $250,000 Regional Innovation Grant to develop a strategic regional plan addressing present and future economic dislocation events in Lancaster, Saunders, Fillmore, Gage, Johnson, Nemaha, Otoe, Pawnee, Richardson, Saline, Seward, and York counties. The goal of the project is to shorten or eliminate the time from worker dislocation to re-employment.

West Haymarket Project

The West Haymarket Redevelopment Project encompasses an area of approximately 150 acres on the western edge of Downtown Lincoln. The project involves the relocation and elimination of existing railroad trackage and completion of other site preparation activities. The project's program statement generally calls for the construction of a 16,000 seat civic arena with an adjacent basketball practice facility for the University of Nebraska-Lincoln, a community ice center with two ice sheets, private retail and office space, a new Amtrak Station, residential units, surface and decked parking, public gathering areas, street and utility improvement, landscaping, trails and walkways, pedestrian bridges, and environmental enhancements. The overall project cost is projected to be in the range of $350 – $450 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 likely be drawn from a wide variety of sources including tax increment financing, State Turn Back Tax revenues, arena generated funds, lodging fees, various occupation taxes, and other miscellaneous fees and sources.

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 substantial 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, Lewis Fields; Military, Y Street, and Vine Street bridges and roadways; the BNSF overpass and roadway (Big T) near Devaney Center; channel work between Salt Creek and R Street; the BNSF railroad bridge project over Antelope Creek; landscaping work on the Military, Y Street, Vine Street roadway projects and the BNSF overpass project; roadway construction between Vine and Y streets; and the P, Q, and O Street bridges and roadways.

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, continued throughout 2008. The J Street bridge project near Capital Parkway started construction in 2008 and the Corps of Engineers began channel work between R Street to south of N Street.

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

Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately $102,714,000 over the 6-year period of fiscal year 2008-09 through fiscal year 2013-14. Of that total, approximately $76,261,000 will be financed by revenue bonds, approximately $3,540,000 will be financed by impact fees, $3,040,000 from TIF funding, approximately $837,000 will come from developer contributions, with the remaining $19,036,000 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 $109,125,000 over the 6-year period of fiscal year 2008-09 through 2013-14. Of these dollars, approximately $70,030,000 will be financed through revenue bonds, approximately $3,810,000 will be financed from TIF funding, approximately $7,250,000 will be financed through impact fees, with the balance of $28,035,000 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 2009-2014 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of over $28.6 million for the next six years. Funding for these projects includes $117 million in City revenues, $29 million in federal aid, and $26 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, 2008, current tax collections by the County Treasurer were 96.66% of the tax levy, an increase of .40% from last year. Allocations of property tax levy by purpose are as follows:

| City Tax Levy By Purpose | 2007-2008 | 2006-2007 | 2005-2006 |
|---|---|---|---|
| General Fund | .1778 | .1687 | .1955 |
| Library | .0404 | .0427 | .0488 |
| Social Security | .0134 | .0135 | .0139 |
| Police and Fire Pension | .0203 | .0208 | .0219 |
| General Obligation Debt | .0360 | .0376 | .0208 |
| | .2879 | .2833 | .3009 |

## Parking Facilities

The City of Lincoln operates the following parking garages:

| Facility | Number of Stalls | Date Opened |
|---|---|---|
| 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:

| | 2007-2008 | 2006-2007 |
|---|---|---|
| Operating Revenues | $ 6,642,460 | 6,264,527 |
| Operating Income Before Depreciation | 3,729,949 | 3,482,575 |
| Debt Service | 1,998,056 | 1,998,056 |
| Debt Service Coverage Ratio | 1.87 | 1.74 |

## 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, 2008, the City estimates that it will incur costs approximating $16 million to adhere to such requirements (see Note 18 of Notes to the Financial Statements).

## Water And Wastewater System

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

| Wastewater System | 2007-2008 | 2006-2007 |
|---|---|---|
| Operating Revenues | $20,621,911 | 19,402,047 |
| Operating Income | 2,443,304 | 1,846,825 |
| Revenue Available For Debt Service | 10,954,243 | 9,695,779 |
| Debt Service | 6,445,454 | 5,086,481 |
| Debt Service Coverage Ratio | 1.70 | 1.91 |

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:

| Water System | 2007-2008 | 2006-2007 |
|---|---|---|
| Operating Revenues | $24,049,039 | 25,249,632 |
| Operating Income | 2,696,281 | 4,174,059 |
| Revenue Available For Debt Service | 12,831,663 | 15,035,359 |
| Debt Service | 8,931,201 | 8,952,001 |
| Debt Service Coverage Ratio | 1.44 | 1.68 |

## 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, 2007, is included in the City's August 31, 2008, 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, 2007. This was the twenty-fifth 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

CITY OF LINCOLN
FOUNDED JULY 29, 1867
SEAL
INCORPORATED APRIL 7, 1869
LANCASTER COUNTY, NEBRASKA

# 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, 2007

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.

President

Executive Director

# FINANCIAL SECTION

BKD LLP
CPAs & Advisors

Tier One Center
1221 N Street, Suite 600
Lincoln, NE 68508-2042
402.473.7600 Fax 402.473.7698 www.bkd.com

# 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 City of Lincoln, Nebraska as of and for the year ended August 31, 2008, which collectively comprise City of Lincoln's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 58%, 30% and 75%, respectively, of the total assets, net assets and revenues of the business-type activities. Those financial statements were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Electric System, is based solely on the report of the other accountants. The prior-year summarized comparative financial information in these statements has been derived from the City's basic financial statements as of and for the year ended August 31, 2007, and in our report dated February 1, 2008, 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 City of Lincoln, Nebraska as of August 31, 2008, 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.



experience BKD

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

As discussed in Note 1, in 2008 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB) and GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27.*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2009, on our consideration of 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 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.

BKD, LLP

February 11, 2009

## 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, 2008. 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, 2008, by $1,449,207,678 (net assets). Of this amount, $142,215,230 (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 $76,333,964. Of this amount, $54,317,924, or 71 percent, was an increase in governmental activities and $22,016,040, or 29 percent, related to business-type activities.

- As of August 31, 2008, the City's governmental funds reported combined ending fund balances of $194,822,781, a decrease of $(20,105,417) in comparison with the prior year. Of this total fund balance, 60 percent, or $117,161,779, is available for spending at the City's discretion (unreserved fund balance).

- As of August 31, 2008, unreserved fund balance for the general fund was $28,453,611, or 29 percent of total general fund expenditures.

- The City's total bonded debt increased by $66,183,000 (8 percent) during the current fiscal year. The key factor in this increase was the issuance of $265,080,000 in revenue bonds by Lincoln Electric System for both capital improvements and to advance refund the 1998 and 2001 LES 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, 2008. 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-seven 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 31-69 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its police and fire employees, and to provide other postemployment benefits. Required supplementary information can be found on page 70 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 $1,449,207,678 at August 31, 2008.

By far the largest portion of the City's net assets (71 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, 2008 and 2007**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current and Other Assets | $ 379,081,647 | 351,803,367 | 258,810,179 | 235,962,147 | 637,891,826 | 587,765,514 |
| Capital Assets | 598,864,306 | 565,061,393 | 1,379,907,263 | 1,295,983,463 | 1,978,771,569 | 1,861,044,856 |
| Total Assets | 977,945,953 | 916,864,760 | 1,638,717,442 | 1,531,945,610 | 2,616,663,395 | 2,448,810,370 |
| Long-Term Liabilities Outstanding | 196,689,161 | 189,389,458 | 805,068,287 | 722,248,396 | 1,001,757,448 | 911,637,854 |
| Other Liabilities | 20,328,462 | 20,864,896 | 145,369,807 | 143,433,906 | 165,698,269 | 164,298,802 |
| Total Liabilities | 217,017,623 | 210,254,354 | 950,438,094 | 865,682,302 | 1,167,455,717 | 1,075,936,656 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 460,113,747 | 433,488,477 | 573,820,854 | 568,947,439 | 1,033,934,601 | 1,002,435,916 |
| Restricted | 239,293,430 | 215,364,261 | 33,764,417 | 26,769,558 | 273,057,847 | 242,133,819 |
| Unrestricted | 61,521,153 | 57,757,668 | 80,694,077 | 70,546,311 | 142,215,230 | 128,303,979 |
| Total Net Assets | $ 760,928,330 | 706,610,406 | 688,279,348 | 666,263,308 | 1,449,207,678 | 1,372,873,714 |

An additional portion of the City's net assets (19 percent) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net assets (10 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At August 31, 2008, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City Of Lincoln**
**Condensed Statements of Activities**
**For the Years Ended August 31, 2008 and 2007**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 44,757,932 | 44,445,675 | 291,083,622 | 269,038,960 | 335,841,554 | 313,484,635 |
| Operating Grants and Contributions | 52,058,209 | 56,089,320 | 26,000 | 141,346 | 52,084,209 | 56,230,666 |
| Capital Grants and Contributions | 39,507,199 | 17,990,651 | 10,809,320 | 11,359,957 | 50,316,519 | 29,350,608 |
| General Revenues: | | | | | | |
| Property Tax | 48,016,158 | 45,981,349 | - | - | 48,016,158 | 45,981,349 |
| Sales and Use Tax | 55,351,848 | 54,363,413 | - | - | 55,351,848 | 54,363,413 |
| Other Taxes | 24,845,802 | 23,929,698 | 2,134,549 | 2,195,132 | 26,980,351 | 26,124,830 |
| Unrestricted Grants and Contributions | 1,569,021 | 1,573,535 | - | - | 1,569,021 | 1,573,535 |
| Unrestricted Investment Earnings | 6,738,206 | 6,355,562 | 8,761,713 | 9,333,779 | 15,499,919 | 15,689,341 |
| Other | 1,416,980 | 1,456,139 | 135,278 | 288,597 | 1,552,258 | 1,744,736 |
| Total Revenues | 274,261,355 | 252,185,342 | 312,950,482 | 292,357,771 | 587,211,837 | 544,543,113 |
| Expenses: | | | | | | |
| General Government | 32,965,472 | 30,681,069 | - | - | 32,965,472 | 30,681,069 |
| Public Safety | 72,717,163 | 71,999,597 | - | - | 72,717,163 | 71,999,597 |
| Streets and Highways | 29,136,302 | 31,953,438 | - | - | 29,136,302 | 31,953,438 |
| Culture and Recreation | 28,026,538 | 26,528,155 | - | - | 28,026,538 | 26,528,155 |
| Economic Opportunity | 16,586,566 | 15,486,850 | - | - | 16,586,566 | 15,486,850 |
| Health and Welfare | 20,682,498 | 20,335,733 | - | - | 20,682,498 | 20,335,733 |
| Mass Transit | 11,306,572 | 10,891,704 | - | - | 11,306,572 | 10,891,704 |
| Equipment Management | 2,692,481 | 2,363,486 | - | - | 2,692,481 | 2,363,486 |
| Engineering Services | 2,031,184 | 3,148,005 | - | - | 2,031,184 | 3,148,005 |
| Interest on Long-Term Debt | 6,473,960 | 5,826,378 | - | - | 6,473,960 | 5,826,378 |
| Parking | - | - | 4,908,537 | 4,833,961 | 4,908,537 | 4,833,961 |
| Golf Courses | - | - | 3,152,455 | 3,167,880 | 3,152,455 | 3,167,880 |
| Auditorium | - | - | 2,041,953 | 2,274,043 | 2,041,953 | 2,274,043 |
| Solid Waste Management | - | - | 7,506,257 | 6,835,512 | 7,506,257 | 6,835,512 |
| Ambulance Transport | - | - | 3,711,546 | 3,679,318 | 3,711,546 | 3,679,318 |
| Wastewater | - | - | 18,965,453 | 18,230,853 | 18,965,453 | 18,230,853 |
| Water | - | - | 23,378,936 | 23,544,989 | 23,378,936 | 23,544,989 |
| Electric | - | - | 224,594,000 | 209,962,000 | 224,594,000 | 209,962,000 |
| Total Expenses | 222,618,736 | 219,214,415 | 288,259,137 | 272,528,556 | 510,877,873 | 491,742,971 |
| Increase in Net Assets Before Transfers | 51,642,619 | 32,970,927 | 24,691,345 | 19,829,215 | 76,333,964 | 52,800,142 |
| Transfers | 2,675,305 | 1,753,685 | (2,675,305) | (1,753,685) | - | - |
| Increase in Net Assets | 54,317,924 | 34,724,612 | 22,016,040 | 18,075,530 | 76,333,964 | 52,800,142 |
| Net Assets - Beginning | 706,610,406 | 671,885,794 | 666,263,308 | 648,187,778 | 1,372,873,714 | 1,320,073,572 |
| Net Assets - Ending | $ 760,928,330 | 706,610,406 | 688,279,348 | 666,263,308 | 1,449,207,678 | 1,372,873,714 |

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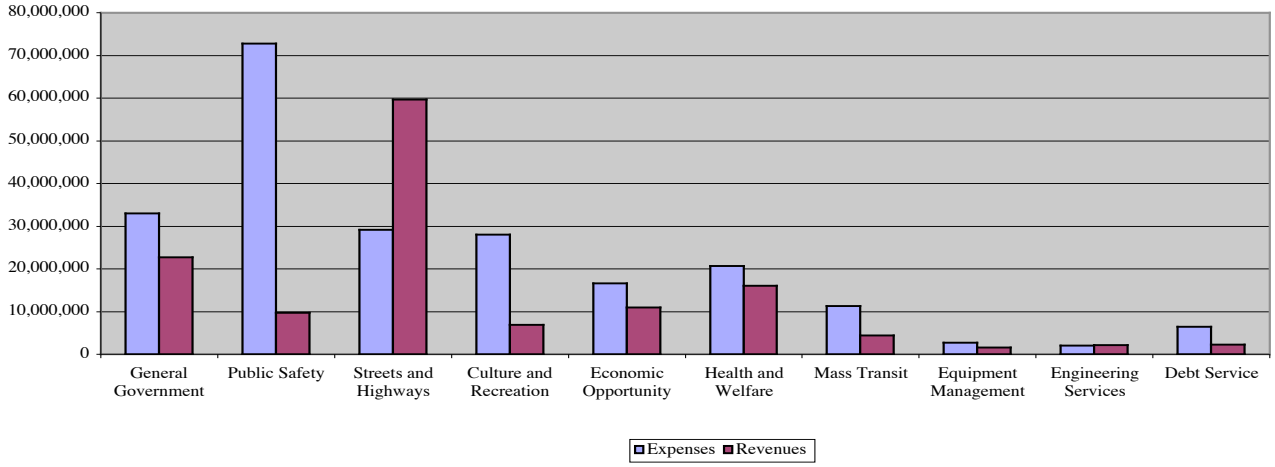
GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net assets by $54,317,924, accounting for 71 percent of the total growth in the net assets of the City of Lincoln. Key elements of this increase are as follows:

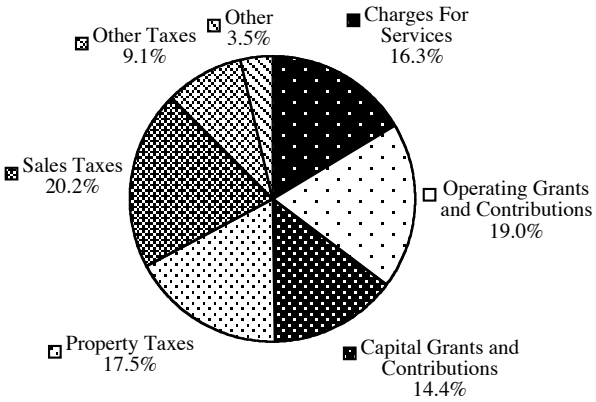
- The City's current year contribution to the Joint Antelope Valley Authority amounted to $32,093,025, of which a significant portion is federally funded.

- Property taxes increased by approximately $2 million (4.4 percent) during 2008. Total growth in the tax base, which includes revaluations, annexations and other adjustments, was 2.03 percent.

**Expenses and Program Revenues - Governmental Activities**




**Revenues By Source - Governmental Activities**




BUSINESS-TYPE ACTIVITIES

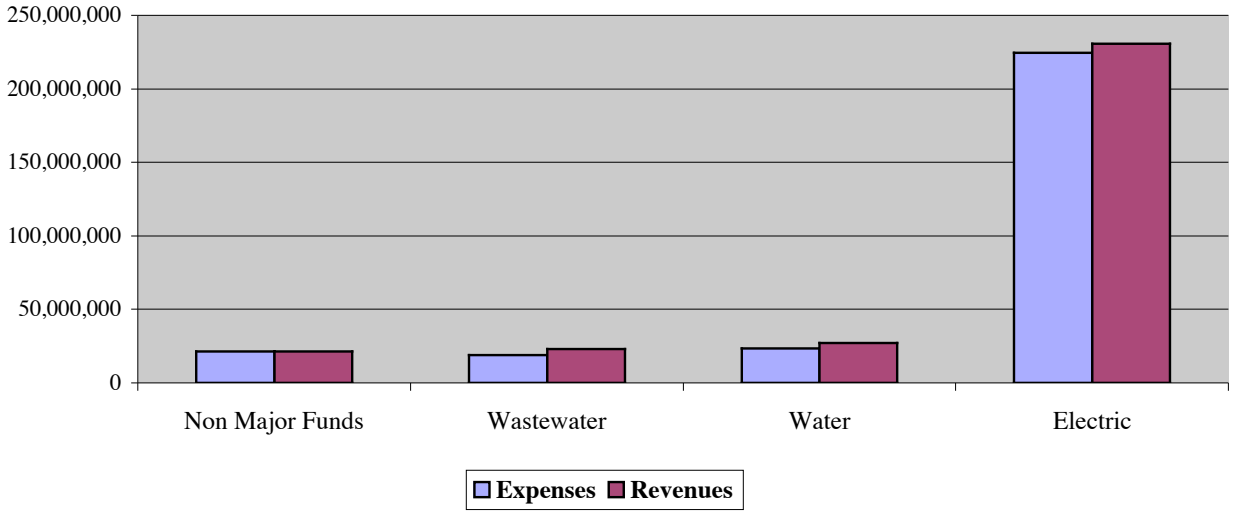
Business-type activities increased the City's net assets by $22,016,040, accounting for 29 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services increased by approximately $22 million, or 8 percent. Wastewater revenues increased $1.2 million (6%), primarily due to an increase of 9 percent in user fees implemented in February 2008 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.

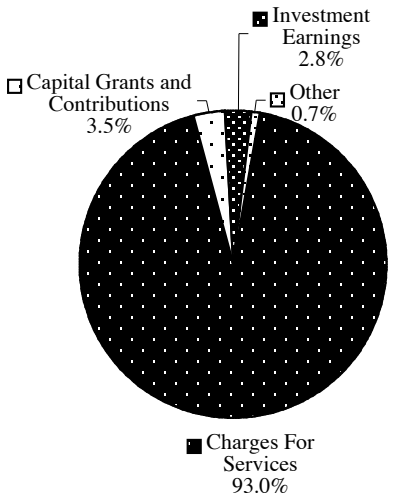
  Lincoln Electric System operating revenue in 2007 was 10% higher than 2006 due to the impact of the full year electric rate increase effective February 2007 which also included other revenue enhancements and the partial year effect of a 5-1/2% storm emergency surcharge effective March 1 through October 31, 2007.

- LES recorded capital contributions of $5.1 million.
- Lincoln Water and Wastewater Systems reported developer capital contributions of approximately $2.5 million and $3 million respectively.

**Expenses And Program Revenues - Business-type Activities**




**Revenues By Source - Business-type Activities**



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

### GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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, 2008, the City's governmental funds reported combined ending fund balances of $194,822,781, a decrease of $(20,105,417) in comparison with the prior year. Of this total amount, 60 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 ($17,927,000),
- pay debt service ($15,473,707),
- 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 ($7,260,295).

The General Fund is the chief operating fund of the City. At August 31, 2008, the unreserved fund balance of the General Fund was $28,453,611, while total fund balance reached $32,478,780. 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 33 percent of that same amount.

The fund balance of the City's General Fund increased by $2,066,076 during 2008. 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 $30,137,832, which is to be used in the construction and maintenance of street and highways. The net decrease in fund balance during 2008 in the Street Construction Fund was $(16,379,885), a result of increased project expenditures related to the prior year issue of construction bonds, construction of the Harris Overpass, and delays in expected federal funds reimbursement.

The Federal Grants Fund had a fund balance of $19,352,352, a net increase of $793,810. Expenditures in the fund increased by $930,830 (4 percent), while revenues increased by $829,372 (4 percent) and exceeded expenditures by $364,964.

### PROPRIETARY FUNDS

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

Unrestricted net assets of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to $4,313,844, $13,850,885, $62,202,000 and $6,376,726, respectively, at August 31, 2008 (December 31, 2007 for LES). Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor (increase of $102,180 in appropriations) and can be briefly summarized as follows:

- $(75,895) in miscellaneous changes in general government activities.
- $(302,598) in decreases allocated to public safety.
- $10,255 in increases allocated to street maintenance.
- $24,922 in increases allocated to parks and recreation.
- $445,496 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:

- $2,708,915 positive variance in real estate and personal property tax. Actual property collections were 96.66% of the 2007 levy, while estimated tax revenue is based on 90% collections as provided by the City Charter.
- $1,108,460 positive variance in miscellaneous revenues. This variance was the result of pension forfeitures recorded in the current year.
- $(1,792,796) 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, 2008, amounts to $1,978,771,569 (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 2008 was 6 percent (a 6 percent increase for both governmental activities and business-type activities).

Major capital asset events during 2008 included the following:

- Harris Overpass replacement project - approximately $17,300,000.
- Continued major electric plant construction including generation (Walter Scott #4), transmission, substation and distribution system which totaled over $70 million in 2007.
- Wastewater System capital assets increased by approximately $13,145,000 (6 percent) due to major project additions such as:
  - ✓ Trunk sewer improvement mains – $13,096,000
- Water System capital assets increased by approximately $25,538,000 (10 percent) due to major project additions such as:
  - ✓ Water transmission pump station & mains - $20,307,000
  - ✓ Water distribution mains - $2,613,000
  - ✓ Selected main replacements - $2,600,000

**City Of Lincoln**
**Capital Assets (net of depreciation)**
**August 31, 2008 and 2007**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land | $ 62,978,764 | 61,128,379 | 21,004,520 | 18,573,146 | 83,983,284 | 79,701,525 |
| Buildings | 47,552,703 | 47,679,644 | 157,688,117 | 135,597,833 | 205,240,820 | 183,277,477 |
| Improvements Other Than Buildings | 38,298,396 | 37,031,339 | 375,660,608 | 350,505,718 | 413,959,004 | 387,537,057 |
| Machinery and Equipment | 33,551,718 | 35,313,580 | 10,810,069 | 9,817,519 | 44,361,787 | 45,131,099 |
| Utility Plant | - | - | 736,632,000 | 555,158,000 | 736,632,000 | 555,158,000 |
| Infrastructure | 316,365,857 | 294,265,264 | - | - | 316,365,857 | 294,265,264 |
| Construction-in-progress | 100,116,868 | 89,643,187 | 78,111,949 | 226,331,247 | 178,228,817 | 315,974,434 |
| Total | $ 598,864,306 | 565,061,393 | 1,379,907,263 | 1,295,983,463 | 1,978,771,569 | 1,861,044,856 |

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, 2008, the City of Lincoln had total bonded debt outstanding of $917,756,000. Of this amount, $128,581,000 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, 2008 and 2007**
**(dollar amounts in thousands)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| General Obligation Bonds | $ 128,581 | 133,413 | - | - | 128,581 | 133,413 |
| Tax Supported Bonds | 7,900 | 8,515 | - | - | 7,900 | 8,515 |
| Revenue Bonds | - | - | 781,275 | 709,645 | 781,275 | 709,645 |
| Total | $ 136,481 | 141,928 | 781,275 | 709,645 | 917,756 | 851,573 |

The City's total bonded debt increased by $66,183,000 (8 percent) during 2008. The key factor in this increase was the issuance of $265,080,000 in revenue bonds by Lincoln Electric System for both capital improvements and to advance refund the 1998 and 2001 LES bonds.

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 2009 budget increased only $729,723 or 1.8 percent over the prior year. Total change in the tax base is also estimated at 1.8 percent, therefore the tax rate for 2009 remains the same as 2008.

- Sales tax collections for 2008 finished .62 percent ahead of projections. 2009 projections reflect a 2.84 percent increase over 2008 budgeted collections.

- Occupation tax is projected to increase $724,974 (7.8 percent) due to growth primarily from telecommunications and cable television sources.

- The City's self-insured health care plan allows for a 4.6% rate decrease resulting in nearly a $2 million savings in all funds for 2009.

- Fuel and utility charges are considerable and volatile cost items within all City operations and have continued to increase significantly.

- A 4 percent water rate increase and a 4 percent wastewater rate increase were adopted by the City Council and become effective February 2009.

- 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, 2008 and October 15, 2008. As a result, some positions that will eventually be eliminated are funded for a partial year in the 2009 budget.

All of these factors were considered in preparing the City's budget for the 2009 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, 2008
With Summarized Financial Information as of August 31, 2007

| | Governmental Activities | Business-Type Activities | Totals 2008 | Totals 2007 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 37,555,373 | 47,962,906 | 85,518,279 | 65,786,030 |
| Investments | 105,199,896 | 12,481,696 | 117,681,592 | 134,086,181 |
| Invested Securities Lending Collateral | 4,065,673 | - | 4,065,673 | 4,749,143 |
| Receivables, (Net of Allowance for Uncollectibles) | 28,924,138 | 35,248,881 | 64,173,019 | 64,479,523 |
| Internal Balances | (2,104,156) | 2,104,156 | - | - |
| Due from Other Governments | 36,402,080 | 73,925 | 36,476,005 | 25,683,808 |
| Inventories | 2,124,694 | 16,927,195 | 19,051,889 | 15,738,605 |
| Plant Operation Assets | - | 9,859,000 | 9,859,000 | 6,383,000 |
| Prepaid Items | 691,269 | 1,290,144 | 1,981,413 | 1,567,643 |
| Deferred Charges and Other Assets | 1,324,588 | 12,043,844 | 13,368,432 | 13,864,396 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | - | 71,617,056 | 71,617,056 | 32,404,264 |
| Investments | 37,160,000 | 48,778,680 | 85,938,680 | 126,630,620 |
| Receivables | - | 422,696 | 422,696 | 747,234 |
| Investment in Joint Venture | 127,738,092 | - | 127,738,092 | 95,645,067 |
| Capital Assets: | | | | |
| Non-depreciable | 163,095,632 | 99,116,469 | 262,212,101 | 395,675,959 |
| Depreciable (Net) | 435,768,674 | 1,280,790,794 | 1,716,559,468 | 1,465,368,897 |
| Total Assets | 977,945,953 | 1,638,717,442 | 2,616,663,395 | 2,448,810,370 |
| **LIABILITIES** | | | | |
| Accounts Payable | 8,063,185 | 24,623,787 | 32,686,972 | 31,138,820 |
| Accrued Liabilities | 3,957,685 | 11,691,561 | 15,649,246 | 15,173,769 |
| Due to Other Governments | 966,040 | 134,567 | 1,100,607 | 1,497,104 |
| Unearned Revenue | 1,562,300 | 894,669 | 2,456,969 | 3,059,850 |
| Obligations under Securities Lending | 4,065,673 | - | 4,065,673 | 4,749,143 |
| Other Liabilities | - | 6,953,000 | 6,953,000 | 6,844,000 |
| Commercial Paper Notes Payable | - | 90,000,000 | 90,000,000 | 90,000,000 |
| Accrued Interest Payable | 1,713,579 | 11,072,223 | 12,785,802 | 11,836,116 |
| Noncurrent Liabilities: | | | | |
| Payable within One Year | 22,055,411 | 28,208,476 | 50,263,887 | 45,501,915 |
| Payable in More Than One Year | 174,633,750 | 776,859,811 | 951,493,561 | 866,135,939 |
| Total Liabilities | 217,017,623 | 950,438,094 | 1,167,455,717 | 1,075,936,656 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net of Related Debt | 460,113,747 | 573,820,854 | 1,033,934,601 | 1,002,435,916 |
| Restricted for: | | | | |
| Debt Service, Net of Related Debt | 5,535,658 | 25,826,601 | 31,362,259 | 29,922,479 |
| Capital Projects | 163,098,081 | 1,800,619 | 164,898,700 | 140,171,098 |
| Grantor Loan Programs | 17,927,000 | - | 17,927,000 | 19,143,000 |
| Other | 736,114 | 6,137,197 | 6,873,311 | 747,600 |
| Trust Donations: | | | | |
| Expendable | 1,798,661 | - | 1,798,661 | 1,910,741 |
| Nonexpendable | 160,000 | - | 160,000 | 160,000 |
| Health Care: | | | | |
| Expendable | 13,037,916 | - | 13,037,916 | 13,078,901 |
| Nonexpendable | 37,000,000 | - | 37,000,000 | 37,000,000 |
| Unrestricted | 61,521,153 | 80,694,077 | 142,215,230 | 128,303,979 |
| Total Net Assets | $ 760,928,330 | 688,279,348 | 1,449,207,678 | 1,372,873,714 |

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, 2008
With Summarized Financial Information for the Year Ended August 31, 2007

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|---|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Totals 2008 | Totals 2007 |
| **Functions/Programs** | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | $ (32,965,472) | 20,572,788 | 1,555,802 | 617,868 | (10,219,014) | - | (10,219,014) | (9,332,415) |
| Public Safety | (72,717,163) | 5,671,183 | 3,839,326 | 200,000 | (63,006,654) | - | (63,006,654) | (63,035,432) |
| Streets and Highways | (29,136,302) | 5,485,027 | 17,330,688 | 36,806,080 | 30,485,493 | - | 30,485,493 | 4,103,635 |
| Culture and Recreation | (28,026,538) | 3,583,144 | 2,011,428 | 1,321,414 | (21,110,552) | - | (21,110,552) | (18,969,036) |
| Economic Opportunity | (16,586,566) | 731,663 | 10,211,301 | - | (5,643,602) | - | (5,643,602) | (5,229,132) |
| Health and Welfare | (20,682,498) | 3,248,351 | 12,750,317 | - | (4,683,830) | - | (4,683,830) | (1,133,966) |
| Mass Transit | (11,306,572) | 1,532,233 | 2,839,347 | - | (6,934,992) | - | (6,934,992) | (2,594,207) |
| Equipment Management | (2,692,481) | 1,574,454 | - | 10,000 | (1,108,027) | - | (1,108,027) | (1,098,676) |
| Engineering Services | (2,031,184) | 2,134,368 | - | 15,210 | 118,394 | - | 118,394 | (690,292) |
| Interest on Long-Term Debt | (6,473,960) | 224,721 | 1,520,000 | 536,627 | (4,192,612) | - | (4,192,612) | (2,709,248) |
| Total Governmental Activities | (222,618,736) | 44,757,932 | 52,058,209 | 39,507,199 | (86,295,396) | - | (86,295,396) | (100,688,769) |
| Business-Type Activities: | | | | | | | | |
| Parking Lots | (213,043) | 351,129 | - | - | - | 138,086 | 138,086 | (1,192) |
| Golf | (3,152,455) | 2,917,779 | - | - | - | (234,676) | (234,676) | (264,021) |
| Parking Facilities | (4,695,494) | 6,599,372 | - | 43,000 | - | 1,946,878 | 1,946,878 | 1,648,569 |
| Municipal Auditorium | (2,041,953) | 1,442,905 | - | - | - | (599,048) | (599,048) | (653,236) |
| Solid Waste Management | (7,506,257) | 5,808,190 | - | 64,048 | - | (1,634,019) | (1,634,019) | (1,633,047) |
| Emergency Medical Services | (3,711,546) | 4,039,667 | - | - | - | 328,121 | 328,121 | 84,863 |
| Wastewater System | (18,965,453) | 20,575,445 | - | 2,544,965 | - | 4,154,957 | 4,154,957 | 4,338,003 |
| Water System | (23,378,936) | 23,943,135 | 26,000 | 2,996,307 | - | 3,586,506 | 3,586,506 | 5,034,768 |
| Electric System | (224,594,000) | 225,406,000 | - | 5,161,000 | - | 5,973,000 | 5,973,000 | (543,000) |
| Total Business-Type Activities | (288,259,137) | 291,083,622 | 26,000 | 10,809,320 | - | 13,659,805 | 13,659,805 | 8,011,707 |
| Total | $ (510,877,873) | 335,841,554 | 52,084,209 | 50,316,519 | (86,295,396) | 13,659,805 | (72,635,591) | (92,677,062) |
| | General Revenues: | | | | | | | |
| | Property Tax | | | | 48,016,158 | - | 48,016,158 | 45,981,349 |
| | Motor Vehicle Tax | | | | 4,303,363 | - | 4,303,363 | 4,298,290 |
| | Wheel Tax | | | | 10,458,568 | - | 10,458,568 | 10,059,772 |
| | Sales and Use Tax | | | | 55,351,848 | - | 55,351,848 | 54,363,413 |
| | Sundry and In Lieu Tax | | | | 45,761 | - | 45,761 | 37,235 |
| | Occupation Tax | | | | 10,038,110 | 2,134,549 | 12,172,659 | 11,729,533 |
| | Unrestricted Grants and Contributions | | | | 1,569,021 | - | 1,569,021 | 1,573,535 |
| | Unrestricted Investment Earnings | | | | 6,738,206 | 8,761,713 | 15,499,919 | 15,689,341 |
| | Miscellaneous General Revenues | | | | 820,587 | 135,278 | 955,865 | 1,083,739 |
| | Gain on Sale of Capital Assets | | | | 596,393 | - | 596,393 | 660,997 |
| | Transfers | | | | 2,675,305 | (2,675,305) | - | - |
| | Total General Revenues and Transfers | | | | 140,613,320 | 8,356,235 | 148,969,555 | 145,477,204 |
| | Change in Net Assets | | | | 54,317,924 | 22,016,040 | 76,333,964 | 52,800,142 |
| | Net Assets - Beginning | | | | 706,610,406 | 666,263,308 | 1,372,873,714 | 1,320,073,572 |
| | Net Assets - Ending | | | | $ 760,928,330 | 688,279,348 | 1,449,207,678 | 1,372,873,714 |

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

**CITY OF LINCOLN, NEBRASKA**
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2008

| | General Fund | Street Construction Fund | Federal Grants Fund | Other Governmental Funds | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 5,718,224 | 4,446,574 | 992,306 | 20,985,782 | 32,142,886 |
| Investments | 11,802,718 | 14,361,037 | - | 97,496,840 | 123,660,595 |
| Invested Securities Lending Collateral | - | - | - | 4,065,673 | 4,065,673 |
| Receivables, (Net of Allowance for Uncollectibles) | 4,651,641 | 387,028 | 17,935,703 | 5,425,547 | 28,399,919 |
| Due from Other Funds | 2,531,943 | 11,059,742 | 66,951 | 5,522,834 | 19,181,470 |
| Due from Other Governments | 9,706,046 | 22,362,515 | 2,257,415 | 1,845,219 | 36,171,195 |
| Inventories | 538,253 | 37,842 | - | 699,997 | 1,276,092 |
| Prepaid Items | 11,928,883 | - | - | - | 11,928,883 |
| Total Assets | 46,877,708 | 52,654,738 | 21,252,375 | 136,041,892 | 256,826,713 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 588,720 | 3,758,874 | 789,424 | 1,776,988 | 6,914,006 |
| Contracts Payable | - | 533,434 | - | 411,536 | 944,970 |
| Accrued Liabilities | 1,578,822 | 82,452 | 258,902 | 1,097,095 | 3,017,271 |
| Due to Other Funds | 10,959,861 | 16,249 | 9,043 | 11,704,202 | 22,689,355 |
| Due to Other Governments | 201,697 | 39 | 485,010 | 133,439 | 820,185 |
| Unearned Revenue | - | - | - | 1,229,845 | 1,229,845 |
| Obligations under Securities Lending | - | - | - | 4,065,673 | 4,065,673 |
| Deferred Revenue | 1,069,828 | 18,125,858 | 357,644 | 2,769,297 | 22,322,627 |
| Total Liabilities | 14,398,928 | 22,516,906 | 1,900,023 | 23,188,075 | 62,003,932 |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Inventories | 538,253 | 37,842 | - | 699,997 | 1,276,092 |
| Prepaid Items | 425,286 | - | - | - | 425,286 |
| Improvements | 2,325,516 | - | - | 2,337,287 | 4,662,803 |
| Grantor Loan Programs | - | - | 17,927,000 | - | 17,927,000 |
| Restricted Funds | 736,114 | - | - | - | 736,114 |
| Debt Service | - | - | - | 15,473,707 | 15,473,707 |
| 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 | 376,848 | - | - | - | 376,848 |
| Designated for Subsequent Years Expenditures | 3,599,918 | - | - | - | 3,599,918 |
| Designated for Encumbrances | 868,848 | - | - | - | 868,848 |
| Undesignated | 23,607,997 | - | - | - | 23,607,997 |
| Special Revenue Funds: | | | | | |
| Designated for Subsequent Years Expenditures | - | 21,884 | - | 1,672,667 | 1,694,551 |
| Designated for Encumbrances | - | 13,033,350 | 1,425,352 | 338,023 | 14,796,725 |
| Undesignated | - | 17,044,756 | - | 28,303,308 | 45,348,064 |
| Capital Projects Funds: | | | | | |
| Designated for Encumbrances | - | - | - | 1,713,335 | 1,713,335 |
| Undesignated | - | - | - | 11,625,758 | 11,625,758 |
| Permanent Funds | - | - | - | 13,529,735 | 13,529,735 |
| Total Fund Balances | 32,478,780 | 30,137,832 | 19,352,352 | 112,853,817 | 194,822,781 |
| Total Liabilities and Fund Balances | $ 46,877,708 | 52,654,738 | 21,252,375 | 136,041,892 | |

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. | 577,471,774 |
| Investment in joint venture is not a financial resource and, therefore, not reported in the funds. | 127,738,092 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds. | 22,322,627 |
| 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. | 27,966,970 |
| Accrued pension contribution, special termination and other liabilities require the use of unavailable financial resources and, therefore, are not reported in the funds. | (6,101,433) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds. | (183,292,481) |
| Net assets of governmental activities | $ 760,928,330 |

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, 2008

| | General Fund | Street Construction Fund | Federal Grants Fund | Other Governmental Funds | Total |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Taxes: | | | | | |
| Property | $ 28,784,506 | - | - | 19,277,253 | 48,061,759 |
| Motor Vehicle | 4,303,363 | - | - | - | 4,303,363 |
| Wheel | - | - | - | 10,458,568 | 10,458,568 |
| Sales and Use | 55,351,848 | - | - | - | 55,351,848 |
| Sundry and In Lieu | 38,172 | - | - | 11,896 | 50,068 |
| Occupation | 10,517,680 | - | - | - | 10,517,680 |
| Special Assessment | 2,495 | - | - | 1,349,037 | 1,351,532 |
| Intergovernmental | 3,120,942 | 38,856,913 | 22,345,760 | 9,507,105 | 73,830,720 |
| Permits and Fees | 2,948,344 | 4,354,796 | 458,540 | 10,251,424 | 18,013,104 |
| Reimbursement for Services | 5,111,724 | 17,815 | 386,895 | 995,023 | 6,511,457 |
| Program Income | - | - | 48,549 | - | 48,549 |
| Investment Earnings | 904,065 | 1,292,974 | 29,588 | 4,579,631 | 6,806,258 |
| Donations | 848,377 | - | 229,515 | 670,067 | 1,747,959 |
| Keno Proceeds | - | - | - | 3,373,939 | 3,373,939 |
| Miscellaneous | 940,291 | 631,938 | 12,430 | 912,672 | 2,497,331 |
| Total Revenues | 112,871,807 | 45,154,436 | 23,511,277 | 61,386,615 | 242,924,135 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General Government | 27,314,568 | - | 107,108 | 7,856,899 | 35,278,575 |
| Public Safety | 50,175,181 | - | 2,496,135 | 8,476,587 | 61,147,903 |
| Streets and Highways | 7,565,187 | 5,770,568 | 647 | 3,145,838 | 16,482,240 |
| Culture and Recreation | 11,631,675 | - | 1,770,454 | 8,284,435 | 21,686,564 |
| Economic Opportunity | 206,631 | - | 10,428,603 | 4,050,434 | 14,685,668 |
| Health and Welfare | 388,054 | - | 8,181,011 | 12,484,067 | 21,053,132 |
| Mass Transit | - | - | 162,355 | 10,545,246 | 10,707,601 |
| Debt Service | 50,802 | - | - | 14,376,993 | 14,427,795 |
| Capital Outlay | - | 65,740,295 | - | 13,629,494 | 79,369,789 |
| Total Expenditures | 97,332,098 | 71,510,863 | 23,146,313 | 82,849,993 | 274,839,267 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 15,539,709 | (26,356,427) | 364,964 | (21,463,378) | (31,915,132) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers In | 2,781,266 | 15,863,245 | 1,049,940 | 40,999,016 | 60,693,467 |
| Transfers Out | (19,853,028) | (5,890,192) | (621,094) | (31,961,074) | (58,325,388) |
| Issuance of Debt | 3,495,000 | - | - | 5,382,537 | 8,877,537 |
| Premium on Debt Issued | 46,026 | - | - | 52,742 | 98,768 |
| Sale of Capital Assets | 57,103 | 3,489 | - | 404,739 | 465,331 |
| Total Other Financing Sources (Uses) | (13,473,633) | 9,976,542 | 428,846 | 14,877,960 | 11,809,715 |
| Net Change in Fund Balances | 2,066,076 | (16,379,885) | 793,810 | (6,585,418) | (20,105,417) |
| Fund Balances - Beginning | 30,412,704 | 46,517,717 | 18,558,542 | 119,439,235 | 214,928,198 |
| Fund Balances - Ending | $ 32,478,780 | 30,137,832 | 19,352,352 | 112,853,817 | 194,822,781 |

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, 2008

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Net change in fund balances - total governmental funds | $ (20,105,417) |
| 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. | 30,972,775 |
| The net effect of various miscellaneous transactions involving capital contributions is to increase net assets. | 5,493,414 |
| Revenues in the statement of activites that do not provide current financial resources are not reported as revenues in the funds. | 8,902,625 |
| 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. | (417,413) |
| 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. | (5,841,453) |
| Changes in the net pension asset/obligation and the net OPEB asset/obligation do not represent financial activity in governmental funds. | (753,216) |
| Changes in the interest in the underlying net assets of the joint venture do not represent financial activity in governmental funds. | 32,093,025 |
| Internal service funds are used by management to charge the costs of certain services to individual funds. | 3,973,584 |
| Change in net assets of governmental activities | $ 54,317,924 |

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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Real Estate and Personal Property Tax | $ 30,715,949 | 30,715,949 | 33,424,864 | 2,708,915 |
| Taxes Collected by Others | 55,390,453 | 55,390,453 | 55,733,297 | 342,844 |
| Sundry Taxes and In Lieu | 28,578 | 28,578 | 38,004 | 9,426 |
| Occupation Taxes | 9,253,240 | 9,253,240 | 9,945,069 | 691,829 |
| Intergovernmental | 3,303,834 | 3,303,834 | 3,144,120 | (159,714) |
| Permits and Fees | 2,669,984 | 2,669,984 | 2,576,164 | (93,820) |
| Reimbursement for Services | 2,611,846 | 2,611,846 | 2,299,668 | (312,178) |
| Court Fees | 485,200 | 485,200 | 493,981 | 8,781 |
| Recreation Receipts | 2,142,732 | 2,142,732 | 2,132,635 | (10,097) |
| Investment Earnings | 575,532 | 575,532 | 895,373 | 319,841 |
| Donations | 776,423 | 776,423 | 849,423 | 73,000 |
| Rental Income | 624,504 | 624,504 | 656,743 | 32,239 |
| Miscellaneous | 441,190 | 441,190 | 1,549,650 | 1,108,460 |
| Total Revenues | 109,019,465 | 109,019,465 | 113,738,991 | 4,719,526 |
| Expenditures: | | | | |
| General Government: | | | | |
| Legislative | 307,602 | 307,602 | 260,375 | 47,227 |
| Executive | 1,077,201 | 1,112,498 | 1,024,796 | 87,702 |
| Financial Administration | 2,339,055 | 2,339,055 | 2,220,389 | 118,666 |
| Law | 1,975,470 | 2,045,470 | 2,037,102 | 8,368 |
| Personnel Administration | 946,162 | 910,865 | 887,976 | 22,889 |
| Planning and Zoning | 1,725,681 | 1,725,681 | 1,563,946 | 161,735 |
| Urban Development | 755,452 | 758,865 | 759,051 | (186) |
| Miscellaneous | 19,119,986 | 18,970,678 | 18,675,584 | 295,094 |
| Total General Government | 28,246,609 | 28,170,714 | 27,429,219 | 741,495 |
| Public Safety: | | | | |
| Police | 30,601,186 | 30,098,539 | 29,287,123 | 811,416 |
| Fire | 19,779,090 | 19,979,139 | 19,264,577 | 714,562 |
| Traffic Engineering | 1,556,322 | 1,556,322 | 1,458,240 | 98,082 |
| Total Public Safety | 51,936,598 | 51,634,000 | 50,009,940 | 1,624,060 |
| Streets and Highways: | | | | |
| Street Maintenance | 2,246,863 | 2,257,118 | 2,160,518 | 96,600 |
| Street Lighting | 3,672,811 | 3,672,811 | 5,465,607 | (1,792,796) |
| Total Streets and Highways | 5,919,674 | 5,929,929 | 7,626,125 | (1,696,196) |
| Culture and Recreation: | | | | |
| Parks and Recreation | 11,781,995 | 11,806,917 | 11,485,321 | 321,596 |
| Libraries | 123,454 | 123,454 | 123,454 | - |
| Total Culture and Recreation | 11,905,449 | 11,930,371 | 11,608,775 | 321,596 |
| Economic Opportunity: | | | | |
| Lincoln Area Agency on Aging | 205,649 | 205,649 | 205,649 | - |
| Health and Welfare: | | | | |
| Lincoln/Lancaster County Health | 388,900 | 388,900 | 388,900 | - |
| Debt Service: | | | | |
| Issuance and Management Costs | - | - | 50,802 | (50,802) |
| Total Expenditures | 98,602,879 | 98,259,563 | 97,319,410 | 940,153 |
| Excess of Revenues Over Expenditures | 10,416,586 | 10,759,902 | 16,419,581 | 5,659,679 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 3,378,368 | 3,378,368 | 2,769,801 | (608,567) |
| Transfers Out | (19,508,967) | (19,954,463) | (19,853,028) | 101,435 |
| Proceeds from Issuance of Debt | 3,495,000 | 3,495,000 | 3,495,000 | - |
| Premium on Debt Issued | - | - | 46,026 | 46,026 |
| Sale of Capital Assets | 68,956 | 68,956 | 56,143 | (12,813) |
| Total Other Financing Sources (Uses) | (12,566,643) | (13,012,139) | (13,486,058) | (473,919) |
| Net Change in Fund Balances | (2,150,057) | (2,252,237) | 2,933,523 | 5,185,760 |
| Fund Balances - Beginning | 19,462,802 | 19,462,802 | 19,462,802 | - |
| Fund Balances - Ending | $ 17,312,745 | 17,210,565 | 22,396,325 | 5,185,760 |

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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 11,614,559 | 11,614,559 | 16,921,585 | 5,307,026 |
| Permits and Fees | - | - | 1,799,910 | 1,799,910 |
| Reimbursement for Services | 400,000 | 400,000 | 10,655 | (389,345) |
| Investment Earnings | 100,000 | 100,000 | 191,807 | 91,807 |
| Miscellaneous | - | - | 603 | 603 |
| Total Revenues | 12,114,559 | 12,114,559 | 18,924,560 | 6,810,001 |
| Expenditures -- Streets and Highways: | | | | |
| Personal Services | 3,415,951 | 3,445,951 | 3,390,037 | 55,914 |
| Materials and Supplies | 551,300 | 551,300 | 462,990 | 88,310 |
| Other Services and Charges | 2,727,909 | 2,675,563 | 1,974,704 | 700,859 |
| Capital Outlay | 30,925 | 30,925 | 9,372 | 21,553 |
| Total Expenditures | 6,726,085 | 6,703,739 | 5,837,103 | 866,636 |
| Excess of Revenues Over Expenditures | 5,388,474 | 5,410,820 | 13,087,457 | 7,676,637 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 15,849,451 | 15,849,451 | 15,849,451 | - |
| Transfers Out | (5,890,192) | (5,890,192) | (5,890,192) | - |
| Sale of Assets | - | - | 3,489 | 3,489 |
| Total Other Financing Sources (Uses) | 9,959,259 | 9,959,259 | 9,962,748 | 3,489 |
| Net Change in Fund Balances | 15,347,733 | 15,370,079 | 23,050,205 | 7,680,126 |
| Amount Budgeted on Project Basis | (40,410,474) | (40,410,747) | (40,410,747) | - |
| Fund Balances - Beginning | 43,892,644 | 43,892,644 | 43,892,644 | - |
| Fund Balances - Ending | $ 18,829,903 | 18,851,976 | 26,532,102 | 7,680,126 |

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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 21,689,695 | 21,689,695 | 22,414,978 | 725,283 |
| Permits and Fees | 498,953 | 498,953 | 498,953 | - |
| Reimbursement for Services | 278,718 | 278,718 | 278,718 | - |
| Client Contributions | 272 | 272 | 272 | - |
| Program Income | 1,034,014 | 1,034,014 | 1,193,538 | 159,524 |
| Recreation Receipts | 14,085 | 14,085 | 14,085 | - |
| Investment Earnings | 29,920 | 29,920 | 30,050 | 130 |
| Donations | 224,118 | 224,118 | 224,118 | - |
| Rental Income | 88,517 | 88,517 | 90,475 | 1,958 |
| Miscellaneous | 12,424 | 12,424 | 12,424 | - |
| Total Revenues | 23,870,716 | 23,870,716 | 24,757,611 | 886,895 |
| Expenditures: | | | | |
| General Government: | | | | |
| Materials and Supplies | 26 | 26 | 26 | - |
| Other Services and Charges | 95,872 | 95,872 | 95,872 | - |
| Capital Outlay | 7,370 | 7,370 | 7,370 | - |
| Total General Government | 103,268 | 103,268 | 103,268 | - |
| Public Safety: | | | | |
| Personal Services | 1,191,115 | 1,191,115 | 1,191,115 | - |
| Materials and Supplies | 180,555 | 180,555 | 180,555 | - |
| Other Services and Charges | 996,345 | 996,345 | 996,345 | - |
| Capital Outlay | 963,654 | 963,654 | 963,654 | - |
| Total Public Safety | 3,331,669 | 3,331,669 | 3,331,669 | - |
| Streets and Highways: | | | | |
| Other Services And Charges | 20 | 20 | 20 | - |
| Culture and Recreation: | | | | |
| Personal Services | 632,383 | 632,383 | 632,383 | - |
| Materials and Supplies | 41,758 | 41,758 | 41,758 | - |
| Other Services and Charges | 288,157 | 288,157 | 288,157 | - |
| Capital Outlay | 438,114 | 438,114 | 438,114 | - |
| Total Culture and Recreation | 1,400,412 | 1,400,412 | 1,400,412 | - |
| Economic Opportunity: | | | | |
| Personal Services | 4,325,298 | 4,315,298 | 4,219,134 | 96,164 |
| Materials and Supplies | 105,470 | 105,470 | 105,498 | (28) |
| Other Services and Charges | 1,825,920 | 1,857,177 | 1,688,409 | 168,768 |
| Capital Outlay | 193,423 | 1,074,402 | 262,568 | 811,834 |
| Loans and Grants | 4,219,373 | 4,694,644 | 4,106,749 | 587,895 |
| Total Economic Opportunity | 10,669,484 | 12,046,991 | 10,382,358 | 1,664,633 |

(Continued)

(Federal Grants Fund, Continued)

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Health and Welfare: | | | | |
| Personal Services | 4,388,275 | 4,388,275 | 4,388,275 | - |
| Materials and Supplies | 132,731 | 132,731 | 132,731 | - |
| Other Services and Charges | 3,794,125 | 3,794,125 | 3,794,125 | - |
| Capital Outlay | 154,190 | 154,190 | 154,190 | - |
| Loans and Grants | 36,388 | 36,388 | 36,388 | - |
| Total Health and Welfare | 8,505,709 | 8,505,709 | 8,505,709 | - |
| Mass Transit: | | | | |
| Personal Services | 150,849 | 150,849 | 150,849 | - |
| Materials and Supplies | 370 | 370 | 370 | - |
| Other Services and Charges | 11,928 | 11,928 | 11,928 | - |
| Total Mass Transit | 163,147 | 163,147 | 163,147 | - |
| Total Expenditures | 24,173,709 | 25,551,216 | 23,886,583 | 1,664,633 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (302,993) | (1,680,500) | 871,028 | 2,551,528 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,030,734 | 1,030,734 | 1,049,940 | 19,206 |
| Transfers Out | (135,090) | (135,090) | (621,094) | (486,004) |
| Total Other Financing Sources (Uses) | 895,644 | 895,644 | 428,846 | (466,798) |
| Net Change in Fund Balances | 592,651 | (784,856) | 1,299,874 | 2,084,730 |
| Fund Deficits - Beginning | (1,067,341) | (1,067,341) | (1,067,341) | - |
| Fund Balances (Deficits) - Ending | $ (474,690) | (1,852,197) | 232,533 | 2,084,730 |

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, 2008

| | Business-Type Activities -- Enterprise Funds | | | | | Governmental Activities -- Internal Service Funds |
|---|---|---|---|---|---|---|
| | Lincoln Wastewater System | Lincoln Water System | Lincoln Electric System | Other Enterprise Funds | Total | |
| **ASSETS** | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | $ 3,671,799 | 3,491,334 | 36,465,000 | 4,334,773 | 47,962,906 | 5,412,487 |
| Investments | - | - | - | 12,481,696 | 12,481,696 | 18,699,301 |
| Restricted Cash and Cash Equivalents | - | - | 15,299,000 | 9,347 | 15,308,347 | - |
| Receivables, (Net of Allowance for Uncollectibles) | 1,692,821 | 2,396,260 | 17,126,000 | 2,042,006 | 23,257,087 | 524,219 |
| Unbilled Revenues | 2,099,004 | 3,483,790 | 6,409,000 | - | 11,991,794 | - |
| Due from Other Funds | 1,271,083 | 1,400,175 | - | 1,358,759 | 4,030,017 | 2,072,519 |
| Due from Other Governments | - | - | - | 73,925 | 73,925 | 230,885 |
| Inventories | 101,055 | 1,043,435 | 15,584,000 | 198,705 | 16,927,195 | 848,602 |
| Plant Operation Assets | - | - | 9,859,000 | - | 9,859,000 | - |
| Prepaid Expenses | - | - | 1,247,000 | 43,144 | 1,290,144 | 265,983 |
| Total Current Assets | 8,835,762 | 11,814,994 | 101,989,000 | 20,542,355 | 143,182,111 | 28,053,996 |
| Noncurrent Assets: | | | | | | |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents | - | - | 55,372,000 | 936,709 | 56,308,709 | - |
| Investments | 18,172,039 | 19,483,372 | 7,247,000 | 3,876,269 | 48,778,680 | - |
| Receivables | 194,112 | 180,709 | - | 47,875 | 422,696 | - |
| Due from Other Funds | - | - | - | 180,679 | 180,679 | - |
| Total Restricted Assets | 18,366,151 | 19,664,081 | 62,619,000 | 5,041,532 | 105,690,764 | - |
| Deferred Charges | 821,232 | 640,025 | 10,143,000 | 439,587 | 12,043,844 | - |
| Capital Assets: | | | | | | |
| Land | 5,454,208 | 4,832,093 | - | 10,718,219 | 21,004,520 | 48,250 |
| Buildings | 75,130,556 | 99,328,684 | - | 49,525,644 | 223,984,884 | 373,146 |
| Improvements Other Than Buildings | 233,809,970 | 241,191,398 | - | 30,545,745 | 505,547,113 | 1,159,425 |
| Machinery and Equipment | 8,349,695 | 6,545,791 | - | 11,601,729 | 26,497,215 | 24,705,098 |
| Utility Plant | - | - | 1,102,873,000 | - | 1,102,873,000 | - |
| Construction in Progress | 6,293,116 | 26,510,579 | 44,755,000 | 553,254 | 78,111,949 | - |
| Less Accumulated Depreciation | (76,837,606) | (92,092,127) | (366,241,000) | (42,940,685) | (578,111,418) | (16,396,984) |
| Total Capital Assets, Net | 252,199,939 | 286,316,418 | 781,387,000 | 60,003,906 | 1,379,907,263 | 9,888,935 |
| Total Noncurrent Assets | 271,387,322 | 306,620,524 | 854,149,000 | 65,485,025 | 1,497,641,871 | 9,888,935 |
| Total Assets | 280,223,084 | 318,435,518 | 956,138,000 | 86,027,380 | 1,640,823,982 | 37,942,931 |
| **LIABILITIES** | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | 398,790 | 805,779 | 12,852,000 | 941,973 | 14,998,542 | 391,161 |
| Construction Contracts | 4,713,274 | 6,757,677 | 1,499,000 | - | 12,969,951 | - |
| Accrued Liabilities | 408,002 | 1,168,659 | 9,898,000 | 216,900 | 11,691,561 | 484,354 |
| Accrued Compensated Absences | 329,692 | 381,940 | - | 255,519 | 967,151 | 629,778 |
| Due to Other Funds | - | - | - | 1,183,741 | 1,183,741 | 668,790 |
| Due to Other Governments | - | - | - | 134,567 | 134,567 | 335 |
| Unearned Revenue | - | - | - | 894,669 | 894,669 | 332,455 |
| Claims | - | - | 452,000 | - | 452,000 | 4,414,594 |
| Accrued Interest | 795,847 | 131,874 | 10,104,000 | 40,502 | 11,072,223 | 301 |
| Commercial Paper Notes Payable | - | - | 90,000,000 | - | 90,000,000 | - |
| Current Portion of Capital Lease | - | - | - | 139,619 | 139,619 | 60,883 |
| Current Portion of Long-Term Debt | 2,620,000 | 5,795,000 | 13,000,000 | 1,890,000 | 23,305,000 | - |
| Other | - | - | 6,953,000 | - | 6,953,000 | - |
| Total Current Liabilities | 9,265,605 | 15,040,929 | 144,758,000 | 5,697,490 | 174,762,024 | 6,982,651 |
| Noncurrent Liabilities: | | | | | | |
| Due to Other Funds | - | - | - | 922,799 | 922,799 | - |
| Accrued Compensated Absences | 179,496 | 318,629 | - | 62,184 | 560,309 | 666,766 |
| Construction Contracts | 1,429,983 | 1,599,554 | - | - | 3,029,537 | - |
| Claims | - | - | 750,000 | - | 750,000 | 2,258,208 |
| Long-Term Debt, Net | 82,981,949 | 62,839,352 | 601,382,000 | 14,949,924 | 762,153,225 | - |
| Capital Lease Payable | - | - | - | 337,909 | 337,909 | 47,014 |
| Accrued Liabilities | 29,594 | 42,016 | - | 23,221 | 94,831 | 21,322 |
| Accrued Landfill Closure/Postclosure Care Costs | - | - | - | 9,934,000 | 9,934,000 | - |
| Total Noncurrent Liabilities | 84,621,022 | 64,799,551 | 602,132,000 | 26,230,037 | 777,782,610 | 2,993,310 |
| Total Liabilities | 93,886,627 | 79,840,480 | 746,890,000 | 31,927,527 | 952,544,634 | 9,975,961 |
| **NET ASSETS** | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 181,510,053 | 224,118,809 | 121,932,000 | 46,259,992 | 573,820,854 | 9,781,038 |
| Restricted for: | | | | | | |
| Debt Service | 291,870 | 220,921 | 25,114,000 | 199,810 | 25,826,601 | - |
| Capital Projects | 220,690 | 404,423 | - | 1,175,506 | 1,800,619 | - |
| Other | - | - | - | 87,819 | 87,819 | - |
| Unrestricted | 4,313,844 | 13,850,885 | 62,202,000 | 6,376,726 | 86,743,455 | 18,185,932 |
| Total Net Assets | $ 186,336,457 | 238,595,038 | 209,248,000 | 54,099,853 | 688,279,348 | 27,966,970 |

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, 2008

| | Business-Type Activities -- Enterprise Funds | | | | | Governmental Activities -- Internal Service Funds |
|---|---|---|---|---|---|---|
| | Lincoln Wastewater System | Lincoln Water System | Lincoln Electric System | Other Enterprise Funds | Total | |
| **Operating Revenues** | | | | | | |
| Charges for Services | $ 20,621,911 | 24,049,039 | 225,406,000 | 4,039,667 | 274,116,617 | 50,425,678 |
| Fees | - | - | - | 8,104,321 | 8,104,321 | - |
| Parking Facility Revenue | - | - | - | 6,922,855 | 6,922,855 | - |
| Performance Revenue | - | - | - | 1,351,185 | 1,351,185 | - |
| Other Operating Revenue | - | - | - | 786,589 | 786,589 | - |
| Total Operating Revenues | 20,621,911 | 24,049,039 | 225,406,000 | 21,204,617 | 291,281,567 | 50,425,678 |
| **Operating Expenses** | | | | | | |
| Personal Services | - | - | - | 6,949,831 | 6,949,831 | 12,571,739 |
| Contractual Services | - | - | - | 4,212,234 | 4,212,234 | - |
| Operation and Maintenance | 9,904,688 | 12,290,451 | 12,748,000 | 5,524,183 | 40,467,322 | 33,292,987 |
| Purchased Power | - | - | 118,001,000 | - | 118,001,000 | - |
| Depreciation | 6,784,983 | 6,927,237 | 33,014,000 | 3,542,652 | 50,268,872 | 2,567,986 |
| Administrative Costs | 1,488,936 | 2,135,070 | 23,835,000 | - | 27,459,006 | - |
| Total Operating Expenses | 18,178,607 | 21,352,758 | 187,598,000 | 20,228,900 | 247,358,265 | 48,432,712 |
| Operating Income | 2,443,304 | 2,696,281 | 37,808,000 | 975,717 | 43,923,302 | 1,992,966 |
| **Nonoperating Revenues (Expenses)** | | | | | | |
| Investment Earnings | 1,261,703 | 1,967,280 | 4,360,000 | 1,172,730 | 8,761,713 | 1,262,885 |
| Gain (Loss) on Disposal of Capital Assets | - | - | - | (16,075) | (16,075) | 12,031 |
| Occupation Tax | - | - | - | 2,134,549 | 2,134,549 | - |
| Grants | - | 26,000 | - | - | 26,000 | - |
| Payments in Lieu of Taxes | - | - | (8,264,000) | - | (8,264,000) | - |
| Amortization of Deferred Charges | (38,904) | (70,033) | (56,000) | (52,560) | (217,497) | - |
| Interest Expense and Fiscal Charges | (747,942) | (1,956,146) | (28,676,000) | (1,023,214) | (32,403,302) | (4,688) |
| Total Nonoperating Revenues (Expenses) | 474,857 | (32,899) | (32,636,000) | 2,215,430 | (29,978,612) | 1,270,228 |
| Income Before Contributions and Transfers | 2,918,161 | 2,663,382 | 5,172,000 | 3,191,147 | 13,944,690 | 3,263,194 |
| Capital Contributions | 2,544,965 | 2,996,307 | 5,161,000 | 109,883 | 10,812,155 | 337,664 |
| Transfers In | - | - | - | 532,062 | 532,062 | 418,217 |
| Transfers Out | - | - | (1,492,000) | (1,780,867) | (3,272,867) | (45,491) |
| Change in Net Assets | 5,463,126 | 5,659,689 | 8,841,000 | 2,052,225 | 22,016,040 | 3,973,584 |
| Net Assets - Beginning | 180,873,331 | 232,935,349 | 200,407,000 | 52,047,628 | 666,263,308 | 23,993,386 |
| Net Assets - Ending | $ 186,336,457 | 238,595,038 | 209,248,000 | 54,099,853 | 688,279,348 | 27,966,970 |

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, 2008

| | Business-Type Activities -- Enterprise Funds | | | | | Governmental Activities -- Internal Service Funds |
|---|---|---|---|---|---|---|
| | Lincoln Wastewater System | Lincoln Water System | Lincoln Electric System | Other Enterprise Funds | Total | |
| **Cash Flows from Operating Activities** | | | | | | |
| Receipts from Customers and Users | $ 20,490,193 | 25,612,772 | 229,373,000 | 20,231,595 | 295,707,560 | 12,723,175 |
| Receipts from Interfund Services Provided | 155,418 | 630,255 | 4,779,000 | 241,990 | 5,806,663 | 38,185,439 |
| Payments to Suppliers for Goods and Services | (3,210,693) | (4,187,459) | (149,666,000) | (7,341,206) | (164,405,358) | (30,996,221) |
| Payments to Employees | (6,362,542) | (7,282,395) | (20,866,000) | (6,656,026) | (41,166,963) | (12,491,009) |
| Payments for Interfund Services Provided | (1,637,390) | (2,812,372) | (1,827,000) | (1,458,581) | (7,735,343) | (2,103,904) |
| Other Receipts | - | - | - | 786,589 | 786,589 | - |
| Net Cash Provided by Operating Activities | 9,434,986 | 11,960,801 | 61,793,000 | 5,804,361 | 88,993,148 | 5,317,480 |
| **Cash Flows from Noncapital Financing Activities** | | | | | | |
| Occupation Tax | - | - | - | 2,143,852 | 2,143,852 | - |
| Payments in Lieu of Taxes | - | - | (7,786,000) | - | (7,786,000) | - |
| Transfers from Other Funds | - | - | - | 773,395 | 773,395 | 418,217 |
| Transfers to Other Funds | - | - | (1,385,000) | (2,022,200) | (3,407,200) | (45,491) |
| Advances from General Fund | - | - | - | 854,840 | 854,840 | 1,797,819 |
| Repayment of Advances from General Fund | - | - | - | (1,225,007) | (1,225,007) | (2,122,063) |
| Advances to Other Funds | - | - | - | (265,158) | (265,158) | (332,264) |
| Payments from Other Funds | 367,656 | 1,043,836 | - | 33 | 1,411,525 | 8,355 |
| Interest Paid | - | - | - | (87,564) | (87,564) | - |
| Federal Grant Revenue | - | 26,000 | - | - | 26,000 | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | 367,656 | 1,069,836 | (9,171,000) | 172,191 | (7,561,317) | (275,427) |
| **Cash Flows from Capital and Related Financing Activities** | | | | | | |
| Additions to Capital Assets | (15,174,630) | (25,438,740) | (76,939,000) | (1,487,137) | (119,039,507) | (2,052,388) |
| Proceeds from Sale of Capital Assets | - | - | - | 3,688 | 3,688 | 131,065 |
| Proceeds from Long-Term Debt | - | - | 104,189,000 | - | 104,189,000 | - |
| Net Proceeds of Retiring Plant | - | - | 650,000 | - | 650,000 | - |
| Capital Contributions | - | - | 5,161,000 | - | 5,161,000 | - |
| Principal Payments of Capital Lease | - | - | - | (444,469) | (444,469) | (58,886) |
| Principal Payments of Long-Term Debt | (2,415,000) | (5,555,000) | (19,175,000) | (1,820,000) | (28,965,000) | - |
| Interest and Fiscal Charges Paid | (996,915) | (2,167,275) | (30,753,000) | (936,131) | (34,853,321) | (4,852) |
| Net Cash Used by Capital and Related Financing Activities | (18,586,545) | (33,161,015) | (16,867,000) | (4,684,049) | (73,298,609) | (1,985,061) |
| **Cash Flows from Investing Activities** | | | | | | |
| Proceeds from Sale and Maturities of Investments | 15,565,485 | 20,150,664 | 22,917,000 | 5,560,439 | 64,193,588 | 6,793,008 |
| Purchases of Investments | (9,197,238) | (5,320,121) | - | (6,892,961) | (21,410,320) | (9,688,848) |
| Interest and Other Receipts | 1,214,896 | 1,778,244 | 3,703,000 | 944,378 | 7,640,518 | 1,027,969 |
| Net Cash Provided (Used) by Investing Activities | 7,583,143 | 16,608,787 | 26,620,000 | (388,144) | 50,423,786 | (1,867,871) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,200,760) | (3,521,591) | 62,375,000 | 904,359 | 58,557,008 | 1,189,121 |
| Cash and Cash Equivalents - Beginning | 4,872,559 | 7,012,925 | 44,761,000 | 4,376,470 | 61,022,954 | 4,223,366 |
| Cash and Cash Equivalents - Ending | $ 3,671,799 | 3,491,334 | 107,136,000 | 5,280,829 | 119,579,962 | 5,412,487 |
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities** | | | | | | |
| Operating Income | $ 2,443,304 | 2,696,281 | 37,808,000 | 975,717 | 43,923,302 | 1,992,966 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | | | |
| Depreciation | 6,784,983 | 6,927,237 | 33,014,000 | 3,542,652 | 50,268,872 | 2,567,986 |
| Changes in Assets and Liabilities: | | | | | | |
| Accounts Receivable and Unbilled Revenues | 19,300 | 2,181,738 | (2,584,000) | 188,635 | (194,327) | 109,864 |
| Due from Other Funds | - | - | - | (541) | (541) | 698,628 |
| Due from Other Governments | - | - | - | (69,576) | (69,576) | (62,952) |
| Inventories | (7,366) | (220,584) | (2,826,000) | (10,995) | (3,064,945) | (245,176) |
| Plant Operation Assets | - | - | (3,476,000) | - | (3,476,000) | - |
| Prepaid Expenses | - | - | (419,000) | (35,447) | (454,447) | 48,642 |
| Other Assets | - | - | 728,000 | - | 728,000 | - |
| Accounts Payable | 110,741 | 264,805 | (561,000) | 213,229 | 27,775 | 77,210 |
| Accrued Liabilities | 60,732 | 100,319 | - | 23,039 | 184,090 | 69,788 |
| Accrued Compensated Absences | 23,292 | 11,005 | - | 19,342 | 53,639 | 10,942 |
| Due to Other Funds | - | - | - | 4,965 | 4,965 | (4,463) |
| Due to Other Governments | - | - | - | (461) | (461) | (647) |
| Unearned Revenue | - | - | - | (30,198) | (30,198) | (262,604) |
| Claims | - | - | - | - | - | 317,296 |
| Deferred Credits and Other Liabilities | - | - | 109,000 | - | 109,000 | - |
| Accrued Landfill Closure/Postclosure Care Costs | - | - | - | 984,000 | 984,000 | - |
| Total Adjustments | 6,991,682 | 9,264,520 | 23,985,000 | 4,828,644 | 45,069,846 | 3,324,514 |
| Net Cash Provided by Operating Activities | $ 9,434,986 | 11,960,801 | 61,793,000 | 5,804,361 | 88,993,148 | 5,317,480 |
| Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities: | | | | | | |
| Contribution of Capital Assets | $ 2,080,712 | 1,755,442 | - | 109,883 | 3,946,037 | 337,664 |
| Purchase of Capital Assets on Account | 6,143,257 | 8,357,231 | - | 159,402 | 14,659,890 | 3,736 |
| Change in Fair Value of Investments | 179,211 | 366,390 | 57,000 | 246,993 | 849,594 | 240,376 |
| Debt Refunding/Defeasance | - | - | 169,230,000 | - | - | - |

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

**CITY OF LINCOLN, NEBRASKA**
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2008

| | Police & Fire Pension Trust Fund | Agency Funds |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ 1,311,025 | 3,337,865 |
| Investments: | | |
| Pooled Investment Funds | 1,928,822 | - |
| U.S. Agency Obligations | 5,176,855 | 2,843,800 |
| Corporate Bonds | 1,149,600 | - |
| Municipal Bonds | 587,808 | - |
| Mutual Funds | 149,953,554 | - |
| Real Estate Limited Partnership | 21,386,895 | - |
| Other | 633,080 | - |
| Total Investments | 180,816,614 | 2,843,800 |
| Receivables: | | |
| Contributions | 383,136 | - |
| Accrued Interest | 843,749 | 39,845 |
| Other | - | 38,234 |
| Due from Other Governments | 213 | - |
| Contractor Retainage | - | 836,784 |
| Total Assets | 183,354,737 | 7,096,528 |
| **LIABILITIES** | | |
| Warrants Payable | - | 1,655,399 |
| Accounts Payable | 226,055 | 180,501 |
| Accrued Liabilities | 2,638 | - |
| Accrued Compensated Absences | 15,484 | - |
| Due to Other Governments | 175 | 3,525,546 |
| Due to Homeowners | - | 44,008 |
| Due to Contractors | - | 1,381,219 |
| Due to Joint Venture | - | 191,929 |
| Due to Bondholders | - | 117,926 |
| Total Liabilities | 244,352 | 7,096,528 |
| **NET ASSETS** | | |
| Held in Trust for Pension Benefits and Other Purposes | $ 183,110,385 | |

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, 2008

| | Police & Fire Pension Trust Fund |
|---|---|
| Additions: | |
| Contributions: | |
| Employer | $ 3,561,375 |
| Employee | 2,123,905 |
| Total Contributions | 5,685,280 |
| Investment Earnings: | |
| Interest | 696,076 |
| Dividends | 3,302,978 |
| Net Decrease in Fair Value of Investments | (16,680,089) |
| Net Investment Earnings | (12,681,035) |
| Total Additions | (6,995,755) |
| Deductions: | |
| Benefit Payments | 8,808,639 |
| Refunds of Contributions | 431,229 |
| Administrative Costs | 437,940 |
| Total Deductions | 9,677,808 |
| Change in Net Assets | (16,673,563) |
| Net Assets Held in Trust for Pension Benefits and Other Purposes - Beginning | 199,783,948 |
| Net Assets Held in Trust for Pension Benefits and Other Purposes - Ending | $ 183,110,385 |

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

# NOTES TO THE FINANCIAL STATEMENTS

## (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, 2008. 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, 2007. The amounts included in the City's 2008 financial statements for LES are amounts as of and for the year ended December 31, 2007.

### 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

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

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

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

The City reports the following major governmental funds:

The General Fund finances the day-to-day operation of the basic governmental activities, such as legislative, judicial, administration, 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.

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

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 23), a joint administrative entity reported in the City’s financial statements using the equity method of accounting.

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalization value of the assets constructed.

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

| Assets | Years |
|---|---|
| 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 December 27, 2007, until May 2, 2008, 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. Thirty-three employees elected to voluntarily resign from City employment no later than October 15, 2008. As material inducement the City has agreed to contribute between $5,000 - $17,500 plus an amount equal to 15% - 35% of accrued sick leave balance at the time of retirement, based on years of service and date of application, to the employee's Post Employment Health Plan account. Such amounts are in addition to any accrued sick leave otherwise payable upon retirement.

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, 2008, and expense in the 2008 government-wide financial statements approximated $760,000, which represents actual

future payments to be made. 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 2008 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. For current and advance refundings of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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

Fund Equity

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 $23,097,337 of the General Fund's unreserved fund balance of $28,453,611 meets the requirements of this policy, leaving an additional unreserved balance of $5,356,274.

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, 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 $273,057,847 of restricted net assets, of which enabling legislation restricts $20,489,281.

*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.

## 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, 2007, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ materially from those estimates.

IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

In 2008, the City implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplementary information, where applicable, in the financial reports of state and local governmental employers. The implementation of GASB 45 did not have a material effect on the financial statements.

In 2008, the City implemented the provisions of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria that governments will use to ascertain whether transactions should be regarded as sales or as collateralized borrowings. The statement also includes requirements for future revenues that are pledged or sold. The implementation had no impact on the financial statements.

In 2008, the City also implemented the provisions of GASB Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27),* which amended the financial note disclosures for pension plans.

NEW ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for financial statements for periods beginning after December 15, 2007. 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 this standard for possible application during the year ending August 31, 2009.

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

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

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds." The details of the $183,292,481 difference are as follows:

| | |
|---|---|
| Bonds Payable | $ 136,481,155 |
| Less deferred charge for issuance costs | (1,324,588) |
| Less issuance discounts | (24,617) |
| Plus issuance premiums | 2,770,962 |
| Capital Leases Payable | 28,465,717 |
| Accrued Interest Payable | 1,713,278 |
| Net Pension Obligation | 4,432,294 |
| Net OPEB Obligation | 301,698 |
| Compensated Absences | 10,476,582 |
| Net difference | $ 183,292,481 |

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $30,972,775 difference are as follows:

| | |
|---|---|
| Capital outlay | $ 52,688,684 |
| Depreciation expense | (21,715,909) |
| Net difference | $ 30,972,775 |

Another element of that reconciliation states, "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(417,413) difference are as follows:

| | |
|---|---|
| Debt issued or incurred: | |
| Issuance of tax allocation bonds | $ (1,377,537) |
| Issuance of certificates of participation | (7,500,000) |
| Deferred charge for issuance costs | 91,259 |
| Issuance premiums | (98,768) |
| Amortization of deferred items | (16,739) |
| Principal repayments | 8,484,372 |
| Net difference | $ (417,413) |

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $(5,841,453) difference are as follows:

| | |
|---|---|
| Loss on disposal of capital assets | $ (727,732) |
| Termination benefits | 245,123 |
| Construction contracts | (5,436,409) |
| Other | 271,910 |
| Accrued interest | (63,282) |
| Compensated absences | (131,063) |
| Net difference | $ (5,841,453) |

## (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, 2008 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 | $ | 3,363 | 230,444 | - | - | - | - | 15,299,000 | 15,532,807 |
| Reserve | | 316,500 | 1,815,575 | - | 400,000 | 6,354,904 | 8,281,319 | 21,418,000 | 38,586,298 |
| Depreciation and Replacement | | 100,000 | 682,850 | - | - | - | - | - | 782,850 |
| Construction | | - | - | - | 1,335,559 | 12,011,247 | 11,382,762 | 41,201,000 | 65,930,568 |
| Capital Improvements | | 60,275 | 18,551 | 9,347 | - | - | - | - | 88,173 |
| Marketing | | - | - | 78,415 | - | - | - | - | 78,415 |
| | $ | 480,138 | 2,747,420 | 87,762 | 1,735,559 | 18,366,151 | 19,664,081 | 77,918,000 | 120,999,111 |

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, 2008, the City's cash deposits or certificates of deposit, in excess of the 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.

## INVESTMENTS

At August 31, 2008, the City had the following investments, maturities and credit ratings:

| | August 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | | Maturities in Years | | | | |
| Type | Carrying Value | Less than 1 | 1-5 | 6-10 | More than 10 | Credit Rating Moody's / S&P |
| **General City:** | | | | | | |
| U.S. Treasury Obligations | $ 26,623,221 | 3,567,000 | 23,056,221 | | - | N/A |
| U.S. Sponsored Agency Obligations | 127,010,141 | 36,412,759 | 90,504,182 | 93,200 | - | Aaa / AAA |
| Collateralized Repurchase Agreements | 343,639 | 343,639 | - | - | - | N/A |
| Collateralized Investment Agreements | 1,120,000 | - | - | 1,120,000 | - | Aa2 / A |
| Collateralized Investment Agreements | 3,139,981 | - | - | - | 3,139,981 | Aaa / AA- |
| Collateralized Investment Agreements | 4,930,000 | - | - | - | 4,930,000 | Aa3 / AA- |
| Money Market Mutual Funds - U.S. Treasury | 4,808,678 | 4,808,678 | - | - | - | N/A |
| Money Market Mutual Funds - U.S. Agencies | 111,933,150 | 111,933,150 | - | - | - | Aaa / AAAm |
| Money Market Mutual Funds | 41,509 | 41,509 | - | - | - | Not Rated |
| Corporate Bonds | 30,088 | - | - | 30,088 | - | A2 / A |
| External Investment Trust | 5,585,000 | 5,585,000 | - | - | - | Not Rated |
| Tax Increment Financing Investments | 3,166,155 | - | - | 1,392,739 | 1,773,416 | Not Rated |
| Total General City | 288,731,562 | 162,691,735 | 113,560,403 | 2,636,027 | 9,843,397 | |
| **Community Health Endowment:** | | | | | | |
| U.S. Treasury Obligations | 2,386,912 | - | 895,718 | 863,810 | 627,384 | N/A |
| U.S. Sponsored Agency Obligations | 1,300,325 | 43,417 | 1,256,908 | - | - | Aaa / AAA |
| U.S. Sponsored Agency Obligations | 6,546,773 | - | 49,980 | 234,902 | 6,261,891 | Not rated |
| Money Market Mutual Funds | 3,440,535 | 3,440,535 | - | - | - | Not rated |
| Mortgage-backed Securities | 746,918 | - | 47,716 | 105,528 | 593,674 | Aaa / AAA |
| Mortgage-backed Securities | 57,429 | - | - | - | 57,429 | A / AA |
| Corporate Bonds | 1,221,736 | 49,806 | 419,440 | 554,314 | 198,176 | A / A |
| Corporate Bonds | 82,973 | - | - | 54,020 | 28,953 | A / AA |
| Corporate Bonds | 124,403 | - | 28,963 | 57,034 | 38,406 | A / BBB |
| Corporate Bonds | 40,486 | - | - | - | 40,486 | Aa / A |
| Corporate Bonds | 533,561 | 53,924 | 270,963 | 138,087 | 70,587 | Aa / AA |
| Corporate Bonds | 1,442,370 | - | 477,984 | 165,637 | 798,749 | Aaa / AAA |
| Corporate Bonds | 41,419 | - | - | - | 41,419 | Baa / AAA |
| Corporate Bonds | 333,163 | - | 195,240 | 137,923 | - | Baa / A |
| Corporate Bonds | 1,464,646 | - | 689,815 | 606,113 | 168,718 | Baa / BBB |
| Mutual Funds – Fixed Income | 23,572,756 | 23,572,756 | - | - | - | Not rated |
| Partnerships/Joint Ventures | 5,558,972 | 5,558,972 | - | - | - | Not rated |
| Foreign Obligations | 56,976 | - | 15,820 | - | 41,156 | A / A |
| Foreign Obligations | 169,882 | - | - | 169,882 | - | Aaa / AAA |
| Foreign Obligations | 107,036 | - | 83,487 | - | 23,549 | Baa / A |
| Foreign Obligations | 36,178 | - | - | 11,798 | 24,380 | Baa / BBB |
| Securities Lending Collateral | 4,065,673 | 4,065,673 | - | - | - | Not rated |
| Total Community Health Endowment: | 53,331,122 | 36,785,083 | 4,432,034 | 3,099,048 | 9,014,957 | |
| **Police & Fire Pension Trust:** | | | | | | |
| U.S. Sponsored Agency Obligations | 5,176,855 | 5,176,855 | - | - | - | Aaa / AAA |
| Corporate Bonds | 1,149,600 | - | - | - | 1,149,600 | NotRated / AAA |
| Tax Exempt Bonds | 587,808 | 587,808 | - | - | - | Not Rated |
| Money Market Mutual Funds | 94,246 | 94,246 | - | - | - | Not Rated |
| Mutual Funds - Fixed Income | 22,684,223 | 22,684,223 | - | - | - | Not Rated |
| | 29,692,732 | 28,543,132 | - | - | 1,149,600 | |
| Mutual Funds | 127,902,411 | | | | | |
| Real Estate Limited Partnerships | 21,386,895 | | | | | |
| Total Police & Fire Pension Trust | 178,982,038 | | | | | |
| Total | 521,044,722 | | | | | |

## 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, 2008 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 issuer guarantees the interest rate. Money market mutual funds and external investment funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately. Tax Increment Financing investments are allowed to exceed 10 years as the interest rates are guaranteed by the fund and the investment is made within the City's funds.

*Credit Risk.* Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy establishes requirements for certain investment securities to be rated at certain rates or higher. The following investment types must be rated at the minimum rates noted below:

| | Moody's / S&P |
|---|---|
| Money Markets | Aa / AAm |
| Corporate Notes | Aa3 / AA- |
| Investment Agreements | Aa3 / AA- |

The $41,509 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 are comprised of Nebraska Public Agency Investment Trust (NPAIT) and Short-Term Federal Investment Trust (STFIT). NPAIT and STFIT invest in only the highest quality securities, including U.S. government, rated U.S. sponsored agencies, and guaranteed student loans.

*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.

| Type | Portfolio Composition | Policy Limits on Issuer |
|---|---|---|
| U.S. agency obligations: | | |
| Federal Home Loan Bank | 16.96 % | 40.00 % |
| Federal Home Loan Mortgage Corporation | 9.52 | 40.00 |
| Federal National Mortgage Association | 10.62 | 40.00 |
| Federal Farm Credit Bank | 6.88 | 40.00 |

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, 2008 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 15% or 35% 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, 2008, CHE's investment in Federal National Mortgage Association bonds constituted 10% 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, 2008.

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, 2008 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*. 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, 2008:

| | Totals |
|---|---|
| Investments | $ 521,044,722 |
| Deposits and Cash on Hand | 32,085,862 |
| | $ 553,130,584 |

| | Government-wide Statement of Net Assets | Fiduciary Funds Statement of Net Assets | Totals |
|---|---|---|---|
| Cash and Cash Equivalents | $ 85,518,279 | 4,648,890 | 90,167,169 |
| Investments | 117,681,592 | 183,660,414 | 301,342,006 |
| Invested Securities Lending | 4,065,673 | - | 4,065,673 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 71,617,056 | - | 71,617,056 |
| Investments | 85,938,680 | - | 85,938,680 |
| | $ 364,821,280 | 188,309,304 | 553,130,584 |

As a result of recent market conditions, the City's investments have decreased by approximately 12.5% since August 31, 2008. The General City assets increased by approximately 2.8%, while Community Health Endowment and Police & Fire Pension Trust saw declines of approximately 11.2% and 25.7%, respectively.

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. At August 31, 2008, securities lending transactions included U.S. treasuries, U.S. agency obligations, and corporate bonds.

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 60 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.

## (5) RECEIVABLES

Receivables at August 31, 2008, consist of the following (in thousands):

| Fund | Taxes | Accounts | Loans | Contributions | Special Assessment Current | Special Assessment Deferred | Accrued Interest | Gross Receivables | Allowance For Uncollectibles | Net |
|---|---|---|---|---|---|---|---|---|---|---|
| General | $ 3,747 | 807 | - | - | - | - | 98 | 4,652 | - | 4,652 |
| Street Construction | - | 230 | - | - | - | - | 157 | 387 | - | 387 |
| Federal Grants | - | 3 | 22,207 | - | - | - | 5 | 22,215 | 4,279 | 17,936 |
| Wastewater System | - | 3,792 | - | - | - | - | 194 | 3,986 | - | 3,986 |
| Water System | - | 5,880 | - | - | - | - | 181 | 6,061 | - | 6,061 |
| Electric System | - | 23,190 | - | - | - | - | 345 | 23,535 | - | 23,535 |
| Nonmajor - | | | | | | | | | | |
| Special Revenue | 1,418 | 357 | - | - | 422 | 1,650 | 272 | 4,119 | 155 | 3,964 |
| Debt Service | 1,090 | - | - | - | - | - | 99 | 1,189 | - | 1,189 |
| Capital Projects | - | - | - | - | - | - | 124 | 124 | - | 124 |
| Permanent | - | - | - | - | - | - | 148 | 148 | - | 148 |
| Enterprise | - | 3,431 | - | - | - | - | 170 | 3,601 | 1,511 | 2,090 |
| Internal Service | - | 356 | - | - | - | - | 168 | 524 | - | 524 |
| Fiduciary | - | 38 | - | 383 | - | - | 884 | 1,305 | - | 1,305 |
| | $ 6,255 | 38,084 | 22,207 | 383 | 422 | 1,650 | 2,845 | 71,846 | 5,945 | 65,901 |

Enterprise funds customer accounts receivable include unbilled charges for services.

Delinquent special assessment receivables at August 31, 2008, were $213,638.

## (6) DUE FROM OTHER GOVERNMENTS

The total of Due From Other Governments of $36,476,005 includes the following significant items:

| Fund/Fund Type | Amount | Service |
|---|---|---|
| General/General | $ 9,119,876 | State of Nebraska, July/August Sales and Use Tax |
| | 381,527 | August Motor Vehicle Taxes Collected by Lancaster County |
| | 35,905 | Federal Government, Cost Reimbursements |
| | 148,113 | Lancaster County, Cost Reimbursements |
| Street Construction/Special Revenue | 3,059,979 | State of Nebraska, July/August Highway User Fees |
| | 1,210,935 | State of Nebraska, Cost Reimbursements |
| | 18,085,662 | Federal Government, Cost Reimbursements |
| Federal Grants/Special Revenue | 2,257,415 | Federal Government, Cost Reimbursements |
| Lincoln Area Agency on Aging/Special Revenue | 13,061 | Federal Government, Cost Reimbursements |
| | 12,216 | State of Nebraska, Cost Reimbursements |
| Lincoln/Lancaster Co. Health/Special Revenue | 346,985 | Lancaster County, Cost Reimbursements |
| Snow Removal/Special Revenue | 95,705 | August Motor Vehicle Taxes Collected by Lancaster County |
| StarTran/Special Revenue | 69,133 | Federal Government, Cost Reimbursements |
| Antelope Valley/Tax Supported Bonds/Debt Service | 166,666 | State of Nebraska, July/August Development Fund Disbursements |
| Vehicle Tax/Capital Projects | 842,577 | August Motor Vehicle Taxes Collected by Lancaster County |
| Storm Sewer Construction/Capital Projects | 151,476 | Federal Government, Cost Reimbursements |
| Other Capital Projects/Capital Projects | 146,457 | Lancaster County, Cost Reimbursements |
| Parking Facilities/Enterprise | 43,000 | State of Nebraska, Cost Reimbursements |
| Solid Waste Management/Enterprise | 27,862 | State of Nebraska, Cost Reimbursements |
| Information Services/Internal Service | 200,714 | Lancaster County Billings |
| Copy Services/Internal Service | 20,135 | Lancaster County Billings |
| Subtotal | 36,435,399 | |
| All other | 40,606 | |
| Total Due From Other Governments | $ 36,476,005 | |

## (7) CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2008, was as follows:

| | | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Capital Assets, not being Depreciated: | | | | | |
| Land | $ | 61,128,379 | 2,283,946 | 433,561 | 62,978,764 |
| Construction in Progress | | 89,643,187 | 40,755,462 | 30,281,781 | 100,116,868 |
| Total Capital Assets, not being Depreciated | | 150,771,566 | 43,039,408 | 30,715,342 | 163,095,632 |
| Capital Assets, being Depreciated: | | | | | |
| Buildings | | 74,998,705 | 2,067,108 | 841,750 | 76,224,063 |
| Improvements Other Than Buildings | | 58,658,435 | 3,213,559 | 351,374 | 61,520,620 |
| Machinery and Equipment | | 73,059,131 | 5,028,080 | 2,817,141 | 75,270,070 |
| Infrastructure | | 430,660,227 | 35,832,837 | - | 466,493,064 |
| Total Capital Assets, being Depreciated | | 637,376,498 | 46,141,584 | 4,010,265 | 679,507,817 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | | 27,319,061 | 1,958,004 | 605,705 | 28,671,360 |
| Improvements Other Than Buildings | | 21,627,096 | 1,924,823 | 329,695 | 23,222,224 |
| Machinery and Equipment | | 37,745,551 | 6,668,824 | 2,696,023 | 41,718,352 |
| Infrastructure | | 136,394,963 | 13,732,244 | - | 150,127,207 |
| Total Accumulated Depreciation | | 223,086,671 | 24,283,895 | 3,631,423 | 243,739,143 |
| Total Capital Assets, being Depreciated, Net | | 414,289,827 | 21,857,689 | 378,842 | 435,768,674 |
| Governmental Activities Capital Assets, Net | $ | 565,061,393 | 64,897,097 | 31,094,184 | 598,864,306 |

| | | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|---|
| **Business-type Activities:** | | | | | |
| Capital Assets, not being Depreciated: | | | | | |
| Land | $ | 18,573,146 | 2,448,662 | 17,288 | 21,004,520 |
| Construction in Progress | | 226,331,247 | 136,439,541 | 284,658,839 | 78,111,949 |
| Total Capital Assets, not being Depreciated | | 244,904,393 | 138,888,203 | 284,676,127 | 99,116,469 |
| Capital Assets, being Depreciated: | | | | | |
| Buildings | | 197,160,177 | 26,848,498 | 23,791 | 223,984,884 |
| Improvements Other Than Buildings | | 469,679,192 | 35,871,331 | 3,410 | 505,547,113 |
| Machinery and Equipment | | 24,243,220 | 2,834,134 | 580,139 | 26,497,215 |
| Utility Plant | | 892,674,000 | 214,488,000 | 4,289,000 | 1,102,873,000 |
| Total Capital Assets, being Depreciated | | 1,583,756,589 | 280,041,963 | 4,896,340 | 1,858,902,212 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | | 61,562,344 | 4,757,588 | 23,165 | 66,296,767 |
| Improvements Other Than Buildings | | 119,173,474 | 10,716,392 | 3,361 | 129,886,505 |
| Machinery and Equipment | | 14,425,701 | 1,780,892 | 519,447 | 15,687,146 |
| Utility Plant | | 337,516,000 | 33,014,000 | 4,289,000 | 366,241,000 |
| Total Accumulated Depreciation | | 532,677,519 | 50,268,872 | 4,834,973 | 578,111,418 |
| Total Capital Assets, being Depreciated, Net | | 1,051,079,070 | 229,773,091 | 61,367 | 1,280,790,794 |
| Business-type Activities Capital Assets, Net | $ | 1,295,983,463 | 368,661,294 | 284,737,494 | 1,379,907,263 |

Depreciation expense was charged to functions/programs as follows:

| | | |
|---|---|---|
| Governmental Activities: | | |
| General Government | $ | 1,044,925 |
| Public Safety | | 1,870,308 |
| Streets and Highways, including Infrastructure | | 13,175,286 |
| Culture and Recreation | | 3,705,437 |
| Economic Opportunity | | 61,269 |
| Health and Welfare | | 246,145 |
| Mass Transit | | 1,612,539 |
| Subtotal | | 21,715,909 |
| Internal Service Funds Capital Assets Depreciation is charged to the various functions based on usage of the assets. | | 2,567,986 |
| Total Depreciation Expense - Governmental | $ | 24,283,895 |
| | | |
| Business-type Activities: | | |
| Parking Lots | $ | 28,326 |
| Golf | | 658,678 |
| Parking Facilities | | 1,055,009 |
| Pershing Municipal Auditorium | | 70,503 |
| Solid Waste Management | | 1,630,474 |
| Emergency Medical Services | | 99,662 |
| Wastewater System | | 6,784,983 |
| Water System | | 6,927,237 |
| Lincoln Electric System | | 33,014,000 |
| Total Depreciation Expense - Business-type | $ | 50,268,872 |

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 | $ | 3,184,797 | 2,269,411 | - | 5,454,208 |
| Construction in Progress | | 39,104,516 | 17,787,298 | 50,598,698 | 6,293,116 |
| Total Capital Assets, not being Depreciated | | 42,289,313 | 20,056,709 | 50,598,698 | 11,747,324 |
| | | | | | |
| Capital Assets, being Depreciated: | | | | | |
| Buildings | | 52,787,209 | 22,343,347 | - | 75,130,556 |
| Improvements Other Than Buildings | | 206,422,389 | 27,387,581 | - | 233,809,970 |
| Machinery and Equipment | | 7,864,371 | 787,099 | 301,775 | 8,349,695 |
| Total Capital Assets, being Depreciated | | 267,073,969 | 50,518,027 | 301,775 | 317,290,221 |
| | | | | | |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | | 17,208,758 | 1,442,946 | - | 18,651,704 |
| Improvements Other Than Buildings | | 49,534,531 | 4,840,768 | - | 54,375,299 |
| Machinery and Equipment | | 3,564,945 | 501,269 | 255,611 | 3,810,603 |
| Total Accumulated Depreciation | | 70,308,234 | 6,784,983 | 255,611 | 76,837,606 |
| | | | | | |
| Total Capital Assets, being Depreciated, Net | | 196,765,735 | 43,733,044 | 46,164 | 240,452,615 |
| | | | | | |
| Wastewater System Capital Assets, Net | $ | 239,055,048 | 63,789,753 | 50,644,862 | 252,199,939 |

| | | Ending Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|---|
| **Lincoln Water System:** | | | | | |
| Capital Assets, not being Depreciated: | | | | | |
| Land | $ | 4,712,177 | 119,916 | - | 4,832,093 |
| Construction in Progress | | 7,944,302 | 30,216,667 | 11,650,390 | 26,510,579 |
| Total Capital Assets, not being Depreciated | | 12,656,479 | 30,336,583 | 11,650,390 | 31,342,672 |
| Capital Assets, being Depreciated: | | | | | |
| Buildings | | 95,103,963 | 4,236,137 | 11,416 | 99,328,684 |
| Improvements Other Than Buildings | | 232,790,759 | 8,400,639 | - | 241,191,398 |
| Machinery and Equipment | | 5,644,686 | 1,155,125 | 254,020 | 6,545,791 |
| Total Capital Assets, being Depreciated | | 333,539,408 | 13,791,901 | 265,436 | 347,065,873 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | | 25,375,649 | 2,231,481 | 11,416 | 27,595,714 |
| Improvements Other Than Buildings | | 56,145,649 | 4,267,657 | - | 60,413,306 |
| Machinery and Equipment | | 3,896,299 | 428,099 | 241,291 | 4,083,107 |
| Total Accumulated Depreciation | | 85,417,597 | 6,927,237 | 252,707 | 92,092,127 |
| Total Capital Assets, being Depreciated, Net | | 248,121,811 | 6,864,664 | 12,729 | 254,973,746 |
| Water System Capital Assets, Net | $ | 260,778,290 | 37,201,247 | 11,663,119 | 286,316,418 |

| | | Ending Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|---|
| **Lincoln Electric System:** | | | | | |
| Capital Assets, not being Depreciated: | | | | | |
| Construction in Progress | $ | 179,170,000 | 87,889,000 | 222,304,000 | 44,755,000 |
| Capital Assets, being Depreciated: | | | | | |
| Utility Plant | | 892,674,000 | 214,488,000 | 4,289,000 | 1,102,873,000 |
| Less Accumulated Depreciation | | 337,516,000 | 33,014,000 | 4,289,000 | 366,241,000 |
| Total Capital Assets, being Depreciated, Net | | 555,158,000 | 181,474,000 | - | 736,632,000 |
| Electric System Capital Assets, Net | $ | 734,328,000 | 269,363,000 | 222,304,000 | 781,387,000 |

During 2008, Lincoln Wastewater System incurred $3,781,482 of interest cost, of which $3,033,540 was capitalized into construction in progress. Lincoln Water System incurred $3,165,073 of interest cost, of which $1,208,927 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 $500,000 with a construction period in excess of 12 months. 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 starting June 1, 2007 was 4.6% and was 4.8% through May 31, 2007.

## (8) INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds at August 31, 2008, consist of the following:

| Due To | Due From | | | | | | |
|---|---|---|---|---|---|---|---|
| | General Fund | Street Construction | Federal Grants | Nonmajor Governmental | Nonmajor Enterprise | Internal Service | Total |
| General Fund | $ - | - | 160 | 36,154 | 1,856,642 | 638,987 | 2,531,943 |
| Street Construction | 1,276,439 | - | - | 9,783,303 | - | - | 11,059,742 |
| Federal Grants | 66,951 | - | - | - | - | - | 66,951 |
| Nonmajor Governmental | 4,314,899 | - | 4,857 | 1,203,078 | - | - | 5,522,834 |
| Lincoln Wastewater System | 1,050,393 | - | - | 220,690 | - | - | 1,271,083 |
| Lincoln Water System | 995,752 | - | - | 404,423 | - | - | 1,400,175 |
| Nonmajor Enterprise | 1,290,839 | 7,252 | - | 14 | 241,333 | - | 1,539,438 |
| Internal Service | 1,964,588 | 8,997 | 4,026 | 56,540 | 8,565 | 29,803 | 2,072,519 |
| | $ 10,959,861 | 16,249 | 9,043 | 11,704,202 | 2,106,540 | 668,790 | 25,464,685 |

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

During 2005 the City's General Fund purchased the street light system from LES at an amount equal to the net book value of the street light system at the transaction date. The purchase was financed through an interfund borrowing. On the government-wide statements, the purchase was accounted for as a purchase of capital assets of governmental activities and a sale of capital assets of business-type activities. On the governmental fund statements, the General Fund recognized a liability in due to other funds and a prepayment for the funds borrowed from the City's other funds. Each fund has recorded a receivable for the pro-rata share of the borrowed funds. The General Fund will pay back the amount borrowed plus interest in scheduled monthly installments over a period of 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, 2008, consist of the following:

| Transfer To | Transfer From | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | General Fund | Street Construction | Federal Grants | Nonmajor Governmental | Lincoln Electric System | Nonmajor Enterprise | Internal Service | Total |
| General Fund | $ - | 10,000 | 595 | 393,680 | 1,492,000 | 839,500 | 45,491 | 2,781,266 |
| Street Construction | 1,021,449 | - | 486,004 | 14,355,792 | - | - | - | 15,863,245 |
| Federal Grants | 580,267 | 34,900 | - | 434,773 | - | - | - | 1,049,940 |
| Nonmajor Governmental | 17,719,250 | 5,427,075 | 134,495 | 16,776,829 | - | 941,367 | - | 40,999,016 |
| Nonmajor Enterprise | 532,062 | - | - | - | - | | - | 532,062 |
| Internal Service | - | 418,217 | - | - | - | - | - | 418,217 |
| Total | $ 19,853,028 | 5,890,192 | 621,094 | 31,961,074 | 1,492,000 | 1,780,867 | 45,491 | 61,643,746 |

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

## (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 $4,828,448, $3,834,731, and $6,810,528, 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 | 9,424,088 | - |
| Machinery and Equipment | 1,838,042 | 3,113,553 |
| Less Accumulated Depreciation, (where applicable) | (2,668,223) | (2,164,115) |
| Total | $ 21,244,332 | $ 1,159,438 |

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.

On May 15, 2007, LES issued $164,485,000 in bonds with a true interest rate of 4.09% to advance refund $169,230,000 of outstanding bonds with an average interest rate of 4.65%. The net proceeds of $175,088,062 along with $4,261,050 of funds on hand (after payment of $851,198 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered to be defeased and the liability for the old bonds has been removed from the statement of net assets.

The cash flow requirements on the old bonds prior to the advance refunding were $182,148,572 from 2008 through 2020. The cash flow requirements on the new bonds are $173,936,169 from 2008 through 2020. The advance refunding resulted in an economic gain of $8,212,403.

Established by City Ordinance, LES may borrow up to $150 million under a commercial paper note program. At December 31, 2007, 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, 2007, was 3.6 percent. The annual requirement to pay interest on this outstanding debt is approximately $3.2 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 2007 was 44 days.

| **Lincoln Electric System:** | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Commercial Paper Notes | $ 90,000,000 | 738,900,000 | (738,900,000) | 90,000,000 | 90,000,000 |

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 | $ 6,860 |
| 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 | " | 1,805 |
| 6,350 | 05/29/02 | Storm Sewer and Drainage | 3.000 - 5.000 | Serial 2004 to 2020 | 2010 | " | 5,245 |
| 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 | " | 8,415 |
| 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 | " | 5,320 |
| 9,950 | 06/15/05 | Storm Sewer Construction | 3.250 - 4.250 | Serial 2006 to 2025 | 2015 | " | 8,850 |
| 8,295 | 06/27/07 | Stormwater Drainage and Flood Mgmt | 4.625 - 5.000 | Serial 2008 to 2027 | 2017 | " | 8,040 |
| | Total General Bonds | | | | | | $ 56,760 |
| Tax Allocation Bonds: | | | | | | | |
| 1,035 | 04/21/04 | Tax Allocation Bonds | 2.000 - 3.200 | Serial 2004 to 2011 | 2008 | Semiannually | 545 |
| 5,500 | 04/21/04 | Tax Allocation Bonds | 3.000 - 4.800 | Serial 2004 to 2015 | 2010 | " | 4,155 |
| 365 | 08/15/05 | Tax Allocation Bonds | 4.750 | Serial 2006 to 2018 | Anytime | " | 296 |
| 288 | 10/01/06 | Tax Allocation Bonds | 5.100 | Serial 2008 to 2016 | Anytime | " | 274 |
| 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 | " | 566 |
| 388 | 06/01/07 | Tax Allocation Bonds | 5.240 | Serial 2007 to 2020 | Anytime | " | 368 |
| 369 | 06/15/07 | Tax Allocation Bonds | 5.400 | Serial 2007 to 2014 | Anytime | " | 328 |
| 42 | 07/15/08 | Tax Allocation Bonds | 4.660 | Serial 2009 to 2021 | Anytime | " | 42 |
| 71 | 07/15/08 | Tax Allocation Bonds | 4.660 | Serial 2009 to 2017 | Anytime | " | 71 |
| 474 | 07/15/08 | Tax Allocation Bonds | 4.660 | Serial 2009 to 2022 | Anytime | " | 474 |
| 547 | 08/01/08 | Tax Allocation Bonds | 4.610 | Serial 2009 to 2022 | Anytime | " | 547 |
| 200 | 08/01/08 | Tax Allocation Bonds | 4.610 | Serial 2009 to 2022 | Anytime | " | 200 |
| | Total Tax Allocation Bonds | | | | | | $ 10,071 |
| Tax Supported Bonds: | | | | | | | |
| 3,200 | 06/13/00 | Municipal Infrastructure Redevelopment | 4.750 - 5.100 | Serial 2001 to 2009 | 2005 | Semiannually | $ 710 |
| 35,000 | 03/17/04 | Highway Allocation Fund | 2.000 - 5.000 | Serial 2007 to 2023 | 2014 | " | 34,755 |
| 27,000 | 12/05/06 | Highway Allocation Fund | 4.000 - 5.000 | Serial 2008 to 2027 | 2016 | " | 26,285 |
| | Total Tax-Supported Bonds | | | | | | $ 61,750 |
| | TOTAL GENERAL OBLIGATION BONDS | | | | | | $ 128,581 |
| Tax Supported Bonds: | | | | | | | |
| 11,080 | 3/13/02 | Antelope Valley Project | 1.500 - 5.000 | Serial 2002 to 2016 | 2012 | Semiannually | $ 7,900 |
| **Business-Type Activities:** | | | | | | | |
| Revenue Bonds: | | | | | | | |
| 39,235 | 07/31/03 | Wastewater Revenue | 2.000 - 5.000 | Serial 2004 to 2023 | 2013 | Semiannually | $ 31,340 |
| 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 | " | 16,520 |
| 16,710 | 04/18/07 | Wastewater Revenue | 4.000 - 4.500 | Serial 2008 to 2029 | 2017 | " | 16,350 |
| 3,750 | 04/18/07 | Wastewater Revenue | 4.375 | Term 2032 | 2017 | " | 3,750 |
| | Total Wastewater Bonds | | | | | | $ 83,725 |
| 11,850 | 11/22/02 | Water Revenue | 2.750 - 5.000 | Serial 2005 to 2017 | 2012 | Semiannually | $ 8,775 |
| 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 | - | " | 15,040 |
| 40,000 | 11/16/04 | Water Revenue | 3.000 - 5.000 | Serial 2005 to 2025 | 2014 | " | 36,180 |
| | Total Water Bonds | | | | | | $ 66,655 |
| 6,815 | 09/08/99 | Parking Revenue Series A | 4.000 - 5.000 | Serial 2000 to 2009 | 2009 | Semiannually | $ 1,110 |
| 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 | " | 2,725 |
| 1,640 | 12/18/01 | Parking Revenue | 5.125 | Term 2021 | 2011 | " | 1,640 |
| | Total Parking Bonds | | | | | | $ 12,170 |
| 3,165 | 11/27/01 | Golf Course Revenue Refunding | 2.300 - 4.050 | Serial 2002 to 2011 | 2008 | Semiannually | $ 1,050 |
| 4,000 | 08/17/06 | Solid Waste Management Revenue | 4.000 - 4.250 | Serial 2007 to 2021 | 2013 | Semiannually | $ 3,625 |
| 148,190 | 10/01/02 | Electric Revenue and Refunding Bonds | 4.000 - 5.000 | Serial 2004 to 2025 | 2012 | " | 113,355 |
| 93,045 | 10/01/03 | Electric Revenue and Refunding Bonds | 3.000 - 5.000 | Serial 2004 to 2026 | 2014 | " | 87,350 |
| 33,265 | 10/01/03 | Electric Revenue and Refunding Bonds | 4.750 | Term 2028 | 2014 | " | 33,265 |
| 61,290 | 10/01/05 | Electric Revenue Bonds | 5.000 | Serial 2029 to 2032 | 2015 | " | 61,290 |
| 53,710 | 10/01/05 | Electric Revenue Bonds | 4.750 | Term 2035 | 2015 | " | 53,710 |
| 183,230 | 05/15/07 | Electric Revenue and Refunding Bonds | 4.000 - 5.000 | Serial 2009 to 2035 | 2016 | " | 183,230 |
| 81,850 | 05/15/07 | Electric Revenue and Refunding Bonds | 4.500 / 4.750 | Term 2034 & 2037 | 2016 | " | 81,850 |
| | Total Electric Bonds | | | | | | $ 614,050 |
| | TOTAL REVENUE BONDS | | | | | | $ 781,275 |

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 |
| 2009 | $ 7,440 | 5,464 | 635 | 350 | 2,979 | 1,057 |
| 2010 | 6,834 | 5,180 | 660 | 326 | 2,952 | 986 |
| 2011 | 7,323 | 4,907 | 685 | 299 | 2,982 | 890 |
| 2012 | 7,987 | 4,594 | 710 | 271 | 3,422 | 790 |
| 2013 | 7,871 | 4,257 | 740 | 238 | 2,189 | 675 |
| 2014 - 2018 | 42,058 | 15,816 | 4,470 | 535 | 8,939 | 2,153 |
| 2019 - 2023 | 35,168 | 7,189 | - | - | 2,958 | 891 |
| 2024 - 2028 | 13,900 | 1,184 | - | - | 2,153 | 252 |
| | $ 128,581 | 48,591 | 7,900 | 2,019 | 28,574 | 7,694 |

| Fiscal Year Ended August 31 | Business-Type Activities | | | |
|---|---|---|---|---|
| | Revenue Bonds | | Capital Leases | |
| | Principal | Interest | Principal | Interest |
| 2009 | $ 23,305 | 37,123 | 140 | 20 |
| 2010 | 27,730 | 36,006 | 146 | 13 |
| 2011 | 29,000 | 34,681 | 127 | 7 |
| 2012 | 28,750 | 33,305 | 65 | 1 |
| 2013 | 27,335 | 31,891 | - | - |
| 2014 - 2018 | 150,970 | 138,195 | - | - |
| 2019 - 2023 | 150,660 | 99,006 | - | - |
| 2024 - 2028 | 110,290 | 69,787 | - | - |
| 2029 - 2033 | 106,910 | 43,447 | - | - |
| 2034 - 2038 | 126,325 | 15,924 | - | - |
| | $ 781,275 | 539,365 | 478 | 41 |

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 |
| 2009 | $ 2,620 | 3,820 | 5,795 | 3,128 | 13,000 | 29,360 |
| 2010 | 2,695 | 3,731 | 6,050 | 2,874 | 17,000 | 28,673 |
| 2011 | 2,785 | 3,607 | 6,310 | 2,603 | 17,820 | 27,840 |
| 2012 | 2,880 | 3,504 | 5,380 | 2,315 | 18,680 | 26,956 |
| 2013 | 2,980 | 3,388 | 2,845 | 2,058 | 19,610 | 26,007 |
| 2014 - 2018 | 16,670 | 14,796 | 15,995 | 8,124 | 113,680 | 114,167 |
| 2019 - 2023 | 20,450 | 10,571 | 18,285 | 3,834 | 109,375 | 84,342 |
| 2024 - 2028 | 25,540 | 5,326 | 5,995 | 408 | 78,755 | 64,053 |
| 2029 - 2033 | 7,105 | 699 | - | - | 99,805 | 42,748 |
| 2034 - 2038 | - | - | - | - | 126,325 | 15,924 |
| | $ 83,725 | 49,442 | 66,655 | 25,344 | 614,050 | 460,070 |

Long-term liability activity for the year ended August 31, 2008, 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 | $ 61,020 | - | (4,260) | 56,760 | 4,320 |
| Tax Allocation Bonds | 9,313 | 1,378 | (620) | 10,071 | 755 |
| Tax Supported Bonds | 63,080 | - | (1,330) | 61,750 | 2,365 |
| Tax Supported Antelope Valley Project Bonds | 8,515 | - | (615) | 7,900 | 635 |
| Capital Leases | 22,792 | 7,500 | (1,718) | 28,574 | 2,979 |
| Gross Bonds and Leases Payable | 164,720 | 8,878 | (8,543) | 165,055 | 11,054 |
| Deferred Amounts: | | | | | |
| For Issuance Premiums | 2,728 | 99 | (56) | 2,771 | - |
| For Issuance Discounts | (26) | - | 2 | (24) | - |
| Net Bonds and Leases Payable | 167,422 | 8,977 | (8,597) | 167,802 | 11,054 |
| Other Liabilities: | | | | | |
| Compensated Absences | 11,631 | 6,516 | (6,374) | 11,773 | 6,400 |
| Construction Contracts | - | 5,687 | - | 5,687 | 187 |
| Claims and Judgements | 6,355 | 20,601 | (20,283) | 6,673 | 4,415 |
| Net Pension Obligation | 3,981 | 451 | - | 4,432 | - |
| Net OPEB Obligation | - | 323 | - | 323 | - |
| Governmental Activity Long-Term Liabilities | $ 189,389 | 42,555 | (35,254) | 196,690 | 22,056 |
| **Business-Type Activities:** | | | | | |
| Bonds and Leases Payable: | | | | | |
| Wastewater Revenue Bonds | $ 86,140 | - | (2,415) | 83,725 | 2,620 |
| Water Revenue Bonds | 72,210 | - | (5,555) | 66,655 | 5,795 |
| Parking Revenue Bonds | 13,475 | - | (1,305) | 12,170 | 1,360 |
| Golf Course Revenue Bonds | 1,375 | - | (325) | 1,050 | 335 |
| Solid Waste Management Revenue Bonds | 3,815 | - | (190) | 3,625 | 195 |
| Electric System Revenue Bonds | 532,630 | 265,080 | (183,660) | 614,050 | 13,000 |
| Capital Leases | 922 | - | (444) | 478 | 140 |
| Gross Bonds and Leases Payable | 710,567 | 265,080 | (193,894) | 781,753 | 23,445 |
| Deferred Amounts: | | | | | |
| For Issuance Premiums | 18,302 | 10,931 | (7,891) | 21,342 | - |
| For Issuance Discounts | (15,865) | - | 1,775 | (14,090) | - |
| For Refunding | (2,906) | (580) | 417 | (3,069) | - |
| Net Bonds and Leases Payable | 710,098 | 275,431 | (199,593) | 785,936 | 23,445 |
| Other Liabilities: | | | | | |
| Compensated Absences | 1,474 | 945 | (892) | 1,527 | 967 |
| Construction Contracts | - | 6,374 | - | 6,374 | 3,345 |
| Claims and Judgements | 1,727 | 3,268 | (3,793) | 1,202 | 452 |
| Net OPEB Obligation | - | 95 | - | 95 | - |
| Accrued Landfill Closure/Postclosure Care Costs | 8,950 | 984 | - | 9,934 | - |
| Business-Type Activity Long-Term Liabilities | $ 722,249 | 287,097 | (204,278) | 805,068 | 28,209 |

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.

Long-term liability activity for the major enterprise funds for the year ended August 31, 2008, was as follows (in thousands of dollars):

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Lincoln Wastewater System:** | | | | | |
| Bonds Payable: | | | | | |
| Wastwater Revenue Bonds | 86,140 | - | (2,415) | 83,725 | 2,620 |
| Deferred For Issuance Premiums | 1,982 | - | (94) | 1,888 | - |
| Deferred For Issuance Discounts | (12) | - | 1 | (11) | - |
| Net Bonds Payable | 88,110 | - | (2,508) | 85,602 | 2,620 |
| Other Liabilities: | | | | | |
| Compensated Absences | 486 | 322 | (299) | 509 | 330 |
| Construction Contracts | - | 4,324 | - | 4,324 | 2,895 |
| Total Long-Term Liabilities | $ 88,110 | 4,324 | (2,508) | 89,926 | 5,515 |
| **Lincoln Water System:** | | | | | |
| Bonds Payable: | | | | | |
| Water Revenue Bonds | $ 72,210 | - | (5,555) | 66,655 | 5,795 |
| Deferred for Issuance Premiums | 2,853 | - | (336) | 2,517 | - |
| Deferred for Refunding | (673) | - | 136 | (537) | - |
| Net Bonds Payable | 74,390 | - | (5,755) | 68,635 | 5,795 |
| Other Liabilities: | | | | | |
| Compensated Absences | 690 | 361 | (350) | 701 | 382 |
| Construction Contracts | - | 2,050 | - | 2,050 | 450 |
| Total Long-Term Liabilities | $ 74,390 | 2,050 | (5,755) | 70,685 | 6,245 |
| **Lincoln Electric System:** | | | | | |
| Bonds Payable: | | | | | |
| Electric System Revenue Bonds | $ 532,630 | 265,080 | (183,660) | 614,050 | 13,000 |
| Deferred for Issuance Premiums | 13,455 | 10,931 | (7,459) | 16,927 | - |
| Deferred for Issuance Discounts | (15,853) | - | 1,774 | (14,079) | - |
| Deferred for Refunding | (2,212) | (580) | 276 | (2,516) | - |
| Net Bonds Payable | 528,020 | 275,431 | (189,069) | 614,382 | 13,000 |
| Other Liabilities: | | | | | |
| Claims and Judgements | 1,727 | 3,268 | (3,793) | 1,202 | 452 |
| Total Long-Term Liabilities | $ 529,747 | 278,699 | (192,862) | 615,584 | 13,452 |

## (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, 2008, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

| | General Fund | Street Construction Fund | Federal Grants Fund |
|---|---|---|---|
| Net Change in Fund Balances: | | | |
| Balance on a GAAP basis | $ 2,066,076 | (16,379,885) | 793,810 |
| 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. | 867,447 | (980,657) | 506,064 |
| Entity differences occur when the budget excludes programs or entities that fall within the financial reporting entity as defined by GAAP. | - | 40,410,747 | - |
| Balance on a budget basis | $ 2,933,523 | 23,050,205 | 1,299,874 |

## (11) DEFICIT NET ASSETS

The following funds had a net asset or fund balance deficit as of August 31, 2008:

| | | |
|---|---|---|
| Special Revenue - | Cable Access Television Fund | $ (28,496) |
| Special Revenue - | Impact Fees Fund | (16,365) |
| Enterprise - | Emergency Medical Services Fund | (732,188) |
| Internal Service - | Engineering Revolving Fund | (192,711) |

The Cable Access Television Fund deficit is expected to be reduced through future fee collections.

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

The Emergency Medical Services Fund deficit is expected to be reduced by increasing revenues with improved rate schedules and decreasing operating expenses.

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

## (12) EXCESSES OF EXPENDITURES OVER APPROPRIATIONS

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

| | |
|---|---|
| General Fund | |
| Urban Development | $ 186 |
| Street Lighting | 1,792,796 |
| Debt Service | 50,802 |

## (13) EMPLOYEES' RETIREMENT PLANS

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

POLICE AND FIRE PENSION

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

The City has established the Deferred Retirement Option Plan (DROP) for police and fire pension members. The DROP program allows a member to retire for pension purposes, but to continue working. The member receives a paycheck and the member's monthly pension benefit is deposited into the member's DROP account. At the end of five years, or anytime before five years, the member must

"retire-in-fact". Contributions to the pension are eliminated at the beginning of the DROP period. Pension benefits are set, and will not be increased because of raises, promotions, increased years of service or pension enhancements. When a member retires-in-fact, their monthly pension benefit will be paid directly to them and the member will have access to the funds in their DROP account.

Membership of the pension plan consisted of the following at August 31, 2008, the date of the latest actuarial valuation:

| | |
|---|---|
| Retirees and beneficiaries receiving benefits | 384 |
| Terminated plan members entitled to but not yet receiving benefits | 30 |
| Active plan members (non-DROP) | 549 |
| DROP members | 44 |
| Total | 1007 |
| Number of participating employers | 1 |

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 2008 was 12.15% of annual covered payroll. Actual contributions by the City were 10.7% 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 | $ 4,076 |
| Interest on net pension obligation | 298 |
| Adjustment to annual required contribution | (467) |
| Annual pension cost | 3,907 |
| Contributions made | 3,456 |
| Increase in net pension obligation | 451 |
| Net pension obligation beginning | 3,981 |
| Net pension obligation ending | $ 4,432 |

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 |
|---|---|---|---|---|
| 2008 | $ 3,907 | $ 3,456 | 88 % | $ 4,432 |
| 2007 | 3,905 | 3,494 | 89 | 3,981 |
| 2006 | 3,972 | 2,893 | 73 | 3,570 |

Actuarial Methods and Assumptions – The annual required contribution for the current year was determined as part of the August 31, 2006, 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 payrolls on an open basis over a period of ten years.

Funded Status and Funding Progress – As of August 31, 2008, the most recent actuarial valuation date, the plan was 100.0 percent funded. The actuarial accrued liability for benefits was $179,376,000, and the actuarial value of assets was $179,390,000, resulting in an unfunded actuarial accrued liability (UAAL) of $(14,000). The covered payroll (annual payroll of active employees covered by the plan) was $32,266,000, and the ratio of the UAAL to the covered payroll was 0.0 percent.

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

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. The administrative board of directors authorized this plan and related contribution requirements. Vesting of LES contributions occurs over a five-year period. Employee forfeitures are used to reduce employer contributions. Vested benefits are fully funded. For the year ended December 31, 2007, LES incurred contribution expense of approximately $3,023,000 (9.6% of covered payroll) and its employees contributed approximately $2,005,000 (6.3% 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, 2007, was $1,573,578. City contributions totaled $181,485 or 11.5% of covered payroll. Employee contributions made for the year ended December 31, 2007, totaled $86,096.

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, 2007, total payroll was approximately $72,146,000 and covered payroll was approximately $62,861,000. City contributions totaled $6,923,000 or 11.0% of covered payroll and employee contributions totaled $3,579,666 or 5.7% of covered payroll. Employees made $309,674 in voluntary contributions for the year ended December 31, 2007.

## (14) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

The net OPEB obligation as of August 31, 2008, was calculated as follows:

(Dollar amounts in thousands)

| | |
|---|---|
| Annual required contribution | $ 662 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost | 662 |
| Contributions made | (244) |
| Increase in net OPEB obligation | 418 |
| Net OPEB obligation beginning | - |
| Net OPEB obligation ending | $ 418 |

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

| Year Ended August 31 | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 2008 | $ 662,000 | 36.9 % | $ 418,000 |

Funded Status and Funding Progress – As of September 1, 2007, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial liability for benefits was $5,662,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial liability (UAL) of $5,662,000. Annual covered payroll was approximately $106,787,000, and the ratio of the UAL to the covered payroll was 5.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the September 1, 2007, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate and an annual healthcare cost trend rate of 7.74% initially, reduced by decrements to an ultimate rate of 4.42% after 10 years. Participation assumptions include 60% of eligible civilian members and 40% of eligible Fire/Police members electing coverage, also assuming that 50% of those who elect coverage will cover a spouse as well. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at September 1, 2007 was thirty years.

PEHP – Defined Contribution Plan

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

Terms for eligibility and contribution rates are specified in the City's various collective bargaining agreements. Individual employee accounts consist of employer contributions, investment returns and any forfeiture allocations. Current employer contributions range from $18-$50 per pay period based on union contracts. Current year contributions totaled approximately $1,312,000.

## (15) PROPERTY TAXES

The Home Rule Charter of the City imposes a tax ceiling for general revenue purposes. The City tax ceiling was established by using the September 1, 1966, City dollar tax limit as an initial tax limit, and increasing that tax limit each year following 1966 by 7% so that in each fiscal year thereafter the amount of the City tax limit shall be the amount of the City tax limit for the previous year plus 7% thereof. In addition, the City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within 6 months thereafter, as well as taxes authorized by state law. The 2007 tax levy, for the 2007-2008 fiscal year, was $69,877,835 below the legal limit, with a tax rate per $100 valuation of $0.2879. The assessed value upon which the 2007 levy was based was $15,653,926,490.

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

Within the government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. Property taxes levied for 2007-2008 are recorded as revenue in the fund financial statements when expected to be collected within 60 days after August 31, 2008. 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.

## (16) RISK MANAGEMENT

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

For the year ended August 31, 2008, the City had a self-insured retention for workers' compensation exposures up to $500,000 per individual; law enforcement liability, general liability, public officials liability, public transportation liability, medical professional liability, and auto liability exposures up to $250,000 per occurrence; building and contents property exposures up to $50,000 per occurrence; health and dental benefits, and employee long-term disability benefits.

The City also obtained excess liability insurance coverage in the current year. Workers' compensation was covered by a policy that provided statutory limits above the City's retention of $500,000 per individual. Law enforcement, general, public officials, public transportation, medical professional, and auto liabilities were covered by policies that provided limits of $6 million per occurrence with a $12 million annual aggregate. Health had excess loss indemnity coverage above $150,000 per claim and above 125% of the aggregate attachment point. The Nebraska Political Tort Claims Act limits the City's liability for tort claims to $1 million per individual and $5 million per occurrence.

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

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

- Estimate the outstanding liabilities for the current fiscal year ended August 31,

- Forecast ultimate incurred losses and incurred but not reported losses for future years, and

- Estimate the required funding level for the City's self-insured liabilities.

The City funds its self-insurance program on an "incurred loss" basis. The governmental and proprietary funds pay annual premium amounts, based on past experience of incurred losses, to the Insurance Revolving Fund. Claim liabilities of $6,672,802 were recorded at August 31, 2008. Excluding medical care claims approximating $1,368,000, the remaining liability is the actuarially estimated amount of claims based on an estimate of ultimate incurred and incurred but not reported losses as of that date and is calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. The claims liability estimate also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of their allocation to specific claims. These liabilities have been discounted using a 4.33% 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, 2008 and 2007:

| 2008 | | Worker's Compensation and Others | Long-Term Disability | Health and Dental | Total |
|---|---|---|---|---|---|
| Balance at September 1 | $ | 4,359,000 | 605,509 | 1,390,997 | 6,355,506 |
| Current year claims and changes in estimates | | 2,867,000 | (3,778) | 17,737,105 | 20,600,327 |
| Claims payments | | (2,481,000) | (41,910) | (17,760,121) | (20,283,031) |
| Balance at August 31 | $ | 4,745,000 | 559,821 | 1,367,981 | 6,672,802 |

| 2007 | | Worker's Compensation and Others | Long-Term Disability | Health and Dental | 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 | $ | 4,359,000 | 605,509 | 1,390,997 | 6,355,506 |

LINCOLN ELECTRIC SYSTEM

LES has a self-funded health insurance program with claims processed by and on behalf of the utility. As part of the plan, a reinsurance policy has been purchased which covers claims in excess of $100,000 per individual. Total accrual and payment history is shown below:

| | | 2007 | 2006 |
|---|---|---|---|
| Balance beginning of year | $ | 1,727,000 | 2,960,000 |
| Claims accrued | | 3,268,000 | 3,007,000 |
| Claims paid/other | | (3,793,000) | (4,240,000) |
| Balance end of year | $ | 1,202,000 | 1,727,000 |

## (17) COMMITMENTS AND CONTINGENCIES

GENERAL

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

At August 31, 2008, approximately 98% of the full-time, regular City's employees are represented by a Union. The existing union contracts will expire in 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 a materially adverse effect on the financial statements.

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 based upon the anticipated expenditure appropriations or collection of directed impact fees within the development area. As of August 31, 2008, the City's commitment to developers is estimated to be approximately $16,600,000.

STREET CONSTRUCTION PROJECTS

The City's Street Construction Capital Projects Fund has commitments under major construction contracts in progress of approximately $13,000,000 as of August 31, 2008, 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 $2,700,000 at August 31, 2008.

LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately $12,350,000 as of August 31, 2008.

LINCOLN ELECTRIC SYSTEM

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 $6,700,000 in 2007. 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 $20,000,000 in 2007.

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 $18,200,000, $19,400,000, $19,200,000, $18,900,000, and $22,900,000, respectively, in each of the five years subsequent to December 31, 2007.

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 $34,000,000 are reflected in utility plant at December 31, 2007.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County) whereby the County purchases from LES 10 MW of LES's capacity interest in LRS. The agreement provides for the County to pay LES monthly fixed payments for the repayment of debt service. The amount is subject to change each July 1 based on debt costs of LES relative to the current market rates, until termination of the agreement. The agreement remains in effect until either the final maturity occurs on any LRS related debt, LRS is removed from commercial operation, or the County gives LES six-months' notice to terminate the agreement. During 2007, LES billed the County approximately $2,900,000 for demand and energy charges.

Walter Scott Energy Center (WS4)

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

## (18) LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

At August 31, 2008, the City had incurred a liability of approximately $6,360,000 for the municipal solid waste landfill which represents the amount of costs reported to date based on the approximately 43 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately $8.3 million, which will be recognized as the remaining capacity is used (estimated to be approximately 25 years).

As of August 31, 2008, the City had incurred a liability of approximately $513,000 for the construction and demolition debris landfill which represents the amount of costs reported to date based on the approximately 48 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately $543,000, which will be recognized as the remaining capacity is used (estimated to be approximately 16 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, 2008, a liability for closure and postclosure care costs is recorded in the amount of approximately $3,061,000, 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, 2008.

## (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:

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

*Long-term debt* – The estimated fair value of the long-term debt is approximately $66,324,000 for the Water System and $81,141,000 for the Wastewater System based on borrowing rates currently available as of August 31, 2008.

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

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

## (20) SEGMENT INFORMATION

The City has issued revenue bonds and other debt instruments to finance capital construction and acquisitions for both the 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'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, 2008, is presented as follows:

| | | Golf | Parking Facilities | Solid Waste Management |
|---|---|---|---|---|
| **CONDENSED STATEMENT OF NET ASSETS** | | | | |
| Assets: | | | | |
| Current Assets, excluding Due from Other Funds | $ | 50,638 | 5,638,968 | 10,918,760 |
| Due from Other Funds | | 26,688 | 414,819 | 1,014,645 |
| Restricted Assets | | 453,450 | 2,703,058 | 1,625,930 |
| Deferred Charges | | 25,511 | 345,650 | 68,426 |
| Capital Assets | | 6,141,110 | 36,365,907 | 16,620,626 |
| Total Assets | | 6,697,397 | 45,468,402 | 30,248,387 |
| Liabilities: | | | | |
| Current Liabilities, excluding Due to Other Funds | | 764,997 | 2,489,433 | 623,020 |
| Due to Other Funds | | 464,826 | 243,748 | 167 |
| Noncurrent Liabilities | | 1,051,923 | 10,810,149 | 13,401,414 |
| Total Liabilities | | 2,281,746 | 13,543,330 | 14,024,601 |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of Related Debt | | 4,994,472 | 26,017,299 | 14,419,877 |
| Restricted | | 161,332 | 900,023 | 299,912 |
| Unrestricted | | (740,153) | 5,007,750 | 1,503,997 |
| Total Net Assets | $ | 4,415,651 | 31,925,072 | 16,223,786 |
| **CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS** | | | | |
| Operating Revenues | $ | 2,929,763 | 6,642,460 | 5,798,531 |
| Depreciation Expense | | (658,678) | (1,055,009) | (1,630,474) |
| Other Operating Expenses | | (2,402,983) | (2,912,511) | (5,701,312) |
| Operating Income (Loss) | | (131,898) | 2,674,940 | (1,533,255) |
| Nonoperating Revenues (Expenses): | | | | |
| Investment Earnings | | 4,080 | 492,249 | 604,440 |
| Loss on Disposal of Capital Assets | | (134) | - | (15,941) |
| Occupation Tax | | - | - | 2,134,549 |
| Interest Expense and Fiscal Charges | | (90,660) | (727,975) | (158,530) |
| Capital Contributions | | 6,165 | 59,335 | 44,383 |
| Transfers | | 2,562 | (835,000) | (822,980) |
| Change in Net Assets | | (209,885) | 1,663,549 | 252,666 |
| Beginning Net Assets | | 4,625,536 | 30,261,523 | 15,971,120 |
| Ending Net Assets | $ | 4,415,651 | 31,925,072 | 16,223,786 |
| **CONDENSED STATEMENT OF CASH FLOWS** | | | | |
| Net Cash Provided (Used) by: | | | | |
| Operating Activitites | $ | 502,697 | 3,909,390 | 1,094,933 |
| Noncapital Financing Activities | | 118,215 | (682,994) | 913,149 |
| Capital and Related Financing Activities | | (614,368) | (2,790,834) | (979,569) |
| Investing Activities | | 13,037 | (86,478) | (415,800) |
| Net Increase in Cash | | 19,581 | 349,084 | 612,713 |
| Beginning Balance | | 133,511 | 1,349,448 | 2,060,392 |
| Ending Balance | $ | 153,092 | 1,698,532 | 2,673,105 |

## (21) PLEDGED REVENUES

The City has pledged future revenues derived from the operation of the Lincoln Wastewater System, net of operating and maintenance expenses, to repay $93,460,000 in wastewater revenue bonds. Proceeds from the bonds provided financing for improvements to the sanitary sewer system, as well as refunding a $4.5 million loan to the City from the Nebraska Department of Environmental Quality. The bonds are payable solely from the net earnings of the Wastewater System and are payable through 2032. The total principal and interest remaining to be paid on the bonds is $133,167,890, with annual payments expected to require 57 percent of net revenues. Principal and interest paid for the current year and net system revenues were $6,445,454 and $10,954,243, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Water System, net of operating and maintenance expenses, to repay $90,690,000 in water revenue bonds. Proceeds from the bonds provided financing for improvements to the water supply system, as well as refunding $37.8 million of water revenue bonds. The bonds are payable solely from the net earnings of the Water System and are payable through 2025. The total principal and interest remaining to be paid on the bonds is $91,998,511, with annual payments expected to require 66 percent of net revenues. Principal and interest paid for the current year and net system revenues were $8,931,201 and $12,831,663, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Electric System, net of operating, maintenance and certain power expenses, to repay $654,580,000 in electric revenue bonds. Proceeds from the bonds provided financing for construction of additional utility plant, as well as refunding certain issues of electric revenue bonds. The bonds are payable solely from the net earnings of the Electric System and are payable through 2037. The total principal and interest remaining to be paid on the bonds is $1,074,120,000, with annual payments expected to require 55 percent of net revenues. Principal and interest paid for the current year and net system revenues were $42,253,000 and $75,182,000, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Golf Courses, net of operating expenses, to repay $3,165,000 in golf revenue refunding bonds. Proceeds from the bonds provided financing for refunding $3.3 million of 1991 Golf Course Revenue Bonds. The bonds are payable solely from the net earnings of the municipal golf courses and are payable through 2011. The total principal and interest remaining to be paid on the bonds is $1,135,412, with annual payments expected to require 73 percent of net revenues. Principal and interest paid for the current year and net system revenues were $379,035 and $530,860, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Parking System, net of operating and maintenance expenses, and amounts, if any, distributed by the State for street purposes to repay $19,510,000 in parking revenue bonds. Proceeds from the bonds provided financing for construction and improvements to the parking system, as well as refunding $8,755,000 of Series 1994 A & C parking revenue bonds. The bonds are payable solely from the net earnings of the Parking System and are payable through 2022. The total principal and interest remaining to be paid on the bonds is $15,372,725, with annual payments expected to require 50 percent of net revenues. Principal and interest paid for the current year and net system revenues were $1,992,194 and $4,222,198, respectively.

The City has pledged future revenues derived from the operation of the municipally owned solid waste management facilities, net of operating and maintenance expenses, to repay $4,000,000 in solid waste management revenue bonds. Proceeds from the bonds provided financing for improvements to the solid waste facilities. The bonds are payable solely from the net earnings of the Sold Waste System and are payable through 2021. The total principal and interest remaining to be paid on the bonds is $4,845,963, with annual payments expected to require 15 percent of net revenues. Principal and interest paid for the current year and net system revenues were $345,825 and $2,836,208, respectively.

## (22) PUBLIC BUILDING COMMISSION

In 1990, the City and the County of Lancaster, pursuant to state statute, activated a separate governmental entity denominated as the Lincoln-Lancaster County Public Building Commission. The purpose of this joint venture is to design, acquire, construct, maintain, operate, improve, remodel, remove and reconstruct, so long as its corporate existence continues, public buildings, structures, or facilities for use jointly by the City and the County. The City and the County each appoint two members to the five-member Commission, with the fifth member being appointed by the other four members. All property held or acquired by the Commission is held or acquired in the name of the City and the County for use by the Commission in its corporate capacity. The Commission's costs of operation and debt service are funded through rental payments made by the City and the County based

upon their proportionate occupancy of such buildings to the extent not covered by a maximum property tax levy of 1.7 cents for each $100 of actual valuation of taxable property in the County. For the year ended August 31, 2008, the City made rental payments of approximately $2.4 million to the Commission.

As of August 31, 2008, the Commission has bonds outstanding of $46,140,000 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.

## (23) JOINT ANTELOPE VALLEY AUTHORITY

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

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

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

For the year ended August 31, 2008, total assets of JAVA reached $150,113,698, an increase of $33,481,154 from the prior year. The City's equity interest increased by $32,093,025 to $127,738,092.

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

## (24) JOINTLY GOVERNED ORGANIZATIONS

District Energy Corporation

LES, in conjunction with two other governmental entities, created the District Energy Corporation (DEC) in 1989 to own, operate, maintain, and finance the heating and cooling facilities utilized by certain city, county, and state buildings. The Board of Directors of DEC is comprised of five members: two appointed by the 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 $227,000 in 2007. The total amount of payments to LES for energy was approximately $81,000 in 2007.

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 $95,000 in 2007. The total amount of payments to LES for energy was approximately $8.5 million in 2007.

# CITY OF LINCOLN, NEBRASKA
## Required Supplementary Information
## August 31, 2008

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| August 31, 2008 | $ 179,390 | $ 179,376 | $ (14) | 100.0 % | $ 32,266 | (0.0) % |
| August 31, 2007 | 171,264 | 169,587 | (1,677) | 101.0 | 30,546 | (5.5) |
| 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 |

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

| Year Ended August 31 | Annual Required Contribution | Annual Pension Contribution | Percentage Contributed |
|---|---|---|---|
| 2008 | $ 4,076 | $ 3,456 | 85 % |
| 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 |

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Unit Credit (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| September 1, 2007 | $ 0 | $ 5,662 | $ 5,662 | 0.0 % | $ 106,787 | 5.3 % |

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF LINCOLN, NEBRASKA**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2008

| | Special Revenue | Debt Service | Capital Projects | Permanent Funds | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 9,359,259 | 2,787,163 | 5,197,919 | 3,641,441 | 20,985,782 |
| Investments | 30,823,924 | 10,675,555 | 9,095,627 | 46,901,734 | 97,496,840 |
| Invested Securities Lending Collateral | - | - | - | 4,065,673 | 4,065,673 |
| Receivables, (Net of Allowance for Uncollectibles) | 3,964,400 | 1,189,048 | 124,202 | 147,897 | 5,425,547 |
| Due from Other Funds | 2,665,424 | 799,845 | 2,011,896 | 45,669 | 5,522,834 |
| Due from Other Governments | 537,665 | 167,044 | 1,140,510 | - | 1,845,219 |
| Inventories | 699,997 | - | - | - | 699,997 |
| Total Assets | 48,050,669 | 15,618,655 | 17,570,154 | 54,802,414 | 136,041,892 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 475,045 | - | 1,260,814 | 41,129 | 1,776,988 |
| Contracts Payable | - | - | 327,308 | - | 327,308 |
| Retainages Payable | - | - | 84,228 | - | 84,228 |
| Accrued Liabilities | 1,091,218 | - | - | 5,877 | 1,097,095 |
| Due to Other Funds | 11,689,190 | - | 15,012 | - | 11,704,202 |
| Due to Other Governments | 70,228 | - | 63,211 | - | 133,439 |
| Unearned Revenue | 1,229,845 | - | - | - | 1,229,845 |
| Obligations under Securities Lending | - | - | - | 4,065,673 | 4,065,673 |
| Deferred Revenue | 2,472,873 | 144,948 | 151,476 | - | 2,769,297 |
| Total Liabilities | 17,028,399 | 144,948 | 1,902,049 | 4,112,679 | 23,188,075 |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Inventories | 699,997 | - | - | - | 699,997 |
| Improvements | 8,275 | - | 2,329,012 | - | 2,337,287 |
| Debt Service | - | 15,473,707 | - | - | 15,473,707 |
| Trust Donations (non-expendable) | - | - | - | 160,000 | 160,000 |
| Health Care (non-expendable) | - | - | - | 37,000,000 | 37,000,000 |
| Unreserved: | | | | | |
| Designated for Subsequent Years Expenditures | 1,672,667 | - | - | - | 1,672,667 |
| Designated for Encumbrances | 338,023 | - | 1,713,335 | - | 2,051,358 |
| Undesignated | 28,303,308 | - | 11,625,758 | 13,529,735 | 53,458,801 |
| Total Fund Balances | 31,022,270 | 15,473,707 | 15,668,105 | 50,689,735 | 112,853,817 |
| Total Liabilities and Fund Balances | $ 48,050,669 | 15,618,655 | 17,570,154 | 54,802,414 | 136,041,892 |

**CITY OF LINCOLN, NEBRASKA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Special Revenue | Debt Service | Capital Projects | Permanent Funds | Total |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Taxes: | | | | | |
| Property | $ 11,640,296 | 7,636,957 | - | - | 19,277,253 |
| Wheel | 1,066,773 | - | 9,391,795 | - | 10,458,568 |
| Sundry and In Lieu | 8,003 | 3,893 | - | - | 11,896 |
| Special Assessement | 78,265 | 1,270,772 | - | - | 1,349,037 |
| Intergovernmental | 7,233,580 | 1,648,307 | 625,218 | - | 9,507,105 |
| Permits and Fees | 10,036,602 | - | 214,822 | - | 10,251,424 |
| Reimbursement for Services | 995,023 | - | - | - | 995,023 |
| Investment Earnings | 1,143,587 | 1,044,467 | 1,079,497 | 1,312,080 | 4,579,631 |
| Donations | 169,511 | - | 440,622 | 59,934 | 670,067 |
| Keno Proceeds | 3,373,939 | - | - | - | 3,373,939 |
| Miscellaneous | 171,605 | 9,239 | 695,168 | 36,660 | 912,672 |
| Total Revenues | 35,917,184 | 11,613,635 | 12,447,122 | 1,408,674 | 61,386,615 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General Government | 7,856,899 | - | - | - | 7,856,899 |
| Public Safety | 8,476,587 | - | - | - | 8,476,587 |
| Streets and Highways | 3,145,838 | - | - | - | 3,145,838 |
| Culture and Recreation | 8,261,952 | - | - | 22,483 | 8,284,435 |
| Economic Opportunity | 4,050,434 | - | - | - | 4,050,434 |
| Health and Welfare | 11,018,352 | - | - | 1,465,715 | 12,484,067 |
| Mass Transit | 10,545,246 | - | - | - | 10,545,246 |
| Debt Service: | | | | | |
| Principal Retirement | - | 7,989,828 | - | - | 7,989,828 |
| Interest and Fiscal Charges | - | 6,382,569 | - | - | 6,382,569 |
| Miscellaneous | - | 4,596 | - | - | 4,596 |
| Capital Outlay | - | - | 13,629,494 | - | 13,629,494 |
| Total Expenditures | 53,355,308 | 14,376,993 | 13,629,494 | 1,488,198 | 82,849,993 |
| Deficiency of Revenues Under Expenditures | (17,438,124) | (2,763,358) | (1,182,372) | (79,524) | (21,463,378) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers In | 30,135,134 | 7,527,097 | 3,336,785 | - | 40,999,016 |
| Transfers Out | (2,036,387) | (13,200,825) | (16,723,862) | - | (31,961,074) |
| Issuance of Debt | - | - | 5,382,537 | - | 5,382,537 |
| Premium on Debt Issued | - | - | 52,742 | - | 52,742 |
| Sale of Capital Assets | 176,480 | - | 228,259 | - | 404,739 |
| Total Other Financing Sources (Uses) | 28,275,227 | (5,673,728) | (7,723,539) | - | 14,877,960 |
| Net Change in Fund Balances | 10,837,103 | (8,437,086) | (8,905,911) | (79,524) | (6,585,418) |
| Fund Balances - Beginning | 20,185,167 | 23,910,793 | 24,574,016 | 50,769,259 | 119,439,235 |
| Fund Balances - Ending | $ 31,022,270 | 15,473,707 | 15,668,105 | 50,689,735 | 112,853,817 |

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, 2008

| | 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 | $ 345,493 | 51,990 | 203,256 | 625,178 | 69,651 | 107 | 123,605 | 280,758 | 69,885 | 416,019 |
| Investments | 1,051,254 | 92,719 | 654,258 | 1,996,729 | 215,474 | 2,612 | 382,630 | 907,604 | 201,109 | 1,345,082 |
| Receivables: | | | | | | | | | | |
| Taxes | - | - | - | 776,859 | - | - | - | - | - | 257,777 |
| Accounts | - | - | - | - | 32 | - | 12,521 | 2,684 | 177,679 | - |
| Accrued Interest | 6,643 | 851 | 6,079 | 12,864 | 3,406 | 13 | 2,266 | 2,188 | 1,480 | 11,934 |
| Special Assessment | - | - | - | - | - | - | - | - | - | - |
| Due from Other Funds | 93,408 | 8,283 | 58,209 | 177,501 | 24,083 | 230 | 34,051 | 80,640 | 17,831 | 119,523 |
| Due from Other Governments | - | - | - | 424 | 25,277 | - | 346,985 | 95,705 | - | 141 |
| Inventories | - | - | - | - | - | - | - | 170,840 | - | - |
| Total Assets | 1,496,798 | 153,843 | 921,802 | 3,589,555 | 337,923 | 2,962 | 902,058 | 1,540,419 | 467,984 | 2,150,476 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts Payable | 26 | 128 | - | 72,010 | 39,065 | - | 50,479 | 324 | 3,638 | 6,671 |
| Accrued Liabilities | - | - | 645 | 110,629 | 51,659 | - | 167,626 | 10,833 | 57,538 | 122,638 |
| Due to Other Funds | - | - | - | 1,042 | 4,053 | - | 32,107 | 2,493 | 354 | - |
| Due to Other Governments | 40 | - | - | 136 | 40 | - | 2,014 | - | - | - |
| Unearned Revenue | - | - | 949,653 | - | - | - | - | - | - | - |
| Deferred Revenue | - | - | - | 152,403 | - | - | 353,463 | 2,451 | - | 49,925 |
| Total Liabilities | 66 | 128 | 950,298 | 336,220 | 94,817 | - | 605,689 | 16,101 | 61,530 | 179,234 |
| Fund Balances (Deficits): | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Inventories | - | - | - | - | - | - | - | 170,840 | - | - |
| Improvements | - | - | - | - | - | - | - | - | 8,275 | - |
| Unreserved: | | | | | | | | | | |
| Designated for Subsequent Years' Expenditures | - | - | - | 623,690 | 13,711 | - | 44,489 | 2,875 | 15,271 | 265,547 |
| Designated for Encumbrances | - | - | - | 183,076 | 5,635 | - | - | 24,000 | 44 | - |
| Undesignated | 1,496,732 | 153,715 | (28,496) | 2,446,569 | 223,760 | 2,962 | 251,880 | 1,326,603 | 382,864 | 1,705,695 |
| Total Fund Balances (Deficits) | 1,496,732 | 153,715 | (28,496) | 3,253,335 | 243,106 | 2,962 | 296,369 | 1,524,318 | 406,454 | 1,971,242 |
| Total Liabilities and Fund Balances (Deficits) | $ 1,496,798 | 153,843 | 921,802 | 3,589,555 | 337,923 | 2,962 | 902,058 | 1,540,419 | 467,984 | 2,150,476 |

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| - | 400,226 | 43,738 | 717,116 | 2,249,646 | 888,495 | 1,896 | 2,549,917 | 193,969 | 74,489 | 53,825 | 9,359,259 |
| - | 1,103,490 | 143,650 | 2,315,370 | 8,316,651 | 2,844,261 | 3,918 | 8,220,672 | 612,470 | 240,286 | 173,685 | 30,823,924 |
| 383,136 | - | - | - | - | - | - | - | - | - | - | 1,417,772 |
| - | 26,945 | - | 137,066 | - | - | - | - | 282 | - | - | 357,209 |
| - | 6,000 | 1,309 | 20,751 | 78,845 | 28,179 | 40 | 79,937 | 5,620 | 2,306 | 1,703 | 272,414 |
| - | - | - | - | 1,917,005 | - | - | - | - | - | - | 1,917,005 |
| - | 98,126 | 12,769 | 205,799 | 659,731 | 252,734 | 344 | 730,709 | 54,526 | 21,397 | 15,530 | 2,665,424 |
| - | 69,133 | - | - | - | - | - | - | - | - | - | 537,665 |
| - | 529,157 | - | - | - | - | - | - | - | - | - | 699,997 |
| 383,136 | 2,233,077 | 201,466 | 3,396,102 | 13,221,878 | 4,013,669 | 6,198 | 11,581,235 | 866,867 | 338,478 | 244,743 | 48,050,669 |
| - | 158,739 | - | 52,721 | 15,865 | 3,122 | - | 480 | 67,847 | - | 3,930 | 475,045 |
| 313,290 | 155,716 | - | - | - | 97,003 | - | 1,976 | - | - | 1,665 | 1,091,218 |
| - | 11,049 | - | 26,673 | 2,557 | 13,699 | - | 11,595,144 | - | 19 | - | 11,689,190 |
| - | - | - | 65,541 | - | 1,080 | - | - | 1,377 | - | - | 70,228 |
| - | 71,377 | - | - | - | 208,815 | - | - | - | - | - | 1,229,845 |
| 69,846 | 4,250 | - | - | 1,840,535 | - | - | - | - | - | - | 2,472,873 |
| 383,136 | 401,131 | - | 144,935 | 1,858,957 | 323,719 | - | 11,597,600 | 69,224 | 19 | 5,595 | 17,028,399 |
| - | 529,157 | - | - | - | - | - | - | - | - | - | 699,997 |
| - | - | - | - | - | - | - | - | - | - | - | 8,275 |
| - | 41,329 | 95,000 | - | 545,009 | 25,746 | - | - | - | - | - | 1,672,667 |
| - | 4,401 | - | 32,879 | - | 19,580 | - | - | 68,408 | - | - | 338,023 |
| - | 1,257,059 | 106,466 | 3,218,288 | 10,817,912 | 3,644,624 | 6,198 | (16,365) | 729,235 | 338,459 | 239,148 | 28,303,308 |
| - | 1,831,946 | 201,466 | 3,251,167 | 11,362,921 | 3,689,950 | 6,198 | (16,365) | 797,643 | 338,459 | 239,148 | 31,022,270 |
| 383,136 | 2,233,077 | 201,466 | 3,396,102 | 13,221,878 | 4,013,669 | 6,198 | 11,581,235 | 866,867 | 338,478 | 244,743 | 48,050,669 |

**CITY OF LINCOLN, NEBRASKA**
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | 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 | $ - | - | - | 6,274,428 | - | - | - | - | - | 2,086,499 |
| Wheel Tax | - | - | - | - | - | - | - | 1,066,773 | - | - |
| Sundry and In Lieu Tax | - | - | - | 4,369 | - | - | - | - | - | 1,454 |
| Special Assessment | - | - | - | - | - | - | 316 | 1,479 | - | - |
| Intergovernmental | - | - | - | 626,115 | 1,099,052 | - | 2,624,876 | - | 131,876 | - |
| Permits and Fees | - | - | 302,562 | 397,273 | 105,920 | - | 2,696,430 | - | 1,304,699 | - |
| Reimbursement for Services | 1,077 | 72,518 | - | - | 184,544 | - | 309,897 | - | - | - |
| Investment Earnings | 53,616 | 9,409 | 54,227 | 98,137 | 20,115 | - | 16,060 | 43,981 | 9,877 | 88,230 |
| Donations | - | - | - | - | 11,673 | - | - | - | 300 | - |
| Keno Proceeds | - | - | - | - | - | - | - | - | - | - |
| Private Sector Share of Projects | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | 2,805 | - | 24,858 | 6,417 | - | 5,743 | - | 1,010 | - |
| Total Revenues | 54,693 | 84,732 | 356,789 | 7,425,180 | 1,427,721 | - | 5,653,322 | 1,112,233 | 1,447,762 | 2,176,183 |
| Expenditures: | | | | | | | | | | |
| General Government | 10,482 | - | 458,724 | - | - | 378 | - | - | - | 1,997,649 |
| Public Safety | - | - | - | - | - | - | - | - | 3,203,275 | - |
| Streets and Highways | - | - | - | - | - | - | - | 3,145,838 | - | - |
| Culture and Recreation | - | 128 | - | 7,392,936 | - | - | - | - | - | - |
| Economic Opportunity | - | - | - | - | 3,970,044 | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | 11,018,352 | - | - | - |
| Mass Transit | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | 10,482 | 128 | 458,724 | 7,392,936 | 3,970,044 | 378 | 11,018,352 | 3,145,838 | 3,203,275 | 1,997,649 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 44,211 | 84,604 | (101,935) | 32,244 | (2,542,323) | (378) | (5,365,030) | (2,033,605) | (1,755,513) | 178,534 |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Transfers In | 241,500 | - | - | - | 2,531,135 | - | 5,452,824 | 1,795,719 | 1,912,582 | - |
| Transfers Out | - | (187,122) | - | (880) | - | (4,478) | (15,804) | - | (73,680) | - |
| Sale of Capital Assets | 155,107 | - | - | 252 | 2,474 | 1,000 | 7,962 | - | - | - |
| Total Other Financing Sources (Uses) | 396,607 | (187,122) | - | (628) | 2,533,609 | (3,478) | 5,444,982 | 1,795,719 | 1,838,902 | - |
| Net Change In Fund Balances | 440,818 | (102,518) | (101,935) | 31,616 | (8,714) | (3,856) | 79,952 | (237,886) | 83,389 | 178,534 |
| Fund Balances (Deficits) - Beginning | 1,055,914 | 256,233 | 73,439 | 3,221,719 | 251,820 | 6,818 | 216,417 | 1,762,204 | 323,065 | 1,792,708 |
| Fund Balances (Deficits) - Ending | $ 1,496,732 | 153,715 | (28,496) | 3,253,335 | 243,106 | 2,962 | 296,369 | 1,524,318 | 406,454 | 1,971,242 |

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3,279,369 | - | - | - | - | - | - | - | - | - | - | 11,640,296 |
| - | - | - | - | - | - | - | - | - | - | - | 1,066,773 |
| 2,180 | - | - | - | - | - | - | - | - | - | - | 8,003 |
| - | - | - | - | 76,470 | - | - | - | - | - | - | 78,265 |
| - | 2,707,540 | - | - | - | - | - | - | 44,121 | - | - | 7,233,580 |
| - | 1,376,319 | - | - | - | 3,751,425 | - | 101,974 | - | - | - | 10,036,602 |
| - | 151,623 | - | - | - | 125,905 | - | - | 149,459 | - | - | 995,023 |
| - | 58,244 | 10,773 | 165,715 | 212,830 | 226,648 | 299 | - | 43,255 | 17,995 | 14,176 | 1,143,587 |
| - | - | - | - | - | - | - | - | 49,231 | 108,307 | - | 169,511 |
| - | - | - | 3,373,939 | - | - | - | - | - | - | - | 3,373,939 |
| - | - | - | - | - | - | - | - | 33,660 | - | - | 33,660 |
| - | 34,097 | - | - | 33,964 | 2,665 | - | 20 | 26,366 | - | - | 137,945 |
| 3,281,549 | 4,327,823 | 10,773 | 3,539,654 | 323,264 | 4,106,643 | 299 | 101,994 | 346,092 | 126,302 | 14,176 | 35,917,184 |
| 3,281,549 | - | 45,395 | 1,280,328 | 671,115 | - | - | 111,279 | - | - | - | 7,856,899 |
| - | - | - | - | - | 5,273,312 | - | - | - | - | - | 8,476,587 |
| - | - | - | - | - | - | - | - | - | - | - | 3,145,838 |
| - | - | - | 449,795 | - | - | - | - | 325,929 | - | 93,164 | 8,261,952 |
| - | - | - | - | - | - | - | - | - | 80,390 | - | 4,050,434 |
| - | - | - | - | - | - | - | - | - | - | - | 11,018,352 |
| - | 10,545,246 | - | - | - | - | - | - | - | - | - | 10,545,246 |
| 3,281,549 | 10,545,246 | 45,395 | 1,730,123 | 671,115 | 5,273,312 | - | 111,279 | 325,929 | 80,390 | 93,164 | 53,355,308 |
| - | (6,217,423) | (34,622) | 1,809,531 | (347,851) | (1,166,669) | 299 | (9,285) | 20,163 | 45,912 | (78,988) | (17,438,124) |
| - | 6,121,566 | - | - | 11,552,335 | 527,473 | - | - | - | - | - | 30,135,134 |
| - | (18,682) | - | (1,645,108) | (77,713) | (12,200) | - | - | (720) | - | - | (2,036,387) |
| - | 9,685 | - | - | - | - | - | - | - | - | - | 176,480 |
| - | 6,112,569 | - | (1,645,108) | 11,474,622 | 515,273 | - | - | (720) | - | - | 28,275,227 |
| - | (104,854) | (34,622) | 164,423 | 11,126,771 | (651,396) | 299 | (9,285) | 19,443 | 45,912 | (78,988) | 10,837,103 |
| - | 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 |
| - | 1,831,946 | 201,466 | 3,251,167 | 11,362,921 | 3,689,950 | 6,198 | (16,365) | 797,643 | 338,459 | 239,148 | 31,022,270 |

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
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
2008 Certificates of Participation – Street Lights & AV Parks

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, 2008

| | Tax Allocation Projects Debt Service | Bond Interest & Redemption | Tax Supported Bonds | Special Assessment | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 1,290,716 | 941,198 | 555,249 | - | 2,787,163 |
| Investments | 4,726,318 | 3,037,535 | 2,911,702 | - | 10,675,555 |
| Receivables (Net of Allowance for Uncollectibles): | | | | | |
| Taxes | 388,943 | 701,240 | - | - | 1,090,183 |
| Accrued Interest | 34,020 | 23,056 | 41,789 | - | 98,865 |
| Due from Other Funds | 370,531 | 269,989 | 159,325 | - | 799,845 |
| Due from Other Governments | - | 378 | 166,666 | - | 167,044 |
| Total Assets | 6,810,528 | 4,973,396 | 3,834,731 | - | 15,618,655 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Deferred Revenue | - | 144,948 | - | - | 144,948 |
| Fund Balances: | | | | | |
| Reserved for Debt Service | 6,810,528 | 4,828,448 | 3,834,731 | - | 15,473,707 |
| Total Liabilities and Fund Balances | $ 6,810,528 | 4,973,396 | 3,834,731 | - | 15,618,655 |

**CITY OF LINCOLN, NEBRASKA**
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Tax Allocation Projects Debt Service | Bond Interest & Redemption | Tax Supported Bonds | Special Assessment | Total |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Real Property and Personal Property Tax | $ 2,048,409 | 5,588,548 | - | - | 7,636,957 |
| Sundry and In Lieu Tax | - | 3,893 | - | - | 3,893 |
| Special Assessment | - | - | - | 1,091,514 | 1,091,514 |
| Special Assessment Interest | - | - | - | 179,258 | 179,258 |
| Intergovernmental | - | 128,307 | 1,520,000 | - | 1,648,307 |
| Investment Earnings | 260,729 | 192,483 | 243,511 | 347,744 | 1,044,467 |
| Miscellaneous | - | 9,239 | - | - | 9,239 |
| Total Revenues | 2,309,138 | 5,922,470 | 1,763,511 | 1,618,516 | 11,613,635 |
| Expenditures -- Debt Service: | | | | | |
| Principal Retirement | 619,828 | 4,260,000 | 1,945,000 | - | 6,824,828 |
| Interest | 425,773 | 2,456,373 | 3,097,026 | - | 5,979,172 |
| Fiscal Charges | 1,050 | 2,930 | 2,800 | - | 6,780 |
| Capital Lease Principal | - | 1,165,000 | - | - | 1,165,000 |
| Capital Lease Interest | - | 396,617 | - | - | 396,617 |
| Miscellaneous | - | 2,500 | 2,000 | 96 | 4,596 |
| Total Expenditures | 1,046,651 | 8,283,420 | 5,046,826 | 96 | 14,376,993 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,262,487 | (2,360,950) | (3,283,315) | 1,618,420 | (2,763,358) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 1,472,391 | 2,423,350 | 3,631,356 | - | 7,527,097 |
| Transfers Out | (1,251,428) | - | (397,063) | (11,552,334) | (13,200,825) |
| Total Other Financing Sources (Uses) | 220,963 | 2,423,350 | 3,234,293 | (11,552,334) | (5,673,728) |
| Net Change in Fund Balances | 1,483,450 | 62,400 | (49,022) | (9,933,914) | (8,437,086) |
| Fund Balances - Beginning | 5,327,078 | 4,766,048 | 3,883,753 | 9,933,914 | 23,910,793 |
| Fund Balances - Ending | $ 6,810,528 | 4,828,448 | 3,834,731 | - | 15,473,707 |

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

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

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

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.

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, 2008

| | 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 | $ 31,922 | 435,689 | 11,783 | 2,005,029 | 16,627 |
| Investments | 104,472 | 1,401,236 | 36,565 | 6,474,677 | 52,236 |
| Accrued Interest Receivable | - | 40,558 | 340 | 69,981 | 498 |
| Due from Other Funds | 9,318 | 124,699 | 3,336 | 575,410 | 4,716 |
| Due from Other Governments | - | 842,577 | - | 151,476 | - |
| Total Assets | 145,712 | 2,844,759 | 52,024 | 9,276,573 | 74,077 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | - | - | - | 910,733 | - |
| Contracts Payable | - | - | - | 3,601 | - |
| Retainages Payable | - | - | - | 80,931 | - |
| Due to Other Funds | - | - | - | 13,794 | - |
| Due to Other Governments | - | - | - | - | - |
| Deferred Revenue | - | - | - | 151,476 | - |
| Total Liabilities | - | - | - | 1,160,535 | - |
| Fund Balances: | | | | | |
| Reserved For: | | | | | |
| Improvements | - | - | - | - | - |
| Unreserved: | | | | | |
| Designated for Encumbrances | 18,301 | - | - | 1,551,544 | 267 |
| Undesignated | 127,411 | 2,844,759 | 52,024 | 6,564,494 | 73,810 |
| Total Fund Balances | 145,712 | 2,844,759 | 52,024 | 8,116,038 | 74,077 |
| Total Liabilities and Fund Balances | $ 145,712 | 2,844,759 | 52,024 | 9,276,573 | 74,077 |

| Other Capital Projects | Special Assessment | Total |
|---|---|---|
| 2,648,519 | 48,350 | 5,197,919 |
| 1,026,441 | - | 9,095,627 |
| 12,825 | - | 124,202 |
| 1,291,861 | 2,556 | 2,011,896 |
| 146,457 | - | 1,140,510 |
| 5,126,103 | 50,906 | 17,570,154 |

| | | |
|---|---|---|
| 305,458 | 44,623 | 1,260,814 |
| 323,707 | - | 327,308 |
| 949 | 2,348 | 84,228 |
| 1,218 | - | 15,012 |
| 63,211 | - | 63,211 |
| - | - | 151,476 |
| 694,543 | 46,971 | 1,902,049 |

| | | |
|---|---|---|
| 2,329,012 | - | 2,329,012 |
| 139,288 | 3,935 | 1,713,335 |
| 1,963,260 | - | 11,625,758 |
| 4,431,560 | 3,935 | 15,668,105 |
| 5,126,103 | 50,906 | 17,570,154 |

**CITY OF LINCOLN, NEBRASKA**
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Storm Sewer Construction | Vehicle Tax | 1991 G.O. Various Purpose Bonds | Storm Sewer Bonds | 1999 G.O. Various Purpose Bonds |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Wheel Tax | $ - | 9,391,795 | - | - | - |
| Intergovernmental | - | - | - | 16,496 | - |
| Permits and Fees | - | - | - | - | - |
| Investment Earnings | 1,604 | 341,663 | 2,622 | 600,918 | 3,947 |
| Donations | - | - | - | - | - |
| Developer's Share | - | - | - | 34,875 | - |
| Miscellaneous | - | - | - | 447,375 | - |
| Total Revenues | 1,604 | 9,733,458 | 2,622 | 1,099,664 | 3,947 |
| Expenditures -- Capital Outlay: | | | | | |
| General Government | - | - | - | - | - |
| Streets and Highways | 47,867 | - | - | 6,210,898 | - |
| Culture and Recreation | - | - | - | - | 8,893 |
| Economic Opportunity | - | - | - | - | - |
| Debt Service | - | - | - | - | - |
| Total Expenditures | 47,867 | - | - | 6,210,898 | 8,893 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (46,263) | 9,733,458 | 2,622 | (5,111,234) | (4,946) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | - | - | - | 172,409 | - |
| Transfers Out | - | (13,939,919) | - | (1,066,358) | - |
| Issuance of Debt | - | - | - | - | - |
| Premium on Debt Issued | - | - | - | - | - |
| Sale of Capital Assets | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | (13,939,919) | - | (893,949) | - |
| Net Change in Fund Balances | (46,263) | (4,206,461) | 2,622 | (6,005,183) | (4,946) |
| Fund Balances - Beginning | 191,975 | 7,051,220 | 49,402 | 14,121,221 | 79,023 |
| Fund Balances - Ending | $ 145,712 | 2,844,759 | 52,024 | 8,116,038 | 74,077 |

| Other Capital Projects | Special Assessment | Total |
|---|---|---|
| - | - | 9,391,795 |
| 608,722 | - | 625,218 |
| 214,822 | - | 214,822 |
| 128,743 | - | 1,079,497 |
| 440,622 | - | 440,622 |
| 210,000 | - | 244,875 |
| 2,918 | - | 450,293 |
| 1,605,827 | - | 12,447,122 |
| 757,554 | - | 757,554 |
| 48,774 | 133,059 | 6,440,598 |
| 4,290,388 | - | 4,299,281 |
| 2,083,329 | - | 2,083,329 |
| 48,732 | - | 48,732 |
| 7,228,777 | 133,059 | 13,629,494 |
| (5,622,950) | (133,059) | (1,182,372) |
| 3,086,663 | 77,713 | 3,336,785 |
| (1,717,585) | - | (16,723,862) |
| 5,382,537 | - | 5,382,537 |
| 52,742 | - | 52,742 |
| 228,259 | - | 228,259 |
| 7,032,616 | 77,713 | (7,723,539) |
| 1,409,666 | (55,346) | (8,905,911) |
| 3,021,894 | 59,281 | 24,574,016 |
| 4,431,560 | 3,935 | 15,668,105 |

## NONMAJOR PERMANENT FUNDS

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

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

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

**CITY OF LINCOLN, NEBRASKA**
SUBCOMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
AUGUST 31, 2008

| | Community Health Permanent Endowment | J.J. Hompes | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 3,588,977 | 52,464 | 3,641,441 |
| Investments | 46,301,570 | 600,164 | 46,901,734 |
| Invested Securities Lending Collateral | 4,065,673 | - | 4,065,673 |
| Accrued Interest Receivable | 147,582 | 315 | 147,897 |
| Due from Other Funds | 42,333 | 3,336 | 45,669 |
| Total Assets | 54,146,135 | 656,279 | 54,802,414 |
| **LIABILITIES AND FUND BALANCES** | | | |
| Liabilities: | | | |
| Accounts Payable | 36,669 | 4,460 | 41,129 |
| Accrued Liabilities | 5,877 | - | 5,877 |
| Obligations under Securities Lending | 4,065,673 | - | 4,065,673 |
| Total Liabilities | 4,108,219 | 4,460 | 4,112,679 |
| Fund Balances: | | | |
| Reserved for: | | | |
| Trust Donations (non-expendable) | - | 160,000 | 160,000 |
| Health Care (non-expendable) | 37,000,000 | - | 37,000,000 |
| Unreserved, Undesignated | 13,037,916 | 491,819 | 13,529,735 |
| Total Fund Balances | 50,037,916 | 651,819 | 50,689,735 |
| Total Liabilities and Fund Balances | $ 54,146,135 | 656,279 | 54,802,414 |

**CITY OF LINCOLN, NEBRASKA**
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Community Health Permanent Endowment | J.J. Hompes | Total |
|---|---|---|---|
| Revenues: | | | |
| Investment Earnings | $ 1,328,136 | (16,056) | 1,312,080 |
| Donations | 59,934 | - | 59,934 |
| Miscellaneous | 36,660 | - | 36,660 |
| Total Revenues | 1,424,730 | (16,056) | 1,408,674 |
| Expenditures: | | | |
| Culture and Recreation | - | 22,483 | 22,483 |
| Health and Welfare | 1,465,715 | - | 1,465,715 |
| Total Expenditures | 1,465,715 | 22,483 | 1,488,198 |
| Deficiency of Revenues Under Expenditures | (40,985) | (38,539) | (79,524) |
| Fund Balances - Beginning | 50,078,901 | 690,358 | 50,769,259 |
| Fund Balances - Ending | $ 50,037,916 | 651,819 | 50,689,735 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Recreation Receipts | $ 125,000 | 125,000 | 49,462 | (75,538) |
| Investment Earnings | - | - | 10,841 | 10,841 |
| Miscellaneous | - | - | 2,805 | 2,805 |
| Total Revenues | 125,000 | 125,000 | 63,108 | (61,892) |
| Other Financing Uses: | | | | |
| Transfers Out | (227,980) | (227,980) | (187,122) | 40,858 |
| Net Change in Fund Balances | (102,980) | (102,980) | (124,014) | (21,034) |
| Fund Balances - Beginning | 257,712 | 257,712 | 257,712 | - |
| Fund Balances - Ending | $ 154,732 | 154,732 | 133,698 | (21,034) |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Permits and Fees | $ 67,115 | 67,115 | 302,562 | 235,447 |
| Investment Earnings | - | - | 60,006 | 60,006 |
| Total Revenues | 67,115 | 67,115 | 362,568 | 295,453 |
| Expenditures -- General Government: | | | | |
| Personal Services | 32,834 | 32,834 | 32,645 | 189 |
| Materials and Supplies | 2,300 | 2,300 | 2,449 | (149) |
| Other Services and Charges | 32,132 | 32,132 | 33,045 | (913) |
| Capital Outlay | 36,438 | 36,438 | 429,882 | (393,444) |
| Total Expenditures | 103,704 | 103,704 | 498,021 | (394,317) |
| Deficiency of Revenues Under Expenditures | (36,589) | (36,589) | (135,453) | (98,864) |
| Fund Balances - Beginning | 98,029 | 98,029 | 98,029 | - |
| Fund Balances (Deficits) - Ending | $ 61,440 | 61,440 | (37,424) | (98,864) |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Real Property and Personal Property Tax | $ 5,695,733 | 5,695,733 | 6,423,458 | 727,725 |
| Intergovernmental | 623,297 | 623,297 | 626,115 | 2,818 |
| Permits and Fees | 463,000 | 463,000 | 396,642 | (66,358) |
| Investment Earnings | 45,000 | 45,000 | 99,177 | 54,177 |
| Miscellaneous | 17,125 | 17,125 | 24,653 | 7,528 |
| Total Revenues | 6,844,155 | 6,844,155 | 7,570,045 | 725,890 |
| Expenditures -- Culture and Recreation: | | | | |
| Personal Services | 5,480,494 | 5,667,494 | 5,431,668 | 235,826 |
| Materials and Supplies | 192,981 | 192,981 | 169,369 | 23,612 |
| Other Services and Charges | 1,286,550 | 1,036,550 | 971,237 | 65,313 |
| Capital Outlay | 824,954 | 887,954 | 890,511 | (2,557) |
| Total Expenditures | 7,784,979 | 7,784,979 | 7,462,785 | 322,194 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (940,824) | (940,824) | 107,260 | 1,048,084 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | - | - | (880) | (880) |
| Sale of Capital Assets | 500 | 500 | 252 | (248) |
| Total Other Financing Sources (Uses) | 500 | 500 | (628) | (1,128) |
| Net Change in Fund Balances | (940,324) | (940,324) | 106,632 | 1,046,956 |
| Fund Balances - Beginning | 3,003,579 | 3,003,579 | 3,003,579 | - |
| Fund Balances - Ending | $ 2,063,255 | 2,063,255 | 3,110,211 | 1,046,956 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 1,103,240 | 1,103,240 | 1,109,968 | 6,728 |
| Permits and Fees | 119,787 | 119,787 | 106,636 | (13,151) |
| Reimbursement for Services | 14,093 | 14,093 | 13,093 | (1,000) |
| Client Contributions | 182,367 | 182,367 | 171,370 | (10,997) |
| Investment Earnings | - | - | 22,555 | 22,555 |
| Donations | 79,718 | 79,718 | 11,358 | (68,360) |
| Miscellaneous | 2,000 | 2,000 | 6,312 | 4,312 |
| Total Revenues | 1,501,205 | 1,501,205 | 1,441,292 | (59,913) |
| Expenditures -- Economic Opportunity: | | | | |
| Personal Services | 2,640,817 | 2,664,962 | 2,721,072 | (56,110) |
| Materials and Supplies | 331,718 | 331,718 | 220,760 | 110,958 |
| Other Services and Charges | 1,171,530 | 1,171,530 | 1,040,190 | 131,340 |
| Capital Outlay | 12,861 | 12,861 | 14,202 | (1,341) |
| Total Expenditures | 4,156,926 | 4,181,071 | 3,996,224 | 184,847 |
| Deficiency of Revenues Under Expenditures | (2,655,721) | (2,679,866) | (2,554,932) | 124,934 |
| Other Financing Sources: | | | | |
| Transfers In | 2,531,135 | 2,531,135 | 2,531,135 | - |
| Sale of Capital Assets | - | - | 2,474 | 2,474 |
| Total Other Financing Sources | 2,531,135 | 2,531,135 | 2,533,609 | 2,474 |
| Net Change in Fund Balances | (124,586) | (148,731) | (21,323) | 127,408 |
| Fund Balances - Beginning | 329,624 | 329,624 | 329,624 | - |
| Fund Balances - Ending | $ 205,038 | 180,893 | 308,301 | 127,408 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Special Assessment | $ - | - | 316 | 316 |
| Intergovernmental | 2,908,169 | 2,908,169 | 2,624,875 | (283,294) |
| Permits and Fees | 3,345,894 | 3,345,894 | 2,701,106 | (644,788) |
| Reimbursement for Services | - | - | 311,603 | 311,603 |
| Investment Earnings | - | - | 19,166 | 19,166 |
| Miscellaneous | - | - | 5,761 | 5,761 |
| Total Revenues | 6,254,063 | 6,254,063 | 5,662,827 | (591,236) |
| Expenditures -- Health and Welfare: | | | | |
| Personal Services | 7,826,116 | 7,929,991 | 7,787,246 | 142,745 |
| Materials and Supplies | 250,043 | 250,043 | 270,331 | (20,288) |
| Other Services and Charges | 3,725,681 | 3,725,681 | 2,994,196 | 731,485 |
| Capital Outlay | 6,826 | 6,826 | 2,603 | 4,223 |
| Total Expenditures | 11,808,666 | 11,912,541 | 11,054,376 | 858,165 |
| Deficiency of Revenues Under Expenditures | (5,554,603) | (5,658,478) | (5,391,549) | 266,929 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 5,256,472 | 5,256,472 | 5,452,824 | 196,352 |
| Transfers Out | - | - | (15,804) | (15,804) |
| Sale of Capital Assets | - | - | 7,962 | 7,962 |
| Total Other Financing Sources (Uses) | 5,256,472 | 5,256,472 | 5,444,982 | 188,510 |
| Net Change in Fund Balances | (298,131) | (402,006) | 53,433 | 455,439 |
| Fund Balances - Beginning | 559,453 | 559,453 | 559,453 | - |
| Fund Balances - Ending | $ 261,322 | 157,447 | 612,886 | 455,439 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Wheel Tax | $ 1,062,000 | 1,062,000 | 1,072,601 | 10,601 |
| Special Assessments | - | - | 1,246 | 1,246 |
| Investment Earnings | - | - | 40,868 | 40,868 |
| Total Revenues | 1,062,000 | 1,062,000 | 1,114,715 | 52,715 |
| Expenditures -- Streets and Highways: | | | | |
| Personal Services | 1,196,016 | 1,196,016 | 1,174,134 | 21,882 |
| Materials and Supplies | 251,650 | 251,650 | 231,162 | 20,488 |
| Other Services and Charges | 1,407,006 | 1,407,006 | 1,299,180 | 107,826 |
| Capital Outlay | 425,700 | 425,700 | 405,809 | 19,891 |
| Total Expenditures | 3,280,372 | 3,280,372 | 3,110,285 | 170,087 |
| Deficiency of Revenues Under Expenditures | (2,218,372) | (2,218,372) | (1,995,570) | 222,802 |
| Other Financing Sources: | | | | |
| Transfers In | 1,795,719 | 1,795,719 | 1,795,719 | - |
| Net Change in Fund Balances | (422,653) | (422,653) | (199,851) | 222,802 |
| Fund Balances - Beginning | 1,469,733 | 1,469,733 | 1,469,733 | - |
| Fund Balances - Ending | $ 1,047,080 | 1,047,080 | 1,269,882 | 222,802 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 131,876 | 131,876 | 131,876 | - |
| Permits and Fees | 1,252,440 | 1,252,440 | 1,307,574 | 55,134 |
| Investment Earnings | - | - | 9,735 | 9,735 |
| Donations | - | - | 300 | 300 |
| Miscellaneous | - | - | 1,010 | 1,010 |
| Total Revenues | 1,384,316 | 1,384,316 | 1,450,495 | 66,179 |
| Expenditures -- Public Safety: | | | | |
| Personal Services | 2,715,135 | 2,715,135 | 2,697,486 | 17,649 |
| Materials and Supplies | 20,750 | 20,750 | 15,500 | 5,250 |
| Other Services and Charges | 469,616 | 469,616 | 492,322 | (22,706) |
| Capital Outlay | 29,000 | 29,000 | 10,129 | 18,871 |
| Total Expenditures | 3,234,501 | 3,234,501 | 3,215,437 | 19,064 |
| Deficiency of Revenues Under Expenditures | (1,850,185) | (1,850,185) | (1,764,942) | 85,243 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,912,582 | 1,912,582 | 1,912,582 | - |
| Transfers Out | (74,533) | (74,533) | (73,680) | 853 |
| Total Other Financing Sources (Uses) | 1,838,049 | 1,838,049 | 1,838,902 | 853 |
| Net Change in Fund Balances | (12,136) | (12,136) | 73,960 | 86,096 |
| Fund Balances - Beginning | 241,534 | 241,534 | 241,534 | - |
| Fund Balances - Ending | $ 229,398 | 229,398 | 315,494 | 86,096 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Real Property and Personal Property Tax | $ 1,894,619 | 1,894,619 | 2,123,881 | 229,262 |
| Investment Earnings | 54,000 | 54,000 | 87,330 | 33,330 |
| Total Revenues | 1,948,619 | 1,948,619 | 2,211,211 | 262,592 |
| Expenditures -- General Government: | | | | |
| Personal Services | 2,153,601 | 2,153,601 | 2,026,688 | 126,913 |
| Other Services and Charges | 48,789 | 48,789 | 46,711 | 2,078 |
| Total Expenditures | 2,202,390 | 2,202,390 | 2,073,399 | 128,991 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (253,771) | (253,771) | 137,812 | 391,583 |
| Fund Balances - Beginning | 1,961,268 | 1,961,268 | 1,961,268 | - |
| Fund Balances - Ending | $ 1,707,497 | 1,707,497 | 2,099,080 | 391,583 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 1,788,000 | 1,788,000 | 1,986,551 | 198,551 |
| Permits and Fees | 1,358,850 | 1,358,850 | 1,260,846 | (98,004) |
| Reimbursement for Services | - | - | 151,623 | 151,623 |
| Investment Earnings | - | - | 6,836 | 6,836 |
| Miscellaneous | - | - | 30,209 | 30,209 |
| Total Revenues | 3,146,850 | 3,146,850 | 3,436,065 | 289,215 |
| Expenditures -- Mass Transit: | | | | |
| Personal Services | 6,768,019 | 6,768,019 | 6,693,736 | 74,283 |
| Materials and Supplies | 1,357,949 | 1,468,353 | 1,650,833 | (182,480) |
| Other Services and Charges | 1,213,600 | 1,213,600 | 1,105,403 | 108,197 |
| Total Expenditures | 9,339,568 | 9,449,972 | 9,449,972 | - |
| Deficiency of Revenues Under Expenditures | (6,192,718) | (6,303,122) | (6,013,907) | 289,215 |
| Other Financing Sources: | | | | |
| Transfers In | 6,011,162 | 6,011,162 | 6,121,566 | 110,404 |
| Net Change in Fund Balances | (181,556) | (291,960) | 107,659 | 399,619 |
| Amount Budgeted on Project Basis | (304,182) | (304,182) | (304,182) | - |
| Fund Balances - Beginning | 1,818,210 | 1,818,210 | 1,818,210 | - |
| Fund Balances - Ending | $ 1,332,472 | 1,222,068 | 1,621,687 | 399,619 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Investment Earnings | $ - | - | 11,353 | 11,353 |
| Expenditures -- General Government: | | | | |
| Unemployment Insurance Payments | 95,000 | 95,000 | 45,395 | 49,605 |
| Deficiency of Revenues Under Expenditures | (95,000) | (95,000) | (34,042) | 60,958 |
| Fund Balances - Beginning | 235,668 | 235,668 | 235,668 | - |
| Fund Balances - Ending | $ 140,668 | 140,668 | 201,626 | 60,958 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Investment Earnings | $ - | - | 168,595 | 168,595 |
| Keno Proceeds | 3,091,272 | 3,091,272 | 3,362,690 | 271,418 |
| Total Revenues | 3,091,272 | 3,091,272 | 3,531,285 | 440,013 |
| Expenditures: | | | | |
| General Government: | | | | |
| Other Services and Charges | 1,072,264 | 1,072,264 | 1,271,926 | (199,662) |
| Culture and Recreation: | | | | |
| Other Services and Charges | 48,948 | 58,948 | 35,347 | 23,601 |
| Capital Outlay | 3,612 | 428,833 | 402,985 | 25,848 |
| Total Expenditures | 1,124,824 | 1,560,045 | 1,710,258 | (150,213) |
| Excess of Revenues Over Expenditures | 1,966,448 | 1,531,227 | 1,821,027 | 289,800 |
| Other Financing Uses: | | | | |
| Transfers Out | (3,808,296) | (3,413,075) | (1,642,639) | 1,770,436 |
| Net Change in Fund Balances | (1,841,848) | (1,881,848) | 178,388 | 2,060,236 |
| Fund Balances - Beginning | 3,329,715 | 3,329,715 | 3,329,715 | - |
| Fund Balances - Ending | $ 1,487,867 | 1,447,867 | 3,508,103 | 2,060,236 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Permits and Fees | $ 5,275,740 | 5,275,740 | 3,751,477 | (1,524,263) |
| Reimbursement for Services | - | - | 125,905 | 125,905 |
| Investment Earnings | - | - | 237,082 | 237,082 |
| Miscellaneous | - | - | 2,665 | 2,665 |
| Total Revenues | 5,275,740 | 5,275,740 | 4,117,129 | (1,158,611) |
| Expenditures -- Public Safety: | | | | |
| Personal Services | 4,889,388 | 4,889,388 | 4,552,966 | 336,422 |
| Materials and Supplies | 67,785 | 67,785 | 46,029 | 21,756 |
| Other Services and Charges | 950,634 | 950,634 | 678,611 | 272,023 |
| Capital Outlay | 34,213 | 34,213 | 14,151 | 20,062 |
| Total Expenditures | 5,942,020 | 5,942,020 | 5,291,757 | 650,263 |
| Deficiency of Revenues Under Expenditures | (666,280) | (666,280) | (1,174,628) | (508,348) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 527,473 | 527,473 | 527,473 | - |
| Transfers Out | (15,000) | (15,000) | (12,200) | 2,800 |
| Total Other Financing Sources (Uses) | 512,473 | 512,473 | 515,273 | 2,800 |
| Net Change in Fund Balances | (153,807) | (153,807) | (659,355) | (505,548) |
| Fund Balances - Beginning | 4,460,306 | 4,460,306 | 4,460,306 | - |
| Fund Balances - Ending | $ 4,306,499 | 4,306,499 | 3,800,951 | (505,548) |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Investment Earnings | $ - | - | 10,138 | 10,138 |
| Donations | 84,363 | 84,363 | - | (84,363) |
| Total Revenues | 84,363 | 84,363 | 10,138 | (74,225) |
| Expenditures -- Culture and Recreation: | | | | |
| Personal Services | 74,846 | 74,846 | 74,485 | 361 |
| Other Services and Charges | 250 | 250 | - | 250 |
| Capital Outlay | 10,000 | 10,000 | 9,412 | 588 |
| Total Expenditures | 85,096 | 85,096 | 83,897 | 1,199 |
| Deficiency of Revenues Under Expenditures | (733) | (733) | (73,759) | (73,026) |
| Amount Not Required to be Budgeted | (1,648) | (1,648) | (1,648) | - |
| Fund Balances - Beginning | 318,299 | 318,299 | 318,299 | - |
| Fund Balances - Ending | $ 315,918 | 315,918 | 242,892 | (73,026) |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Real Property and Personal Property Tax | $ 1,046,333 | 1,046,333 | 1,743,621 | 697,288 |
| Investment Earnings | - | - | 258,678 | 258,678 |
| Total Revenues | 1,046,333 | 1,046,333 | 2,002,299 | 955,966 |
| Expenditures -- Debt Service: | | | | |
| Principal Retirement | 619,828 | 619,828 | 619,828 | - |
| Interest | 426,505 | 426,505 | 425,773 | 732 |
| Fiscal Charges | - | - | 1,050 | (1,050) |
| Total Expenditures | 1,046,333 | 1,046,333 | 1,046,651 | (318) |
| Excess of Revenues Over Expenditures | - | - | 955,648 | 955,648 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | 1,472,391 | 1,472,391 |
| Transfers Out | - | - | (1,251,428) | (1,251,428) |
| Total Other Financing Sources (Uses) | - | - | 220,963 | 220,963 |
| Net Change in Fund Balances | - | - | 1,176,611 | 1,176,611 |
| Fund Balances - Beginning | 4,894,205 | 4,894,205 | 4,894,205 | - |
| Fund Balances - Ending | $ 4,894,205 | 4,894,205 | 6,070,816 | 1,176,611 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Real Property and Personal Property Tax | $ 5,067,645 | 5,067,645 | 5,709,454 | 641,809 |
| Sundry and In Lieu Tax | 1,870 | 1,870 | 3,894 | 2,024 |
| Intergovernmental | 134,032 | 134,032 | 128,307 | (5,725) |
| Investment Earnings | 85,000 | 85,000 | 196,626 | 111,626 |
| Miscellaneous | - | - | 9,239 | 9,239 |
| Total Revenues | 5,288,547 | 5,288,547 | 6,047,520 | 758,973 |
| Expenditures -- Debt Service: | | | | |
| Principal Retirement | 4,260,000 | 4,260,000 | 4,260,000 | - |
| Interest | 2,463,105 | 2,463,105 | 2,456,373 | 6,732 |
| Fiscal Charges | - | - | 2,930 | (2,930) |
| Capital Lease Principal | - | - | 1,165,000 | (1,165,000) |
| Capital Lease Interest | - | - | 396,617 | (396,617) |
| Miscellaneous | - | - | 2,500 | (2,500) |
| Total Expenditures | 6,723,105 | 6,723,105 | 8,283,420 | (1,560,315) |
| Deficiency of Revenues Under Expenditures | (1,434,558) | (1,434,558) | (2,235,900) | (801,342) |
| Other Financing Sources: | | | | |
| Transfers In | 871,353 | 871,353 | 2,423,350 | 1,551,997 |
| Net Change in Fund Balances | (563,205) | (563,205) | 187,450 | 750,655 |
| Fund Balances - Beginning | 4,854,974 | 4,854,974 | 4,854,974 | - |
| Fund Balances - Ending | $ 4,291,769 | 4,291,769 | 5,042,424 | 750,655 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 1,412,060 | 1,412,060 | 1,520,000 | 107,940 |
| Investment Earnings | - | - | 243,859 | 243,859 |
| Total Revenues | 1,412,060 | 1,412,060 | 1,763,859 | 351,799 |
| Expenditures -- Debt Service: | | | | |
| Principal Retirement | 1,945,000 | 1,945,000 | 1,945,000 | - |
| Interest | 3,098,419 | 3,098,419 | 3,097,026 | 1,393 |
| Fiscal Charges | - | - | 2,800 | (2,800) |
| Miscellaneous | - | - | 2,000 | (2,000) |
| Total Expenditures | 5,043,419 | 5,043,419 | 5,046,826 | (3,407) |
| Deficiency of Revenues Under Expenditures | (3,631,359) | (3,631,359) | (3,282,967) | 348,392 |
| Other Financing Sources (Uses): | | | | |
| Transfer In | 3,631,359 | 3,631,359 | 3,631,356 | (3) |
| Transfer Out | - | (500,000) | (397,063) | 102,937 |
| Total Other Financing Sources (Uses) | 3,631,359 | 3,131,359 | 3,234,293 | 102,934 |
| Net Change in Fund Balances | - | (500,000) | (48,674) | 451,326 |
| Fund Balances - Beginning | 3,663,351 | 3,663,351 | 3,663,351 | - |
| Fund Balances - Ending | $ 3,663,351 | 3,163,351 | 3,614,677 | 451,326 |

**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, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| Revenues: | | | | |
| Investment Earnings | $ 1,577,372 | 1,577,372 | 1,327,063 | (250,309) |
| Donations | - | - | 59,934 | 59,934 |
| Miscellaneous | - | - | 36,660 | 36,660 |
| Total Revenues | 1,577,372 | 1,577,372 | 1,423,657 | (153,715) |
| Expenditures -- Health and Welfare: | | | | |
| Personal Services | 274,263 | 274,263 | 248,544 | 25,719 |
| Materials and Supplies | 13,746 | 13,746 | 8,310 | 5,436 |
| Other Services and Charges | 289,363 | 289,363 | 198,494 | 90,869 |
| Grants | 1,854,836 | 1,856,336 | 1,066,477 | 789,859 |
| Total Expenditures | 2,432,208 | 2,433,708 | 1,521,825 | 911,883 |
| Deficiency of Revenues Under Expenditures | (854,836) | (856,336) | (98,168) | 758,168 |
| Fund Balances - Beginning | 50,170,236 | 50,170,236 | 50,170,236 | - |
| Fund Balances - Ending | $ 49,315,400 | 49,313,900 | 50,072,068 | 758,168 |

## 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, 2008

| | Parking Lot Revolving | Golf | Parking Facilities | Pershing Municipal Auditorium | Solid Waste Management | Emergency Medical Services | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and Cash Equivalents | $ 303,003 | - | 1,375,206 | 365,335 | 2,291,229 | - | 4,334,773 |
| Investments | 933,722 | - | 4,166,999 | 2,612 | 7,378,363 | - | 12,481,696 |
| Restricted Assets: | | | | | | | |
| Cash and Cash Equivalents | - | - | - | 9,347 | - | - | 9,347 |
| Receivables (Net of Allowance for Uncollectibles) | 9,298 | - | 53,763 | 38,587 | 1,218,243 | 722,115 | 2,042,006 |
| Due from Other Funds | 83,056 | - | 370,457 | 230 | 905,016 | - | 1,358,759 |
| Due from Other Governments | - | - | 43,000 | - | 30,925 | - | 73,925 |
| Inventories | - | 50,638 | - | 24,065 | - | 124,002 | 198,705 |
| Prepaid Expenses | 33,258 | - | - | 9,886 | - | - | 43,144 |
| Total Current Assets | 1,362,337 | 50,638 | 6,009,425 | 450,062 | 11,823,776 | 846,117 | 20,542,355 |
| Noncurrent Assets: | | | | | | | |
| Restricted Assets: | | | | | | | |
| Cash and Cash Equivalents | - | 153,092 | 323,326 | 78,415 | 381,876 | - | 936,709 |
| Investments | - | 300,358 | 2,343,136 | - | 1,232,775 | - | 3,876,269 |
| Receivables | - | - | 36,596 | - | 11,279 | - | 47,875 |
| Due from Other Funds | - | 26,688 | 44,362 | - | 109,629 | - | 180,679 |
| Total Restricted Assets | - | 480,138 | 2,747,420 | 78,415 | 1,735,559 | - | 5,041,532 |
| Deferred Charges | - | 25,511 | 345,650 | - | 68,426 | - | 439,587 |
| Capital Assets: | | | | | | | |
| Land | 320,200 | 1,082,623 | 7,343,227 | 46,500 | 1,925,669 | - | 10,718,219 |
| Buildings | 9,765 | 2,404,035 | 41,093,783 | 4,346,297 | 1,671,764 | - | 49,525,644 |
| Improvements Other Than Buildings | 287,148 | 7,025,773 | 226,428 | 202,005 | 22,804,391 | - | 30,545,745 |
| Machinery and Equipment | 142,924 | 2,033,958 | 1,537,602 | 889,243 | 5,732,970 | 1,265,032 | 11,601,729 |
| Construction in Progress | - | 89,448 | 430,901 | - | 32,905 | - | 553,254 |
| Less Accumulated Depreciation | (246,049) | (6,494,727) | (14,266,034) | (5,219,549) | (15,547,073) | (1,167,253) | (42,940,685) |
| Total Capital Assets, Net | 513,988 | 6,141,110 | 36,365,907 | 264,496 | 16,620,626 | 97,779 | 60,003,906 |
| Total Noncurrent Assets | 513,988 | 6,646,759 | 39,458,977 | 342,911 | 18,424,611 | 97,779 | 65,485,025 |
| Total Assets | 1,876,325 | 6,697,397 | 45,468,402 | 792,973 | 30,248,387 | 943,896 | 86,027,380 |
| **LIABILITIES** | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts Payable | 5,967 | 155,248 | 420,296 | 56,138 | 219,325 | 84,999 | 941,973 |
| Accrued Liabilities | - | 33,409 | 2,305 | 70,369 | 41,224 | 69,593 | 216,900 |
| Accrued Compensated Absences | - | 62,043 | 4,598 | - | 84,529 | 104,349 | 255,519 |
| Due to Other Funds | - | 464,826 | 243,748 | - | 167 | 475,000 | 1,183,741 |
| Due to Other Governments | - | 35,740 | - | 27,867 | 70,587 | 373 | 134,567 |
| Unearned Revenue | 5,875 | 24,935 | 676,228 | 187,631 | - | - | 894,669 |
| Accrued Interest | - | 2,141 | 26,006 | - | 12,355 | - | 40,502 |
| Current Portion of Capital Lease | - | 116,481 | - | 23,138 | - | - | 139,619 |
| Current Portion of Long-Term Debt | - | 335,000 | 1,360,000 | - | 195,000 | - | 1,890,000 |
| Total Current Liabilities | 11,842 | 1,229,823 | 2,733,181 | 365,143 | 623,187 | 734,314 | 5,697,490 |
| Noncurrent Liabilities: | | | | | | | |
| Due to Other Funds | - | - | - | - | - | 922,799 | 922,799 |
| Accrued Compensated Absences | - | 38,180 | - | - | 21,694 | 2,310 | 62,184 |
| Long-Term Debt, Net | - | 698,528 | 10,810,000 | - | 3,441,396 | - | 14,949,924 |
| Capital Lease Payable | - | 313,128 | - | 24,781 | - | - | 337,909 |
| Accrued Liabilities | - | 2,087 | 149 | - | 4,324 | 16,661 | 23,221 |
| Accrued Landfill Closure/Postclosure Care Costs | - | - | - | - | 9,934,000 | - | 9,934,000 |
| Total Noncurrent Liabilities | - | 1,051,923 | 10,810,149 | 24,781 | 13,401,414 | 941,770 | 26,230,037 |
| Total Liabilities | 11,842 | 2,281,746 | 13,543,330 | 389,924 | 14,024,601 | 1,676,084 | 31,927,527 |
| **NET ASSETS** | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 513,988 | 4,994,472 | 26,017,299 | 216,577 | 14,419,877 | 97,779 | 46,259,992 |
| Restricted for: | | | | | | | |
| Debt Service | - | 1,189 | 198,621 | - | - | - | 199,810 |
| Capital Projects | - | 160,143 | 701,402 | 14,049 | 299,912 | - | 1,175,506 |
| Other | - | - | - | 87,819 | - | - | 87,819 |
| Unrestricted | 1,350,495 | (740,153) | 5,007,750 | 84,604 | 1,503,997 | (829,967) | 6,376,726 |
| Total Net Assets (Deficits) | $ 1,864,483 | 4,415,651 | 31,925,072 | 403,049 | 16,223,786 | (732,188) | 54,099,853 |

**CITY OF LINCOLN, NEBRASKA**
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Parking Lot Revolving | Golf | Parking Facilities | Pershing Municipal Auditorium | Solid Waste Management | Emergency Medical Services | Total |
|---|---|---|---|---|---|---|---|
| **Operating Revenues** | | | | | | | |
| Charges for Services | $ - | - | - | - | - | 4,039,667 | 4,039,667 |
| Fees | 70 | 2,901,144 | 7,940 | - | 5,195,167 | - | 8,104,321 |
| Parking Facility Revenue | 351,060 | - | 6,571,795 | - | - | - | 6,922,855 |
| Performance Revenue | - | - | - | 1,351,185 | - | - | 1,351,185 |
| Other Operating Revenue | 22 | 28,619 | 62,725 | 91,720 | 603,364 | 139 | 786,589 |
| Total Operating Revenues | 351,152 | 2,929,763 | 6,642,460 | 1,442,905 | 5,798,531 | 4,039,806 | 21,204,617 |
| **Operating Expenses** | | | | | | | |
| Personal Services | - | 1,287,501 | 111,757 | 987,419 | 1,871,156 | 2,691,998 | 6,949,831 |
| Contractual Services | 42,275 | 44,497 | 1,949,899 | - | 1,845,688 | 329,875 | 4,212,234 |
| Operation and Maintenance | 141,897 | 1,070,985 | 850,855 | 979,549 | 1,984,468 | 496,429 | 5,524,183 |
| Depreciation | 28,326 | 658,678 | 1,055,009 | 70,503 | 1,630,474 | 99,662 | 3,542,652 |
| Total Operating Expenses | 212,498 | 3,061,661 | 3,967,520 | 2,037,471 | 7,331,786 | 3,617,964 | 20,228,900 |
| Operating Income (Loss) | 138,654 | (131,898) | 2,674,940 | (594,566) | (1,533,255) | 421,842 | 975,717 |
| **Nonoperating Revenues (Expenses)** | | | | | | | |
| Investment Earnings | 69,279 | 4,080 | 492,249 | 2,682 | 604,440 | - | 1,172,730 |
| Loss on Disposal of Capital Assets | - | (134) | - | - | (15,941) | - | (16,075) |
| Occupation Tax | - | - | - | - | 2,134,549 | - | 2,134,549 |
| Amortization of Deferred Charges | - | (7,896) | (40,107) | - | (3,586) | (971) | (52,560) |
| Interest Expense and Fiscal Charges | (545) | (82,764) | (687,868) | (4,482) | (154,944) | (92,611) | (1,023,214) |
| Total Nonoperating Revenues (Expenses) | 68,734 | (86,714) | (235,726) | (1,800) | 2,564,518 | (93,582) | 2,215,430 |
| Income (Loss) Before Contributions and Transfers | 207,388 | (218,612) | 2,439,214 | (596,366) | 1,031,263 | 328,260 | 3,191,147 |
| Capital Contributions | - | 6,165 | 59,335 | - | 44,383 | - | 109,883 |
| Transfers In | - | 7,062 | - | 525,000 | - | - | 532,062 |
| Transfers Out | (118,387) | (4,500) | (835,000) | - | (822,980) | - | (1,780,867) |
| Change in Net Assets | 89,001 | (209,885) | 1,663,549 | (71,366) | 252,666 | 328,260 | 2,052,225 |
| Net Assets (Deficits) - Beginning | 1,775,482 | 4,625,536 | 30,261,523 | 474,415 | 15,971,120 | (1,060,448) | 52,047,628 |
| Net Assets (Deficits) - Ending | $ 1,864,483 | 4,415,651 | 31,925,072 | 403,049 | 16,223,786 | (732,188) | 54,099,853 |

**CITY OF LINCOLN, NEBRASKA**
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | 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 | $ 350,979 | 2,863,723 | 6,566,223 | 1,262,648 | 4,892,888 | 4,295,134 | 20,231,595 |
| Receipts from Interfund Services Provided | 5,780 | - | 30,969 | - | 205,241 | - | 241,990 |
| Payments to Suppliers for Goods and Services | (212,401) | (632,891) | (2,229,875) | (989,221) | (2,420,226) | (856,592) | (7,341,206) |
| Payments to Employees | - | (1,300,184) | (109,511) | (984,068) | (1,851,380) | (2,410,883) | (6,656,026) |
| Payments for Interfund Services Provided | (4,492) | (456,570) | (411,141) | - | (334,954) | (251,424) | (1,458,581) |
| Other Receipts | 22 | 28,619 | 62,725 | 91,720 | 603,364 | 139 | 786,589 |
| Net Cash Provided (Used) by Operating Activities | 139,888 | 502,697 | 3,909,390 | (618,921) | 1,094,933 | 776,374 | 5,804,361 |
| **Cash Flows from Noncapital Financing Activities** | | | | | | | |
| Occupation Tax | - | - | - | - | 2,143,852 | - | 2,143,852 |
| Transfers from Other Funds | - | 7,062 | 241,333 | 525,000 | - | - | 773,395 |
| Transfers to Other Funds | (118,387) | (4,500) | (835,000) | - | (1,064,313) | - | (2,022,200) |
| Advances from General Fund | - | 118,022 | - | - | - | 736,818 | 854,840 |
| Repayment of Advances from General Fund | - | - | - | - | - | (1,225,007) | (1,225,007) |
| Advances to Other Funds | (7,072) | (2,369) | (89,327) | - | (166,390) | - | (265,158) |
| Payments from Other Funds | - | - | - | 33 | - | - | 33 |
| Interest Paid to General Fund | - | - | - | - | - | (87,564) | (87,564) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (125,459) | 118,215 | (682,994) | 525,033 | 913,149 | (575,753) | 172,191 |
| **Cash Flows from Capital and Related Financing Activities** | | | | | | | |
| Additions to Capital Assets | (54,705) | - | (795,350) | - | (637,082) | - | (1,487,137) |
| Proceeds from Sale of Capital Assets | - | - | - | - | 3,688 | - | 3,688 |
| Principal Payments of Capital Lease | (17,321) | (210,544) | - | (21,604) | - | (195,000) | (444,469) |
| Principal Payments of Bonded Debt | - | (325,000) | (1,305,000) | - | (190,000) | - | (1,820,000) |
| Interest and Fiscal Charges Paid | (545) | (78,824) | (690,484) | (4,482) | (156,175) | (5,621) | (936,131) |
| Net Cash Used by Capital and Related Financing Activities | (72,571) | (614,368) | (2,790,834) | (26,086) | (979,569) | (200,621) | (4,684,049) |
| **Cash Flows from Investing Activities** | | | | | | | |
| Proceeds from Sale and Maturities of Investments | 483,480 | 154,984 | 1,737,858 | 2,020 | 3,182,097 | - | 5,560,439 |
| Purchases of Investments | (443,447) | (142,647) | (2,215,993) | (1,240) | (4,089,634) | - | (6,892,961) |
| Interest and Other Receipts | 57,628 | 700 | 391,657 | 2,656 | 491,737 | - | 944,378 |
| Net Cash Provided (Used) by Investing Activities | 97,661 | 13,037 | (86,478) | 3,436 | (415,800) | - | (388,144) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 39,519 | 19,581 | 349,084 | (116,538) | 612,713 | - | 904,359 |
| Cash and Cash Equivalents - Beginning | 263,484 | 133,511 | 1,349,448 | 569,635 | 2,060,392 | - | 4,376,470 |
| Cash and Cash Equivalents - Ending | $ 303,003 | 153,092 | 1,698,532 | 453,097 | 2,673,105 | - | 5,280,829 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities** | | | | | | | |
| Operating Income (Loss) | $ 138,654 | (131,898) | 2,674,940 | (594,566) | (1,533,255) | 421,842 | 975,717 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | | |
| Depreciation | 28,326 | 658,678 | 1,055,009 | 70,503 | 1,630,474 | 99,662 | 3,542,652 |
| Changes in Assets and Liabilities: | | | | | | | |
| Accounts Receivable and Unbilled Revenues | (246) | 92 | 2,291 | 952 | (69,921) | 255,467 | 188,635 |
| Due from Other Funds | - | - | - | - | (541) | - | (541) |
| Due from Other Governments | - | - | (43,000) | - | (26,576) | - | (69,576) |
| Inventories | - | (5,838) | - | (4,972) | - | (185) | (10,995) |
| Prepaid Expenses | (33,258) | - | - | (2,189) | - | - | (35,447) |
| Accounts Payable | 537 | (2,806) | 159,889 | (6,675) | 97,726 | (35,442) | 213,229 |
| Accrued Liabilities | - | (17,382) | 224 | 3,351 | 6,682 | 30,164 | 23,039 |
| Accrued Compensated Absences | - | 4,699 | 2,022 | - | 13,094 | (473) | 19,342 |
| Due to Other Funds | - | 721 | (151) | - | (936) | 5,331 | 4,965 |
| Due to Other Governments | - | 1,181 | - | 4,164 | (5,814) | 8 | (461) |
| Unearned Revenue | 5,875 | (4,750) | 58,166 | (89,489) | - | - | (30,198) |
| Accrued Landfill Closure/Postclosure Care Costs | - | - | - | - | 984,000 | - | 984,000 |
| Total Adjustments | 1,234 | 634,595 | 1,234,450 | (24,355) | 2,628,188 | 354,532 | 4,828,644 |
| Net Cash Provided (Used) by Operating Activities | $ 139,888 | 502,697 | 3,909,390 | (618,921) | 1,094,933 | 776,374 | 5,804,361 |
| Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities: | | | | | | | |
| Contribution of Capital Assets | $ - | 6,165 | 59,335 | - | 44,383 | - | 109,883 |
| Purchase of Capital Assets on Account | - | - | 136,645 | - | 22,757 | - | 159,402 |
| Change in Fair Value of Investments | 13,216 | 4,250 | 111,299 | 39 | 118,189 | - | 246,993 |

# 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, 2008

| | Information Services | Engineering Revolving | Insurance Revolving | Fleet Services |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 408,840 | 146,994 | 4,444,521 | - |
| Investments | 1,321,576 | 475,350 | 15,571,657 | - |
| Accounts Receivable | 42,329 | 261,865 | 4,399 | 2,266 |
| Accrued Interest Receivable | 12,563 | 275 | 142,969 | 2,083 |
| Due from Other Funds | 274,277 | 43,682 | 1,275,519 | 41,692 |
| Due from Other Governments | 201,703 | 5,291 | - | 865 |
| Inventories | - | - | - | 758,198 |
| Prepaid Expenses | 226,845 | 39,138 | - | - |
| Total Current Assets | 2,488,133 | 972,595 | 21,439,065 | 805,104 |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Land | - | - | - | - |
| Buildings | 26,485 | - | - | - |
| Improvements Other Than Buildings | - | 693,733 | - | 420,192 |
| Machinery and Equipment | 2,072,504 | 474,757 | 28,936 | 17,081,107 |
| Less Accumulated Depreciation | (1,562,768) | (977,495) | (21,032) | (10,210,325) |
| Total Capital Assets, Net | 536,221 | 190,995 | 7,904 | 7,290,974 |
| Total Assets | 3,024,354 | 1,163,590 | 21,446,969 | 8,096,078 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 70,172 | 13,370 | 39,335 | 202,447 |
| Accrued Liabilities | 111,251 | 310,205 | 10,867 | 29,257 |
| Accrued Compensated Absences | 177,189 | 315,300 | 20,077 | 74,689 |
| Due to Other Funds | 4,422 | 16,862 | 261 | 647,046 |
| Due to Other Governments | 40 | 295 | - | - |
| Unearned Revenue | - | 332,455 | - | - |
| Claims | - | - | 4,414,594 | - |
| Accrued Interest | 301 | - | - | - |
| Current Portion of Capital Lease | 60,883 | - | - | - |
| Total Current Liabilities | 424,258 | 988,487 | 4,485,134 | 953,439 |
| Noncurrent Liabilities: | | | | |
| Accrued Compensated Absences | 128,993 | 358,569 | 28,080 | 81,405 |
| Claims | - | - | 2,258,208 | - |
| Capital Lease Payable | 47,014 | - | - | - |
| Accrued Liabilities | 5,517 | 9,245 | 895 | 2,982 |
| Total Noncurrent Liabilities | 181,524 | 367,814 | 2,287,183 | 84,387 |
| Total Liabilities | 605,782 | 1,356,301 | 6,772,317 | 1,037,826 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net of Related Debt | 428,324 | 190,995 | 7,904 | 7,290,974 |
| Unrestricted | 1,990,248 | (383,706) | 14,666,748 | (232,722) |
| Total Net Assets (Deficits) | $ 2,418,572 | (192,711) | 14,674,652 | 7,058,252 |

| Police Garage | Communication Services | Copy Services | Total |
|---|---|---|---|
| 320,475 | 34,314 | 57,343 | 5,412,487 |
| 1,035,583 | 112,308 | 182,827 | 18,699,301 |
| 39,532 | 4,560 | 792 | 355,743 |
| 7,926 | 983 | 1,677 | 168,476 |
| 390,114 | 14,575 | 32,660 | 2,072,519 |
| 1,276 | 1,615 | 20,135 | 230,885 |
| 90,404 | - | - | 848,602 |
| - | - | - | 265,983 |
| 1,885,310 | 168,355 | 295,434 | 28,053,996 |
| 48,250 | - | - | 48,250 |
| 346,661 | - | - | 373,146 |
| 45,500 | - | - | 1,159,425 |
| 4,987,445 | 60,349 | - | 24,705,098 |
| (3,569,084) | (56,280) | - | (16,396,984) |
| 1,858,772 | 4,069 | - | 9,888,935 |
| 3,744,082 | 172,424 | 295,434 | 37,942,931 |
| 38,844 | 291 | 26,702 | 391,161 |
| 18,776 | 2,967 | 1,031 | 484,354 |
| 37,440 | 3,828 | 1,255 | 629,778 |
| 8 | 191 | - | 668,790 |
| - | - | - | 335 |
| - | - | - | 332,455 |
| - | - | - | 4,414,594 |
| - | - | - | 301 |
| - | - | - | 60,883 |
| 95,068 | 7,277 | 28,988 | 6,982,651 |
| 69,166 | - | 553 | 666,766 |
| - | - | - | 2,258,208 |
| - | - | - | 47,014 |
| 2,236 | 298 | 149 | 21,322 |
| 71,402 | 298 | 702 | 2,993,310 |
| 166,470 | 7,575 | 29,690 | 9,975,961 |
| 1,858,772 | 4,069 | - | 9,781,038 |
| 1,718,840 | 160,780 | 265,744 | 18,185,932 |
| 3,577,612 | 164,849 | 265,744 | 27,966,970 |

**CITY OF LINCOLN, NEBRASKA**
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Information Services | Engineering Revolving | Insurance Revolving | Fleet Services |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Charges for Services | $ 5,559,613 | 7,526,055 | 27,803,331 | 5,634,912 |
| **Operating Expenses** | | | | |
| Personal Services | 3,584,092 | 6,014,194 | 491,067 | 1,457,761 |
| Materials and Supplies | 178,094 | 35,049 | 7,207 | 1,992,656 |
| Other Services and Charges | 1,991,102 | 1,169,784 | 24,150,535 | 1,374,270 |
| Depreciation | 237,077 | 65,345 | 1,724 | 1,675,185 |
| Total Operating Expenses | 5,990,365 | 7,284,372 | 24,650,533 | 6,499,872 |
| Operating Income (Loss) | (430,752) | 241,683 | 3,152,798 | (864,960) |
| **Nonoperating Revenues (Expenses)** | | | | |
| Investment Earnings | 111,763 | 6,531 | 1,051,909 | 8,256 |
| Gain (Loss) on Disposal of Capital Assets | - | 2,050 | - | 20,449 |
| Interest Expense and Fiscal Charges | (4,688) | - | - | - |
| Total Nonoperating Revenues (Expenses) | 107,075 | 8,581 | 1,051,909 | 28,705 |
| Income (Loss) Before Contributions and Transfers | (323,677) | 250,264 | 4,204,707 | (836,255) |
| Capital Contributions | - | - | - | 327,664 |
| Transfers In | - | 418,217 | - | - |
| Transfers Out | - | (45,491) | - | - |
| Change in Net Assets | (323,677) | 622,990 | 4,204,707 | (508,591) |
| Net Assets (Deficits) - Beginning | 2,742,249 | (815,701) | 10,469,945 | 7,566,843 |
| Net Assets (Deficits) - Ending | $ 2,418,572 | (192,711) | 14,674,652 | 7,058,252 |

| Police Garage | Communication Services | Copy Services | Total |
|---|---|---|---|
| 3,362,657 | 199,111 | 339,999 | 50,425,678 |
| 844,870 | 132,397 | 47,358 | 12,571,739 |
| 1,353,145 | 2,916 | - | 3,569,067 |
| 644,094 | 71,855 | 322,280 | 29,723,920 |
| 587,716 | 939 | - | 2,567,986 |
| 3,429,825 | 208,107 | 369,638 | 48,432,712 |
| (67,168) | (8,996) | (29,639) | 1,992,966 |
| 63,332 | 7,746 | 13,348 | 1,262,885 |
| (10,468) | - | - | 12,031 |
| - | - | - | (4,688) |
| 52,864 | 7,746 | 13,348 | 1,270,228 |
| (14,304) | (1,250) | (16,291) | 3,263,194 |
| 10,000 | - | - | 337,664 |
| - | - | - | 418,217 |
| - | - | - | (45,491) |
| (4,304) | (1,250) | (16,291) | 3,973,584 |
| 3,581,916 | 166,099 | 282,035 | 23,993,386 |
| 3,577,612 | 164,849 | 265,744 | 27,966,970 |

**CITY OF LINCOLN, NEBRASKA**
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Information Services | Engineering Revolving | Insurance Revolving | Fleet Services |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| Receipts from Customers and Users | $ 2,281,621 | 1,977,183 | 7,417,738 | 646,166 |
| Receipts from Interfund Services Provided | 3,226,026 | 5,387,323 | 20,381,194 | 5,796,849 |
| Payments to Suppliers for Goods and Services | (1,930,906) | (654,806) | (23,645,570) | (3,204,037) |
| Payments to Employees | (3,527,853) | (5,952,460) | (493,604) | (1,483,822) |
| Payments for Interfund Services Provided | (150,318) | (578,561) | (213,818) | (344,313) |
| Net Cash Provided (Used) by Operating Activities | (101,430) | 178,679 | 3,445,940 | 1,410,843 |
| **Cash Flows from Noncapital Financing Activities** | | | | |
| Transfers from Other Funds | - | 418,217 | - | - |
| Transfers to Other Funds | - | (45,491) | - | - |
| Advance from General Fund | - | - | - | 1,797,819 |
| Repayment of Advances from General Fund | - | - | - | (2,122,063) |
| Advances to Other Funds | - | (36,040) | (293,125) | - |
| Payments from Other Funds | 8,355 | - | - | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | 8,355 | 336,686 | (293,125) | (324,244) |
| **Cash Flows from Capital and Related Financing Activities** | | | | |
| Additions to Capital Assets | (252,816) | - | - | (1,164,838) |
| Proceeds from Sale of Capital Assets | - | 2,050 | - | 72,066 |
| Principal Payments of Capital Lease | (58,886) | - | - | - |
| Interest and Fiscal Charges Paid | (4,852) | - | - | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (316,554) | 2,050 | - | (1,092,772) |
| **Cash Flows from Investing Activities** | | | | |
| Proceeds from Sale and Maturities of Investments | 919,654 | - | 5,096,257 | - |
| Purchases of Investments | (627,648) | (392,707) | (8,036,503) | - |
| Interest and Other Receipts | 94,819 | 879 | 857,986 | 6,173 |
| Net Cash Provided (Used) by Investing Activities | 386,825 | (391,828) | (2,082,260) | 6,173 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (22,804) | 125,587 | 1,070,555 | - |
| Cash and Cash Equivalents - Beginning | 431,644 | 21,407 | 3,373,966 | - |
| Cash and Cash Equivalents - Ending | $ 408,840 | 146,994 | 4,444,521 | - |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities** | | | | |
| Operating Income (Loss) | $ (430,752) | 241,683 | 3,152,798 | (864,960) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 237,077 | 65,345 | 1,724 | 1,675,185 |
| Changes in Assets and Liabilities: | | | | |
| Accounts Receivable | (1,455) | 97,292 | (4,399) | 29,859 |
| Due from Other Funds | 11,455 | 917 | - | 778,774 |
| Due from Other Governments | (61,966) | 2,846 | - | (530) |
| Inventories | - | - | - | (266,731) |
| Prepaid Expenses | 87,780 | (39,138) | - | - |
| Accounts Payable | 1,196 | 7,176 | (18,943) | 92,956 |
| Accrued Liabilities | 41,379 | 57,107 | 1,177 | (33,832) |
| Accrued Compensated Absences | 14,860 | 4,627 | (3,714) | 7,771 |
| Due to Other Funds | (1,014) | 3,254 | 1 | (6,818) |
| Due to Other Governments | 10 | 174 | - | (831) |
| Unearned Revenue | - | (262,604) | - | - |
| Claims | - | - | 317,296 | - |
| Total Adjustments | 329,322 | (63,004) | 293,142 | 2,275,803 |
| Net Cash Provided (Used) by Operating Activities | $ (101,430) | 178,679 | 3,445,940 | 1,410,843 |
| Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities: | | | | |
| Contribution of Capital Assets | $ - | - | - | 327,664 |
| Purchase of Capital Assets on Account | 3,736 | - | - | - |
| Change in Fair Value of Investments | 19,388 | 5,532 | 196,365 | - |

| Police Garage | Communication Services | Copy Services | Total |
|---|---|---|---|
| 202,589 | 58,316 | 139,562 | 12,723,175 |
| 3,055,595 | 139,406 | 199,046 | 38,185,439 |
| (1,179,906) | (67,055) | (313,941) | (30,996,221) |
| (855,404) | (130,861) | (47,005) | (12,491,009) |
| (799,613) | (7,581) | (9,700) | (2,103,904) |
| 423,261 | (7,775) | (32,038) | 5,317,480 |
| | | | |
| - | - | - | 418,217 |
| - | - | - | (45,491) |
| - | - | - | 1,797,819 |
| - | - | - | (2,122,063) |
| (2,111) | (691) | (297) | (332,264) |
| - | - | - | 8,355 |
| (2,111) | (691) | (297) | (275,427) |
| | | | |
| (634,734) | - | - | (2,052,388) |
| 56,949 | - | - | 131,065 |
| - | - | - | (58,886) |
| - | - | - | (4,852) |
| (577,785) | - | - | (1,985,061) |
| | | | |
| 609,341 | 58,287 | 109,469 | 6,793,008 |
| (491,823) | (53,338) | (86,829) | (9,688,848) |
| 50,476 | 6,391 | 11,245 | 1,027,969 |
| 167,994 | 11,340 | 33,885 | (1,867,871) |
| | | | |
| 11,359 | 2,874 | 1,550 | 1,189,121 |
| 309,116 | 31,440 | 55,793 | 4,223,366 |
| 320,475 | 34,314 | 57,343 | 5,412,487 |
| | | | |
| (67,168) | (8,996) | (29,639) | 1,992,966 |
| | | | |
| 587,716 | 939 | - | 2,567,986 |
| | | | |
| (11,894) | (197) | 658 | 109,864 |
| (91,588) | (872) | (58) | 698,628 |
| (991) | (320) | (1,991) | (62,952) |
| 21,555 | - | - | (245,176) |
| - | - | - | 48,642 |
| (3,835) | 21 | (1,361) | 77,210 |
| 3,275 | 488 | 194 | 69,788 |
| (13,809) | 1,048 | 159 | 10,942 |
| - | 114 | - | (4,463) |
| - | - | - | (647) |
| - | - | - | (262,604) |
| - | - | - | 317,296 |
| 490,429 | 1,221 | (2,399) | 3,324,514 |
| 423,261 | (7,775) | (32,038) | 5,317,480 |
| | | | |
| 10,000 | - | - | 337,664 |
| - | - | - | 3,736 |
| 14,870 | 1,590 | 2,631 | 240,376 |

## 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, 2008

| | Collections Due Other Governments | HILP Escrow Accounts | Contractor Deposits | Payroll Revolving | Outstanding Warrants |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 63,371 | 44,008 | 544,435 | 478,876 | 1,655,399 |
| Investments | - | - | - | - | - |
| Receivables: | | | | | |
| Accrued Interest | 26 | - | - | - | - |
| Other | 38,234 | - | - | - | - |
| Contractor Retainage | - | - | 836,784 | - | - |
| Total Assets | 101,631 | 44,008 | 1,381,219 | 478,876 | 1,655,399 |
| **LIABILITIES** | | | | | |
| Warrants Payable | - | - | - | - | 1,655,399 |
| Accounts Payable | - | - | - | 128,732 | - |
| Due to Other Governments | 101,631 | - | - | 350,144 | - |
| Due To Homeowners | - | 44,008 | - | - | - |
| Due to Contractors | - | - | 1,381,219 | - | - |
| Due to Joint Venture | - | - | - | - | - |
| Due to Bondholders | - | - | - | - | - |
| Total Liabilities | $ 101,631 | 44,008 | 1,381,219 | 478,876 | 1,655,399 |

| Telephone Bill Suspense | Unredeemed Bonds And Coupons | Gateway Center Joint Venture Escrow | Public Building Commission Bond Reserve | Total |
|---|---|---|---|---|
| 51,769 | 117,926 | 190,672 | 191,409 | 3,337,865 |
| - | - | - | 2,843,800 | 2,843,800 |
| - | - | 1,257 | 38,562 | 39,845 |
| - | - | - | - | 38,234 |
| - | - | - | - | 836,784 |
| 51,769 | 117,926 | 191,929 | 3,073,771 | 7,096,528 |
| - | - | - | - | 1,655,399 |
| 51,769 | - | - | - | 180,501 |
| - | - | - | 3,073,771 | 3,525,546 |
| - | - | - | - | 44,008 |
| - | - | - | - | 1,381,219 |
| - | - | 191,929 | - | 191,929 |
| - | 117,926 | - | - | 117,926 |
| 51,769 | 117,926 | 191,929 | 3,073,771 | 7,096,528 |

**CITY OF LINCOLN, NEBRASKA**
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

| | Balance Sep. 1, 2007 | Additions | Deductions | Balance Aug. 31, 2008 |
|---|---|---|---|---|
| **COLLECTIONS DUE OTHER GOVERNMENTS:** | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | $ 63,772 | 862,153 | 862,554 | 63,371 |
| Receivables | 34,512 | 38,260 | 34,512 | 38,260 |
| | 98,284 | 900,413 | 897,066 | 101,631 |
| Liabilities: | | | | |
| Due to Other Governments | $ 98,284 | 803,444 | 800,097 | 101,631 |
| **HILP ESCROW ACCOUNTS:** | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | $ 39,952 | 108,751 | 104,695 | 44,008 |
| Liabilities: | | | | |
| Due to Homeowners | $ 39,952 | 4,056 | - | 44,008 |
| **CONTRACTOR DEPOSITS:** | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | $ 507,903 | 123,623 | 87,091 | 544,435 |
| Contractor Retainage | 740,204 | 119,400 | 22,820 | 836,784 |
| | 1,248,107 | 243,023 | 109,911 | 1,381,219 |
| Liabilities: | | | | |
| Due to Contractors | $ 1,248,107 | 243,023 | 109,911 | 1,381,219 |
| **PAYROLL REVOLVING:** | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | $ 646,079 | 197,720,248 | 197,887,451 | 478,876 |
| Liabilities: | | | | |
| Accounts Payable | 119,986 | 126,498,106 | 126,489,360 | 128,732 |
| Due to Other Governments | 526,093 | 28,478,374 | 28,654,323 | 350,144 |
| | $ 646,079 | 154,976,480 | 155,143,683 | 478,876 |
| **OUTSTANDING WARRANTS:** | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | $ 1,803,986 | 396,703,525 | 396,852,112 | 1,655,399 |
| Liabilities: | | | | |
| Warrants Payable | $ 1,803,986 | 396,703,525 | 396,852,112 | 1,655,399 |
| **TELEPHONE BILL SUSPENSE:** | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | $ 53,062 | 690,791 | 692,084 | 51,769 |
| Liabilities: | | | | |
| Accounts Payable | $ 53,062 | 690,791 | 692,084 | 51,769 |

(Continued)

(Agency Funds, Continued)

| | | Balance Sep. 1, 2007 | Additions | Deductions | Balance Aug. 31, 2008 |
|---|---|---|---|---|---|
| **UNREDEEMED BONDS AND COUPONS:** | | | | | |
| Assets: | | | | | |
| Cash and Cash Equivalents | $ | 117,926 | - | - | 117,926 |
| Liabilities: | | | | | |
| Due to Bondholders | $ | 117,926 | - | - | 117,926 |
| **JOINT ANTELOPE VALLEY AUTHORITY** | | | | | |
| Assets: | | | | | |
| Cash and Cash Equivalents | $ | - | 48,670,086 | 48,670,086 | - |
| Receivables | | - | 655,246 | 655,246 | - |
| | | - | 49,325,332 | 49,325,332 | - |
| Liabilities: | | | | | |
| Accounts Payable | $ | - | 35,852,803 | 35,852,803 | - |
| **GATEWAY CENTER JOINT VENTURE ESCROW:** | | | | | |
| Assets: | | | | | |
| Cash and Cash Equivalents | $ | 182,593 | 8,649 | 570 | 190,672 |
| Receivables | | 1,528 | 1,257 | 1,528 | 1,257 |
| | | 184,121 | 9,906 | 2,098 | 191,929 |
| Liabilities: | | | | | |
| Due to Joint Venture | $ | 184,121 | 7,808 | - | 191,929 |
| **PUBLIC BUILDING COMMISSION BOND RESERVE:** | | | | | |
| Assets: | | | | | |
| Cash and Cash Equivalents | $ | 183,803 | 141,614 | 134,008 | 191,409 |
| Investments | | 2,829,592 | 19,040 | 4,832 | 2,843,800 |
| Receivables | | 39,073 | 38,562 | 39,073 | 38,562 |
| | | 3,052,468 | 199,216 | 177,913 | 3,073,771 |
| Liabilities: | | | | | |
| Due to Other Governments | $ | 3,052,468 | 201,506 | 180,203 | 3,073,771 |
| **AGENCY FUND TOTALS:** | | | | | |
| Total Assets | $ | 7,243,985 | 645,901,205 | 646,048,662 | 7,096,528 |
| Total Liabilities | $ | 7,243,985 | 589,483,436 | 589,630,893 | 7,096,528 |

# 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.

**Contents** **Page**

**Financial Trends** **135**

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** **142**

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** **152**

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** **158**

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** **160**

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 SEVEN FISCAL YEARS
(accrual basis of accounting)

| | Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Governmental Activities: | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 460,113,747 | 433,488,477 | 417,745,982 | 399,561,548 | 361,516,579 | 353,228,671 | 321,761,052 |
| Restricted | 239,293,430 | 215,364,261 | 194,881,737 | 184,367,499 | 147,333,934 | 111,928,216 | 101,499,367 |
| Unrestricted | 61,521,153 | 57,757,668 | 59,258,075 | 60,366,016 | 64,026,685 | 66,785,387 | 70,508,399 |
| Total Governmental Activities Net Assets | $ 760,928,330 | 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 | $ 573,820,854 | 568,947,439 | 626,166,169 | 509,989,903 | 496,144,600 | 513,682,743 | 476,054,560 |
| Restricted | 33,764,417 | 26,769,558 | 23,399,483 | 15,101,637 | 16,262,952 | 52,887,433 | 47,701,632 |
| Unrestricted | 80,694,077 | 70,546,311 | (1,377,874) | 112,544,793 | 114,643,047 | 39,215,687 | 55,451,079 |
| Total Business-Type Activities Net Assets | $ 688,279,348 | 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 | $ 1,033,934,601 | 1,002,435,916 | 1,043,912,151 | 909,551,451 | 857,661,179 | 866,911,414 | 797,815,612 |
| Restricted | 273,057,847 | 242,133,819 | 218,281,220 | 199,469,136 | 163,596,886 | 164,815,649 | 149,200,999 |
| Unrestricted | 142,215,230 | 128,303,979 | 57,880,201 | 172,910,809 | 178,669,732 | 106,001,074 | 125,959,478 |
| Total Primary Government Net Assets | $ 1,449,207,678 | 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 SEVEN FISCAL YEARS
(accrual basis of accounting)

| | | Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| **Expenses** | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | $ | 32,965,472 | 30,681,069 | 30,781,582 | 27,955,407 | 28,475,396 | 26,781,326 | 23,530,070 |
| Public Safety | | 72,717,163 | 71,999,597 | 70,390,835 | 70,432,578 | 66,461,665 | 60,312,147 | 58,784,389 |
| Streets and Highways | | 29,136,302 | 31,953,438 | 29,293,980 | 20,620,140 | 24,066,450 | 21,627,658 | 21,073,128 |
| Culture and Recreation | | 28,026,538 | 26,528,155 | 25,379,286 | 23,827,670 | 23,699,396 | 23,183,517 | 21,219,904 |
| Economic Opportunity | | 16,586,566 | 15,486,850 | 16,165,310 | 15,522,471 | 16,778,622 | 18,803,783 | 14,097,457 |
| Health and Welfare | | 20,682,498 | 20,335,733 | 20,215,258 | 18,873,394 | 18,122,416 | 17,232,211 | 18,133,340 |
| Mass Transit | | 11,306,572 | 10,891,704 | 9,706,032 | 9,511,096 | 8,928,193 | 8,526,212 | 8,176,390 |
| Equipment Management | | 2,692,481 | 2,363,486 | 1,789,593 | 2,012,107 | 1,017,244 | 580,423 | 906,227 |
| Engineering Services | | 2,031,184 | 3,148,005 | 2,499,482 | 2,073,123 | 2,139,853 | 2,517,342 | 1,810,386 |
| Interest on Long-Term Debt | | 6,473,960 | 5,826,378 | 4,853,854 | 4,859,767 | 3,701,385 | 3,510,748 | 2,680,738 |
| Total Governmental Activities Expenses | | 222,618,736 | 219,214,415 | 211,075,212 | 195,687,753 | 193,390,620 | 183,075,367 | 170,412,029 |
| Business-Type Activities: | | | | | | | | |
| Parking Lots | | 213,043 | 217,915 | 204,531 | 282,945 | 231,572 | 184,222 | 187,586 |
| Golf | | 3,152,455 | 3,167,880 | 3,169,578 | 3,295,680 | 3,230,108 | 3,064,867 | 2,785,793 |
| Parking Facilities | | 4,695,494 | 4,616,046 | 4,652,493 | 4,903,338 | 4,731,301 | 4,328,388 | 3,726,638 |
| Municipal Auditorium | | 2,041,953 | 2,274,043 | 2,403,906 | 2,211,685 | 2,374,730 | 2,341,886 | 2,303,780 |
| Solid Waste Management | | 7,506,257 | 6,835,512 | 6,146,612 | 6,767,689 | 6,446,310 | 4,390,601 | 5,428,560 |
| Emergency Medical Services | | 3,711,546 | 3,679,318 | 3,793,035 | 3,828,891 | 3,684,221 | 3,905,011 | 3,518,764 |
| Wastewater System | | 18,965,453 | 18,230,853 | 17,563,692 | 16,461,078 | 15,461,420 | 13,205,150 | 12,659,850 |
| Water System | | 23,378,936 | 23,544,989 | 23,137,996 | 22,249,027 | 20,169,981 | 19,144,465 | 18,206,099 |
| Electric System | | 224,594,000 | 209,962,000 | 197,751,000 | 171,812,000 | 163,078,000 | 155,489,000 | 161,026,000 |
| Total Business-Type Activities Expenses | | 288,259,137 | 272,528,556 | 258,822,843 | 231,812,333 | 219,407,643 | 206,053,590 | 209,843,070 |
| Total | $ | 510,877,873 | 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 | $ | 20,572,788 | 19,617,633 | 15,643,439 | 14,366,997 | 14,507,882 | 13,883,872 | 13,145,419 |
| Public Safety | | 5,671,183 | 5,490,790 | 5,862,622 | 6,336,457 | 6,136,393 | 5,797,146 | 5,780,009 |
| Streets and Highways | | 5,485,027 | 6,105,933 | 5,774,740 | 6,773,393 | 4,191,241 | 881,255 | 3,140,077 |
| Culture and Recreation | | 3,583,144 | 3,485,195 | 4,207,617 | 3,088,848 | 2,792,436 | 2,700,504 | 2,455,509 |
| Economic Opportunity | | 731,663 | 809,767 | 754,096 | 576,632 | 2,573,607 | 2,334,074 | 1,945,026 |
| Health and Welfare | | 3,248,351 | 3,554,840 | 3,133,880 | 3,100,114 | 2,979,036 | 2,735,248 | 2,737,636 |
| Other Activities | | 5,465,776 | 5,381,517 | 5,339,097 | 4,473,512 | 3,745,956 | 4,081,655 | 4,504,543 |
| Operating Grants and Contributions | | 52,058,209 | 56,089,320 | 45,068,631 | 36,666,428 | 59,074,592 | 43,864,363 | 56,861,307 |
| Capital Grants and Contributions | | 39,507,199 | 17,990,651 | 24,519,249 | 48,270,586 | 18,375,380 | 32,549,986 | 22,629,262 |
| Total Governmental Activities Program Revenues | | 136,323,340 | 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 | | 20,575,445 | 19,379,833 | 17,955,248 | 16,920,940 | 15,980,045 | 14,665,990 | 14,926,446 |
| Water System | | 23,943,135 | 25,159,477 | 25,487,483 | 24,266,844 | 22,064,193 | 20,841,857 | 21,971,839 |
| Electric System | | 225,406,000 | 204,527,000 | 188,369,000 | 168,487,000 | 168,868,000 | 164,974,000 | 159,415,000 |
| Other Activities | | 21,159,042 | 19,972,650 | 19,032,389 | 17,350,098 | 17,896,445 | 18,765,461 | 18,398,186 |
| Operating Grants and Contributions | | 26,000 | 141,346 | - | 650,300 | 1,316,900 | 294,915 | 3,296 |
| Capital Grants and Contributions | | 10,809,320 | 11,359,957 | 11,092,348 | 9,703,652 | 8,707,137 | 7,538,876 | 6,073,286 |
| Total Business-Type Activities Program Revenues | | 301,918,942 | 280,540,263 | 261,936,468 | 237,378,834 | 234,832,720 | 227,081,099 | 220,788,053 |
| Total | $ | 438,242,282 | 399,065,909 | 372,239,839 | 361,031,801 | 349,209,243 | 335,909,202 | 333,986,841 |
| **Net (Expense)/Revenue** | | | | | | | | |
| Governmental Activities | $ | (86,295,396) | (100,688,769) | (100,771,841) | (72,034,786) | (79,014,097) | (74,247,264) | (57,213,241) |
| Business-Type Activities | | 13,659,805 | 8,011,707 | 3,113,625 | 5,566,501 | 15,425,077 | 21,027,509 | 10,944,983 |
| Total | $ | (72,635,591) | (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 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| **General Revenues and Other Changes In Net Assets** | | | | | | | |
| Governmental Activities: | | | | | | | |
| Taxes: | | | | | | | |
| Property Tax | $ 48,016,158 | 45,981,349 | 43,081,366 | 40,877,070 | 39,138,647 | 36,389,326 | 34,991,750 |
| Motor Vehicle Tax | 4,303,363 | 4,298,290 | 4,249,847 | 4,256,521 | 4,055,313 | 3,823,011 | 3,589,367 |
| Wheel Tax | 10,458,568 | 10,059,772 | 9,250,300 | 9,153,599 | 8,634,929 | 7,767,169 | 7,758,565 |
| Sales and Use Tax | 55,351,848 | 54,363,413 | 54,348,587 | 53,741,266 | 51,978,978 | 49,010,546 | 47,049,405 |
| Sundry and In Lieu Tax | 45,761 | 37,235 | 35,020 | 31,765 | 36,735 | 44,810 | 45,685 |
| Occupation Tax | 10,038,110 | 9,534,401 | 9,225,546 | 9,451,789 | 9,291,595 | 8,555,252 | 9,020,544 |
| Unrestricted Grants and Contributions | 1,569,021 | 1,573,535 | 1,589,033 | 1,577,852 | 1,597,551 | 2,970,754 | 3,425,878 |
| Unrestricted Investment Earnings | 6,738,206 | 6,355,562 | 3,650,661 | 2,800,970 | 3,163,454 | 2,157,467 | 3,495,539 |
| Miscellaneous General Revenues | 820,587 | 907,513 | 1,107,132 | 1,042,665 | 590,961 | 405,066 | 492,161 |
| Gain on Sale of Capital Assets | 596,393 | 548,626 | 564,573 | 2,857,136 | 304,974 | 1,073,191 | 915,594 |
| Transfers | 2,675,305 | 1,753,685 | 1,260,507 | 1,290,018 | 1,155,884 | 224,128 | 1,104,289 |
| Total Governmental Activities | 140,613,320 | 135,413,381 | 128,362,572 | 127,080,651 | 119,949,021 | 112,420,720 | 111,888,777 |
| Business-Type Activities: | | | | | | | |
| Occupation Tax | 2,134,549 | 2,195,132 | 2,232,680 | 2,111,731 | 2,234,490 | 565,790 | - |
| Unrestricted Investment Earnings | 8,761,713 | 9,333,779 | 6,187,797 | 3,986,941 | 4,387,629 | 5,045,047 | 5,239,848 |
| Miscellaneous General Revenues | 135,278 | 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 | (2,675,305) | (1,753,685) | (1,260,507) | (1,289,760) | (1,156,219) | (224,517) | (1,087,038) |
| Total Business-Type Activities | 8,356,235 | 10,063,823 | 7,437,820 | 5,019,233 | 5,839,659 | 5,551,083 | 4,506,148 |
| Total | $ 148,969,555 | 145,477,204 | 135,800,392 | 132,099,884 | 125,788,680 | 117,971,803 | 116,394,925 |
| **Change in Net Assets** | | | | | | | |
| Governmental Activities | $ 54,317,924 | 34,724,612 | 27,590,731 | 55,045,865 | 40,934,924 | 38,173,456 | 54,675,536 |
| Business-Type Activities | 22,016,040 | 18,075,530 | 10,551,445 | 10,585,734 | 21,264,736 | 26,578,592 | 15,451,131 |
| Total | $ 76,333,964 | 52,800,142 | 38,142,176 | 65,631,599 | 62,199,660 | 64,752,048 | 70,126,667 |

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

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Fund | | | | | |
| Reserved | $ 4,025,169 | 3,196,770 | 1,828,587 | 1,935,693 | 3,420,876 |
| Unreserved | 28,453,611 | 27,215,934 | 27,463,451 | 29,467,581 | 32,552,543 |
| Total General Fund | $ 32,478,780 | 30,412,704 | 29,292,038 | 31,403,274 | 35,973,419 |
| | | | | | |
| All Other Governmental Funds | | | | | |
| Reserved | $ 73,635,833 | 71,029,872 | 67,422,892 | 55,344,060 | 85,470,219 |
| Unreserved, Reported in: | | | | | |
| Special Revenue Funds | 61,839,340 | 65,368,433 | 67,422,892 | 46,519,881 | 31,763,330 |
| Debt Service [2] | - | 9,933,914 | 8,491,735 | 7,070,715 | 7,344,884 |
| Capital Projects Funds | 13,339,093 | 24,574,016 | 19,534,147 | 27,698,544 | 18,619,537 |
| Permanent Funds | 13,529,735 | 13,609,259 | 9,441,571 | 8,834,071 | 8,025,744 |
| Total All Other Governmental Funds | $ 162,344,001 | 184,515,494 | 172,313,237 | 145,467,271 | 151,223,714 |

Note: [1] In 2002, StarTran was added as a Governmental Fund.
[2] In 2008, Special Assessment Debt Service Fund balance transferred to Special Revenue Special Assessment Fund.

Table 3

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2003 | 2002 [1] | 2001 | 2000 | 1999 |
| 1,129,488 | 1,395,664 | 1,879,514 | 1,616,391 | 1,566,905 |
| 35,987,302 | 36,735,397 | 30,964,860 | 32,849,589 | 26,582,477 |
| 37,116,790 | 38,131,061 | 32,844,374 | 34,465,980 | 28,149,382 |
| 68,736,621 | 72,352,843 | 55,771,848 | 64,461,276 | 58,767,136 |
| 18,170,362 | 24,251,512 | 43,188,432 | 23,634,730 | 26,087,589 |
| 6,135,384 | 4,866,366 | 3,646,779 | 2,306,563 | 4,082,008 |
| 24,877,481 | 25,320,734 | 16,573,262 | 31,308,422 | 33,543,294 |
| 6,904,635 | 5,624,910 | 6,905,368 | 6,301,298 | 4,403,768 |
| 124,824,483 | 132,416,365 | 126,085,689 | 128,012,289 | 126,883,795 |

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

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| **Revenues** | | | | | |
| Taxes: | | | | | |
| Property | $ 48,061,759 | 46,003,719 | 43,051,465 | 40,877,024 | 38,825,280 |
| Motor Vehicle | 4,303,363 | 4,298,290 | 4,249,847 | 4,256,521 | 4,055,313 |
| Wheel | 10,458,568 | 10,059,772 | 9,250,300 | 9,153,599 | 8,634,929 |
| Sales and Use | 55,351,848 | 54,363,413 | 54,348,587 | 53,741,266 | 51,978,978 |
| Sundry and In Lieu | 50,068 | 35,115 | 34,090 | 34,888 | 31,194 |
| Occupation | 10,517,680 | 9,054,831 | 9,232,431 | 9,853,990 | 9,265,448 |
| Special Assessment | 1,351,532 | 1,513,248 | 1,691,266 | 1,400,791 | 1,965,820 |
| Intergovernmental | 73,830,720 | 63,928,043 | 60,757,501 | 63,180,171 | 58,619,699 |
| Permits and Fees | 18,013,104 | 19,126,239 | 18,423,079 | 16,535,049 | 15,593,326 |
| Reimbursement for Services | 6,511,457 | 6,491,112 | 7,063,192 | 6,936,334 | 6,322,870 |
| Program Income | 48,549 | 34,155 | 26,614 | 1,758,999 | 1,808,012 |
| Investment Earnings | 6,806,258 | 10,371,565 | 4,082,196 | 4,327,311 | 5,207,711 |
| Donations | 1,747,959 | 947,439 | 1,062,197 | 2,150,197 | 1,769,777 |
| Keno Proceeds | 3,373,939 | 2,798,262 | 2,745,869 | 3,016,301 | 3,331,968 |
| Miscellaneous | 2,497,331 | 3,272,251 | 4,051,697 | 5,102,920 | 3,278,763 |
| Total Revenues | 242,924,135 | 232,297,454 | 220,070,331 | 222,325,361 | 210,689,088 |
| **Expenditures** | | | | | |
| General Government | 35,278,575 | 33,946,258 | 34,666,641 | 32,532,685 | 30,884,544 |
| Public Safety | 61,147,903 | 60,953,651 | 60,064,604 | 58,669,932 | 55,272,920 |
| Streets and Highways | 16,482,240 | 17,430,452 | 16,928,575 | 17,064,845 | 13,633,902 |
| Culture and Recreation | 21,686,564 | 21,719,544 | 20,938,212 | 21,669,847 | 22,308,940 |
| Economic Opportunity | 14,685,668 | 11,670,315 | 12,623,307 | 14,870,592 | 14,728,510 |
| Health and Welfare [2] | 21,053,132 | 20,378,863 | 25,566,267 | 19,126,931 | 18,544,667 |
| Mass Transit [3] | 10,707,601 | 14,877,357 | 8,901,327 | 8,306,921 | 10,525,090 |
| Debt Service | | | | | |
| Principal Retirement | 7,989,828 | 6,282,536 | 6,200,794 | 5,536,580 | 5,003,161 |
| Interest and Fiscal Charges | 6,384,069 | 5,223,234 | 4,803,380 | 4,934,088 | 2,904,318 |
| Miscellaneous | 53,898 | 83,950 | 12,095 | 92,325 | 7,042 |
| Capital Outlay | 79,369,789 | 44,955,954 | 65,229,370 | 65,859,750 | 58,177,933 |
| Total Expenditures | 274,839,267 | 237,522,114 | 255,934,572 | 248,664,496 | 231,991,027 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (31,915,132) | (5,224,660) | (35,864,241) | (26,339,135) | (21,301,939) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers In | 60,693,467 | 42,672,672 | 39,460,154 | 38,002,168 | 32,371,598 |
| Transfers Out | (58,325,388) | (40,643,303) | (38,051,423) | (36,757,125) | (31,663,701) |
| Issuance of Debt | 8,877,537 | 44,588,425 | 9,600,000 | 18,655,035 | 43,799,999 |
| Premiums on Debt Issued | 98,768 | 484,811 | 7,397 | 42,635 | 1,918,788 |
| Discounts on Debt Issued | - | (5,255) | - | (16,057) | (5,854) |
| Transfer to Bond Refunding Agent | - | - | - | (6,504,876) | - |
| Sale of Capital Assets | 465,331 | 283,136 | 4,080,940 | 2,590,767 | 136,969 |
| Total Other Financing Sources (Uses) | 11,809,715 | 47,380,486 | 15,097,068 | 16,012,547 | 46,557,799 |
| Net Change in Fund Balances | $ (20,105,417) | 42,155,826 | (20,767,173) | (10,326,588) | 25,255,860 |
| Debt Service as a Percentage of Noncapital Expenditures | 6.5% | 5.8% | 5.4% | 5.2% | 4.1% |

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 Governmenal Fund.

Table 4

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2003 | 2002 [1] | 2001 | 2000 | 1999 |
| 36,350,142 | 35,969,591 | 30,943,110 | 29,736,987 | 28,908,119 |
| 3,823,011 | 3,589,367 | 3,375,770 | 3,108,906 | 2,443,832 |
| 7,767,169 | 7,758,565 | 7,569,236 | 7,451,237 | 7,253,208 |
| 49,010,546 | 47,049,405 | 43,988,822 | 44,099,958 | 41,713,530 |
| 44,809 | 45,685 | 47,512 | 36,207 | 58,390 |
| 8,172,116 | 9,020,544 | 7,282,792 | 5,917,801 | 5,673,130 |
| 1,946,784 | 1,705,895 | 1,808,772 | 1,954,357 | 2,209,404 |
| 52,773,424 | 59,029,609 | 48,619,317 | 35,807,100 | 35,600,952 |
| 12,679,623 | 12,449,879 | 9,638,475 | 9,838,029 | 8,685,268 |
| 6,097,336 | 5,605,557 | 5,071,766 | 4,896,203 | 4,366,482 |
| 1,748,959 | 1,354,481 | 1,136,720 | 627,374 | 1,088,531 |
| 4,353,336 | 4,606,825 | 8,005,027 | 9,330,374 | 8,016,026 |
| 2,081,127 | 1,524,145 | 1,949,751 | 2,620,512 | 659,738 |
| 3,178,094 | 3,209,235 | 3,039,664 | 2,870,743 | 2,805,009 |
| 1,225,958 | 4,237,773 | 3,020,054 | 4,127,567 | 3,131,133 |
| 191,252,434 | 197,156,556 | 175,496,788 | 162,423,355 | 152,612,752 |
| 28,938,852 | 27,237,134 | 23,821,580 | 23,529,495 | 21,891,174 |
| 50,933,285 | 49,913,169 | 48,122,074 | 44,042,882 | 41,555,922 |
| 12,317,663 | 10,833,055 | 11,175,059 | 9,039,840 | 9,406,531 |
| 19,935,823 | 16,974,798 | 14,806,760 | 13,958,414 | 13,254,994 |
| 16,469,645 | 14,017,601 | 12,559,336 | 11,204,029 | 10,215,261 |
| 17,614,751 | 17,989,603 | 15,862,462 | 13,974,690 | 11,709,801 |
| 7,996,019 | 12,691,837 | - | - | - |
| 5,498,277 | 4,974,223 | 4,966,405 | 5,125,296 | 5,079,267 |
| 3,001,504 | 2,437,266 | 2,765,418 | 2,781,777 | 3,682,808 |
| 7,442 | 389 | 10,867 | 17,222 | 418,996 |
| 48,163,988 | 49,461,878 | 48,371,432 | 35,820,347 | 33,916,861 |
| 210,877,249 | 206,530,953 | 182,461,393 | 159,493,992 | 151,131,615 |
| (19,624,815) | (9,374,397) | (6,964,605) | 2,929,363 | 1,481,137 |
| 31,698,768 | 36,383,394 | 47,073,066 | 44,844,418 | 45,896,207 |
| (31,487,832) | (35,321,704) | (50,858,221) | (50,745,518) | (50,114,170) |
| 19,347,418 | 18,580,000 | 1,390,001 | 3,431,579 | 30,020,000 |
| 247,703 | 143,659 | - | - | - |
| - | (3,066) | - | - | - |
| (9,598,350) | - | (631,895) | - | (8,134,836) |
| 810,955 | 753,313 | 584,952 | 1,819,622 | 602,700 |
| 11,018,662 | 20,535,596 | (2,442,097) | (649,899) | 18,269,901 |
| (8,606,153) | 11,161,199 | (9,406,702) | 2,279,464 | 19,751,038 |
| 4.8% | 4.8% | 5.1% | 5.4% | 6.2% |

Table 5

**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 |
| 2007 | 1,152,048 | 1,198,401 | 539,438 | 20,234 | 273,056 | (3,435) | 569,319 | 3,749,061 | $ 0.0634 |
| 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 |

Note: The numbers are based on Lincoln Electric System's 12/31/07 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 2007
(dollars in thousands)

| | 2007 | | |
|---|---|---|---|
| Customer Type | Revenue From Electric Sales | Rank | Percentage of Revenue From Electric Sales |
| Residential | $ 82,430 | 1 | 37.23 % |
| Commercial | 68,685 | 2 | 31.02 |
| Industrial | 26,233 | 3 | 11.85 |
| Other | 44,046 | - | 19.90 |
| Total | $ 221,394 | | 100.00 % |

Note: The numbers are based on Lincoln Electric System's 12/31/07 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 |
|---|---|---|---|
| 2008 | $ | 3,961,835,269 | 0.0150 |
| 2007 | | 3,890,346,633 | 0.0150 |
| 2006 | | 3,825,820,559 | 0.0150 |
| 2005 | | 3,834,847,147 | 0.0150 |
| 2004 | | 3,735,080,884 | 0.0150 |
| 2003 | | 3,533,640,597 | 0.0150 |
| 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 |

Source: City of Lincoln Treasurer's Office

Table 8

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

| | Direct | Overlapping [1] | |
|---|---|---|---|
| Fiscal Year | City of Lincoln | State of Nebraska | Total Tax Rate |
| 2008 | 0.015 | 0.055 | 0.070 |
| 2007 | 0.015 | 0.055 | 0.070 |
| 2006 | 0.015 | 0.055 | 0.070 |
| 2005 | 0.015 | 0.055 | 0.070 |
| 2004 | 0.015 | 0.055 | 0.070 |
| 2003 | 0.015 | 0.055 | 0.070 |
| 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 |

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

| | 2007 | | |
|---|---|---|---|
| Business Classification | Net Taxable Sales | Rank | Percentage of Total Net Taxable Sales |
| Retail Trade | $ 1,675,530,290 | 1 | 51.18 % |
| Accommodation & Food Services | 425,412,958 | 2 | 12.99 |
| Utilities | 285,920,866 | 3 | 8.73 |
| Other | 887,336,400 | - | 27.10 |
| Total | $ 3,274,200,514 | | 100.00 % |

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. 2008 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

| | Real Property | | Other Property | | | |
|---|---|---|---|---|---|---|
| Fiscal Year Ended August 31, | Residential Property | Commercial Property | Personal Property | Centrally Assessed Property | Total Taxable Assessed Value | Total Direct Tax Rate |
| 2008 | $ 10,723,170,809 | $ 4,246,365,596 | $ 521,771,782 | $ 162,618,303 | $ 15,653,926,490 | 0.2879 |
| 2007 | 10,402,515,684 | 4,236,340,817 | 538,646,420 | 164,660,867 | 15,342,163,788 | 0.2833 |
| 2006 | 9,083,290,211 | 3,814,534,869 | 525,730,603 | 159,694,612 | 13,583,250,295 | 0.3009 |
| 2005 | 8,727,702,573 | 3,694,097,147 | 560,657,306 | 156,059,200 | 13,138,516,226 | 0.2950 |
| 2004 | 8,402,403,364 | 3,598,787,015 | 566,854,120 | 176,060,893 | 12,744,105,392 | 0.2903 |
| 2003 | 7,255,640,292 | 3,094,988,486 | 599,272,540 | 180,686,849 | 11,130,588,167 | 0.3145 |
| 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 |

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

Source: Lancaster County Assessor's Office

Table 11

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
| City of Lincoln | | | | | | | | | | |
| General Fund | 0.1778 | 0.1687 | 0.1955 | 0.1706 | 0.1692 | 0.1757 | 0.1780 | 0.1869 | 0.1828 | 0.2022 |
| Library Fund | 0.0404 | 0.0427 | 0.0488 | 0.0490 | 0.0485 | 0.0534 | 0.0522 | 0.0467 | 0.0462 | 0.0460 |
| Social Security Fund | 0.0134 | 0.0135 | 0.0139 | 0.0149 | 0.0143 | 0.0162 | 0.0153 | 0.0158 | 0.0163 | 0.0166 |
| Police and Fire Pension Fund | 0.0203 | 0.0208 | 0.0219 | 0.0182 | 0.0149 | 0.0149 | 0.0126 | 0.0109 | 0.0106 | 0.0109 |
| Bond Interest and Redemption | 0.0360 | 0.0376 | 0.0208 | 0.0423 | 0.0434 | 0.0543 | 0.0564 | 0.0636 | 0.0680 | 0.0482 |
| Total City of Lincoln | 0.2879 | 0.2833 | 0.3009 | 0.2950 | 0.2903 | 0.3145 | 0.3145 | 0.3239 | 0.3239 | 0.3239 |
| Overlapping Rates [1] | | | | | | | | | | |
| School District No. 1 | 1.2719 | 1.2764 | 1.3142 | 1.3141 | 1.3011 | 1.2830 | 1.2732 | 1.3684 | 1.3813 | 1.3050 |
| Lancaster County | 0.2755 | 0.2655 | 0.2841 | 0.2797 | 0.2683 | 0.2683 | 0.2583 | 0.2643 | 0.2584 | 0.2782 |
| Educational Service Unit #18 | 0.0141 | 0.0141 | 0.0150 | 0.0150 | 0.0150 | 0.0150 | 0.0150 | 0.0150 | 0.0150 | 0.0149 |
| Community Technical College | 0.0689 | 0.0689 | 0.0696 | 0.0655 | 0.0655 | 0.0655 | 0.0636 | 0.0295 | 0.0334 | 0.0696 |
| Lower Platte South N.R.D. | 0.0418 | 0.0416 | 0.0422 | 0.0323 | 0.0323 | 0.0359 | 0.0365 | 0.0367 | 0.0372 | 0.0389 |
| Railroad Transportation Safety Dist. | 0.0260 | 0.0246 | 0.0260 | 0.0260 | 0.0248 | 0.0220 | 0.0221 | 0.0260 | 0.0260 | 0.0260 |
| Agricultural Society of Lancaster County | 0.0016 | 0.0016 | 0.0018 | 0.0020 | 0.0030 | 0.0012 | 0.0024 | 0.0073 | 0.0032 | 0.0013 |
| Lancaster County Fairgrounds | 0.0043 | 0.0037 | 0.0042 | 0.0042 | 0.0043 | 0.0050 | 0.0052 | - | - | - |
| Public Building Commission | 0.0170 | 0.0170 | 0.0170 | 0.0170 | 0.0170 | 0.0170 | 0.0170 | 0.0170 | 0.0170 | 0.0170 |
| Total Overlapping Rates | 1.7211 | 1.7134 | 1.7741 | 1.7558 | 1.7313 | 1.7129 | 1.6933 | 1.7642 | 1.7715 | 1.7509 |

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

| | | 2008 | | | 1999 | | |
|---|---|---|---|---|---|---|---|
| Taxpayer | Type of Business | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| B & J Partnership Ltd. | Building Management | $ 71,277,149 | 1 | 0.46 % | $ - | - | - % |
| Kawasaki | Manufacturing | 67,771,007 | 2 | 0.43 | - | - | - |
| Alltel Communications | Telecommunications | 64,440,889 | 3 | 0.41 | 67,570,551 | 1 | 0.79 |
| WEA Gateway LLC | Retail Management | 59,248,573 | 4 | 0.38 | 44,655,915 | 4 | 0.52 |
| Pfizer | Animal Health | 56,342,662 | 5 | 0.36 | 61,202,057 | 2 | 0.72 |
| Ameritas Life Insurance Corp. | Insurance | 52,204,964 | 6 | 0.33 | 25,888,842 | 8 | 0.30 |
| Chateau Van Dorn LLC | Real Estate Development | 50,459,982 | 7 | 0.32 | 28,083,433 | 6 | 0.33 |
| Burlington Northern | Railroad | 47,587,795 | 8 | 0.30 | 31,556,547 | 5 | 0.37 |
| Molex Inc. | Manufacturing | 45,981,536 | 9 | 0.29 | 54,174,040 | 3 | 0.64 |
| Nebco | Construction / Development | 44,339,244 | 10 | 0.28 | - | - | - |
| Archer Daniels Midland Co. | Soybean Processing | - | - | - | 26,321,447 | 7 | 0.31 |
| Goodyear Tire & Rubber Co. | Manufacturing | - | - | - | 23,457,544 | 9 | 0.28 |
| Aquila | Gas Utility | - | - | - | 22,930,799 | 10 | 0.27 |
| Total | | $ 559,653,801 | | 3.56 % | $ 385,841,175 | | 4.53 % |

Source: Lancaster County Assessor's Office

Table 13

**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 |
| 2008 | $ 45,064,524 | $ 43,561,215 | 96.66 % | $ - | $ 43,561,215 | 96.66 % |
| 2007 | 43,475,089 | 41,848,163 | 96.26 | 1,574,973 | 43,423,136 | 99.88 |
| 2006 | 40,873,358 | 39,579,041 | 96.83 | 1,484,368 | 41,063,409 | 100.46 |
| 2005 | 38,755,995 | 37,514,748 | 96.80 | 1,353,789 | 38,868,537 | 100.29 |
| 2004 | 36,994,112 | 35,726,509 | 96.57 | 1,306,550 | 37,033,059 | 100.11 |
| 2003 | 35,007,926 | 33,676,453 | 96.20 | 1,364,031 | 35,040,484 | 100.09 |
| 2002 | 33,731,282 | 32,501,760 | 96.35 | 1,331,781 | 33,833,541 | 100.30 |
| 2001 | 31,159,364 | 29,936,079 | 96.07 | 1,210,029 | 31,146,108 | 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 |

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 |
| 2008 | $ 56,760 | $ 61,750 | $ 10,071 | $ - | $ 7,900 | $ - | $ 28,574 |
| 2007 | 61,020 | 63,080 | 9,313 | - | 8,515 | - | 22,792 |
| 2006 | 56,665 | 36,435 | 6,247 | - | 9,110 | - | 18,321 |
| 2005 | 60,915 | 36,770 | 6,853 | - | 9,690 | - | 9,475 |
| 2004 | 54,650 | 37,090 | 7,075 | 100 | 10,255 | - | 7,785 |
| 2003 | 57,865 | 2,395 | 1,294 | 205 | 10,810 | - | 1,680 |
| 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 |

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

Table 14

| Business-Type Activities | | | | | | |
|---|---|---|---|---|---|---|
| Revenue Bonds | Wastewater Project Loan | Commercial Paper Notes | Capital Leases | Total Primary Government | Net Debt Per Capita [1] | Percentage of Personal Income [1] |
| $ 781,125 | $ - | $ - | $ 478 | $ 946,658 | $ 3,806 | - % |
| 709,645 | - | 90,000 | 922 | 965,287 | 4,003 | - |
| 709,320 | - | 90,000 | 704 | 926,802 | 3,874 | 9.48 |
| 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 |

Table 15

**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] |
|---|---|---|---|---|---|---|---|---|---|
| 2008 | $ 56,760 | $ 61,750 | $ 10,071 | $ | $ 128,581 | $ 12,962 | $ 115,619 | $ 464.81 | 0.77 % |
| 2007 | 61,020 | 63,080 | 9,313 | - | 133,413 | 11,574 | 121,839 | 505.21 | 0.83 |
| 2006 | 56,665 | 36,435 | 6,247 | - | 99,347 | 9,733 | 89,614 | 374.62 | 0.69 |
| 2005 | 60,915 | 36,770 | 6,853 | - | 104,538 | 13,364 | 91,174 | 382.08 | 0.73 |
| 2004 | 54,650 | 37,090 | 7,075 | 100 | 98,915 | 13,164 | 85,751 | 363.13 | 0.71 |
| 2003 | 57,865 | 2,395 | 1,294 | 205 | 61,759 | 11,114 | 50,645 | 214.99 | 0.49 |
| 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 |

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.

Table 16

**CITY OF LINCOLN, NEBRASKA**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF AUGUST 31, 2008

| Governmental Units | Debt Outstanding | Estimated Percentage Applicable [1] | Direct And Overlapping Debt To The City |
|---|---|---|---|
| Direct: | | | |
| City | $ 128,581,000 | 100.0 % | $ 128,581,000 |
| Overlapping: | | | |
| School District #1 | 249,065,000 | 99.5 | 247,820,000 |
| Lower Platte South N.R.D. | 6,750,000 | 75.4 | 5,090,000 |
| Lancaster County | 5,715,000 | 85.4 | 4,881,000 |
| Public Building Commission | 46,565,000 | 85.4 | 39,767,000 |
| Lancaster County Fairgrounds | 9,440,000 | 85.4 | 8,062,000 |
| | 317,535,000 | | 305,620,000 |
| Total | $ 446,116,000 | | $ 434,201,000 |

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**

Table 17

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

| | Gross Revenue | Direct Operating Expenses | Net Available Revenue | Debt Service Requirements | | | |
|---|---|---|---|---|---|---|---|
| | | | | Principal | Interest | Total | Coverage |
| Wastewater System | | | | | | | |
| | Utility Service Charges | | | | | | |
| 2008 | $ 22,347,867 | 11,393,624 | 10,954,243 | 2,415,000 | 4,030,454 | 6,445,454 | 1.70 |
| 2007 | 21,158,743 | 11,462,964 | 9,695,779 | 2,005,000 | 3,081,481 | 5,086,481 | 1.91 |
| 2006 | 19,827,194 | 11,125,819 | 8,701,375 | 2,065,000 | 3,043,500 | 5,108,500 | 1.70 |
| 2005 | 18,248,683 | 10,482,955 | 7,765,728 | 1,500,000 | 2,403,519 | 3,903,519 | 1.99 |
| 2004 | 18,092,619 | 10,042,919 | 8,049,700 | 1,750,000 | 2,133,704 | 3,883,704 | 2.07 |
| 2003 | 15,607,743 | 9,086,469 | 6,521,274 | 1,032,500 | 266,722 | 1,299,222 | 5.02 |
| 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 | 500,504 | 1,755,504 | 4.95 |
| Water System | | | | | | | |
| | Utility Service Charges | | | | | | |
| 2008 | $ 27,257,184 | 14,425,521 | 12,831,663 | 5,555,000 | 3,376,201 | 8,931,201 | 1.44 |
| 2007 | 29,386,495 | 14,351,136 | 15,035,359 | 5,340,000 | 3,612,001 | 8,952,001 | 1.68 |
| 2006 | 29,014,999 | 13,808,214 | 15,206,785 | 5,130,000 | 3,834,301 | 8,964,301 | 1.70 |
| 2005 | 27,153,937 | 13,145,665 | 14,008,272 | 4,895,000 | 3,517,932 | 8,412,932 | 1.67 |
| 2004 | 24,557,918 | 12,477,486 | 12,080,432 | 3,115,000 | 2,411,632 | 5,526,632 | 2.19 |
| 2003 | 22,094,721 | 11,631,496 | 10,463,225 | 3,010,000 | 2,898,489 | 5,908,489 | 1.77 |
| 2002 | 22,894,652 | 11,474,433 | 11,420,219 | 2,880,000 | 2,110,590 | 4,990,590 | 2.29 |
| 2001 | 22,489,456 | 10,960,315 | 11,529,141 | 2,755,000 | 2,240,075 | 4,995,075 | 2.31 |
| 2000 | 24,018,217 | 9,812,147 | 14,206,070 | 2,640,000 | 2,361,515 | 5,001,515 | 2.84 |
| 1999 | 20,785,253 | 9,067,262 | 11,717,991 | 2,530,000 | 2,477,895 | 5,007,895 | 2.34 |
| Lincoln Electric System | | | | | | | |
| | Utility Service Charges | | | | | | |
| 2007 | $ 229,766,000 | 154,584,000 | 75,182,000 | 13,953,000 | 28,570,000 | 42,523,000 | 1.77 |
| 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 |
| Golf | | | | | | | |
| | Facility and Course Fees | | | | | | |
| 2008 | $ 2,933,843 | 2,402,983 | 530,860 | 325,000 | 54,035 | 379,035 | 1.40 |
| 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 |

(Continued)

(Pledged Revenue Coverage, Table 17, Continued)

| | Gross Revenue | Direct Operating Expenses | Net Available Revenue | Debt Service Requirements Principal | Interest | Total | Coverage |
|---|---|---|---|---|---|---|---|
| Parking Facilities [1, 2] | | | | | | | |
| | Parking Fees | | | | | | |
| 2008 | $ 7,134,709 | 2,912,511 | 4,222,198 | 1,305,000 | 687,194 | 1,992,194 | 2.12 |
| 2007 | 6,645,013 | 2,781,952 | 3,863,061 | 1,240,000 | 746,374 | 1,986,374 | 1.94 |
| 2006 | 6,785,593 | 2,775,122 | 4,010,471 | 1,185,000 | 799,931 | 1,984,931 | 2.02 |
| 2005 | 6,219,935 | 2,972,709 | 3,247,226 | 1,140,000 | 850,501 | 1,990,501 | 1.63 |
| 2004 | 6,299,598 | 2,733,492 | 3,566,106 | 1,145,000 | 908,456 | 2,053,456 | 1.74 |
| 2003 | 5,988,240 | 2,304,632 | 3,683,608 | 1,085,000 | 962,829 | 2,047,829 | 1.80 |
| 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 |
| Antelope Valley Project Bonds | | | | | | | |
| | Development Fund * | | | | | | |
| 2008 | $ 1,000,000 | - | 1,000,000 | 615,000 | 371,978 | 986,978 | 1.01 |
| 2007 | 1,000,000 | - | 1,000,000 | 595,000 | 391,655 | 986,655 | 1.01 |
| 2006 | 1,000,000 | - | 1,000,000 | 580,000 | 408,998 | 988,998 | 1.01 |
| 2005 | 1,000,000 | - | 1,000,000 | 565,000 | 423,615 | 988,615 | 1.01 |
| 2004 | 1,000,000 | - | 1,000,000 | 555,000 | 435,663 | 990,663 | 1.01 |
| 2003 | 1,000,000 | - | 1,000,000 | 270,000 | 445,711 | 715,711 | 1.40 |
| 2002 | 1,000,000 | - | 1,000,000 | - | - | - | - |
| 2001 | - | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - | - |
| 1999 | - | - | - | - | - | - | - |
| Solid Waste Management | | | | | | | |
| | Waste Disposal Fees | | | | | | |
| 2008 | $ 8,537,520 | 5,701,312 | 2,836,208 | 190,000 | 155,825 | 345,825 | 8.20 |
| 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 | - | - | - | - | - | - | - |

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.

Table 18

**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] |
|---|---|---|---|---|---|
| 2008 | 248,744 | $ - | - | 34,061 | 3.0 % |
| 2007 | 241,167 | - | - | 33,466 | 2.7 |
| 2006 | 239,213 | 9,776,201 | 33,887 | 32,934 | 2.8 |
| 2005 | 238,625 | 9,276,199 | 32,526 | 32,505 | 3.4 |
| 2004 | 236,146 | 8,937,362 | 31,744 | 32,270 | 3.7 |
| 2003 | 235,565 | 8,592,801 | 30,807 | 31,889 | 3.6 |
| 2002 | 231,800 | 8,254,893 | 30,035 | 31,867 | 3.0 |
| 2001 | 225,588 | 7,947,494 | 29,318 | 31,581 | 2.6 |
| 2000 | 218,497 | 7,774,823 | 29,018 | 31,354 | 2.7 |
| 1999 | 217,537 | 7,158,353 | 27,127 | 31,052 | 1.9 |

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. 2007 and 2008 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.

Table 19

**CITY OF LINCOLN, NEBRASKA**
PRINCIPAL EMPLOYERS
CURRENT YEAR

| | 2008 | | |
|---|---|---|---|
| Employer | Employees | Rank | Percentage of Total City Employment |
| State of Nebraska | 9,823 | 1 | 5.62 % |
| Lincoln Public Schools | 7,014 | 2 | 4.01 |
| University of Nebraska-Lincoln | 5,870 | 3 | 3.36 |
| BryanLGH Medical Center | 3,785 | 4 | 2.16 |
| City of Lincoln | 2,622 | 5 | 1.50 |
| US Government | 2,843 | 6 | 1.63 |
| Saint Elizabeth Regional Medical Center | 2,480 | 7 | 1.42 |
| Burlington Northern | 1,800 | 8 | 1.03 |
| Kawasaki Motors Mfg. Corp. | 1,600 | 9 | 0.91 |
| State Farm Insurance | 1,500 | 10 | 0.86 |
| Total | 39,337 | | 22.50 % |

Note: Data not available for Employers nine years prior.

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

Table 20

**CITY OF LINCOLN, NEBRASKA**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

| | Full-Time Equivalent Employees as of August 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
| **Function** | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Legislative | 8.00 | 8.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 7.00 | 7.00 |
| Executive | 20.50 | 25.20 | 26.60 | 28.10 | 28.10 | 27.50 | 27.68 | 26.63 | 24.71 | 25.00 |
| Financial Administration | 68.00 | 72.00 | 71.67 | 73.00 | 73.00 | 72.00 | 74.00 | 74.00 | 75.00 | 76.60 |
| Law | 26.00 | 28.50 | 28.50 | 28.50 | 28.50 | 28.46 | 27.50 | 27.75 | 26.88 | 27.50 |
| Personnel Administration | 22.00 | 23.19 | 23.19 | 22.38 | 22.38 | 21.00 | 21.40 | 21.38 | 21.40 | 21.73 |
| Planning and Zoning | 22.00 | 22.00 | 21.06 | 21.08 | 21.00 | 20.25 | 21.00 | 21.00 | 21.00 | 19.00 |
| Urban Development | 10.29 | 11.58 | 11.78 | 11.83 | 10.93 | 9.23 | 9.65 | 8.80 | 7.65 | 7.65 |
| Public Safety | | | | | | | | | | |
| Police | 402.38 | 407.13 | 407.40 | 407.33 | 405.75 | 392.50 | 396.25 | 392.65 | 386.90 | 379.90 |
| Fire | 264.92 | 264.57 | 264.57 | 263.48 | 259.06 | 255.07 | 253.77 | 255.65 | 256.50 | 259.50 |
| Building and Safety | 63.00 | 63.00 | 63.00 | 65.00 | 62.00 | 61.00 | 62.50 | 60.84 | 58.50 | 56.60 |
| Transportation | 18.50 | 20.50 | 21.50 | 21.33 | 20.50 | 20.50 | 20.50 | 20.58 | 22.38 | 22.60 |
| 911 Communication | 38.50 | 39.50 | 39.50 | 39.50 | 39.50 | 35.50 | 35.25 | 34.85 | 33.90 | 32.90 |
| Streets and Highways | 106.70 | 109.40 | 110.35 | 110.01 | 108.02 | 106.00 | 106.52 | 101.20 | 97.43 | 97.80 |
| Culture and Recreation | | | | | | | | | | |
| Parks and Recreation | 264.65 | 280.79 | 286.23 | 276.94 | 271.95 | 264.25 | 265.16 | 250.49 | 245.54 | 245.54 |
| Library | 117.01 | 121.67 | 124.17 | 124.17 | 124.17 | 124.16 | 120.63 | 101.76 | 101.45 | 101.42 |
| Economic Opportunity | | | | | | | | | | |
| Lincoln Area Agency on Aging | 57.10 | 64.30 | 64.86 | 68.42 | 69.42 | 68.22 | 71.95 | 71.87 | 69.72 | 68.93 |
| Urban Development | 12.83 | 12.68 | 14.34 | 14.39 | 15.80 | 18.28 | 15.95 | 13.95 | 13.71 | 13.32 |
| Workforce Investment Act | 8.20 | 6.20 | 5.64 | 5.54 | 3.82 | 4.24 | 5.15 | 5.00 | - | - |
| Job Training Partnership Act | - | - | - | - | - | - | - | - | 6.98 | 6.15 |
| Health and Welfare | 113.97 | 119.52 | 123.45 | 124.85 | 120.55 | 125.95 | 124.35 | 124.85 | 121.12 | 119.20 |
| Mass Transit | 112.38 | 111.00 | 111.00 | 113.00 | 112.00 | 111.00 | 113.00 | 115.00 | 112.67 | 114.00 |
| Equipment Management | | | | | | | | | | |
| Police Garage | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Fleet Services | 15.42 | 17.00 | 17.37 | 17.38 | 17.38 | 17.38 | 17.38 | 16.38 | 15.88 | 15.70 |
| Radio Maintenance | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 7.00 | 7.00 | 5.25 | 5.25 |
| Engineering Services | 70.80 | 74.95 | 76.00 | 76.00 | 75.45 | 74.45 | 73.05 | 71.30 | 71.83 | 70.95 |
| Golf | 30.16 | 30.67 | 30.49 | 32.55 | 32.32 | 32.78 | 33.88 | 31.64 | 31.44 | 29.36 |
| Parking Facilities | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.60 | 1.70 | 1.70 | 1.55 | 1.55 |
| Municipal Auditorium | 11.00 | 11.00 | 12.00 | 11.00 | 12.00 | 12.00 | 12.00 | 13.00 | 13.00 | 13.00 |
| Sanitary Landfill | 30.85 | 30.85 | 30.84 | 30.85 | 30.85 | 29.35 | 29.35 | 29.25 | 29.25 | 28.75 |
| Emergency Medical Services | 28.34 | 29.43 | 29.43 | 30.52 | 37.43 | 35.43 | 35.73 | 18.34 | - | - |
| Wastewater System | 97.36 | 98.70 | 98.69 | 95.44 | 95.19 | 96.85 | 98.05 | 97.65 | 99.50 | 102.49 |
| Water System | 113.68 | 115.28 | 115.27 | 112.26 | 111.76 | 108.63 | 109.38 | 106.65 | 104.40 | 103.40 |
| Electric System | 445.00 | 444.00 | 452.50 | 447.50 | 446.50 | 435.00 | 421.00 | 415.00 | 409.50 | 402.50 |
| | 2,622.14 | 2,685.21 | 2,713.00 | 2,703.95 | 2,686.93 | 2,638.58 | 2,634.73 | 2,560.16 | 2,507.04 | 2,490.29 |

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
| **Function** | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Arrests | 31,026 | 29,404 | 28,523 | 24,609 | 23,298 | 22,339 | 23,523 | 23,513 | 22,638 | 21,262 |
| Parking Violations | 64,116 | 64,710 | 54,852 | 80,071 | 91,529 | 101,537 | 108,286 | 110,495 | 116,371 | 105,250 |
| Traffic Violations | 53,862 | 47,997 | 54,572 | 57,732 | 54,260 | 48,250 | 52,843 | 49,470 | 48,818 | 44,824 |
| Fire: | | | | | | | | | | |
| Number of Calls Answered | 19,572 | 19,075 | 18,362 | 18,457 | 17,931 | 19,557 | 20,314 | 19,472 | 13,794 | 13,381 |
| Building and Safety: | | | | | | | | | | |
| Number of Commercial Building Permits | 1,064 | 994 | 1,088 | 1,092 | 1,061 | 1,036 | 1,013 | 1,017 | 1,069 | 1,148 |
| Number of Residential Building Permits | 2,261 | 2,820 | 3,150 | 3,387 | 3,846 | 3,913 | 3,405 | 3,212 | 3,385 | 3,235 |
| Culture and Recreation | | | | | | | | | | |
| Library: | | | | | | | | | | |
| Total Circulation (thousands) | 3,182 | 3,138 | 3,108 | 3,076 | 3,077 | 3,016 | 2,751 | 2,307 | 2,293 | 2,261 |
| Golf: | | | | | | | | | | |
| Rounds of Golf | 174,983 | 179,827 | 186,164 | 185,236 | 182,296 | 174,548 | 181,319 | 173,594 | 210,783 | 200,977 |
| Mass Transit | | | | | | | | | | |
| StarTran Ridership (thousands) | 1,975 | 1,871 | 1,826 | 1,649 | 1,553 | 1,529 | 1,581 | 1,603 | 1,589 | 1,663 |
| Wastewater | | | | | | | | | | |
| Number of Consumers | 77,174 | 76,458 | 75,573 | 74,326 | 72,753 | 70,651 | 69,292 | 67,916 | 66,665 | 65,521 |
| Water | | | | | | | | | | |
| Number of Consumers | 77,532 | 76,816 | 75,919 | 74,649 | 73,059 | 72,260 | 69,704 | 68,187 | 66,956 | 65,823 |
| Average Daily Consumption (thousand gallons) | 32,832 | 35,057 | 38,425 | 37,867 | 35,141 | 37,520 | 40,091 | 39,698 | 41,821 | 34,737 |
| Electric System | | | | | | | | | | |
| Number of Consumers | 126,978 | 124,878 | 123,376 | 121,508 | 119,456 | 116,974 | 114,388 | 112,247 | 110,414 | 108,194 |

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

Sources: Various City Departments

Table 22

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
| **Function** | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| Police Stations | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Fire Stations | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Ambulances | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | - | - |
| Streets and Highways | | | | | | | | | | |
| Lane Miles of Streets [1] | 2,677 | 2,641 | 2,450 | 2,420 | 2,818 | 2,791 | 2,729 | 2,678 | 2,268 | 2,170 |
| Streetlights | 28,223 | 27,923 | 27,519 | 26,654 | 25,973 | 25,196 | 24,677 | 24,270 | 23,551 | 22,699 |
| Culture and Recreation | | | | | | | | | | |
| Parks Acreage | 7,124 | 6,114 | 6,114 | 6,748 | 5,891 | 5,779 | 5,455 | 5,474 | 6,280 | 6,190 |
| Parks | 125 | 123 | 122 | 116 | 114 | 112 | 105 | 102 | 100 | 98 |
| Playgrounds | 85 | 85 | 85 | 83 | 86 | 85 | 81 | 80 | 78 | 80 |
| Swimming Pools (Public) | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Golf Courses (Public) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Trail Miles | 128 | 128 | 122 | 99 | 84 | 83 | 80 | 90 | 89 | 77 |
| Recreation Centers | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Libraries | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |
| Mass Transit | | | | | | | | | | |
| Buses and Handivans | 69 | 69 | 69 | 69 | 66 | 66 | 65 | 66 | 65 | 65 |
| Wastewater | | | | | | | | | | |
| Miles of Wastewater Mains | 1,006 | 995 | 978 | 960 | 935 | 909 | 875 | 868 | 857 | 832 |
| Water | | | | | | | | | | |
| Miles of Water Mains | 1,213 | 1,201 | 1,183 | 1,164 | 1,132 | 1,104 | 1,085 | 1,065 | 1,060 | 1,023 |

Note: No capital asset indicators are available for the general government function.
[1] In 2005, the qualifications for Lane Miles of Streets were reassessed.

Sources: Various City Departments

# SINGLE AUDIT SECTION

**CITY OF LINCOLN, NEBRASKA**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant Number | Federal Expenditures | |
|---|---|---|---|---|
| **OFFICE OF NATIONAL DRUG CONTROL POLICY** | | | | |
| Pass-Through Nebraska State Patrol: | | | | |
| High Intensity Drug Trafficking Area | 07 | I8PMWP6347-2 | $ 17,746 | |
| High Intensity Drug Trafficking Area | 07 | I7PMWP6347-2 | 56,185 | |
| High Intensity Drug Trafficking Area | 07 | I6PMWP634F | 30,230 | $ 104,161 |
| **U.S. DEPARTMENT OF AGRICULTURE** | | | | |
| Direct Programs: | | | | |
| Community Food Projects (Open Harvenst) | 10.225 | 2006-33800-17641 | $ | 50,279 |
| Pass-Through State Department Of Health And Human Services: | | | | |
| Special Supplemental Nutrition Program for Women, Infants & Children | 10.557 | 2007 | 57,702 | |
| Special Supplemental Nutrition Program for Women, Infants & Children | 10.557 | 2008 | 556,409 | 614,111 |
| Summer Food Service Program for Children | 10.559 | 06/07-08/07 | 26,996 | |
| Summer Food Service Program for Children | 10.559 | 06/08-08/08 | 139,240 | 166,236 |
| Nutrition Program for the Elderly (Commodities) | 10.570 | | | 141,558 |
| Total U.S. Department Of Agriculture | | | | $ 972,184 |
| **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | | | |
| Direct Programs: | | | | |
| Congregate Housing Services Program (Mahoney Manor) | 14.170 | NE26-G940-001 | $ 58,282 | |
| Congregate Housing Services Program (Burke Plaza) | 14.170 | NE26-G940-002 | 44,510 | 102,792 |
| Community Development Block Grant | 14.218 | B-06 MC-31-0001 | | 2,987,220 |
| HOME Investment Partnerships Program | 14.239 | M-06 MC-31-0202 | | 1,978,829 |
| Community Development Block Grants/Economic Development Initiative | 14.246 | B-06-SP-NE-0621 | | 391,985 |
| Fair Housing Assistance Program - State and Local | 14.401 | FF207K677017 | | 138,853 |
| Pass-Through State Department Of Health And Human Services: | | | | |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | 2007 | 559 | |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | 2008 | 4,515 | 5,074 |
| Total U.S. Department Of Housing And Urban Development | | | | $ 5,604,753 |
| **U.S. DEPARTMENT OF INTERIOR** | | | | |
| Pass-Through State Historical Society: | | | | |
| Historical Preservation Fund Grants-in-Aid | 15.904 | 07/08 | $ 18,645 | |
| Historical Preservation Fund Grants-in-Aid | 15.904 | 08/09 | 1,750 | $ 20,395 |
| **U.S. DEPARTMENT OF JUSTICE** | | | | |
| Direct Programs: | | | | |
| Crime Victim Assistance | 16.575 | 08-021 | $ | 4,746 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters) | 16.590 | 2007-WE-AX-0057 | | 26,220 |
| Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications Technology Grant Award) | 16.710 | 2004INWX0014 | 577,115 | |
| Public Safety Partnership and Community Policing Grant (Meth 360) | 16.710 | | 3,237 | 580,352 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2005-DJ-BX-1406 | 1,450 | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2007-DJ-BX-0532 | 283,962 | 285,412 |
| Pass-Through Lancaster County: | | | | |
| Violence Against Women Formula Grants | 16.588 | 06-VW-713 | | 34,949 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters) | 16.590 | 2004-WE-AZ-0049-C-07-0196 | | 9,512 |
| Pass-Through Nebraska State Patrol: | | | | |
| Missing Children's Assistance (Internet Crimes Against Children) | 16.543 | 07-IC-03 | | 4,955 |
| Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative) | 16.710 | 04-ML-03 | 6,891 | |
| Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative) | 16.710 | 05-ME-03 | 7,246 | |
| Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative) | 16.710 | 06-ME-03 | 1,268 | 15,405 |
| Pass-Through State Comm. On Law Enforcement And Criminal Justice: | | | | |
| Crime Victim Assistance | 16.575 | 07-VA-218/07-VS-900 | | 129,929 |
| Byrne Formula Grant Program (Street Drug Dealer Apprehension Program) | 16.579 | 07-DA-308/04-DA-321 | 171,856 | |
| Byrne Formula Grant Program (Street Drug Dealer Apprehension Program) | 16.579 | 06-DA-300/05-DA-315 | 28,195 | 200,051 |
| Community Prosecution and Project Safe Neighborhoods | 16.609 | 07-SN-8901 | 47,805 | |
| Community Prosecution and Project Safe Neighborhoods | 16.609 | 06-SN-8903 | 3,210 | 51,015 |
| Total U.S. Department Of Justice | | | | $ 1,342,546 |

(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 2008-122 | $ 40,112 | |
| Senior Community Service Employment Program | 17.235 | NGA 2009-069 | 4,198 | 44,310 |
| Pass-Through State Department Of Labor: | | | | |
| WIA Cluster: | | | | |
| Workforce Investment Act (Adult) | 17.258 | 2006 | 8 | |
| Workforce Investment Act (Dislocated Worker) | 17.260 | 2006 | 30 | |
| Workforce Investment Act Incentive/Capacity | 17.258 | 2006 | 520 | |
| Workforce Investment Act (Adult) | 17.258 | 2007 | 192,041 | |
| Workforce Investment Act (Youth) | 17.259 | 2007 | 161,535 | |
| Workforce Investment Act (Dislocated Worker) | 17.260 | 2007 | 302,992 | |
| Workforce Investment Act Incentive/Capacity | 17.258 | 2007 | 55,420 | |
| Workforce Investment Act (Adult) | 17.258 | 2008 | 14,092 | |
| Workforce Investment Act (Youth) | 17.259 | 2008 | 32,640 | |
| Workforce Investment Act (Dislocated Worker) | 17.260 | 2008 | 32,571 | |
| Workforce Investment Act Incentive/Capacity | 17.258 | 2008 | 5,699 | |
| Workforce Investment Act (Dislocated Worker) | 17.260 | EM-17484-08-60-A-31 | 767 | 798,315 |
| Total U.S. Department Of Labor | | | | $ 842,625 |
| **U.S. DEPARTMENT OF TRANSPORTATION** | | | | |
| Direct Programs: | | | | |
| New Freedom Program | 20.521 | NE-57-0001 | $ | 9,685 |
| Federal Transit Cluster: | | | | |
| Federal Transit: Formula Grants (Sec. 9 Capital) | 20.507 | NE-90-X058 | 79,826 | |
| Federal Transit: Formula Grants (AVL System) | 20.507 | NE-26-0001 | 406,111 | |
| Federal Transit: Formula Grants (Sec. 9 Capital) | 20.507 | NE-90-X064 | 36,258 | |
| Federal Transit: Formula Grants (Sec. 9 Capital) | 20.507 | NE-03-0039 | 127,132 | |
| Federal Transit: Formula Grants (Sec. 9 Capital) | 20.507 | NE-04-0001 | 3,965 | |
| Federal Transit: Formula Grants (Sec. 9 Capital) | 20.507 | NE-90-0068 | 78,590 | |
| Federal Transit: Formula Grants (Transit Planning) | 20.507 | NE-90-0067 | 32,639 | |
| Federal Transit: Formula Grants (Sec. 9 Capital) | 20.507 | NE-90-0068 | 1,450,000 | |
| Pass-Through Nebraska Department Of Roads: | | | | |
| Federal Transit: Formula Grants (Transit Planning) | 20.507 | RPT -C990(027) | 48,293 | |
| Federal Transit: Formula Grants (Transit Planning) | 20.507 | RPT -C990(028) | 49,586 | 2,312,400 |
| Pass-Through Nebraska Department Of Roads: | | | | |
| Highway Planning and Construction Cluster: | | | | |
| Highway Planning and Construction (Planning) | 20.205 | * HPR-PL1(45) | 292,591 | |
| Highway Planning and Construction (Planning) | 20.205 | * HPR-PL1(46) | 81,108 | |
| Highway Planning and Construction (Surface Transportation Program - West O Street) | 20.205 | * ENH-5266(2) | 20 | |
| Highway Planning and Construction (Harris Overpass) | 20.205 | * BR-5266(1) | 13,275,523 | |
| Highway Planning and Construction (N 56th Street and Cornhusker Hwy) | 20.205 | * STPP-6-6(158) | 80,587 | |
| Highway Planning and Construction (9th-10th Street and Van Dorn) | 20.205 | * STPP-5236(1) | 549,467 | |
| Highway Planning and Construction (East Beltway) | 20.205 | * DPU-55(156) | 269,048 | |
| Highway Planning and Construction (JAVA) | 20.205 | * | 12,252,799 | 26,801,143 |
| Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit) | 20.509 | RPT-C551(209) | 4,631 | |
| Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit) | 20.509 | RPT-C551(208) | 25,767 | 30,398 |
| Total U.S. Department Of Transportation | | | | $ 29,153,626 |
| **EQUAL EMPLOYMENT OPPORTUNITY COMMISSION** | | | | |
| Direct Programs: | | | | |
| Employment Discrimination - State and Local Fair Employment Practices Agency Contracts | 30.002 | 6FPSLP0107 | | $ 34,542 |
| **INSTITUTE OF MUSEUM AND LIBRARY SERVICES** | | | | |
| Pass-Through State Library Commission: | | | | |
| State Library Program (Library Services and Technology Act) | 45.310 | 06.11 | $ 1,019 | |
| State Library Program (Library Services and Technology Act) | 45.310 | 08.13 | 2,556 | |
| State Library Program (Library Services and Technology Act) | 45.310 | 08.14 | 7,930 | |
| State Library Program (Net Lender Contract) | 45.310 | | 6,004 | $ 17,509 |
| **U.S. ENVIRONMENTAL PROTECTION AGENCY** | | | | |
| Direct Program: | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-987634-01 | $ | 46,162 |
| Pass-Through State Department Of Environmental Quality: | | | | |
| Air Pollution Control Program Support | 66.001 | M-007056(07) | 12,715 | |
| Air Pollution Control Program Support | 66.001 | M-007056(08) | 104,137 | 116,852 |
| Nonpoint Source Implementation Grants (Test Your Well Statewide Project) | 66.460 | 56-359 | 7,610 | |
| Nonpoint Source Implementation Grants (Holmes Lake Watershed Project) | 66.460 | C900740314 | 151,476 | |
| Nonpoint Source Implementation Grants (Urban Retrofit Pollution Reduction) | 66.460 | C900740313 | 16,495 | 175,581 |
| Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring) | 66.606 | PM997527-01(07) | 11,511 | |
| Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring) | 66.606 | EO 080925 | 7,984 | 19,495 |
| Total U.S. Environmental Protection Agency | | | | $ 358,090 |

(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 HEALTH AND HUMAN SERVICES** | | | | |
| Pass-Through State Department Of Health And Human Services: | | | | |
| State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program | 93.006 | STTMP051026 | $ | 379 |
| Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals | 93.042 | NGA 2008-020 | | 5,000 |
| Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services | 93.043 | NGA 2009-043 | 992 | |
| Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services | 93.043 | NGA 2008-111 | 5,205 | 6,197 |
| Aging Cluster: | | | | |
| Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers | 93.044 | NGA 2008-108 | 321,902 | |
| Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers | 93.044 | NGA 2009-040 | 26,015 | |
| Special Programs for the Aging Title III, Part C: Nutrition Services | 93.045 | NGA 2008-109 | 389,090 | |
| Special Programs for the Aging Title III, Part C: Nutrition Services | 93.045 | NGA 2009-041 | 21,805 | |
| Special Programs for the Aging Title III, Part C: Nutrition Services | 93.045 | NGA 2008-110 | 112,198 | |
| Special Programs for the Aging Title III, Part C: Nutrition Services | 93.045 | NGA 2009-042 | 8,845 | 879,855 |
| Special Programs for the Aging Title III, Part E: National Family Caregiver Support | 93.052 | NGA 2009-044 | 15,142 | |
| Special Programs for the Aging Title III, Part E: National Family Caregiver Support | 93.052 | NGA 2008-112 | 160,469 | 175,611 |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | 2006 | 10,000 | |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | 090CCU707864 | 10,189 | |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | DO 536 | 9,823 | 30,012 |
| Acquired Immunodeficiency Syndrome (Aids) Activity (STD) | 93.118 | 2007 | 18,893 | |
| Acquired Immunodeficiency Syndrome (Aids) Activity (STD) | 93.118 | 2008 | 15,280 | 34,173 |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | 01/08-07/08 | | 1,252 |
| Immunization Grants (Hepatitis B) | 93.268 | 2007 | 6,605 | |
| Immunization Grants (Hepatitis B) | 93.268 | 2008 | 12,576 | |
| Immunization Grants (NE Immunization Action Plan) | 93.268 | 2007 | 15,069 | |
| Immunization Grants (NE Immunization Action Plan) | 93.268 | 2008 | 29,010 | 63,260 |
| Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control) | 93.283 | 2008 | 44,892 | |
| Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program) | 93.283 | 20480180 2007 | 1,507 | |
| Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program) | 93.283 | 20480180 2008 | 11,798 | |
| Centers for Disease Control and Prevention: Investigations and Tech Assistance (Bright Futures) | 93.283 | U58/722780-03 | 145 | 58,342 |
| Refugee and Entrant Assistance Program (Health Screening) | 93.566 | 3120090 2008 | | 4,779 |
| Social Services Block Grant (SSBG) | 93.667 | | | 7,962 |
| National Bioterrorism Hospital Preparedness Program | 93.889 | BT-579-033108 | 202,279 | |
| National Bioterrorism Hospital Preparedness Program | 93.889 | BT-645-123108 | 93,759 | |
| National Bioterrorism Hospital Preparedness Program (Pandemic) | 93.889 | BT-579-033108 | 57,402 | |
| National Bioterrorism Hospital Preparedness Program (Pandemic) | 93.889 | BT-645-123108 | 40,982 | 394,422 |
| Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs | 93.919 | 2007 | 139 | |
| Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs | 93.919 | 22106-04 | 5,788 | 5,927 |
| HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention) | 93.940 | 5120145 2007 | 7,688 | |
| HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention) | 93.940 | 5120145 2008 | 14,777 | |
| HIV Prevention Activities Health Dept Based (HIV Testing) | 93.940 | 5U62PS723501-05 | 28,293 | |
| HIV Prevention Activities Health Dept Based (HIV / Train & Quality Assurance CTR/PCRS) | 93.940 | 5U62PS723501-05 | 4,652 | 55,410 |
| Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Testing) | 93.943 | U62/CCU723301 | 13,414 | |
| Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Training and Quality Accurance) | 93.943 | U62/CCU723501 | 3,079 | 16,493 |
| Preventive Health and Health Services Block Grant (Cardiovascular) | 93.991 | 2008-PHHSBG-01-LHD | 35,959 | |
| Preventive Health and Health Services Block Grant (Cardiovascular) | 93.991 | 2007-PHHSBG-10-CMPT | 1,459 | |
| Preventive Health and Health Services Block Grant (Epidemiology 2001) | 93.991 | 2007-PHHSBG-11-CMPT | 3,808 | 41,226 |
| Maternal and Child Health Services Block Grant to the States (Injury) | 93.994 | MCH-07-06 | 3,369 | |
| Maternal and Child Health Services Block Grant to the States (Injury) | 93.994 | MCH-08-06 | 38,441 | 41,810 |
| Bioterrorism Training and Curriculum Development Program | 93.996 | BT-566-123107 | 119,374 | |
| Bioterrorism Training and Curriculum Development Program | 93.996 | BT-623-123108 | 49,356 | 168,730 |
| Total U.S. Department Of Health And Human Services | | | | $ 1,990,840 |
| **CORPORATION FOR NATIONAL AND COMMUNITY SERVICE** | | | | |
| Direct Programs: | | | | |
| Retired and Senior Volunteer Program | 94.002 | 07SRNNE 006 (07/08) | $ 81,001 | |
| Retired and Senior Volunteer Program | 94.002 | 04SRNNE 004 (06/07) | 477 | 81,478 |
| Foster Grandparent Program | 94.011 | 08SFNNE 004 (08/09) | 43,174 | |
| Foster Grandparent Program | 94.011 | 05SFNNE 004 (07/08) | 93,473 | 136,647 |
| Volunteers In Service To America (Youth Achievement) | 94.013 | 2004-DVSA-61321-A21-4101 | | 78,295 |

(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 | |
|---|---|---|---|---|
| Senior Companion Program | 94.016 | 07SCNNE 001 (07/08) | 97,854 | |
| Senior Companion Program | 94.016 | 07SCNNE 001 (08/09) | 9,897 | 107,751 |
| Pass-Through Nebraska Volunteer Commission: | | | | |
| AmeriCorps (Urban Revitalization Project) | 94.006 | 06AFHNE001003 | 6,650 | |
| AmeriCorps (Star City Treasures 2007) | 94.006 | | 272,204 | |
| AmeriCorps (Reach for the Stars) | 94.006 | 06ACHNE0010002 | 510 | 279,364 |
| Total Corporation For National And Community Service | | | | $ 683,535 |
| **DEPARTMENT OF HOMELAND SECURITY** | | | | |
| Direct Programs: | | | | |
| National Urban Search and Rescue (US&R) Response System | 97.025 | EMW-2005-CA-0257 | $ 45,083 | |
| National Urban Search and Rescue (US&R) Response System | 97.025 | EMW-2006-CA-0224 | 68,003 | |
| National Urban Search and Rescue (US&R) Response System | 97.025 | EMW-2007-CA-0170 | 759,065 | |
| National Urban Search and Rescue (US&R) Response System | 97.025 | EMW-2008-CA-0525 | 51,906 | 924,057 |
| Assistance to Firefighters Grant | 97.044 | EMW-2007-FP-01862 | | 32,044 |
| Metropolitan Medical Response System | 97.071 | EMW-2004-GR-0807 | | 22,203 |
| Pass-Through Nebraska Emergency Management Agency: | | | | |
| Homeland Security Grant Program (N.E.M.A.) | 97.067 | 2005-GE-T5-0020 | 9,513 | |
| Homeland Security Grant Program (N.E.M.A.) | 97.067 | 2005-GE-T5-0020 | 174,954 | 184,467 |
| Total Department Of Homeland Security | | | | $ 1,162,771 |
| Total Federal Expenditures | | | | $ 42,287,577 |

See Accoumpanying Notes to Schedule of Expenditures of Federal Awards

**CITY OF LINCOLN, NEBRASKA**
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED AUGUST 31, 2008**

## (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, 2008, basic financial statements for LES are audited figures as of and for the year ended December 31, 2007.

## (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:

| CFDA# | Program | Amount |
|---|---|---|
| Pass-Through to County Aging Programs: | | |
| 10.570 | Nutrition Program for the Elderly | $ 64,038 |
| 93.044 | Title III, Part B: Grants for Supportive Services and Senior Centers | 38,857 |
| 93.045 | Title III, Part C: Nutrition Services | 147,263 |
| 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) | $ 12,252,799 |

## (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:

| CFDA# | Program | Outstanding Balance as of August 31, 2008 |
|---|---|---|
| 14.218 | Community Development Block Grant | $ 11,080,000 |
| 14.239 | HOME Investment Partnership Program | 11,126,000 |

New loans included in the Schedule totaled $750,000 and $1,387,000, respectively.

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# 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 City of Lincoln, Nebraska (the "City") as of and for the year ended August 31, 2008, which collectively comprise its basic financial statements and have issued our report thereon dated February 11, 2009, which contained a reference to the report of other accountants and contained an explanatory paragraph regarding changes in accounting principles. 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 purposes 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 08-01 to be a significant deficiency in internal control over financial reporting.



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Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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 11, 2009.

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.

BKD, LLP

February 11, 2009

BKD LLP
CPAs & Advisors

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# 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 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, 2008. 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 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, 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, 2008.

## *Internal Control Over Compliance*

The management of 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.



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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 11, 2009

# City of Lincoln, Nebraska

## Schedule of Findings and Questioned Costs

## For The Year Ended August 31, 2008

### *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 |
|---|---|
| Highway Planning and Construction Cluster | 20.205 |

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was $1,934,807.

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

## For The Year Ended August 31, 2008

### Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding | Questioned Costs |
|---|---|---|
| | **Significant Deficiency** | |
| 08-01 | ***Criteria or Specific Requirement*** – The objectives of internal control are to provide reasonable rather than absolute assurance that assets are safeguarded and financial statements are reliable.<br><br>***Condition*** – Audit procedures identified an adjustment that was required to adjust the balance of loans receivable to actual within the Federal Grants Fund, a fund of the City. The balance of loans receivable had been adjusted based on a detail report which included loan commitments as well as loans disbursed.<br><br>***Context*** – The accuracy of financial statement balances and presentation is dependent upon the accuracy of the underlying supporting schedules and detail analysis.<br><br>***Effect*** – An adjustment was recorded in the current year financial statements. Although the adjustment is not material to the government-wide financial statements, it was more than insignificant or inconsequential to the Federal Grants Fund.<br><br>***Cause*** – Formal procedures are not currently in place for the periodic review of loans outstanding. Such a review would assist in ensuring the propriety of the listing.<br><br>***Recommendation*** – City management should evaluate and modify procedures and controls that are currently in place, to provide for periodic reviews of loan information by several members of management including a detail analysis of potential collectibility issues.<br><br>***Views of Responsible Officials and Planned Corrective Actions (Management's Response)*** – City management concurs with the finding and recommendation. Periodic reviews of the loan receivables will be performed. The City does not expect to experience collection issues any different from previous years. | None |

# City of Lincoln, Nebraska

## Schedule of Findings and Questioned Costs - Continued

## For The Year Ended August 31, 2008

### Findings Required to be Reported by OMB Circular A-133

| Reference Number | Finding | Questioned Costs |
|---|---|---|

No matters are reportable.

# City of Lincoln, Nebraska

## Summary Schedule of Prior Audit Findings

## For The Year Ended August 31, 2008

| Reference Number | Summary of Finding | Status |
|---|---|---|

No matters are reportable.