



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
AUGUST 31, 2017

CITY OF  
**LINCOLN**<sup>TM</sup>  
NEBRASKA

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE  
CITY OF LINCOLN, NEBRASKA**

**FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

Prepared by:

The Accounting Division of the Finance Department

## INTRODUCTORY SECTION

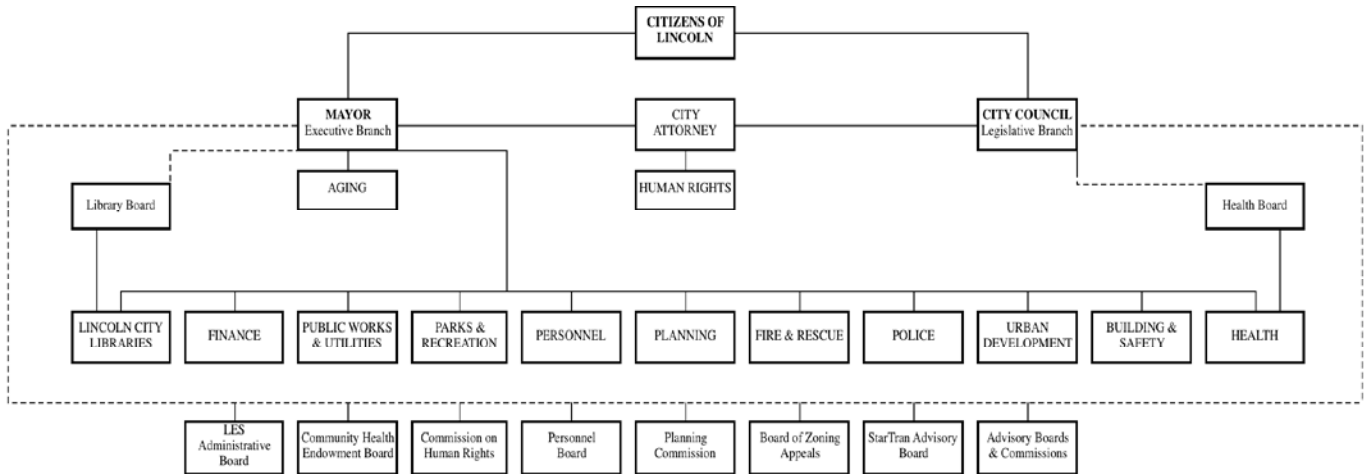
## OFFICIALS OF THE CITY OF LINCOLN

Chris Beutler .....	Mayor
Roy Christensen .....	Chair, City Council
Jane Raybould .....	Vice Chair, City Council
Leirion Gaylor Baird .....	Council Member
Jon Camp .....	Council Member
Carl Eskridge .....	Council Member
Cyndi Lamm .....	Council Member
Bernie Shobe .....	Council Member
*   *   *   *   *   *	

Brandon Kauffman .....	Finance Director
David Cary .....	Planning Director
Lynn Johnson .....	Parks and Recreation Director
Kevin Wailes .....	Lincoln Electric System Administrator
David Landis .....	Urban Development Director
Pat Leach .....	Library Director
Miki Esposito .....	Public Works/Utilities Director
Chad Blahak .....	Building and Safety Director
Shavonna Lausterer .....	Health Director
Douglas McDaniel .....	Personnel Director
Jeffery Kirkpatrick .....	City Attorney
Tom Casady .....	Public Safety Director
Jeff Bliemeister .....	Chief of Police
Michael Despain .....	Fire Chief

\*   \*   \*   \*   \*   \*

## CITY OF LINCOLN ORGANIZATION CHART



**CITY OF LINCOLN, NEBRASKA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2017  
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**MAYOR CHRIS BEUTLER**

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[lincoln.ne.gov](http://lincoln.ne.gov)

February 20, 2018

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, 2017.

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

Our ability to manage the City's fiscal affairs and provide a full disclosure of the City's fiscal condition is exhibited by the unmodified audit opinion that follows. I am proud to report that the 2016 report submitted to the Government Finance Officers Association was recognized with the prestigious Certificate of Achievement for Excellence in Financial Reporting for the 34th consecutive year. This recognition is a credit to the City and a compliment to our dedicated Finance Department.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Beutler", with a long, sweeping horizontal line extending to the right.

Chris Beutler  
Mayor of Lincoln

February 15, 2018

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, 2017, is hereby submitted.

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

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. The federal government, under Title 2 U.S. Code of Federal Regulations Part 200, requires local governments that expend \$750,000 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, 2017, disclosed no material internal control weaknesses. The independent auditor's 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended August 31, 2017, 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 auditors.

### **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 97 square miles, serves a population of approximately 280,000, 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; entertainment center; parking facilities; and general administrative services.

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

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

## **Economic Condition and Outlook**

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

The Lincoln metropolitan area population base (Lancaster County) continues to demonstrate a pattern of sustained growth. According to the U. S. Census figures, Lancaster County's rate of growth between 2010 and 2016 has been 8.2% or approximately 1.32% per year. The 2016 population of Lancaster County has been estimated to be in excess of 309,000 persons.

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

Lincoln's unemployment rate at August 31, 2017, was 2.5%, well below the national average of 4.4%, with employment strongest in the categories of government, educational & health services, and retail trade. Lincoln's current number of construction permits is up 9.5% when compared to levels 5 years ago, with an increase in the value of construction permits of over \$196 million.

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

Net sales and use tax revenue increased \$4,932,276 or 6% from the previous fiscal year, of which \$12,780,055 comes from a voter approved .25% tax increase, effective October 1, 2015, to fund replacement of the City's emergency 911 radio system and the construction and/or relocation of four fire stations.

## **Long-Term Planning and Major Initiatives**

### **Urban Development**

The City anticipates approximately \$60 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, the Antelope Valley project area, older commercial areas, and in low-to-moderate income neighborhoods throughout the City.

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

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

Ongoing and anticipated future projects include:

- Downtown Redevelopment Projects:
  - 1) West Haymarket, Block 2 project.
  - 2) West Haymarket, Block 4 project.
  - 3) West Haymarket, Block 5 project.
  - 4) Lumberworks Liner Building project.
  - 5) Schwarz Paper project.
  - 6) P Street East project.
  - 7) Pershing Redevelopment project.
  - 8) Telesis/Dairy House Phase II.
  - 9) South Haymarket streetscape.
  - 10) 700 O Street project.
  - 11) Historic Haymarket streetscape.
  - 12) 1222 P Street.
  - 13) 11th and P redevelopment project.
  - 14) 9th and O Hotel project.
  - 15) 9th and P redevelopment project.
- New Downtown Parking Garage in Southeast quadrant. Parking Services Division has completed a demand and occupancy study that determined the general location of a new downtown parking facility. Site selection and acquisition will be next.
- Antelope Valley Redevelopment Projects:
  - 1) Telegraph District redevelopment.
  - 2) Viet Hao Grocery redevelopment.
  - 3) Antelope Square housing.
- University Place redevelopment:
  - 1) Former Green's Plumbing site.
  - 2) 48th & Leighton mixed use.
- West O Street redevelopment (Lincoln Sports Complex project).
- Havelock Redevelopment Project, SSH Architecture.
- NW Corridor redevelopment (West Cornhusker Highway).
- Innovation Campus redevelopment.
- 56th and Arbor Road redevelopment.
- North Cotner redevelopment.

Ongoing and anticipated Livable Neighborhood projects include:

- Housing rehabilitation programs for quality, affordable housing and home ownership:
  - 1) Continuation of First-time Homebuyer and Owner-Occupied Housing Rehabilitation Loan programs.
  - 2) Partner with other non-profit and for-profit housing organizations for affordable housing projects in low-to-moderate income neighborhoods.
  - 3) Continue RESCUE program for neglected/problem properties.
  - 4) Coordinate with other City Departments to implement neighborhood improvement projects in focused geographic areas. Projects may include, but are not limited to, infrastructure, parks, trails and housing improvements.

Ongoing and anticipated Administration projects include:

- Real estate major acquisition, negotiation and relocation projects:
  - 1) For effective transportation:
    - ✓ Yankee Hill Roadway, 70th to 81st Street.
    - ✓ NW 48th and Vine.
    - ✓ Coddington and West Van Dorn intersection improvements.
    - ✓ Yankee Hill intersection, 56th to 70th.
    - ✓ Pine Lake Road, 61st to Hwy 2.
    - ✓ Rokeby Road, 40th to 56th and 70th to 84th Streets.
    - ✓ 14th and Cornhusker Hwy safety project.
    - ✓ 33rd and Cornhusker Hwy RTSD project.
    - ✓ 14th/Old Cheney/Warlick intersection.
    - ✓ South 84th, Hwy 2 to Rokeby Road.
    - ✓ East Beltway preliminary acquisitions.
    - ✓ South Beltway preliminary acquisitions.
    - ✓ 66th & Fremont safety project.
    - ✓ West A Street, Folsom to SW 40th Street.



- ✓ New LFR & LPD station acquisitions.
  - ✓ Startran site acquisition.
  - ✓ Yankee Hill, 81st to 91st Street.
- 2) For environmental quality:
- ✓ Park sites citywide, Stone Bridge bike trail and Prairie Corridor acquisitions.
  - ✓ Stevens Creek Phase III, IV, & V, Cardwell branch and miscellaneous sanitary sewer upgrade projects.
  - ✓ 98th Street water main, Holdrege to Alvo.
- 3) Relocation activities:
- ✓ 1st and Cornhusker Hwy project.
  - ✓ 14th/Old Cheney/Warlick intersection project.
  - ✓ Downtown library site project.
  - ✓ Downtown parking garage sites project.
  - ✓ West A widening project.
- ✓ Arterial/residential rehabs, executive order, traffic signals & bridge replacement.
  - ✓ 56th & Morton, Dead Man's Run and conservation easements and wetlands acquisitions and storm water improvements.
  - ✓ 84th – Yankee Hill-Rokeby water main.
  - ✓ East O Street sewer and water projects.

#### West Haymarket Project

The West Haymarket Redevelopment Project is a multi-faceted endeavor to revitalize underutilized property that lies on the western edge of Lincoln's downtown and Haymarket district. On May 11, 2010, the citizens of Lincoln voted to approve the issuance of arena bonds, which signaled approval for the project to proceed. The project involved the relocation and elimination of existing railroad tracks and completion of other site preparation activities, the construction of a 15,223 seat civic arena, a community ice center, private retail and office space, a new Amtrak Station, residential units, surface and decked parking, public gathering areas, street and utility improvements, landscaping, trails and walkways, pedestrian bridges, and environmental enhancements. The public portion of the project cost is estimated to be approximately \$375 million. The arena opened and became fully operational in September 2013.

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

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

#### Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately \$86,607,000 over the 5-year period of fiscal year 2017-18 through fiscal year 2021-22. Of that total, approximately \$26,050,000 will be financed by revenue bonds, approximately \$2,200,000 will be financed by impact fees, with the remaining \$58,357,000 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 \$112,040,000 over the 5-year period of fiscal year 2017-18 through 2021-22. Of these dollars, approximately \$45,000,000 will be financed through revenue bonds, approximately \$2,450,000 will be financed through impact fees, approximately \$1,240,000 will be financed through community improvement financing, with the balance of \$63,350,000 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 2018-2022 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of \$39 million for the next five years. Funding for these projects includes \$140 million in City revenues, \$27 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 are set and adopted by the City Council.

### Pension Costs

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

### Property Tax Collections

As of August 31, 2017, current tax collections by the County Treasurer were 97.96% of the tax levy, an increase of .17% from last year. Allocations of property tax levy by purpose are as follows:

<u>City Tax Levy by Purpose</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
General Fund	.1990	.1957	.1859
Library	.0444	.0421	.0438
Social Security	.0158	.0144	.0163
Police and Fire Pension	.0402	.0352	.0374
Unemployment Compensation	.0003	.0003	.0000
General Obligation Debt	<u>.0340</u>	<u>.0319</u>	<u>.0362</u>
Total	<u>.3337</u>	<u>.3196</u>	<u>.3196</u>

### Parking Facilities

The City of Lincoln operates the following parking garages:

<u>Facility</u>	<u>Number of Stalls</u>	<u>Date Opened</u>
Center Park	1,057	November, 1978
Cornhusker Square	390	December, 1983
University Square	432	April, 1990
Que Place	810	October, 1994
Carriage Park	701	February, 1995
Market Place	385	August, 2000
Haymarket	408	August, 2002
Larson Building	647	July, 2012
Lumberworks	530	January, 2014

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

Revenue generated by the parking facilities and on-street parking meters, as well as undesignated street construction funds, are pledged for debt service of the 2011 Parking Revenue and Refunding Bonds and 2012 Parking Revenue and Refunding Bonds. Comparative data for the past two fiscal years are presented in the following table:

	<u>2016-2017</u>	<u>2015-2016</u>
Operating Revenues	\$12,583,732	10,635,283
Net Earnings Before Depreciation	7,769,062	6,121,495
Debt Service	2,483,115	2,483,115
Debt Service Coverage Ratio	3.13	2.47

### 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, 2017, the City estimates that it will incur costs approximating \$25 million to adhere to such requirements (see Note 18 of Notes to the Financial Statements).

### Water and Wastewater System

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

<u>Wastewater System</u>	<u>2016-2017</u>	<u>2015-2016</u>
Operating Revenues	\$29,599,243	27,896,580
Operating Income	6,287,353	5,516,373
Revenue Available For Debt Service	15,789,905	15,007,381
Debt Service	7,381,615	7,409,843
Debt Service Coverage Ratio	2.14	2.03



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

<u>Water System</u>	<u>2016-2017</u>	<u>2015-2016</u>
Operating Revenues	\$36,222,398	35,400,979
Operating Income	9,663,620	9,743,115
Revenue Available For Debt Service	20,601,467	21,016,315
Debt Service	6,430,159	6,468,726
Debt Service Coverage Ratio	3.20	3.25

#### **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, 2016, is included in the City's August 31, 2017, 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, 2016. This was the thirty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

#### **Acknowledgments**

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

Respectfully submitted,



Brandon Kauffman  
Finance Director





Government Finance Officers Association

**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, 2016**

*Christopher P. Morill*

Executive Director/CEO



## **FINANCIAL SECTION**

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska (the City) as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lincoln Wastewater System and Lincoln Water System, which represent 36%, 58% and 17%, respectively, of the total assets, net position and revenues of the business-type activities. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Wastewater System and Lincoln Water System, is based solely on the report of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska as of August 31, 2017, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison information for the general fund and street construction fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, consisting of combining and individual fund statements and schedules, and including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information in the introductory and statistical sections 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 not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**BKD, LLP**

Lincoln, Nebraska  
February 15, 2018





## **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, 2017. Please consider this discussion in conjunction with the additional information provided in the Letter of Transmittal (beginning on page vii) and the transactions, events and conditions reflected in the City's financial statements (beginning on page 16).

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at August 31, 2017, by \$2,010,234,720 (net position). Of this amount, \$294,498,963 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$95,201,530. Of this amount, \$59,968,277, or 63%, was an increase in governmental activities and \$35,233,253, or 37%, related to business-type activities. Please refer to the fund descriptions preceding the various combining statements (beginning on page 77) for information regarding constraints imposed on the City in spending available funds.
- As of August 31, 2017, the City's governmental funds reported combined ending fund balances of \$329,991,927, an increase of \$23,108,252 in comparison with the prior year. Of this total fund balance, 14%, or \$47,812,771 is available for spending at the City's discretion (unassigned fund balance).
- As of August 31, 2017, unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) for the general fund was \$62,936,734, or 47% of total general fund expenditures. Following the implementation of GASB Statement No. 54, reference must be made to pages 79-81 of this report for an accurate comparison of the City's General funds based on the structure used for budgeting.
- The City's total bonded debt decreased by \$63,130,533 (5%) during the current fiscal year. LES issued \$116,645,000 in refunding bonds for a net present value savings of approximately \$19,000,000.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

The statement of activities presents information showing how the City's net position changed during the year ended August 31, 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The business-type activities of the City include water, wastewater and electric utilities; ambulance transport; solid waste management; golf courses; entertainment center; broadband facilities; and parking.

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

### FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the

resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

#### NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-74 of this report.

#### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its police and fire employees, and to provide other postemployment benefits. Required supplementary information can be found on pages 75-76 of this report.

The combining statements referred to earlier are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found beginning on page 77 of this report.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,010,234,720 at August 31, 2017.

By far the largest portion of the City's net position (76%) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### City Of Lincoln Condensed Statements of Net Position August 31, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 424,515,333	400,046,175	339,015,651	369,011,740	763,530,984	769,057,915
Capital Assets	1,277,140,923	1,259,026,439	1,579,695,054	1,556,077,987	2,856,835,977	2,815,104,426
Total Assets	1,701,656,256	1,659,072,614	1,918,710,705	1,925,089,727	3,620,366,961	3,584,162,341
Deferred Outflows of Resources	7,863,870	17,424,169	19,341,875	21,504,538	27,205,745	38,928,707
Long-Term Liabilities Outstanding	581,849,334	601,237,143	841,060,908	883,796,604	1,422,910,242	1,485,033,747
Other Liabilities	37,327,350	40,979,757	161,066,864	161,974,116	198,394,214	202,953,873
Total Liabilities	619,176,684	642,216,900	1,002,127,772	1,045,770,720	1,621,304,456	1,687,987,620
Deferred Inflows of Resources	15,030,607	18,935,325	1,002,923	1,134,913	16,033,530	20,070,238
Net Position:						
Net Investment in Capital Assets	803,312,775	773,243,018	725,334,301	664,773,842	1,528,647,076	1,438,016,860
Restricted	170,845,285	159,387,584	16,243,396	17,071,503	187,088,681	176,459,087
Unrestricted	101,154,775	82,713,956	193,344,188	217,843,287	294,498,963	300,557,243
Total Net Position	\$ 1,075,312,835	1,015,344,558	934,921,885	899,688,632	2,010,234,720	1,915,033,190

An additional portion of the City's net position (9%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (15%) may be used to meet the government's ongoing obligations to citizens and creditors.

At August 31, 2017, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City Of Lincoln**  
**Condensed Statements of Activities**  
**For the Years Ended August 31, 2017 and 2016**

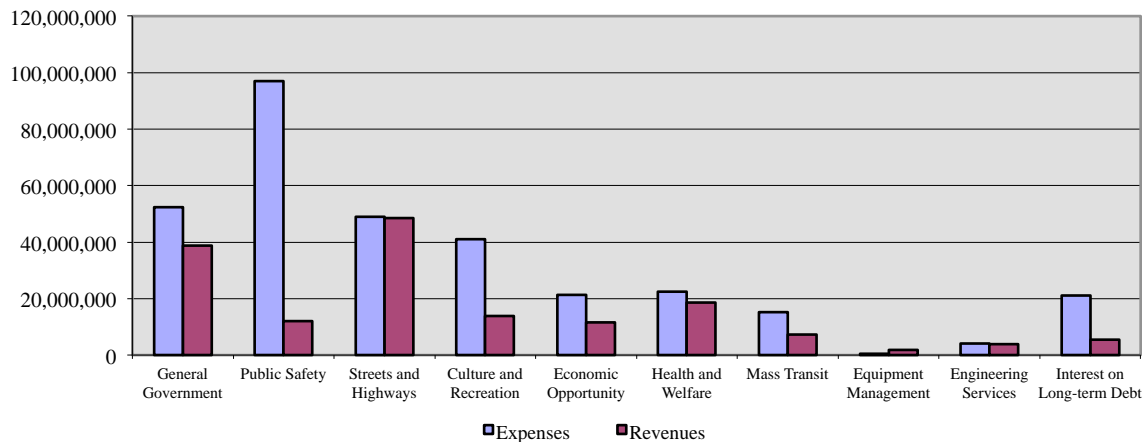
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 72,029,839	67,746,036	428,577,587	414,022,963	500,607,426	481,768,999
Operating Grants and Contributions	65,860,903	63,971,798	-	61,066	65,860,903	64,032,864
Capital Grants and Contributions	23,824,607	19,411,483	11,416,105	9,765,195	35,240,712	29,176,678
General Revenues:						
Property Tax	70,687,331	66,338,373	-	-	70,687,331	66,338,373
Sales and Use Tax	88,493,433	83,561,157	-	-	88,493,433	83,561,157
Occupation Tax	27,167,889	26,618,563	3,809,059	4,194,442	30,976,948	30,813,005
Other Taxes	25,822,855	25,075,921	-	-	25,822,855	25,075,921
Unrestricted Grants and Contributions	71,620	67,640	-	-	71,620	67,640
Unrestricted Investment Earnings	2,308,284	1,914,541	2,339,375	1,517,819	4,647,659	3,432,360
Other	489,198	708,314	233,578	89,483	722,776	797,797
Total Revenues	376,755,959	355,413,826	446,375,704	429,650,968	823,131,663	785,064,794
Expenses:						
General Government	52,387,910	49,756,620	-	-	52,387,910	49,756,620
Public Safety	96,915,706	93,495,599	-	-	96,915,706	93,495,599
Streets and Highways	49,055,496	59,111,970	-	-	49,055,496	59,111,970
Culture and Recreation	41,071,450	37,633,355	-	-	41,071,450	37,633,355
Economic Opportunity	21,384,298	20,703,598	-	-	21,384,298	20,703,598
Health and Welfare	22,433,400	21,701,621	-	-	22,433,400	21,701,621
Mass Transit	15,298,159	14,576,742	-	-	15,298,159	14,576,742
Equipment Management	527,243	614,893	-	-	527,243	614,893
Engineering Services	4,159,498	2,527,524	-	-	4,159,498	2,527,524
Interest on Long-Term Debt	21,172,325	20,931,956	-	-	21,172,325	20,931,956
Golf Courses	-	-	4,193,694	3,939,149	4,193,694	3,939,149
Parking	-	-	9,874,516	9,418,838	9,874,516	9,418,838
Entertainment Facilities	-	-	11,783,010	8,630,522	11,783,010	8,630,522
Solid Waste Management	-	-	11,684,258	11,742,556	11,684,258	11,742,556
Ambulance Transport	-	-	6,395,628	6,865,689	6,395,628	6,865,689
Broadband Enterprise	-	-	819,075	402,264	819,075	402,264
Wastewater	-	-	25,637,244	24,852,092	25,637,244	24,852,092
Water	-	-	29,304,869	27,243,026	29,304,869	27,243,026
Electric	-	-	303,928,000	286,006,000	303,928,000	286,006,000
Total Expenses	324,405,485	321,053,878	403,620,294	379,100,136	728,025,779	700,154,014
Increase in Net Position Before Transfers	52,350,474	34,359,948	42,755,410	50,550,832	95,105,884	84,910,780
Transfers	7,617,803	11,071,731	(7,522,157)	(10,978,490)	95,646	93,241
Increase in Net Position	59,968,277	45,431,679	35,233,253	39,572,342	95,201,530	85,004,021
Net Position - Beginning	1,015,344,558	969,912,879	899,688,632	860,116,290	1,915,033,190	1,830,029,169
Net Position - Ending	\$ 1,075,312,835	1,015,344,558	934,921,885	899,688,632	2,010,234,720	1,915,033,190

**GOVERNMENTAL ACTIVITIES**

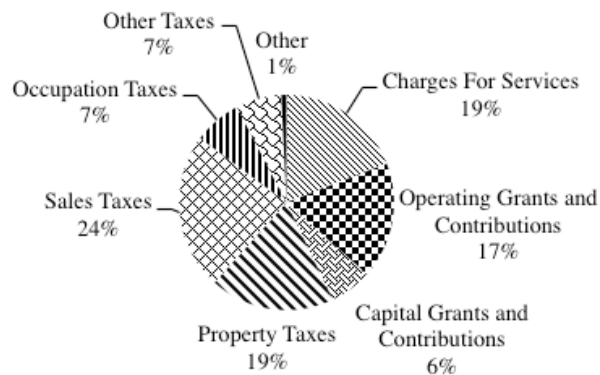
Governmental activities increased the City's net position by \$59,968,277, accounting for 63% of the total growth in the net position of the City of Lincoln. Key elements of this increase are as follows:

- Operating grants and contributions increased by approximately \$1.9 million (3%) during 2017. This increase can be attributed to the amount of Highway User Fees contributed to the City by the State of Nebraska.
- Capital grants and contributions increased by approximately \$4.4 million (22.7%) during 2017. This increase is primarily impacted by the \$2.1 million contributed for construction of the Woods indoor tennis complex and a \$10,000,000 contribution from the Railroad Transportation Safety District for the south beltway project.
- Property Tax receipts increased by approximately \$4.3 million (6.6%) in 2017 primarily due to a 2.2% increase in the overall tax base, and an increase to the levy of 1.408 cents per \$100 of assessed valuation to fund cost for the emerald ash borer infestation, additional cost for the police and fire pension, and additional debt service for the voter approved 2016 stormwater bonds.
- Sales taxes increased by approximately \$4.9 million (5.9%) during 2017. This increase exceeds the 2.8% increase budgeted for the 2017 fiscal year.

### Expenses and Program Revenues - Governmental Activities



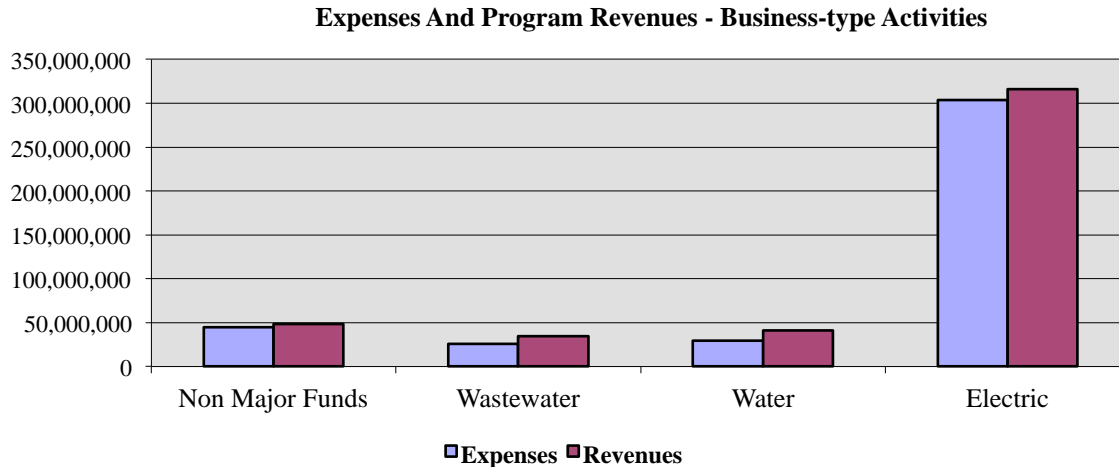
### Revenues By Source - Governmental Activities



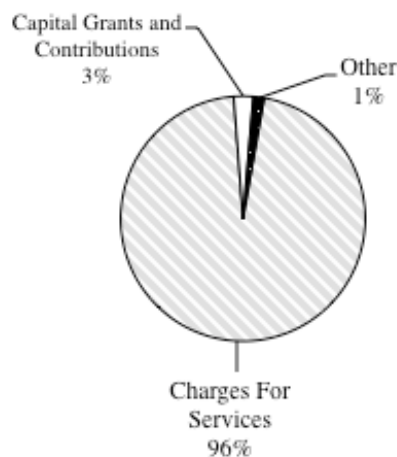
### BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$35,233,253, accounting for 37% of the total growth in the government's net position. Key elements of this increase are as follows:

- Lincoln Electric System operating revenue in 2016 was up 5% from 2015. Retail revenue was 2.1% higher primarily due to a weather-related increase in energy sales. Wholesale revenue increased 27.8% due to increased sales in the Southwest Power Pool Integrated Marketplace (SPP IM). Other revenue was up 7.8% primarily due to an increase in customer fees. Operating expenses in 2016 were \$267,412,000, up 8.2% from 2015 expenses, primarily due to power purchases from non-owned generation assets, higher transmission expenses, and an increase to depreciation expense due to utility plant additions as a result of several large project completions.
- Lincoln Wastewater System reported increased revenues primarily due to a 5% increase implemented November 2016 and applied solely to the service charge. Total operating expenses increased primarily due to increased plant, pumping and treatment cost, including depreciation and maintenance.
- Lincoln Water System total expense increased 7.6% primarily due to one-time costs of abandonment for two water reservoirs.



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



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

### **GOVERNMENTAL FUNDS**

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

As of August 31, 2017, the City's governmental funds reported combined ending fund balances of \$329,991,927, an increase of \$23,108,252 in comparison with the prior year. Of this total amount, 14% constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not in spendable form (\$1,830,913), legally required to be maintained intact (\$37,160,000), restricted for particular purposes (\$143,141,175), committed for particular purposes (\$3,192,488), or assigned for particular purposes (\$96,854,580).

The General Fund is the chief operating fund of the City. At August 31, 2017, the unrestricted fund balance of the General Fund was \$62,936,734, while total fund balance reached \$67,655,228. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 47% of total general fund expenditures, while total fund balance represents 51% of that same amount.

The fund balance of the City's General Fund increased by \$1,952,130 during 2017. The City appropriates General fund balance as a funding source for budget, with the allocation of balances spread over the two-year budget cycle.

The Street Construction Fund has a total fund balance of \$69,521,704, which is to be used in the construction and maintenance of streets and highways. The net increase in fund balance during 2017 in the Street Construction Fund was \$7,738,173, with total revenues showing a 33% increase and expenses showing a 10% decrease.

The West Haymarket JPA Fund had a fund balance of \$32,026,868, which is to be used for funding improvements of the West Haymarket Redevelopment Project and debt service on the related debt. The current year change in fund balance is \$3,103,718. The fund balance is a result of the issuance of bonds in prior years, occupation tax and donation revenue, less the Agency's expenditures for construction, debt service and general operations.

#### **PROPRIETARY FUNDS**

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

Unrestricted net position of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to \$24,096,773, \$33,107,687, \$142,757,000 and \$(6,617,272), respectively, at August 31, 2017 (December 31, 2016 for LES). Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget were relatively minor (decrease of \$386,141) and can be briefly summarized as follows:

Expenditure appropriations:

- \$(2,369,836) in miscellaneous changes in general government activities.
- \$(370,836) in decreases allocated to public safety.
- \$(233,432) in decreases to streets & highways.
- \$(42,382) in decreases allocated to parks and recreation.
- \$2,630,345 in increases allocated for General Fund transfers to other City funds.

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

- \$3,955,645 positive variance in real estate and personal property tax. Actual property tax collections were 97.96% of the 2016 levy, while estimated tax revenue is based on 90% collections as provided by the City Charter.
- \$4,845,774 positive variance in miscellaneous general government expenditures. Significant savings were realized in several service line items that are reappropriated to cover future expenditures.
- \$3,165,170 positive variance in police expenditures. Remaining balances are reappropriated to the next year to assist with one-time expenditures that are not ongoing operating expenditures.
- \$2,068,745 positive variance in fire expenditures. Remaining balances are reappropriated to the next year to assist with one-time expenditures that are not ongoing operating expenditures.
- (\$1,235,035) 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.
- \$1,199,135 positive variance in parks and recreation expenditures. Remaining balances are reappropriated to the next year to assist with one-time expenditures that are not ongoing operating expenditures.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2017, amounts to \$2,856,835,977 (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 2017 was 1.5% (1.4% increase for governmental activities and 1.5% increase for business-type activities).

Major capital asset events during 2017 included the following:

- The City increased its investment in infrastructure, including streets, bridges, drainage and traffic systems, in excess of \$40 million.
- The City invested in its 911 emergency radio system at a cost of approximately \$2.8 million. It is anticipated that agencies will begin using the new system in the spring of 2018, along with the old system during transition, with final acceptance testing later in the summer. Estimated total project cost of the system is \$12 million.
- LES is a 12.76% share owner in the Laramie River Station. LES' share of capital improvements for the plant in 2016 was \$6,561,000.
- Design and initial land grading work began for the future construction of the LES Operation Center (LOC). Capital expenditures in 2016 for this project totaled \$5,510,000. Phase one of the LOC, which includes a second LES operations center and fleet building, is expected to be completed in 2019. Phase two of construction, which will include an administrative building and control center is planned for completion in 2021.
- The Duct Installation Program (DIP), which started in 2012, is a 10-year project to install duct adjacent to distribution cable, allowing the cable to be replaced quickly when it reaches the end of its useful life. Capital expenditures in 2016 totaled \$4,616,000. The DIP project is expected to be completed in 2022 with an estimated project cost of \$32,955,000.
- Lincoln Wastewater System 2017 events included Stevens Creek Basin Trunk Sewer for approximately \$2.7 million.
- Lincoln Water System events included approximately \$1.5 million of water supply wells and \$5.3 million select main replacements.

### **City Of Lincoln Capital Assets (net of depreciation) August 31, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 169,428,427	165,699,845	25,247,402	25,083,921	194,675,829	190,783,766
Buildings	281,013,179	278,439,144	145,575,876	146,943,273	426,589,055	425,382,417
Improvements Other Than Buildings	94,446,308	98,783,363	497,615,613	482,759,823	592,061,921	581,543,186
Machinery and Equipment	39,775,590	36,077,355	20,625,172	21,334,119	60,400,762	57,411,474
Utility Plant	-	-	797,890,000	807,506,000	797,890,000	807,506,000
Infrastructure	629,277,539	627,005,515	-	-	629,277,539	627,005,515
Construction-in-progress	63,199,880	53,021,217	92,740,991	72,450,851	155,940,871	125,472,068
Total	<u>\$ 1,277,140,923</u>	<u>1,259,026,439</u>	<u>1,579,695,054</u>	<u>1,556,077,987</u>	<u>2,856,835,977</u>	<u>2,815,104,426</u>

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, 2017, the City of Lincoln had total bonded debt outstanding of \$1,137,655,741. Of this amount, \$431,935,741 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, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 431,935,741	443,131,274	-	-	431,935,741	443,131,274
Tax Supported Bonds	-	2,020,000	-	-	-	2,020,000
Revenue Bonds	-	-	705,720,000	755,635,000	705,720,000	755,635,000
Total	<u>\$ 431,935,741</u>	<u>445,151,274</u>	<u>705,720,000</u>	<u>755,635,000</u>	<u>1,137,655,741</u>	<u>1,200,786,274</u>

The City's total bonded debt decreased by \$63,130,533 (5%) in the current fiscal year. LES issued \$116,645,000 in construction and refunding bonds for a net present value savings of approximately \$19,000,000.

The City maintains the following credit ratings:

	Moody's Investors Service	Standard & Poor's	Fitch Investors Service
General Obligation Bonds	Aaa	AAA	-
West Haymarket JPA Bonds	Aa1	AAA	-
Water Revenue Bonds	Aa1	AA	-
Wastewater Revenue Bonds			
MBIA insured	Aaa	AAA	-
Underlying	Aa2	AA+	-
Parking Revenue Bonds	A1	A+	-
Solid Waste Management Revenue Bonds	Aa2	AA+	-
Lincoln Electric System			
Revenue Bonds	-	AA	AA
Commercial Paper	-	A-1+	F1+

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

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2016-2018 biennial budget prepared for the City of Lincoln included the following factors relative to the 2017-2018 fiscal year.

- Property tax revenue required to fund the 2017-2018 budget increased \$1,770,839 from the prior year. Total change in the tax base is 8.7%, and the proposed tax rate stays the same as the prior year.
- The adequacy of fees charged for City service cost recovery is examined each year and some fee increases are included in each budget. Without periodic increases in fees, amounts collected, or other revenue adjustments, inflationary and other cost increases would need to be covered by additional property tax revenue or the levels of service provided would need to be reduced. Revenue adjustments in 2018 include increased Parks and Recreation program fees, \$142,123; increased revenue from planning application fees, \$37,600; and increased various health department program fees, \$78,551.
- Utility rates are increased November 1, 2017, resulting in additional 2018 revenues of \$1,496,788 for Water and \$1,167,093 for Wastewater.

- An increase in Landfill gate fees and occupation tax fees are scheduled to begin January 2018, generating an additional \$619,183 in the 2018 fiscal year for the Solid Waste Management Fund.
- Increased on-street parking meter rates and parking garage hourly rates are expected to generate approximately \$1,500,000 of additional revenues to benefit the parking system.
- 2018 projected sales tax collections reflect a 4.0% increase over 2017 expected collections.
- Staffing changes included in the 2017-2018 budget result in an increase for all funds of 12.33 full-time equivalents.
- Health care premiums for the City's self-insured health plan for employees are projected to increase 8% in 2018.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Lincoln's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lincoln, Finance Department, 555 South 10th Street, Lincoln, NE 68508. This report and other financial information are also available online at [www.lincoln.ne.gov/city/finance/](http://www.lincoln.ne.gov/city/finance/).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF LINCOLN, NEBRASKA**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 18,302,547	12,864,479	31,167,026
Investments	302,240,592	164,439,070	466,679,662
Receivables, (Net of Allowance for Uncollectibles)	35,248,599	51,972,683	87,221,282
Internal Balances	(4,243,270)	4,243,270	-
Due from Other Governments	26,113,817	17,449	26,131,266
Inventories	2,205,952	17,373,464	19,579,416
Plant Operation Assets	-	18,956,000	18,956,000
Prepaid Items	1,199,997	1,707,974	2,907,971
Other Assets	3,710,984	9,012,413	12,723,397
Restricted Assets:			
Cash and Cash Equivalents	2,576,115	11,981,045	14,557,160
Investments	37,160,000	46,428,731	83,588,731
Receivables	-	19,073	19,073
Capital Assets:			
Non-depreciable	232,628,307	117,988,393	350,616,700
Depreciable (Net)	1,044,512,616	1,461,706,661	2,506,219,277
Total Assets	<u>1,701,656,256</u>	<u>1,918,710,705</u>	<u>3,620,366,961</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Loss on Refunding	803,920	18,791,007	19,594,927
Deferred Outflows for Pension	7,059,950	550,868	7,610,818
Total Deferred Outflows of Resources	<u>7,863,870</u>	<u>19,341,875</u>	<u>27,205,745</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	17,435,589	22,883,980	40,319,569
Accrued Liabilities	5,533,300	29,898,498	35,431,798
Due to Other Governments	1,460,280	434,428	1,894,708
Unearned Revenue	8,278,617	3,187,117	11,465,734
Notes Payable	-	95,500,000	95,500,000
Accrued Interest Payable	4,619,564	9,162,841	13,782,405
Noncurrent Liabilities:			
Payable within One Year	33,393,375	32,734,971	66,128,346
Payable in More Than One Year	548,455,959	808,325,937	1,356,781,896
Total Liabilities	<u>619,176,684</u>	<u>1,002,127,772</u>	<u>1,621,304,456</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Gain on Refunding	675,388	-	675,388
Deferred Inflows for Pension	14,355,219	1,002,923	15,358,142
Total Deferred Inflows of Resources	<u>15,030,607</u>	<u>1,002,923</u>	<u>16,033,530</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	803,312,775	725,334,301	1,528,647,076
Restricted for:			
Debt Service	5,594,914	7,079,691	12,674,605
Capital Projects	66,656,208	7,889,705	74,545,913
Grantor Loan Programs	18,569,000	-	18,569,000
Other	12,503,641	1,274,000	13,777,641
Trust Donations:			
Expendable	2,051,461	-	2,051,461
Nonexpendable	160,000	-	160,000
Health Care:			
Expendable	28,310,061	-	28,310,061
Nonexpendable	37,000,000	-	37,000,000
Unrestricted	<u>101,154,775</u>	<u>193,344,188</u>	<u>294,498,963</u>
Total Net Position	<u>\$ 1,075,312,835</u>	<u>934,921,885</u>	<u>2,010,234,720</u>

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, 2017**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Expenses							
Functions/Programs							
Governmental Activities:							
General Government	\$ (52,387,910)	36,328,041	1,851,560	649,308	(13,559,001)	-	(13,559,001)
Public Safety	(96,915,706)	8,234,573	3,168,966	533,009	(84,979,158)	-	(84,979,158)
Streets and Highways	(49,055,496)	5,695,776	27,522,684	15,326,128	(510,908)	-	(510,908)
Culture and Recreation	(41,071,450)	5,736,276	2,441,817	5,546,615	(27,346,742)	-	(27,346,742)
Economic Opportunity	(21,384,298)	1,112,696	10,564,797	3,450	(9,703,355)	-	(9,703,355)
Health and Welfare	(22,433,400)	4,943,035	13,181,157	430,000	(3,879,208)	-	(3,879,208)
Mass Transit	(15,298,159)	3,781,579	3,496,326	-	(8,020,254)	-	(8,020,254)
Equipment Management	(527,243)	1,917,618	-	-	1,390,375	-	1,390,375
Engineering Services	(4,159,498)	3,793,281	-	9,868	(356,349)	-	(356,349)
Interest on Long-Term Debt	(21,172,325)	486,964	3,633,596	1,326,229	(15,725,536)	-	(15,725,536)
Total Governmental Activities	(324,405,485)	72,029,839	65,860,903	23,824,607	(162,690,136)	-	(162,690,136)
Business-Type Activities:							
Golf	(4,193,694)	4,051,097	-	-	-	(142,597)	(142,597)
Parking System	(9,874,516)	14,618,533	-	-	-	4,744,017	4,744,017
Municipal Arena	(11,783,010)	12,022,819	-	-	-	239,809	239,809
Solid Waste Management	(11,684,258)	8,892,877	-	-	-	(2,791,381)	(2,791,381)
Emergency Medical Services	(6,395,628)	7,299,526	-	21,708	-	925,606	925,606
Broadband Enterprise	(819,075)	433,776	-	740,668	-	355,369	355,369
Wastewater System	(25,637,244)	29,580,844	-	5,037,283	-	8,980,883	8,980,883
Water System	(29,304,869)	36,176,115	-	4,879,446	-	11,750,692	11,750,692
Electric System	(303,928,000)	315,502,000	-	737,000	-	12,311,000	12,311,000
Total Business-Type Activities	(403,620,294)	428,577,587	-	11,416,105	-	36,373,398	36,373,398
Total	\$ (728,025,779)	500,607,426	65,860,903	35,240,712	(162,690,136)	36,373,398	(126,316,738)
General Revenues:							
Property Tax					70,687,331	-	70,687,331
Motor Vehicle Tax					5,710,522	-	5,710,522
Wheel Tax					18,452,773	-	18,452,773
Sales and Use Tax					88,493,433	-	88,493,433
Sundry and In Lieu Tax					1,659,560	-	1,659,560
Occupation Tax					27,167,889	3,809,059	30,976,948
Unrestricted Grants and Contributions					71,620	-	71,620
Unrestricted Investment Earnings					2,308,284	2,339,375	4,647,659
Miscellaneous General Revenues					489,198	233,578	722,776
Transfers					7,617,803	(7,522,157)	95,646
Total General Revenues and Transfers					222,658,413	(1,140,145)	221,518,268
Change in Net Position					59,968,277	35,233,253	95,201,530
Net Position - Beginning					1,015,344,558	899,688,632	1,915,033,190
Net Position - Ending					\$ 1,075,312,835	934,921,885	2,010,234,720

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

**CITY OF LINCOLN, NEBRASKA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AUGUST 31, 2017**

	General Fund	Street Construction Fund	West Haymarket JPA Fund	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,942,435	2,227,226	1,097,902	11,422,203	16,689,766
Investments	50,376,986	62,328,574	33,866,455	146,529,980	293,101,995
Receivables, (Net of Allowance for Uncollectibles)	6,415,931	296,539	2,206,476	25,704,264	34,623,210
Due from Other Funds	1,543,176	9,800,960	-	1,631,818	12,975,954
Due from Other Governments	13,935,628	4,572,510	758,929	6,749,560	26,016,627
Inventories	275,164	305,997	-	766,991	1,348,152
Assets Held for Resale	-	-	3,693,008	17,976	3,710,984
Prepaid Items	165,090	-	317,671	-	482,761
Total Assets	<u>74,654,410</u>	<u>79,531,806</u>	<u>41,940,441</u>	<u>192,822,792</u>	<u>388,949,449</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	1,253,118	9,359,603	60,580	2,237,593	12,910,894
Contracts Payable	-	31,164	-	490,685	521,849
Accrued Liabilities	2,842,622	220,378	183,000	1,813,016	5,059,016
Due to Other Funds	695,485	145,730	370,971	16,620,283	17,832,469
Due to Other Governments	108,053	33,340	315,926	821,291	1,278,610
Due to Other Contractors	-	-	-	5,224,291	5,224,291
Unearned Revenue	1,046	-	7,929,290	265,643	8,195,979
Total Liabilities	<u>4,900,324</u>	<u>9,790,215</u>	<u>8,859,767</u>	<u>27,472,802</u>	<u>51,023,108</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>2,098,858</u>	<u>219,887</u>	<u>1,053,806</u>	<u>4,561,863</u>	<u>7,934,414</u>
Fund Balances:					
Nonspendable	440,254	305,997	317,671	37,926,991	38,990,913
Restricted	4,278,240	38,823,205	3,040,214	96,999,516	143,141,175
Committed	-	-	-	3,192,488	3,192,488
Assigned	15,038,279	30,392,502	28,668,983	22,754,816	96,854,580
Unassigned	<u>47,898,455</u>	<u>-</u>	<u>-</u>	<u>(85,684)</u>	<u>47,812,771</u>
Total Fund Balances	<u>67,655,228</u>	<u>69,521,704</u>	<u>32,026,868</u>	<u>160,788,127</u>	<u>329,991,927</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 74,654,410</u>	<u>79,531,806</u>	<u>41,940,441</u>	<u>192,822,792</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,248,664,023
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,934,414
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 position.	52,027,062
Long-term construction contracts and other liabilities require the use of unavailable financial resources and, therefore, are not reported in the funds.	(236,923)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(563,067,668)
Net position of governmental activities	<u>\$ 1,075,312,835</u>

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

**CITY OF LINCOLN, NEBRASKA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	General Fund	Street Construction Fund	West Haymarket JPA Fund	Other Governmental Funds	Total
<b>REVENUES</b>					
Taxes:					
Property	\$ 36,843,335	-	-	33,794,892	70,638,227
Motor Vehicle	5,710,522	-	-	-	5,710,522
Wheel	-	-	-	18,452,773	18,452,773
Sales and Use	75,713,378	-	-	12,780,055	88,493,433
Sundry and In Lieu	62,697	-	-	1,599,847	1,662,544
Occupation	9,204,025	-	16,680,921	807,875	26,692,821
Special Assessment	7,184	479	-	1,438,198	1,445,861
Intergovernmental	3,908,452	38,593,982	3,797,138	27,834,373	74,133,945
Permits and Fees	5,242,528	4,741,737	4,670	15,834,078	25,823,013
Reimbursement for Services	7,532,789	175,536	7,790,350	1,603,809	17,102,484
Program Income	-	-	-	267,705	267,705
Investment Earnings	574,876	397,581	469,409	5,426,469	6,868,335
Donations	763,588	-	416,667	3,945,084	5,125,339
Keno Proceeds	-	-	-	4,795,736	4,795,736
Miscellaneous	534,416	2,135,841	-	1,935,328	4,605,585
Total Revenues	146,097,790	46,045,156	29,159,155	130,516,222	351,818,323
<b>EXPENDITURES</b>					
Current:					
General Government	36,311,267	-	8,752,450	13,496,876	58,560,593
Public Safety	71,259,825	-	-	9,912,146	81,171,971
Streets and Highways	6,004,398	14,630,252	-	-	20,634,650
Culture and Recreation	15,366,713	-	-	11,364,146	26,730,859
Economic Opportunity	4,064,508	-	-	8,969,758	13,034,266
Health and Welfare	631,478	-	-	22,485,143	23,116,621
Mass Transit	-	-	-	13,439,363	13,439,363
Debt Service	-	-	16,781,562	28,519,453	45,301,015
Capital Outlay	-	39,179,728	461,793	21,124,830	60,766,351
Total Expenditures	133,638,189	53,809,980	25,995,805	129,311,715	342,755,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,459,601	(7,764,824)	3,163,350	1,204,507	9,062,634
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	12,630,715	21,273,944	-	33,710,011	67,614,670
Transfers Out	(23,144,101)	(5,773,679)	(202,660)	(26,015,941)	(55,136,381)
Issuance of Debt	-	-	-	15,445,000	15,445,000
Premium on Debt Issued	-	-	-	1,523,051	1,523,051
Transfer To Bond Refunding Agent	-	-	-	(16,091,516)	(16,091,516)
Sale of Capital Assets	5,915	2,732	143,028	539,119	690,794
Total Other Financing Sources (Uses)	(10,507,471)	15,502,997	(59,632)	9,109,724	14,045,618
Net Change in Fund Balances	1,952,130	7,738,173	3,103,718	10,314,231	23,108,252
Fund Balances - Beginning	65,703,098	61,783,531	28,923,150	150,473,896	306,883,675
Fund Balances - Ending	\$ 67,655,228	69,521,704	32,026,868	160,788,127	329,991,927

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, 2017**

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

Net change in fund balances - total governmental funds	\$ 23,108,252
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.	12,499,928
The net effect of various transactions involving capital contributions is to increase net position.	3,237,637
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: Change in revenues in fund statements previously recognized in the statement of activities.	(3,892,411)
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 position. Also, governmental funds report the effect of 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.	16,969,321
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.	2,231,122
Changes in the net pension liability, deferred inflows and outflows related to the total pension liability, and the net OPEB obligation do not represent financial activity in the governmental funds.	(1,284,126)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net income of the internal service funds is reported within governmental activities.	7,098,554
Change in net position of governmental activities	<u>\$ 59,968,277</u>

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



**CITY OF LINCOLN, NEBRASKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Real Estate and Personal Property Tax	\$ 38,256,237	38,256,237	42,211,882	3,955,645
Taxes Collected by Others	74,545,774	74,545,774	75,259,945	714,171
Sundry Taxes and In Lieu	47,957	47,957	56,084	8,127
Occupation Taxes	9,679,333	9,679,333	9,822,756	143,423
Intergovernmental	2,360,294	2,360,294	1,728,177	(632,117)
Permits and Fees	3,706,873	3,706,873	3,978,658	271,785
Reimbursement for Services	3,285,071	3,285,071	3,761,671	476,600
Court Fees	750,000	750,000	147,046	(602,954)
Recreation Receipts	2,573,678	2,573,678	2,664,451	90,773
Investment Earnings	287,365	287,365	427,242	139,877
Donations	747,541	747,541	752,429	4,888
Rental Income	563,118	563,118	611,955	48,837
Miscellaneous	327,107	327,107	411,784	84,677
Total Revenues	<u>137,130,348</u>	<u>137,130,348</u>	<u>141,834,080</u>	<u>4,703,732</u>
<b>Expenditures:</b>				
General Government:				
Legislative	309,499	359,499	264,080	95,419
Executive	1,708,913	1,708,913	1,533,990	174,923
Financial Administration	3,232,826	3,241,274	3,049,408	191,866
Law	3,441,242	3,441,242	2,887,442	553,800
Personnel Administration	1,331,652	1,331,652	1,070,458	261,194
Planning and Zoning	2,289,244	2,289,244	1,831,696	457,548
Urban Development	1,047,868	1,047,868	957,750	90,118
Miscellaneous	31,871,693	29,443,409	24,597,635	4,845,774
Total General Government	<u>45,232,937</u>	<u>42,863,101</u>	<u>36,192,459</u>	<u>6,670,642</u>
Public Safety:				
Police	41,270,423	40,556,866	37,391,696	3,165,170
Fire	29,480,534	29,794,823	27,726,078	2,068,745
Traffic Engineering	1,766,217	1,794,649	1,864,043	(69,394)
Total Public Safety	<u>72,517,174</u>	<u>72,146,338</u>	<u>66,981,817</u>	<u>5,164,521</u>
Streets and Highways:				
Street Maintenance	3,089,011	2,710,579	2,209,749	500,830
Street Lighting	2,379,400	2,524,400	3,759,435	(1,235,035)
Total Streets and Highways	<u>5,468,411</u>	<u>5,234,979</u>	<u>5,969,184</u>	<u>(734,205)</u>
Culture and Recreation:				
Parks and Recreation	16,640,320	16,597,938	15,398,803	1,199,135
Libraries	268,968	268,968	268,968	-
Total Culture and Recreation	<u>16,909,288</u>	<u>16,866,906</u>	<u>15,667,771</u>	<u>1,199,135</u>
Economic Opportunity:				
Lincoln Area Agency on Aging	230,768	230,768	230,663	105
Fiber Network	123,600	123,600	123,579	21
Total Economic Opportunity	<u>354,368</u>	<u>354,368</u>	<u>354,242</u>	<u>126</u>
Health and Welfare:				
Lincoln/Lancaster County Health	667,646	667,646	667,646	-
Total Expenditures	<u>141,149,824</u>	<u>138,133,338</u>	<u>125,833,119</u>	<u>12,300,219</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,019,476)</u>	<u>(1,002,990)</u>	<u>16,000,961</u>	<u>17,003,951</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	12,260,506	12,260,506	13,130,870	870,364
Transfers Out	(29,023,472)	(31,653,817)	(29,472,365)	2,181,452
Sale of Capital Assets	5,000	5,000	5,229	229
Total Other Financing Sources (Uses)	<u>(16,757,966)</u>	<u>(19,388,311)</u>	<u>(16,336,266)</u>	<u>3,052,045</u>
Net Change in Fund Balances	<u>\$ (20,777,442)</u>	<u>(20,391,301)</u>	<u>(335,305)</u>	<u>20,055,996</u>
Fund Balances - Beginning			<u>44,068,002</u>	
Fund Balances - Ending			<u>\$ 43,732,697</u>	

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



**CITY OF LINCOLN, NEBRASKA**  
**STREET CONSTRUCTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Special Assessment	\$ -	-	479	479
Intergovernmental	13,682,181	13,682,181	24,681,039	10,998,858
Permits and Fees	-	-	396,784	396,784
Reimbursement for Services	600,000	600,000	156,193	(443,807)
Investment Earnings	57,200	57,200	287,733	230,533
Miscellaneous	-	-	15,675	15,675
Total Revenues	<u>14,339,381</u>	<u>14,339,381</u>	<u>25,537,903</u>	<u>11,198,522</u>
Expenditures -- Streets and Highways:				
Personal Services	8,001,202	7,426,202	7,696,650	(270,448)
Materials and Supplies	1,915,610	1,915,610	1,573,925	341,685
Other Services and Charges	4,931,648	4,600,648	4,800,814	(200,166)
Capital Outlay	<u>352,050</u>	<u>683,050</u>	<u>484,057</u>	<u>198,993</u>
Total Expenditures	<u>15,200,510</u>	<u>14,625,510</u>	<u>14,555,446</u>	<u>70,064</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(861,129)</u>	<u>(286,129)</u>	<u>10,982,457</u>	<u>11,268,586</u>
Other Financing Sources (Uses):				
Transfers In	21,273,943	21,273,943	21,273,944	1
Transfers Out	(5,773,679)	(5,773,679)	(5,773,679)	-
Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>2,232</u>	<u>2,232</u>
Total Other Financing Sources (Uses)	<u>15,500,264</u>	<u>15,500,264</u>	<u>15,502,497</u>	<u>2,233</u>
Net Change in Fund Balances	<u>\$ 14,639,135</u>	<u>15,214,135</u>	<u>26,484,954</u>	<u>11,270,819</u>
Amount Budgeted on Project Basis			(15,094,540)	
Fund Balances - Beginning			<u>58,271,806</u>	
Fund Balances - Ending			<u>\$ 69,662,220</u>	

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

**CITY OF LINCOLN, NEBRASKA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**AUGUST 31, 2017**

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 833,519	962,656	7,473,000	3,595,304	12,864,479	1,612,781
Investments	13,810,160	15,588,852	101,473,000	12,501,430	143,373,442	29,226,266
Restricted Assets:						
Cash and Cash Equivalents	-	-	8,883,000	-	8,883,000	-
Investments	-	-	8,099,000	-	8,099,000	-
Receivables, (Net of Allowance for Uncollectibles)	2,186,254	3,232,127	23,495,000	3,837,672	32,751,053	625,389
Unbilled Revenues	2,954,992	4,470,638	11,796,000	-	19,221,630	-
Due from Other Funds	768,145	4,434,434	-	259,726	5,462,305	1,120,707
Due from Other Governments	-	-	-	17,449	17,449	97,190
Inventories	97,275	1,504,583	15,277,000	494,606	17,373,464	857,800
Plant Operation Assets	-	-	18,956,000	-	18,956,000	-
Prepaid Expenses	-	-	1,645,000	62,974	1,707,974	717,236
Total Current Assets	20,650,345	30,193,290	197,097,000	20,769,161	268,709,796	34,257,369
Noncurrent Assets:						
Investments	5,131,986	8,356,159	-	7,577,483	21,065,628	17,072,331
Costs Recoverable from Future Billings	597,873	404,540	8,010,000	-	9,012,413	-
Restricted Assets:						
Cash and Cash Equivalents	-	-	182,000	2,916,045	3,098,045	2,576,115
Investments	7,741,663	7,815,461	18,396,000	4,376,607	38,329,731	-
Receivables	-	-	-	19,073	19,073	-
Total Restricted Assets	7,741,663	7,815,461	18,578,000	7,311,725	41,446,849	2,576,115
Capital Assets:						
Land	6,999,631	5,532,620	-	12,715,151	25,247,402	1,337,300
Buildings	80,785,913	82,113,847	-	78,047,363	240,947,123	14,092,206
Improvements Other Than Buildings	315,338,086	365,538,484	-	56,830,041	737,706,611	759,550
Machinery and Equipment	11,374,435	26,082,737	-	20,688,627	58,145,799	39,064,184
Utility Plant	-	-	1,486,425,000	-	1,486,425,000	-
Construction in Progress	2,806,906	8,174,195	75,805,000	5,954,890	92,740,991	1,148,228
Less Accumulated Depreciation	(144,865,094)	(156,869,592)	(688,535,000)	(71,248,186)	(1,061,517,872)	(27,924,568)
Total Capital Assets, Net	272,439,877	330,572,291	873,695,000	102,987,886	1,579,695,054	28,476,900
Total Noncurrent Assets	285,911,399	347,148,451	900,283,000	117,877,094	1,651,219,944	48,125,346
Total Assets	306,561,744	377,341,741	1,097,380,000	138,646,255	1,919,929,740	82,382,715
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Refunding	562,296	569,553	17,638,000	21,158	18,791,007	-
Deferred Outflows for Pension	-	-	-	550,868	550,868	-
Total Deferred Outflows of Resources	562,296	569,553	17,638,000	572,026	19,341,875	-
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	359,959	691,424	19,262,000	2,570,597	22,883,980	2,182,920
Construction Contracts	663,343	1,475,056	-	-	2,138,399	-
Accrued Liabilities	535,639	930,767	27,971,000	461,092	29,898,498	363,360
Accrued Compensated Absences	404,286	504,596	-	617,543	1,526,425	847,333
Due to Other Funds	-	-	-	969,035	969,035	507,462
Due to Other Governments	-	-	-	434,428	434,428	55,671
Unearned Revenue	-	-	-	3,187,117	3,187,117	82,638
Claims	-	-	-	-	-	4,149,227
Accrued Interest	495,178	121,543	8,462,000	84,120	9,162,841	119,959
Current Portion of Notes Payable	-	-	95,500,000	200,000	95,700,000	-
Current Portion of Capital Lease	-	-	-	288,101	288,101	1,546,476
Current Portion of Long-Term Debt	4,839,601	4,517,445	17,070,000	2,155,000	28,582,046	-
Total Current Liabilities	7,298,006	8,240,831	168,265,000	10,967,033	194,770,870	9,855,046
Noncurrent Liabilities:						
Due to Other Funds	-	-	-	250,000	250,000	-
Accrued Compensated Absences	452,331	775,801	-	195,828	1,423,960	1,235,567
Claims	-	-	541,000	-	541,000	6,447,950
Notes Payable	-	-	-	1,000,000	1,000,000	-
Capital Lease Payable	-	-	-	960,854	960,854	12,235,282
Long-Term Debt, Net	72,433,514	48,832,955	620,679,000	34,746,518	776,691,987	-
Accrued Liabilities	347,043	500,150	896,000	1,159,550	2,902,743	581,808
Net Pension Liability	-	-	-	2,910,893	2,910,893	-
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	21,894,500	21,894,500	-
Total Noncurrent Liabilities	73,232,888	50,108,906	622,116,000	63,118,143	808,575,937	20,500,607
Total Liabilities	80,530,894	58,349,737	790,381,000	74,085,176	1,003,346,807	30,355,653
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows for Pension	-	-	-	1,002,923	1,002,923	-
<b>NET POSITION</b>						
Net Investment in Capital Assets	200,721,006	281,726,538	174,987,000	67,899,757	725,334,301	17,186,773
Restricted for:						
Debt Service	1,007,222	292,898	5,619,000	160,571	7,079,691	-
Capital Projects	768,145	4,434,434	-	2,687,126	7,889,705	-
Other	-	-	1,274,000	-	1,274,000	-
Unrestricted	24,096,773	33,107,687	142,757,000	(6,617,272)	193,344,188	34,840,289
Total Net Position	\$ 226,593,146	319,561,557	324,637,000	64,130,182	934,921,885	52,027,062

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 POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
<b>Operating Revenues</b>						
Charges for Services	\$ 29,599,243	36,222,398	301,060,000	9,435,410	376,317,051	77,272,802
Fees	-	-	-	12,672,677	12,672,677	-
Parking Revenue	-	-	-	12,126,585	12,126,585	-
Performance Revenue	-	-	-	10,279,545	10,279,545	-
Other Operating Revenue	-	-	14,442,000	2,878,236	17,320,236	-
Total Operating Revenues	<u>29,599,243</u>	<u>36,222,398</u>	<u>315,502,000</u>	<u>47,392,453</u>	<u>428,716,094</u>	<u>77,272,802</u>
<b>Operating Expenses</b>						
Personal Services	-	-	-	15,132,291	15,132,291	15,368,771
Contractual Services	-	-	-	10,118,083	10,118,083	-
Operation and Maintenance	12,673,422	15,658,755	28,013,000	12,892,763	69,237,940	52,961,436
Purchased Power	-	-	148,348,000	-	148,348,000	-
Depreciation	8,585,690	8,665,344	50,407,000	5,473,194	73,131,228	3,120,546
Administrative Costs	2,052,778	2,234,679	40,644,000	-	44,931,457	-
Total Operating Expenses	<u>23,311,890</u>	<u>26,558,778</u>	<u>267,412,000</u>	<u>43,616,331</u>	<u>360,898,999</u>	<u>71,450,753</u>
Operating Income	<u>6,287,353</u>	<u>9,663,620</u>	<u>48,090,000</u>	<u>3,776,122</u>	<u>67,817,095</u>	<u>5,822,049</u>
<b>Nonoperating Revenues (Expenses)</b>						
Investment Earnings	191,451	204,904	1,748,000	195,020	2,339,375	403,565
Grant Proceeds	-	438,422	-	-	438,422	-
Gain (Loss) on Disposal of Capital Assets	-	-	-	(1,279,481)	(1,279,481)	363,375
Insurance Recovery	-	-	-	95,435	95,435	-
Occupation Tax	-	-	-	3,809,059	3,809,059	-
Payments in Lieu of Taxes	-	-	(10,471,000)	-	(10,471,000)	-
Net Costs Recoverable	(49,512)	(48,767)	-	-	(98,279)	-
Debt Issuance Expense	-	-	-	-	-	(12,500)
Interest Expense and Fiscal Charges	(2,275,842)	(1,503,727)	(25,308,000)	(1,303,305)	(30,390,874)	(334,285)
Other - Well Abandonment Costs	-	(1,193,597)	-	-	(1,193,597)	-
Total Nonoperating Revenues (Expenses)	<u>(2,133,903)</u>	<u>(2,102,765)</u>	<u>(34,031,000)</u>	<u>1,516,728</u>	<u>(36,750,940)</u>	<u>420,155</u>
Income Before Contributions and Transfers	4,153,450	7,560,855	14,059,000	5,292,850	31,066,155	6,242,204
Capital Contributions	5,037,283	4,441,024	737,000	7,166,939	17,382,246	760,845
Plant Costs Recovered through Capital Contributions	-	-	(737,000)	-	(737,000)	-
Transfers In	-	-	-	1,029,303	1,029,303	95,505
Transfers Out	-	-	(9,456,000)	(4,051,451)	(13,507,451)	-
Change in Net Position	<u>9,190,733</u>	<u>12,001,879</u>	<u>4,603,000</u>	<u>9,437,641</u>	<u>35,233,253</u>	<u>7,098,554</u>
Net Position - Beginning	<u>217,402,413</u>	<u>307,559,678</u>	<u>320,034,000</u>	<u>54,692,541</u>	<u>899,688,632</u>	<u>44,928,508</u>
Net Position - Ending	<u>\$ 226,593,146</u>	<u>319,561,557</u>	<u>324,637,000</u>	<u>64,130,182</u>	<u>934,921,885</u>	<u>52,027,062</u>

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

**CITY OF LINCOLN, NEBRASKA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
<b>Cash Flows from Operating Activities</b>						
Receipts from Customers and Users	\$ 29,291,197	34,458,415	327,077,000	40,620,122	431,446,734	17,658,399
Receipts from Interfund Services Provided	152,451	897,906	6,176,000	1,694,248	8,920,605	59,300,446
Payments to Suppliers for Goods and Services	(3,810,625)	(6,913,721)	(211,834,000)	(18,268,916)	(240,827,262)	(48,244,418)
Payments to Employees	(7,735,615)	(8,702,337)	(28,513,000)	(14,920,107)	(59,871,059)	(15,458,101)
Payments for Interfund Services Provided	(3,312,764)	(3,789,460)	(1,405,000)	(3,599,031)	(12,106,255)	(4,442,447)
Other Receipts	-	-	-	2,927,244	2,927,244	-
Net Cash Provided by Operating Activities	<u>14,584,644</u>	<u>15,950,803</u>	<u>91,501,000</u>	<u>8,453,560</u>	<u>130,490,007</u>	<u>8,813,879</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Occupation Tax	-	-	-	3,995,221	3,995,221	-
Payments in Lieu of Taxes	-	-	(10,320,000)	-	(10,320,000)	-
Transfers from Other Funds	-	-	-	250,311	250,311	95,505
Transfers to Other Funds	-	-	(9,268,000)	(3,588,175)	(12,856,175)	-
Advances from General Fund	-	-	-	1,423,117	1,423,117	2,535,512
Repayment of Advances from General Fund	-	-	-	(1,245,736)	(1,245,736)	(2,152,735)
Repayments from Other Funds	-	-	-	-	-	150,000
Principal Payment of Long-Term Debt	-	-	-	(200,000)	(200,000)	-
Interest and Fiscal Charges Paid	-	-	-	(8,910)	(8,910)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(19,588,000)</u>	<u>625,828</u>	<u>(18,962,172)</u>	<u>628,282</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Additions to Capital Assets	(7,377,177)	(13,586,500)	(55,294,000)	(4,935,461)	(81,193,138)	(5,552,113)
Capital Contributions	725,411	2,067,599	1,633,000	800,700	5,226,710	-
Grant Proceeds	-	438,422	-	-	438,422	-
Proceeds from Sale of Capital Assets	-	-	-	179,545	179,545	382,810
Insurance Recovery	-	-	-	95,435	95,435	-
Transfer to Other Funds	-	-	-	(13,276)	(13,276)	-
Repayment of Advance from Other Fund	-	-	-	(150,000)	(150,000)	-
Proceeds from Issuance of Long-Term Debt	-	-	-	-	-	2,178,913
Cost of Debt Issuance	-	-	(1,396,000)	-	(1,396,000)	(12,500)
Funds Used for Bond Refunding	-	-	(3,561,000)	-	(3,561,000)	-
Net Cost of Retiring Plant	-	-	(3,805,000)	-	(3,805,000)	-
Principal Payments of Capital Lease	-	-	-	(436,273)	(436,273)	(1,568,126)
Principal Payments of Long-Term Debt	(4,761,636)	(4,408,451)	(23,800,000)	(2,115,000)	(35,085,087)	-
Interest and Fiscal Charges Paid	(2,619,979)	(2,036,954)	(27,746,000)	(1,520,921)	(33,923,854)	(352,518)
Net Cash Used by Capital and Related Financing Activities	<u>(14,033,381)</u>	<u>(17,525,884)</u>	<u>(113,969,000)</u>	<u>(8,095,251)</u>	<u>(153,623,516)</u>	<u>(4,923,534)</u>
<b>Cash Flows from Investing Activities</b>						
Proceeds from Sale and Maturities of Investments	19,281,753	22,131,162	169,375,000	17,389,716	228,177,631	34,305,155
Purchases of Investments	(20,155,469)	(21,209,477)	(138,826,000)	(20,716,299)	(200,907,245)	(38,921,569)
Interest and Other Receipts	237,878	411,221	1,526,000	160,313	2,335,412	330,821
Net Cash Provided (Used) by Investing Activities	<u>(635,838)</u>	<u>1,332,906</u>	<u>32,075,000</u>	<u>(3,166,270)</u>	<u>29,605,798</u>	<u>(4,285,593)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(84,575)	(242,175)	(9,981,000)	(2,182,133)	(12,489,883)	233,034
Cash and Cash Equivalents - Beginning	918,094	1,204,831	26,519,000	8,693,482	37,335,407	3,955,862
Cash and Cash Equivalents - Ending	<u>\$ 833,519</u>	<u>962,656</u>	<u>16,538,000</u>	<u>6,511,349</u>	<u>24,845,524</u>	<u>4,188,896</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>						
Operating Income	\$ 6,287,353	9,663,620	48,090,000	3,776,122	67,817,095	5,822,049
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	8,585,690	8,665,344	50,407,000	5,473,194	73,131,228	3,120,546
Other - Well Abandonment Costs	-	(1,193,597)	-	-	(1,193,597)	-
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:						
Accounts Receivable and Unbilled Revenues	(168,095)	(910,177)	(1,941,000)	(285,553)	(3,304,825)	(234,001)
Due from Other Funds	-	-	-	(86,024)	(86,024)	(87,544)
Due from Other Governments	-	-	-	15,206	15,206	(13,270)
Inventories	10,484	(262,902)	146,000	(92,291)	(198,709)	(33,458)
Plant Operation Assets	-	-	(4,861,000)	-	(4,861,000)	-
Prepaid Expenses	-	-	(404,000)	26,936	(377,064)	(279,978)
Other Assets	-	-	(1,831,000)	-	(1,831,000)	-
Deferred Outflows for Pension	-	-	-	661,944	661,944	-
Accounts Payable	(95,702)	(121,313)	1,270,000	(173,660)	879,325	(124,026)
Accrued Liabilities	(93,588)	(82,286)	592,000	(54,383)	361,743	(236,330)
Accrued Compensated Absences	58,502	192,114	-	79,211	329,827	147,000
Due to Other Funds	-	-	-	12,670	12,670	38,919
Due to Other Governments	-	-	-	132,418	132,418	35,152
Unearned Revenue	-	-	-	(1,794,468)	(1,794,468)	20,855
Claims	-	-	-	-	-	637,965
Other Liabilities	-	-	33,000	-	33,000	-
Net Pension Liability	-	-	-	(509,272)	(509,272)	-
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	1,403,500	1,403,500	-
Deferred Inflows for Pension	-	-	-	(131,990)	(131,990)	-
Total Adjustments	<u>8,297,291</u>	<u>6,287,183</u>	<u>43,411,000</u>	<u>4,677,438</u>	<u>62,672,912</u>	<u>2,991,830</u>
Net Cash Provided by Operating Activities	<u>\$ 14,584,644</u>	<u>15,950,803</u>	<u>91,501,000</u>	<u>8,453,560</u>	<u>130,490,007</u>	<u>8,813,879</u>
<b>Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:</b>						
Contribution of Capital Assets	\$ 4,311,872	2,373,425	-	7,145,231	13,830,528	760,845
Purchase of Capital Assets on Account	663,434	1,475,056	225,000	1,079,099	3,442,589	84,484
Change in Fair Value of Investments	87,015	261,297	66,000	(14,831)	399,481	(27,123)
Capitalized Interest included in Capital Asset Additions	99,395	267,444	751,000	155,064	1,272,903	-
Transfer Assumption of Liability	-	-	-	450,000	450,000	-

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

**CITY OF LINCOLN, NEBRASKA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2017**

	Police & Fire Pension Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,347,143	5,916,388
Investments:		
Pooled Investment Funds	2,389,702	-
Equities	9,412,850	-
Mutual Funds	115,649,464	-
Limited Partnership	25,456,210	-
Real Estate Limited Partnerships	78,880,846	-
Total Investments	<u>231,789,072</u>	-
Receivables:		
Contributions	732,000	-
Accrued Interest	8,404	1,232
Other	-	56,049
Due from Other Governments	1,411	-
Contractor Retainage	<u>-</u>	<u>78,454</u>
Total Assets	<u>233,878,030</u>	<u>6,052,123</u>
<b>LIABILITIES</b>		
Warrants Payable	-	2,177,121
Accounts Payable	15,107	305,451
Accrued Liabilities	7,993	-
Accrued Compensated Absences	14,384	-
Due to Other Governments	-	1,174,812
Due to Homeowners	-	18,530
Due to Contractors	-	2,258,283
Due to Bondholders	<u>-</u>	<u>117,926</u>
Total Liabilities	<u>37,484</u>	<u>6,052,123</u>
<b>NET POSITION</b>		
Net Position Restricted for Pensions	<u>\$ 233,840,546</u>	

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

**CITY OF LINCOLN, NEBRASKA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	<u>Police &amp; Fire Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 8,102,831
Employee	3,112,583
Total Contributions	<u>11,215,414</u>
Investment Earnings:	
Interest	14,419
Dividends	3,573,773
Net Increase in Fair Value of Investments	20,060,115
Net Investment Earnings	<u>23,648,307</u>
Total Additions	<u>34,863,721</u>
Deductions:	
Benefit Payments	14,622,211
Refunds of Contributions	381,921
Administrative Costs	430,308
Total Deductions	<u>15,434,440</u>
Change in Net Position	19,429,281
Net Position Restricted for Pensions - Beginning	<u>214,411,265</u>
Net Position Restricted for Pensions - Ending	<u>\$ 233,840,546</u>

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



## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF LINCOLN, NEBRASKA**  
**Notes to the Financial Statements**  
**August 31, 2017**

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

**REPORTING ENTITY**

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

Blended component units, although legally separate entities, are, in substance, part of the government's operations. The participants in the WHJPA are the City and University of Nebraska (UNL), and the agency is governed by a board consisting of the Mayor, a member of the UNL Board of Regents, and a member of the City Council. The purpose of the agency is to make the most efficient use of the taxing authority and other powers of the participants to facilitate the redevelopment of the West Haymarket Redevelopment Area. The WHJPA almost exclusively benefits the City as its primary function is to finance and construct those City owned assets located in the redevelopment area. The WHJPA is reported as a major governmental fund in the City's financial statements. Complete separate financial statements for the WHJPA may be obtained at the City of Lincoln Finance Department, 555 South 10th Street, Suite 103, Lincoln, NE 68508, or online at [www.lincoln.ne.gov/city/finance/account/jpa-audits.htm](http://www.lincoln.ne.gov/city/finance/account/jpa-audits.htm).

**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, 2017. 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, 2016. The amounts included in the City's 2017 financial statements for LES are amounts as of and for the year ended December 31, 2016.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

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

The Street Construction Fund, a special revenue fund, accounts for the resources accumulated, primarily highway allocation fees received from the State of Nebraska, and the payments made for the maintenance, construction, and improvement of the streets and highways in the City. Certain capital outlay expenditures reported in this fund are paid with a combination of these restricted resources and the proceeds from previous bond issuances.

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

The City reports the following major enterprise funds:

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

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

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

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

Additionally, the City reports the following fund types:

Internal Service Funds account for data processing, engineering, risk management, fleet management, municipal services center operations, telecommunications, and copy services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

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

The Agency Funds account for the collection of various taxes, fines, and fees due to other government entities; funds held in escrow for homeowners; good faith money due to contractors upon project completion; funds held for payroll taxes and other payroll related payables; funds held to pay outstanding warrants; funds to pay phone system charges; funds to pay matured bonds and coupons for which the City Treasurer is trustee; and reserve funds held for the Public Building Commission Bonds.

The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, return on equity, and charges between the business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### ASSETS, LIABILITIES, AND NET POSITION 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 either fair value or net asset value. Investments in other funds are carried at fair value, except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

Receivables and Payables

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

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

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

Plant Operation Assets

LES' interest in jointly owned facilities Laramie River Station and Walter Scott Energy Center (see Note 23), is reported as plant operation assets on the statement of net position.

Costs Recoverable from Future Billings

Certain income and expense items of the Wastewater System, Water System, and LES, which would be recognized during the current period are deferred and not included in the determination of the change in net position until such costs are expected to be recovered through rates, in accordance with the regulated operations provisions of GASB Statement No. 62.

Capital Assets

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

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

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

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

The exceptions to this rule are library media, which is depreciated using a composite depreciation method, and LES, which depreciates its utility plant on a straight-line basis using composite rates ranging between 2% and 20%, depending on the respective asset type.

Compensated Absences

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

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

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

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. 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. The unamortized balance of the refunding gain or loss is reported as deferred inflows or outflows of resources, as applicable, on the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

Fund Equity

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

The City has established a policy intended to address the primary consideration of meeting unanticipated short-term cash flow needs of the City and the long-term goal of managing General Fund balances in a manner that at all times preserves the City's ability to meet its cash flow needs. No less than twenty percent of the ensuing year's General Fund budget is to be set aside to meet excess cash flow needs. Currently \$31,449,824 of the General Fund's spendable and unrestricted fund balance meets the requirements of this policy.

Net Position Classification

Net position is assets plus deferred outflows of resources minus liabilities and deferred inflows of resources and is shown in the entity-wide, proprietary, and fiduciary fund financial statements. Net position is required to be classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* – This component of net position 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt also should be included in this component of net position. 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 net investment in capital assets.

*Restricted* – This component of net position consists of restricted assets, reduced by liabilities related to those assets, with constraints placed on their use through external parties such as creditors (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 position reports \$187,088,681 of restricted net position, of which enabling legislation restricts \$37,393,593.

*Unrestricted* – This component consists of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the "restricted" or "net investment in capital assets" components of net position.

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

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) No later than June 15, prior to the beginning of the biennial budget period, the Mayor submits to the City Council a proposed biennial budget for the ensuing years. The biennial budget is a complete financial plan for the biennial period and consists of an operating budget and a capital budget.

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

- 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 biennial period, 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 during the biennium. 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 that fiscal or biennial period.

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 biennial budget, except that it may authorize emergency appropriations in the event of an emergency threatening serious loss of life, health, or property in the community.

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

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

- 6) Appropriation controls are required at the departmental level. However, as a matter of policy and practice, appropriations generally are controlled at the next level of organization (division) or by fund within a department.
- 7) Operating appropriations lapse at the end of the biennial period for which authorized except for those reappropriated by Council resolution, capital improvement appropriations and year-end encumbrances against operating budgets. Capital improvement appropriations are continuing appropriations through completion of the project.
- 8) Budgets are adopted by resolution for the following fund types: general, special revenue, debt service, capital projects, permanent, enterprise, internal service, and pension trust. Legally adopted annual budgets are not established for the West Haymarket JPA component unit, certain special revenue (Advance Acquisition, Police & Fire Pension Contributions, Special Assessment, Impact Fees, Parks & Recreation Special Projects, and RP Crawford Park), debt service (Special Assessment), permanent (JJ Hompes), Fast Forward, and agency funds. In addition, capital project funds are budgeted on a project rather than a biennial 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. Earnings deposited with the City Treasurer shall be paid out only by order of those persons designated by the Community Health Endowment (CHE) Board of Trustees as outlined in the Fiscal and Budget Directives policy between the CHE and the City. State law directs that, subject to the intent of a donor expressed in the gift instrument, an



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institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The current amount of net appreciation available for expenditure is \$27,445,061, which is reported along with \$865,000 of contingency funds as expendable health care restricted net position in the statement of net position. The initial endowment principal is reported as nonexpendable health care restricted net position in the statement of net position.

### 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 2017 the City implemented the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*. This statement addresses tax abatements and defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. GASB 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The City's tax abatement disclosures can be found in Note 22 of Notes to the Financial Statements.

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

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

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of the \$563,067,668 difference are as follows:

Bonds Payable	\$ 431,935,741
Less issuance discounts	(989,858)
Plus issuance premiums	12,841,609
Less deferred charge on refunding	(128,532)
Capital Leases Payable	26,064,366
Accrued Interest Payable	4,499,605
Net Pension Liability	48,987,444
Deferred Outflows for Pension	(7,059,950)
Deferred Inflows for Pension	14,355,219
Net OPEB Liability	11,696,345
Compensated Absences	20,865,679
Net difference	<u>\$ 563,067,668</u>

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of*

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*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 \$12,499,928 difference are as follows:

Capital outlay	\$ 55,370,174
Depreciation expense	<u>(42,870,246)</u>
Net difference	<u><u>\$ 12,499,928</u></u>

Another element of that reconciliation states, "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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 \$16,969,321 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation refunding bonds	\$ (14,735,000)
Issuance of tax allocation bonds	(710,000)
Issuance premiums	(1,523,051)
Amortization of deferred premiums, discounts, and amounts from refundings	619,879
Transfers to bond refunding agent	16,091,516
Principal repayments	<u>17,225,977</u>
Net difference	<u><u>\$ 16,969,321</u></u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$2,231,122 difference are as follows:

Loss on disposal of capital assets	\$ (769,341)
Construction contracts	3,968,326
Accrued interest	143,935
Compensated absences	(1,104,072)
Other	<u>(7,726)</u>
Net difference	<u><u>\$ 2,231,122</u></u>

**(3) RESTRICTED ASSETS**

Certain proceeds of the enterprise funds revenue bonds and resources set aside for their repayment are classified as restricted assets on the statement of net position 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 in the Renewal and Replacement Account are restricted for specific purposes including improvements, repairs and replacements, acquisition of equipment, and the payment of bond principal and interest. Assets included in the Construction Account are restricted for paying the cost of capital improvements. Also, Lincoln Electric System has assets restricted for paying employee health claims and for deposits provided by both customers and developers. The Fleet Services and the Municipal Services Center internal service funds have assets restricted for capital acquisitions.

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A recap of the proprietary funds restrictions and related balances at August 31, 2017, are as follows:

Fund Account	Parking System	Solid Waste Management	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Fleet Services	Municipal Services Center	Total
Principal and Interest	\$ 201,401	-	1,502,220	414,441	14,068,000	-	-	16,186,062
Reserve	2,563,814	1,117,084	5,655,291	5,410,150	17,140,000	-	-	31,886,339
Surplus	-	-	584,152	1,990,870	-	-	-	2,575,022
Renewal and Replacement	2,423,388	-	-	-	-	-	-	2,423,388
Capital Construction and Equipment	209,850	796,188	-	-	-	702,315	1,873,800	3,582,153
Customer/Developer Deposits	-	-	-	-	2,142,000	-	-	2,142,000
Claims	-	-	-	-	2,210,000	-	-	2,210,000
Total	\$ 5,398,453	1,913,272	7,741,663	7,815,461	35,560,000	702,315	1,873,800	61,004,964

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

**(4) DEPOSITS AND INVESTMENTS**

**DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to provide a bond, provide a Federal Home Loan Bank letter of credit, 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).

The City's cash deposits, including certificates of deposit, are insured up to \$250,000 by the FDIC. Any cash deposits or certificates of deposit in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the City, or a letter of credit issued by a Federal Reserve Bank, and thus no custodial risk exists. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

**INVESTMENTS**

**Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

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The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2017.

Money Market Funds and External Investment Trusts are carried at cost, and thus are not included within the fair value hierarchy. Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have also not been classified in the fair value hierarchy. Other than the pension trust fund investments noted specifically on page 44, the City's remaining investments carried at net asset value have no unfunded commitments and these investments can be redeemed at any time. These investments have been noted with NAV in the table below.

At August 31, 2017, the City had the following investments, maturities, credit ratings, and fair value measurement:

	August 31, 2017							
	Maturities in Years					Credit Rating		Hierarchy
Type	Carrying Value	Less than 1	1-5	6-10	More than 10	Moody's	S&P	Level
General City:								
U.S. Treasury Obligations	\$ 67,919,094	43,941,818	23,977,276	-	-	Aaa	AA+	2
U.S. Sponsored Agency Obligations	345,921,747	187,801,395	154,298,256	3,822,096	-	Aaa	AA+	2
Commercial Issuers (Commercial Paper)	64,539,000	64,539,000	-	-	-	P1	A1	2
Money Market Funds - U.S. Treasury	6,232,417	6,232,417	-	-	-	Aaa-mf	AAAm	N/A
Money Market Funds - U.S. Agencies	26,334,003	26,334,003	-	-	-	Aaa	AAAm	N/A
External Investment Trust	8,150,000	8,150,000	-	-	-	Not rated	Not rated	N/A
Tax Increment Financing Investments	6,663,016	19,077	1,407,580	316,051	4,920,308	Not rated	Not rated	N/A
Equities	3,255,726	3,255,726	-	-	-	Not rated	Not rated	1
Total General City	529,015,003	340,273,436	179,683,112	4,138,147	4,920,308			
Community Health Endowment:								
Money Market Mutual Funds	17,856	17,856	-	-	-	Not rated	Not rated	N/A
Institutional funds			-	-	-			
Fixed income	11,416,091	-	10,742,694	23,249	650,148	Not rated	Not rated	NAV
Intermediate term credit	3,241,099	-	3,241,099	-	-	Not rated	Not rated	NAV
Large cap equity	4,519,561	4,519,561	-	-	-	Not rated	Not rated	NAV
International equity	15,774,951	15,774,951	-	-	-	Not rated	Not rated	NAV
High-yield bonds	6,440,478	-	-	6,440,478	-	Not rated	Not rated	NAV
Emerging markets equity	3,925,256	3,925,256	-	-	-	Not rated	Not rated	NAV
Mid cap equity	3,189,559	3,189,559	-	-	-	Not rated	Not rated	NAV
U.S. treasuries	6,500,011	-	6,500,011	-	-	Not rated	Not rated	NAV
Small cap equity	3,218,636	3,218,636	-	-	-	Not rated	Not rated	NAV
Commodities	3,261,553	3,261,553	-	-	-	Not rated	Not rated	NAV
Real Estate	3,208,682	3,208,682	-	-	-	Not rated	Not rated	NAV
Limited Partnership	365,106	365,106	-	-	-	Not rated	Not rated	NAV
Total Community Health Endowment:	65,078,839	37,481,160	20,483,804	6,463,727	650,148			
Police & Fire Pension Trust:								
Equities	9,412,850	9,412,850	-	-	-	Not Rated	Not Rated	1
Mutual Funds	115,649,464	115,649,464	-	-	-	Not Rated	Not Rated	1
	125,062,314	125,062,314	-	-	-			
Limited Partnership	25,456,210							NAV
Real Estate Limited Partnerships	78,880,846							NAV
Total Police & Fire Pension Trust	229,399,370							
Total Primary Government	\$ 823,493,212							

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to,

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yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The City has no investments at August 31, 2017 that are classified within Level 3 of the hierarchy.

## INVESTMENT POLICIES

### General City Policy

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

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

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits current operating funds to be invested with maturities of not longer than twenty-four months. Fixed income investments held in construction funds, operating funds, and other nonoperating funds are limited to ten-year maturities. Investment agreements are not subject to interest rate risk, as the issuer guarantees the interest rate. Money market mutual funds and external investment funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately. Tax Increment Financing investments are allowed to exceed 10 years as the interest rates are guaranteed by the fund and the investment is made within the City's funds.

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

	<u>S&amp;P</u>	<u>Moody's</u>
Money Markets	AAm	---
Corporate Notes	AA-	Aa3
Investment Agreements	AA-	Aa3
Commercial Paper	A-1	P-1
Bankers' Acceptance	A-1	P-1
Local Government Debt	AA	Aa

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) funds. These Funds are carried by the City at amortized cost. NPAIT and STFIT invest in only the highest quality securities, including U.S. government, rated U.S. sponsored agencies, and guaranteed student loans, and their investment portfolios are valued at amortized cost, which approximates fair value based on the short-term nature of the instruments.

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*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	27.42% %	40.00 %
Federal Home Loan Mortgage Corporation	23.50%	40.00
Federal National Mortgage Association	8.40%	40.00
Federal Farm Credit Bank	6.08%	40.00
Student Loan Marketing Association	0.00%	40.00

Community Health Endowment (CHE) Policy

As a public endowment fund, under State law, CHE is permitted to invest in the manner required of a prudent investor acting with care, skill and diligence under the prevailing circumstance, without restrictions as to the type and limits of investments. CHE has engaged one of the world's largest institutional investment firms to advise on portfolio management. That investment firm and affiliates are also the sponsor and investment manager for all of the institutional funds listed on a previous page.

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

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, CHE's investment policy requires the average duration of the fixed income portfolio to be no more than 120% of the appropriate fixed income benchmark.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is CHE's policy to limit its investments in fixed income securities to issues with at least BBB-/Baa3 ratings. Short-term fixed income issues should have a minimum A-2/P-2 rating. None of CHE's investments were rated at August 31, 2017.

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

*Foreign Currency Risk.* This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. CHE had no investment denominated in foreign currency at August 31, 2017.

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Police & Fire Pension Trust Policy

The Police & Fire Pension Trust Investment Board, established by the City Council in accordance with Lincoln Municipal Code chapter 4.62, directs and oversees the trust's investments for the sole benefit of plan participants and beneficiaries. The Board consists of nine members. Two board positions shall be filled by the City Finance Director and the City Human Resources Director; two board positions shall be elected by secret ballot by the active paid police officers of the City; two board positions shall be elected by secret ballot by the active paid firefighters of the City; and three board positions shall be appointed by the Mayor, after consultation with the other six members, subject to approval by the City Council. The three appointed members shall have at least five years demonstrated experience in financial, actuarial, investment or employee benefit plan matters.

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, and alternative investments.

The investment board has the responsibility to allocate plan assets in various investment strategies to reach the overall return and risk objectives of the plan. Annually the board reviews the plan's investments from an "asset allocation" perspective. The strategic allocation process is based on such factors as historical absolute returns of the benchmarks, recent returns for benchmarks, volatility of benchmark returns as measured by standard deviation, and the correlation of returns with other asset classes used in the portfolio. The following was the asset allocation as of August 31, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Developed Markets Equity	50.0 %
Emerging Markets Equity	5.0
Private Equity	5.0
Core Real Estate	15.0
Value-Added Real Estate	5.0
Low Vol Hedge Funds	5.0
Core Fixed Income	10.0
High Yield Fixed Income	5.0
Total	<u>100.0 %</u>

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

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Investment Board for the Police & Fire Pension Trust compares the risk and return characteristics derived from the actual performance of the Fund, by separate asset classes and specific securities to appropriate benchmarks, and 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.

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*Concentration of Credit Risk.* The policy places no limit on the amount that may be invested in any one issuer. The following individual investments currently held by the Plan are greater than 5% of the Plan's fiduciary net position:

Vanguard Total Stock Market Index	12.94 %
American New Perspective R6	10.82
RREEF America REIT II	10.78
Vanguard Total Intl Stock Index Fund Ins	10.54
Dodge and Cox Global Stock Fund	9.82
J.P. Morgan Core Bond Fund	9.01
Nuveen Global Infrastructure CL I	5.34

The Trust is required to fund the following additional amounts in accordance with the related investment agreements:

Aberdeen U.S. Private Equity VI - \$2,340,000  
 Weathergage Venture Capital IV - \$2,670,000  
 Golub Capital Partners International Fund 11 - \$2,800,000  
 Principal Real Estate Debt Fund II - \$9,338,743

Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of August 31, 2017:

	Totals		
Investments	\$ 823,493,212		
Deposits and Cash on Hand	11,551,970		
	<u>\$ 835,045,182</u>		
	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 31,167,026	7,263,531	38,430,557
Investments	466,679,662	231,789,072	698,468,734
Restricted Assets:			
Cash and Cash Equivalents	14,557,160	-	14,557,160
Investments	83,588,731	-	83,588,731
	<u>\$ 595,992,579</u>	<u>239,052,603</u>	<u>835,045,182</u>



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(5) **FUND BALANCES**

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

	Major Funds				
	General Fund	Street Construction	West Haymarket JPA	Other Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ 275,164	305,997	-	766,991	1,348,152
Prepaid Items	165,090	-	317,671	-	482,761
Permanent Fund Principal	-	-	-	37,160,000	37,160,000
Total Nonspendable	440,254	305,997	317,671	37,926,991	38,990,913
Restricted For:					
Capital Improvements	69,636	38,823,205	1,447,467	27,307,586	67,647,894
Human Services	1,224,400	-	-	-	1,224,400
Donor Purposes	2,984,204	-	-	2,703,684	5,687,888
Agency Activities	-	-	1,592,747	-	1,592,747
Land Purchases	-	-	-	1,807,509	1,807,509
Social Security Obligations	-	-	-	1,796,158	1,796,158
Community Betterment	-	-	-	4,535,015	4,535,015
Federal Loan Programs	-	-	-	18,569,000	18,569,000
Grant Programs	-	-	-	1,195,368	1,195,368
Special Assessment Improvements	-	-	-	679,552	679,552
Debt Service	-	-	-	9,086,748	9,086,748
Health Care	-	-	-	27,521,469	27,521,469
Bike Share Program	-	-	-	296,137	296,137
Claims Contingencies	-	-	-	865,000	865,000
Library Media	-	-	-	636,290	636,290
Total Restricted	4,278,240	38,823,205	3,040,214	96,999,516	143,141,175
Committed To:					
Public Access Television	-	-	-	826,358	826,358
Building Code Enforcement	-	-	-	765,705	765,705
Debt Service	-	-	-	1,600,425	1,600,425
Total Committed	-	-	-	3,192,488	3,192,488
Assigned To:					
Capital Improvements	-	29,687,604	-	15,467	29,703,071
Donor Purposes	35,694	-	-	-	35,694
Public Improvements	352,010	-	-	-	352,010
Athletic Facility Improvements	986,022	-	-	-	986,022
Senior Care	825,618	-	-	-	825,618
Emergency Communications	3,042,987	-	-	-	3,042,987
Economic Development Projects	5,563,615	-	-	-	5,563,615
Snow Removal	-	704,898	-	-	704,898
Debt Service	-	-	28,668,983	-	28,668,983
Land Purchases	-	-	-	54,721	54,721
Public Access Television	-	-	-	35,560	35,560
Library Services	-	-	-	3,404,856	3,404,856
Health Care	-	-	-	3,692,447	3,692,447
Social Security Obligations	-	-	-	416,357	416,357
Public Transportation	-	-	-	6,095,182	6,095,182
Community Betterment	-	-	-	138,529	138,529
Building Code Enforcement	-	-	-	8,690,019	8,690,019
Park Projects	-	-	-	211,678	211,678
Subsequent Year's Appropriated Fund Balance	4,138,682	-	-	-	4,138,682
Other Purposes	93,651	-	-	-	93,651
Total Assigned	15,038,279	30,392,502	28,668,983	22,754,816	96,854,580
Unassigned	47,898,455	-	-	(85,684)	47,812,771
Total Fund Balances	\$ 67,655,228	69,521,704	32,026,868	160,788,127	329,991,927

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

Receivables at August 31, 2017, consist of the following (in thousands):

Fund	Taxes	Accounts	Accrued Interest	Notes	Loans	Special Assessment		Contributions	Gross Receivables	Allowance For Uncollectibles	Net
						Current	Deferred				
General	\$ 4,110	2,148	158	-	-	-	-	-	6,416	-	6,416
Street Construction	-	90	207	-	-	-	-	-	297	-	297
West Haymarket JPA	1,593	431	182	-	-	-	-	-	2,206	-	2,206
Wastewater System	-	5,141	-	-	-	-	-	-	5,141	-	5,141
Water System	-	7,703	-	-	-	-	-	-	7,703	-	7,703
Electric System	-	35,917	374	-	-	-	-	-	36,291	1,000	35,291
Nonmajor -											
Special Revenue	1,832	384	183	37	23,190	-	-	-	25,626	4,621	21,005
Debt Service	1,784	122	35	-	-	446	2,434	-	4,821	210	4,611
Capital Projects	-	-	86	-	-	-	-	-	86	-	86
Permanent	-	-	3	-	-	-	-	-	3	-	3
Enterprise	-	5,519	96	-	-	-	-	-	5,615	1,758	3,857
Internal Service	-	446	179	-	-	-	-	-	625	-	625
Fiduciary	-	56	10	-	-	-	-	732	798	-	798
Total	\$ 9,319	57,957	1,513	37	23,190	446	2,434	732	95,628	7,589	88,039

Enterprise funds customer accounts receivable include unbilled charges for services. Delinquent special assessment receivables at August 31, 2017, were \$221,979.

The total of Due From Other Governments of \$26,131,266 includes the following significant items:

<u>Fund/Fund Type</u>	<u>Amount</u>	<u>Service</u>
General/Major Governmental	\$13,069,030	State of Nebraska, July/August Sales & Use Tax
	552,091	August Motor Vehicle Taxes Collected by Lancaster County
	8,777	August Property Tax Interest Collected by Lancaster County
	61,895	Lincoln Public Schools, Cost Reimbursement
	146,818	Federal Government, Cost Reimbursements
	90,534	Lancaster County, Cost Reimbursements
Street Construction/Major Governmental	4,364,957	State of Nebraska, July/August Highway User Fees
	39,892	State of Nebraska, Cost Reimbursements
	167,661	Federal Government, Cost Reimbursements
West Haymarket JPA/Major Governmental	758,929	Federal Government, Cost Reimbursements
Lincoln/Lancaster Co. Health/Special Revenue	409,868	Lancaster County, Cost Reimbursements
Federal Grants/Special Revenue	1,698,154	Federal Government, Cost Reimbursements
	360,203	State of Nebraska, Cost Reimbursements
Special Assessment/Debt Service	16,813	August Special Assessments Collected by Lancaster County
Vehicle Tax/Capital Projects	1,728,897	August Motor Vehicle Taxes Collected by Lancaster County
Storm Sewer Bonds/Capital Projects	10,759	Federal Government, Cost Reimbursements
Other Capital Projects/Capital Projects	2,199,695	State of Nebraska, July/August Sales & Use Tax
	321,696	Federal Government, Cost Reimbursements
Information Services/Internal Service	43,984	Lancaster County Billings
Insurance Revolving/Internal Service	16,189	Lancaster County Billings
Police Garage/Internal Service	14,544	State of Nebraska Billings
Copy Services/Internal Service	19,084	Lancaster County Billings
Subtotal	26,100,470	
All other	30,796	
Total Due From Other Governments	<u>\$26,131,266</u>	

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(7) **CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 165,699,845	3,874,527	145,945	169,428,427
Construction in Progress	53,021,217	29,560,241	19,381,578	63,199,880
Total Capital Assets, not being Depreciated	218,721,062	33,434,768	19,527,523	232,628,307
Capital Assets, being Depreciated:				
Buildings	337,684,580	11,141,442	1,384,684	347,441,338
Improvements Other Than Buildings	139,119,718	4,006,356	4,306,666	138,819,408
Machinery and Equipment	102,735,346	10,917,834	2,968,301	110,684,879
Infrastructure	925,408,113	29,165,675	12,857	954,560,931
Total Capital Assets, being Depreciated	1,504,947,757	55,231,307	8,672,508	1,551,506,556
Less Accumulated Depreciation for:				
Buildings	59,245,436	7,512,814	330,091	66,428,159
Improvements Other Than Buildings	40,336,355	4,400,213	363,468	44,373,100
Machinery and Equipment	66,657,991	7,187,323	2,936,025	70,909,289
Infrastructure	298,402,598	26,890,442	9,648	325,283,392
Total Accumulated Depreciation	464,642,380	45,990,792	3,639,232	506,993,940
Total Capital Assets, being Depreciated, Net	1,040,305,377	9,240,515	5,033,276	1,044,512,616
Governmental Activities Capital Assets, Net	\$ 1,259,026,439	42,675,283	24,560,799	1,277,140,923
<b>Business-type Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 25,083,921	173,935	10,454	25,247,402
Construction in Progress	72,450,851	82,960,748	62,670,608	92,740,991
Total Capital Assets, not being Depreciated	97,534,772	83,134,683	62,681,062	117,988,393
Capital Assets, being Depreciated:				
Buildings	236,922,694	4,024,429	-	240,947,123
Improvements Other Than Buildings	708,548,093	29,158,518	-	737,706,611
Machinery and Equipment	55,891,239	2,538,822	284,262	58,145,799
Utility Plant	1,454,957,000	36,986,000	5,518,000	1,486,425,000
Total Capital Assets, being Depreciated	2,456,319,026	72,707,769	5,802,262	2,523,224,533
Less Accumulated Depreciation for:				
Buildings	89,979,421	5,391,826	-	95,371,247
Improvements Other Than Buildings	225,788,270	14,302,728	-	240,090,998
Machinery and Equipment	34,557,120	3,232,234	268,727	37,520,627
Utility Plant	647,451,000	50,407,000	9,323,000	688,535,000
Total Accumulated Depreciation	997,775,811	73,333,788	9,591,727	1,061,517,872
Total Capital Assets, being Depreciated, Net	1,458,543,215	(626,019)	(3,789,465)	1,461,706,661
Business-type Activities Capital Assets, Net	\$ 1,556,077,987	82,508,664	58,891,597	1,579,695,054

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Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General Government	\$ 1,819,561
Public Safety	2,107,840
Streets and Highways, including Infrastructure	26,408,179
Culture and Recreation	10,340,524
Economic Opportunity	49,417
Health and Welfare	308,435
Mass Transit	1,836,290
Subtotal	<u>42,870,246</u>
<b>Internal Service Funds Capital Assets</b>	
Depreciation is charged to the various functions based on usage of the assets.	3,120,546
<b>Total Depreciation Expense - Governmental</b>	<u><u>\$ 45,990,792</u></u>
<b>Business-type Activities:</b>	
Golf	\$ 623,999
Parking System	2,159,143
Pinnacle Bank Arena	23,737
Solid Waste Management	2,147,310
Emergency Medical Services	305,383
Broadband Enterprise	213,622
Wastewater System	8,585,690
Water System	8,665,344
Lincoln Electric System	50,407,000
<b>Total Depreciation Expense - Business-type</b>	<u><u>\$ 73,131,228</u></u>

Total business-type depreciation expense of \$73,131,228, shown above, differs from the amount of increases to the total accumulated depreciation for business-type activities, \$73,333,788, found in the capital asset activity table on the preceding page, due to a transfer of depreciable governmental capital assets to a business-type fund.

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Lincoln Wastewater System:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 6,913,300	86,331	-	6,999,631
Construction in Progress	3,131,541	6,984,675	7,309,310	2,806,906
Total Capital Assets, not being Depreciated	<u>10,044,841</u>	<u>7,071,006</u>	<u>7,309,310</u>	<u>9,806,537</u>
Capital Assets, being Depreciated:				
Buildings	80,077,486	708,427	-	80,785,913
Improvements Other Than Buildings	304,819,066	10,519,020	-	315,338,086
Machinery and Equipment	10,702,215	697,064	24,844	11,374,435
Total Capital Assets, being Depreciated	<u>395,598,767</u>	<u>11,924,511</u>	<u>24,844</u>	<u>407,498,434</u>
Less Accumulated Depreciation for:				
Buildings	32,483,837	1,821,698	-	34,305,535
Improvements Other Than Buildings	96,669,191	6,203,044	-	102,872,235
Machinery and Equipment	7,147,835	560,948	21,459	7,687,324
Total Accumulated Depreciation	<u>136,300,863</u>	<u>8,585,690</u>	<u>21,459</u>	<u>144,865,094</u>
Total Capital Assets, being Depreciated, Net	<u>259,297,904</u>	<u>3,338,821</u>	<u>3,385</u>	<u>262,633,340</u>
Wastewater System Capital Assets, Net	<u><u>\$ 269,342,745</u></u>	<u><u>10,409,827</u></u>	<u><u>7,312,695</u></u>	<u><u>272,439,877</u></u>

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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Lincoln Water System:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 5,445,016	87,604	-	5,532,620
Construction in Progress	7,163,769	12,236,224	11,225,798	8,174,195
Total Capital Assets, not being Depreciated	12,608,785	12,323,828	11,225,798	13,706,815
Capital Assets, being Depreciated:				
Buildings	80,718,654	1,395,193	-	82,113,847
Improvements Other Than Buildings	354,088,088	11,450,396	-	365,538,484
Machinery and Equipment	25,023,245	1,125,465	65,973	26,082,737
Total Capital Assets, being Depreciated	459,829,987	13,971,054	65,973	473,735,068
Less Accumulated Depreciation for:				
Buildings	30,875,451	1,655,911	-	32,531,362
Improvements Other Than Buildings	100,863,342	5,858,852	-	106,722,194
Machinery and Equipment	16,519,278	1,150,581	53,823	17,616,036
Total Accumulated Depreciation	148,258,071	8,665,344	53,823	156,869,592
Total Capital Assets, being Depreciated, Net	311,571,916	5,305,710	12,150	316,865,476
Water System Capital Assets, Net	\$ 324,180,701	17,629,538	11,237,948	330,572,291
<b>Lincoln Electric System:</b>				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 57,484,000	59,112,000	40,791,000	75,805,000
Capital Assets, being Depreciated:				
Utility Plant	1,454,957,000	36,986,000	5,518,000	1,486,425,000
Less Accumulated Depreciation	647,451,000	50,407,000	9,323,000	688,535,000
Total Capital Assets, being Depreciated, Net	807,506,000	(13,421,000)	(3,805,000)	797,890,000
Electric System Capital Assets, Net	\$ 864,990,000	45,691,000	36,986,000	873,695,000

The costs of LES retirement work orders are closed into accumulated depreciation which follows Federal Energy Regulatory Commission guidelines. Therefore, as shown above, the decrease in LES accumulated depreciation exceeds the decrease in Utility Plant assets and the decrease in Construction in Progress exceeds the increase in Utility Plant.

Interest incurred during the construction phase of capital assets of business-type activities is added to the cost of the underlying assets constructed and is amortized over the useful lives of the assets. During 2017 capitalized interest activity was as follows:

	Incurred Interest Cost	Capitalized Interest
Lincoln Wastewater System	\$ 2,449,207	99,395
Lincoln Water System	2,013,623	267,444
Solid Waste Management	339,604	155,064

Lincoln Electric System utility plant includes an allowance for funds used during construction for projects costing in excess of \$500,000. The allowance for funds used during construction is based on LES' true interest cost of the most recent borrowing. The 2016 rate was 3.5% from January to August and 2.3% from September to December.

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**(8) INTERFUND BALANCES AND ACTIVITY**

Balances Due To/From Other Funds at August 31, 2017, consist of the following:

Due To	Due From						
	General Fund	Street Construction	West Haymarket JPA	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General Fund	\$ -	-	120,578	47,572	909,571	465,455	1,543,176
Street Construction		-	-	9,780,649	-	20,311	9,800,960
Nonmajor Governmental	70,037	-	-	1,561,781	-	-	1,631,818
Lincoln Wastewater System	-	-	-	768,145	-	-	768,145
Lincoln Water System	-	-	-	4,434,434	-	-	4,434,434
Nonmajor Enterprise	3,213	6,215	250,298	-	-	-	259,726
Internal Service	622,235	139,515	95	27,702	309,464	21,696	1,120,707
Total	\$ 695,485	145,730	370,971	16,620,283	1,219,035	507,462	19,558,966

“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.

Transfers To/From Other Funds for the year ended August 31, 2017, consist of the following:

Transfer To		Transfer From					
	General Fund	Street Construction	West Haymarket JPA	Nonmajor Governmental	Lincoln Electric System	Nonmajor Enterprise	Total
General Fund	\$ -	-	-	534,043	9,551,646	2,545,026	12,630,715
Street Construction	1,902,808	-	-	19,320,605	-	50,531	21,273,944
Nonmajor Governmental	21,195,322	5,678,174	-	5,380,621	-	1,455,894	33,710,011
Nonmajor Enterprise	45,971	-	202,660	780,672	-	-	1,029,303
Internal Service	-	95,505	-	-	-	-	95,505
Total	\$ 23,144,101	5,773,679	202,660	26,015,941	9,551,646	4,051,451	68,739,478

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

The \$95,646 variance for transfers on the Statement of Activities is caused by the different fiscal year end dates used by the City (August 31) and Lincoln Electric System (December 31). Lincoln Electric System records an estimate for payments of return on equity as an accrued liability at December 31. The City however, receives the payments before the August 31 fiscal year end, and records the total amount as a transfer in.

**(9) DEBT OBLIGATIONS**

**SHORT-TERM**

Established by City Ordinance, LES may borrow up to \$150 million under a commercial paper note program. The payment of the commercial paper notes is subordinated to the payment of the principal of, and interest on, the outstanding bonds. At December 31, 2016, LES had \$95.5 million of tax-exempt commercial paper notes outstanding. The notes mature at various dates but not more than 270 days after the date of issuance. The weighted-average interest rate for the year ended December 31, 2016, was 0.07%. The outstanding commercial paper notes are secured by a revolving credit agreement. There were no advances outstanding under the credit agreement at December 31, 2016. LES uses commercial paper notes as part of their long-term financing strategy. As such, commercial paper is typically renewed as it matures. The weighted average length of maturity of commercial paper for 2016 was 51 days.

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Commercial paper activity for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Lincoln Electric System:</b>					
Commercial Paper Notes	\$ 95,500,000	731,300,000	(731,300,000)	95,500,000	95,500,000

In December 2014, LES entered into a revolving credit agreement with Wells Fargo Bank, National Association. The agreement permits LES to draw up to \$50 million on a floating rate basis. LES' obligation to repay advances and the interest thereon under this agreement is subordinated to the payment of the principal of, and interest on, the outstanding bonds as well as LES' commercial paper notes and the associated credit agreement. No advances were outstanding under the agreement at December 31, 2016. The agreement also provides for Wells Fargo to issue one or more letters of credit for the aggregate undrawn amount, not to exceed \$10 million in the aggregate. LES is using \$2 million of the revolving credit agreement to provide a letter of credit to Southwest Power Pool to satisfy its market deposit requirements.

### LONG-TERM

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

Net position of \$3,002,622, \$4,195,650, \$1,499,052, and \$1,989,849 is currently available in the debt service funds to service the Tax Allocation Bonds, General Obligation Bonds, Tax Supported Bonds, and Special Assessment Bonds, respectively. Revenue Bonds are funded partially from reserve accounts set up for debt repayment and partially from proceeds of daily operations.

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

	Governmental Activities	Business-Type Activities
Land	\$ 1,780,066	\$ 199,546
Buildings	25,965,521	1,647,945
Improvements	5,030,532	-
Infrastructure	32,545,948	-
Machinery and Equipment	9,273,107	3,211,847
Construction in Progress	1,090,016	-
Less Accumulated Depreciation, (where applicable)	(17,533,062)	(2,924,267)
Total	\$ 58,152,128	\$ 2,135,071

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.

In September 2016, LES issued \$116,645,000 of Revenue Refunding Bonds, Series 2016. Proceeds from the issuance of the 2016 bonds were used to refund the remaining series 2007A and series 2007B revenue bonds and a portion of the series 2012 bonds, fund a deposit into the 2016 debt service reserve fund, and pay certain costs and expenses related to the issuance of the 2016 bonds. The refunding resulted in debt service savings of approximately \$28,359,000 and net present value savings of approximately \$19,000,000. At December 31, 2016, there were \$24,530,000 of refunded series 2012 bonds outstanding.

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Lincoln Wastewater System has entered into a loan agreement with the Nebraska Department of Environmental Quality (NDEQ) consisting of three separate contracts. Under contract 317247 the Lincoln Wastewater System has borrowed \$4,808,792 to fund certain sewer system extension and sewer repairs. The System also borrowed \$5,000,000 under contract 317078 to fund certain treatment facilities projects. The interest rate throughout the term of these loans is 2.0%. The Wastewater System has also borrowed \$17,000,000 under contract 317830 to fund certain wastewater solids handling, trunk sewer, and selected facility replacement improvements. The interest rate throughout the term of this loan is 3.25%.

Lincoln Water System has entered into a \$14,977,829 loan agreement with NDEQ to fund certain water system extension and water repairs. The interest rate throughout the term of the loan is 2.25%. In addition, an administrative fee of 1% will be incurred on the loan.

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
<b>Governmental Activities:</b>							
General Obligation Bonds:							
General Bonds:							
\$ 8,295	06/27/07	Stormwater Drainage and Flood Mgmt	4.625 - 5.000	Serial 2008 to 2027	2017	Semiannually	\$ 5,075
8,200	02/10/11	Stormwater Bonds	2.000 - 4.500	Serial 2013 to 2030	2020	"	6,340
19,290	06/21/11	Refunding	0.200 - 5.000	Serial 2011 to 2022	2019	"	7,745
8,090	06/26/12	Refunding	1.000 - 3.000	Serial 2013 to 2023	---	"	3,795
6,385	03/20/13	Stormwater Bonds	2.000 - 4.000	Serial 2014 to 2029	2023	"	5,325
1,515	03/20/13	Stormwater Bonds	3.125	Term 2032	2023	"	1,515
5,720	04/15/15	Stormwater Refunding Bonds	1.000 - 5.000	Serial 2016 to 2025	---	"	4,685
6,300	06/28/16	Stormwater Bonds	2.000 - 3.000	Serial 2017 to 2036	2026	"	6,300
Total General Bonds							<u>\$ 40,780</u>
Tax Allocation Bonds:							
\$ 365	08/15/05	Tax Allocation Bonds	4.750	Serial 2006 to 2018	Anytime	Semiannually	\$ 19
2,205	04/05/07	Tax Allocation Bonds	5.000 - 5.550	Serial 2009 to 2018	2012	"	535
601	06/01/07	Tax Allocation Bonds	5.240	Serial 2008 to 2018	Anytime	"	436
42	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2021	Anytime	"	17
71	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2017	Anytime	"	31
547	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	241
200	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	83
611	06/30/09	Tax Allocation Bonds	7.000	Serial 2011 to 2023	Anytime	"	433
3,375	07/28/09	Tax Allocation Bonds	2.500 - 6.400	Serial 2011 to 2023	Anytime	"	2,070
263	04/01/11	Tax Allocation Bonds	3.990	Serial 2011 to 2022	Anytime	"	137
103	04/15/13	Tax Allocation Bonds	2.370	Serial 2013 to 2025	Anytime	"	69
140	07/01/16	Tax Allocation Bonds	2.200	Serial 2016 to 2028	Anytime	"	130
600	12/01/16	Tax Allocation Bonds	2.300	Serial 2018 to 2021	Anytime	"	600
110	05/01/17	Tax Allocation Bonds	2.740	Serial 2018 to 2024	Anytime	"	110
Total Tax Allocation Bonds							<u>\$ 4,911</u>
Tax Supported Bonds:							
\$ 28,095	06/06/12	Highway Allocation Fund Refunding	1.000 - 5.000	Serial 2012 to 2023	---	Semiannually	\$ 18,625
14,735	12/15/16	Highway Allocation Fund Refunding	2.000 - 5.000	Serial 2018 to 2027	2026	"	14,735
16,515	07/23/13	Limited Tax Arena Bonds	2.000 - 4.500	Serial 2016 to 2031	2023	"	14,720
2,635	07/23/13	Limited Tax Arena Bonds	2.000 - 4.500	Term 2035	2023	"	2,635
5,850	07/23/13	Limited Tax Arena Bonds	2.000 - 4.500	Term 2037	2023	"	5,850
Total Tax Supported Bonds							<u>\$ 56,565</u>
Special Assessment Bonds:							
\$ 825	08/18/11	Special Assessment	0.400 - 3.700	Serial 2012 to 2026	2016	Semiannually	\$ 525
375	08/18/11	Special Assessment	4.200	Term 2031	2016	"	375
3,000	11/23/11	Special Assessment	2.000 - 3.500	Serial 2012 to 2031	2021	"	2,235
Total Special Assessment Bonds							<u>\$ 3,135</u>
West Haymarket Joint Public Agency							
\$ 31,515	09/08/10	Facility Bonds Taxable Build America Bonds	3.500 - 4.450	Serial 2020 to 2030	Anytime	Semiannually	\$ 31,515
68,485	09/08/10	Facility Bonds Taxable Build America Bonds	4.750 / 5.000	Term 2035 & 2045	Anytime	"	68,485
15,785	12/01/10	Facility Bonds Taxable Build America Bonds	4.000 - 5.000	Serial 2020 to 2025	Anytime	"	15,785
52,180	12/01/10	Facility Bonds Taxable Build America Bonds	5.400 / 5.800 / 6.000	Term 2030 2035 2039	Anytime	"	52,180
32,035	12/01/10	Recovery Zone Economic Development	6.750	Term 2045	Anytime	"	32,035
44,290	08/24/11	Facility Bonds	3.500 - 5.000	Serial 2021 to 2032	2021	"	44,290
55,710	08/24/11	Facility Bonds	4.250 / 5.000	Term 2036 & 2042	2021	"	55,710
20,850	12/04/13	Facility Bonds	2.000 - 5.000	Serial 2014 to 2038	2023	"	19,220
7,325	12/04/13	Facility Bonds	4.500	Term 2043	2023	"	7,325
Total West Haymarket Joint Public Agency							<u>\$ 326,545</u>
TOTAL GENERAL OBLIGATION BONDS							<u><u>\$ 431,936</u></u>



CITY OF LINCOLN, NEBRASKA  
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Original Amount	Issued	Issue	Interest Rate	When Due	Date Callable	Interest Date	Outstanding
<b>Business-Type Activities:</b>							
<b>Revenue Bonds:</b>							
\$ 16,710	04/18/07	Wastewater Revenue	4.000 - 4.500	Serial 2008 to 2029	2017	Semiannually	\$ 10,980
3,750	04/18/07	Wastewater Revenue	4.375	Term 2032	2017	"	3,750
38,290	05/24/12	Wastewater Revenue Refunding	1.000 - 5.000	Serial 2013 to 2028	2023	"	27,820
12,220	04/09/15	Wastewater Revenue Refunding	1.000 - 4.000	Serial 2016 to 2030	2025	"	10,845
Total Wastewater Bonds							<u>\$ 53,395</u>
\$ 10,515	08/04/09	Water Revenue	2.000 - 4.125	Serial 2013 to 2029	2019	Semiannually	\$ 8,065
4,905	08/04/09	Water Revenue	4.500	Term 2034	2019	"	4,905
10,895	06/21/12	Water Revenue Refunding	1.000 - 4.000	Serial 2013 to 2022	---	"	5,690
28,595	05/30/13	Water Revenue Refunding	1.000 - 5.000	Serial 2014 to 2025	2023	"	19,475
Total Water Bonds							<u>\$ 38,135</u>
\$ 7,745	01/27/11	Parking Revenue and Refunding	2.000 - 5.000	Serial 2015 to 2024	2021	Semiannually	\$ 6,070
10,775	01/27/11	Parking Revenue and Refunding	5.000 / 5.125 / 5.500	Term 2026 & 2031	2021	"	10,775
9,315	11/29/12	Parking Revenue and Refunding	0.400 - 4.000	Serial 2013 to 2027	2022	"	5,725
2,765	11/29/12	Parking Revenue and Refunding	3.000	Term 2032	2022	"	2,765
Total Parking Bonds							<u>\$ 25,335</u>
\$ 8,340	02/26/13	Solid Waste Management Revenue and Refunding	0.250 - 4.000	Serial 2013 to 2029	2023	Semiannually	\$ 5,640
5,520	07/08/15	Solid Waste Management Revenue	2.000 - 5.000	Serial 2016 to 2035	2025	"	5,075
Total Solid Waste Management Bonds							<u>\$ 10,715</u>
\$ 93,045	10/01/03	Electric Revenue and Refunding Bonds	3.000 - 5.000	Serial 2004 to 2026	2013	Semiannually	\$ 1,150
247,150	08/15/12	Electric Revenue and Refunding Bonds	1.000 - 5.000	Serial 2013 to 2032	2022	"	186,855
30,165	08/15/12	Electric Revenue and Refunding Bonds	3.625 - 5.000	Term 2037	2022	"	30,165
75,525	06/20/13	Electric Revenue and Refunding Bonds	2.700 - 5.000	Serial 2021 to 2025	2023	"	75,525
127,630	03/11/15	Electric Revenue and Refunding Bonds	3.000 - 5.000	Serial 2019 to 2036	2025	"	127,090
40,170	03/11/15	Electric Revenue and Refunding Bonds	4.000	Term 2040	2025	"	40,710
116,645	09/01/16	Electric Revenue Refunding Bonds	3.000 - 5.000	Serial 2017 to 2034	2027	"	116,645
Total Electric Bonds							<u>\$ 578,140</u>
<b>TOTAL REVENUE BONDS</b>							<u><u>\$ 705,720</u></u>

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

Fiscal Year Ended August 31	Governmental Activities			
	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2018	\$ 11,044	19,956	5,416	1,073
2019	10,927	19,596	5,172	943
2020	10,956	19,243	4,877	820
2021	14,668	18,800	4,132	701
2022	18,130	18,189	4,233	577
2023 - 2027	81,437	80,012	13,852	1,259
2028 - 2032	69,829	63,933	1,688	108
2033 - 2037	77,930	47,174	-	-
2038 - 2042	82,950	26,876	-	-
2043 - 2047	54,065	5,635	-	-
Total	<u>\$ 431,936</u>	<u>319,414</u>	<u>39,370</u>	<u>5,481</u>

Fiscal Year Ended August 31	Business-Type Activities					
	Revenue Bonds		Loans/Note Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 26,815	29,938	1,967	719	288	24
2019	29,420	28,814	2,005	680	242	19
2020	32,990	27,526	2,043	642	249	14
2021	38,965	26,054	2,083	602	251	8
2022	40,410	24,260	2,123	561	211	2
2023 - 2027	193,220	94,848	10,451	2,167	-	-
2028 - 2032	159,415	58,711	10,940	1,021	-	-
2033 - 2037	137,165	26,727	3,327	85	-	-
2038 - 2042	47,320	5,245	-	-	-	-
Total	<u>\$ 705,720</u>	<u>322,123</u>	<u>34,939</u>	<u>6,477</u>	<u>1,241</u>	<u>67</u>

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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
2018	\$ 4,840	2,371	4,517	1,749	17,070	25,100
2019	4,918	2,264	4,637	1,607	19,480	24,247
2020	5,027	2,150	4,792	1,438	22,750	23,273
2021	5,156	2,011	4,981	1,240	28,615	22,166
2022	5,316	1,842	4,817	1,076	30,045	20,735
2023 - 2027	29,351	6,359	14,840	3,350	147,085	82,931
2028 - 2032	18,052	1,661	8,588	1,547	131,865	54,997
2033 - 2037	1,538	35	3,899	194	133,910	26,506
2038 - 2042	-	-	-	-	47,320	5,245
Total	\$ 74,198	18,693	51,071	12,201	578,140	285,200

Long-term liability activity for the year ended August 31, 2017, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Leases Payable:					
General Bonds	\$ 45,370	-	(4,590)	40,780	4,955
Tax Allocation Bonds	4,966	710	(765)	4,911	784
Tax Supported Bonds	62,385	14,735	(20,555)	56,565	4,560
Special Assessment Debt with Government Commitment	3,315	-	(180)	3,135	180
West Haymarket Joint Public Agency Bonds	327,095	-	(550)	326,545	565
Tax Supported Antelope Valley Project Bonds	2,020	-	(2,020)	-	-
Capital Leases	43,320	2,179	(6,129)	39,370	5,416
Gross Bonds and Leases Payable	488,471	17,624	(34,789)	471,306	16,460
Deferred Amounts:					
For Issuance Premiums	12,681	1,523	(886)	13,318	-
For Issuance Discounts	(991)	-	1	(990)	-
Net Bonds and Leases Payable	500,161	19,147	(35,674)	483,634	16,460
Other Liabilities:					
Compensated Absences	21,697	10,173	(8,921)	22,949	9,380
Construction Contracts	3,968	96	(660)	3,404	3,404
Claims and Judgements	9,959	31,218	(30,580)	10,597	4,149
Net Pension Liability	54,316	-	(5,329)	48,987	-
Net OPEB Obligation	11,135	1,143	-	12,278	-
Governmental Activities Long-Term Liabilities	\$ 601,236	61,777	(81,164)	581,849	33,393
<b>Business-Type Activities:</b>					
Bonds, Loans, Note, and Leases Payable:					
Wastewater Revenue Bonds	\$ 57,045	-	(3,650)	53,395	3,705
Wastewater Loan Payable	21,914	-	(1,111)	20,803	1,135
Water Revenue Bonds	41,925	-	(3,790)	38,135	3,885
Water Loan Payable	13,555	-	(619)	12,936	632
Electric System Revenue Bonds	618,500	116,645	(157,005)	578,140	17,070
Parking Revenue Bonds	26,655	-	(1,320)	25,335	1,345
Solid Waste Management Revenue Bonds	11,510	-	(795)	10,715	810
Pinnacle Bank Arena Note	1,400	-	(200)	1,200	200
Capital Leases	1,677	-	(436)	1,241	288
Gross Bonds, Loans, Note, and Leases Payable	794,181	116,645	(168,926)	741,900	29,070
Deferred Amounts:					
For Issuance Premiums	57,396	17,974	(9,494)	65,876	-
For Issuance Discounts	(55)	-	2	(53)	-
Net Bonds, Loans, Note, and Leases Payable	851,522	134,619	(178,418)	807,723	29,070
Other Liabilities:					
Compensated Absences	2,621	1,792	(1,463)	2,950	1,527
Construction Contracts	3,414	2,054	(3,330)	2,138	2,138
Developer Performance Deposits	-	896	-	896	-
Claims and Judgements	508	6,430	(6,397)	541	-
Net Pension Liability	3,420	-	(509)	2,911	-
Net OPEB Obligation	1,820	187	-	2,007	-
Accrued Landfill Closure/Postclosure Care Costs	20,491	1,404	-	21,895	-
Business-Type Activities Long-Term Liabilities	\$ 883,796	147,382	(190,117)	841,061	32,735

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

Long-term liability activity for the major enterprise funds for the year ended August 31, 2017, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Lincoln Wastewater System:</b>					
Bonds and Loans Payable:					
Wastewater Revenue Bonds	\$ 57,045	-	(3,650)	53,395	3,705
Wastewater Loans Payable	21,914	-	(1,111)	20,803	1,135
Deferred for Issuance Premiums	3,361	-	(279)	3,082	-
Deferred for Issuance Discounts	(7)	-	-	(7)	-
Net Bonds and Loans Payable	82,313	-	(5,040)	77,273	4,840
Other Liabilities:					
Compensated Absences	798	457	(399)	856	404
Construction Contracts	769	663	(769)	663	663
Net OPEB Obligation	315	32	-	347	-
Total Long-Term Liabilities	\$ 84,195	1,152	(6,208)	79,139	5,907
<b>Lincoln Water System:</b>					
Bonds and Loan Payable:					
Water Revenue Bonds	\$ 41,925	-	(3,790)	38,135	3,885
Water Loan Payable	13,555	-	(619)	12,936	632
Deferred for Issuance Premiums	2,633	-	(329)	2,304	-
Deferred for Issuance Discounts	(26)	-	1	(25)	-
Net Bonds and Loan Payable	58,087	-	(4,737)	53,350	4,517
Other Liabilities:					
Compensated Absences	1,088	682	(490)	1,280	505
Construction Contracts	2,645	1,391	(2,561)	1,475	1,475
Net OPEB Obligation	454	46	-	500	-
Total Long-Term Liabilities	\$ 62,274	2,119	(7,788)	56,605	6,497
<b>Lincoln Electric System:</b>					
Bonds Payable:					
Electric System Revenue Bonds	\$ 618,500	116,645	(157,005)	578,140	17,070
Deferred for Issuance Premiums	50,451	17,974	(8,816)	59,609	-
Net Bonds Payable	668,951	134,619	(165,821)	637,749	17,070
Other Liabilities:					
Developer Performance Deposits	-	896	-	896	-
Claims and Judgements	508	6,430	(6,397)	541	-
Total Long-Term Liabilities	\$ 669,459	141,945	(172,218)	639,186	17,070

#### DEVELOPER PURCHASED TAX INCREMENT FINANCING NOTES AND BONDS

At August 31, 2017, \$52,570,523 of developer purchased tax increment financing notes and bonds were outstanding. Developer purchased tax increment financing allows the City to create special districts to enable public/private improvements within those districts that will generate public/private-sector development. For a period of 15 years, the tax base is frozen at the predevelopment level, and taxes generated from the incremental increases in assessed value are remitted to the developer. The agreements between the City and developer expressly limit the City's commitment for debt repayment to the incremental tax collected during the 15-year period. At the end of the 15-year period, the tax jurisdiction collects on the increased property values. The related tax increment districts are not component units of the City; therefore, the City is not liable for the outstanding debt. The City's responsibility for this liability is limited only to remittance of paid taxes, thus these notes and bonds are not reflected in the City's financial statements.

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**CONDUIT DEBT**

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

The Bonds are limited obligations of the City and are payable solely from payments to be made by NWU pursuant to a loan agreement dated January 1, 2012, by and between the City and NWU. The Bonds shall not be a charge against the City's general credit or taxing powers. The Bonds shall never constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City, thus these bonds are not reflected in the City's financial statements. At August 31, 2017, \$15,915,000 of these bonds remain outstanding.

**(10) RECONCILIATION OF BUDGET BASIS TO GAAP**

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, funds for which budget and reporting structures differ, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended August 31, 2017, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	<u>General Fund</u>	<u>Street Construction Fund</u>
Net Change in Fund Balances:		
Balance on a GAAP basis	\$ 1,952,130	7,738,173
Basis differences (accruals) occur because the cash basis of accounting used for budgeting differs from the modified accrual basis of accounting prescribed for governmental funds.	(1,892,483)	3,652,241
Perspective differences occur when the structure used for budgeting differs from the fund structure used for financial reporting.	(394,952)	-
Amount budgeted on a project basis.	<u>-</u>	<u>15,094,540</u>
Balance on a budget basis	<u>\$ (335,305)</u>	<u>26,484,954</u>

**(11) DEFICIT NET POSITION**

The following funds had a net position or fund balance deficit as of August 31, 2017:

Special Revenue - Impact Fees Fund	\$ (85,684)
Enterprise - Pinnacle Bank Arena Fund	(575,720)
Internal Service - Engineering Revolving Fund	(1,396,057)
Internal Service - Communication Services Fund	(60,815)

- The Impact Fees Fund deficit is expected to be reduced through future fee collections.
- The Pinnacle Bank Arena Fund was created to manage the operation of a new Arena, which opened in August, 2013. The Fund deficit is expected to be reduced through future revenue collections.

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- The Engineering Revolving Fund is evaluating various means to reduce expenses and improve revenue collections affected by staffing levels, overhead costs, billing practices, and intra-City services reimbursements.
- The Communication Services Fund is adjusting their billing process and when completed is expected to reduce the deficit.

(12) **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

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

General Fund	
Traffic Engineering	\$ 69,394
Street Lighting	1,235,035

(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 Pension Plan (PFP) 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 – PFP is a single-employer defined benefit pension plan administered by the City of Lincoln for all commissioned police and firefighters. PFP provides retirement, disability, and death benefits to plan members and beneficiaries. The City does not issue a separate report that includes financial statements and required supplementary information for PFP.

Summary of Benefit Provisions -

Plan A is applicable to members who were hired on/after April 1, 1995 or who were hired prior to that date, but elected Plan A coverage.

Plan B is applicable to members who were employed on/after April 11, 1984 or who, prior to April 11, 1984, elected Plan B coverage.

Plan C is applicable to members who were employed before April 11, 1984 and did not elect to move to Plan B or A.

*Regular Pay* - All plans include member's base pay and City's contributions to the Post-Employment Health Plan for the last consecutive 26 bi-weekly pay periods, or in the case of a demotion, the highest consecutive 26 bi-weekly pay periods.

*Normal Retirement Age* – Plan A: Age 50  
Plans B and C: Age 53

*Normal Retirement* – Plan A: Normal retirement age and 25 years of service.  
Plans B and C: Normal retirement age and 21 years of service.

*Amount of Pension* –

Plan A: 2.56% of regular pay times years of service to a maximum of 64% of regular pay.

Plan B: 58% of regular pay with 21 years of service, plus 2% of regular pay for each year of service rendered after becoming eligible for retirement to a maximum increase of 10%.

Plan C: 54% of regular pay with 21 years of service, plus 2% of regular pay for each year of service rendered after becoming eligible for retirement to a maximum increase of 10%.

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*Early Retirement* - Eligibility for all plans is age 50 and 21 years of service.

Amount of Pension –

Plan A: 2.56% of regular pay times years of service up to a maximum of 64% of regular pay.

Plan B and C: 52% and 48% of regular pay, respectively, plus 2% of regular pay for each year of service rendered after becoming eligible, up to a maximum increase of 6%.

*Partial Annuity* - Eligibility for all plans is early retirement age and 10, or more, years of service.

Amount of Pension –

Plan A: 2.56% of regular pay times years of service.

Plan B: 58% of regular pay with 21 years of service. Members with less than 21 years of service receive a ratio of years of service to 21 years of 58% of regular pay.

Plan C: 54% of regular pay with 21 years of service. Members with less than 21 years of service receive a ratio of years of service to 21 years of 54% of regular pay.

*Deferred Annuity (Vested Termination)* - Eligibility for all plans is age less than early retirement age and 10, or more, years of service. Payments begin at age 50.

Amount of Pension –

Plan A: 2.56% of regular pay times years of service.

Plan B: 58% of regular pay with 21 years of service. Members with less than 21 years of service receive a ratio of years of service to 21 years of 58% of regular pay.

Plan C: 54% of regular pay with 21 years of service. Members with less than 21 years of service receive a ratio of years of service to 21 years of 54% of regular pay.

*Duty-Related Disability* - Eligibility for all plans is permanent inability to perform the duties of the position from a cause occurring while in line of duty.

Amount of Pension –

Plan A: 58% of regular pay.

Plan B and C: A benefit equal to 58% or 54% of regular pay, respectively, plus 2% of regular pay for each year of service rendered after becoming eligible for retirement, to a maximum increase of 10% of regular pay.

Such benefits shall continue after the member's death to the member's surviving spouse (until their death or remarriage), minor children or designated beneficiary (at a reduced amount). The above amounts are subject to deduction of the amount received from worker's compensation.

*Non-Duty Disability* - Eligibility for all plans is permanent inability to perform duties of position from a cause not occurring in the line of duty.

Amount of Pension – equal to the following percent of regular pay:

<u>Years of Service (YOS)</u>	<u>Plan A</u>	<u>Plan B</u>	<u>Plan C</u>
5 ≤ YOS < 10	23%	23%	21%
10 ≤ YOS < 15	39%	39%	36%
YOS ≥ 15	53%	53%	49%

*Duty-Related Death* - Eligibility for all plans is an active member death in the line of duty, or as a result of injuries received while in the line of duty.

Amount of Pension –

Spouse beneficiary paid at duty disability rate until remarriage or death. Upon spouse's remarriage or death, dependent children paid at same rate until age 19. Non-spouse beneficiary paid at 100% survivor rate for lifetime. The above amounts are subject to deduction of the amount received from worker's compensation.

*Non-Duty Death* - Eligibility for all plans is member dies from non-duty related cause and 5 years of service.

Amount of Pension - Benefits which would have been payable as a non-duty disability awarded the day prior to death (joint and 100% survivor).

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*Death After Retirement – Remainder Refund* - Eligibility for members employed on January 1, 1992, or hired between January 1, 1992, and March 31, 2010.

Upon retirement, the member's balance of contributions plus accrued interest is reduced each month by a level amount equal to the member's balance divided by the expected number of payments. Once both the member and, if applicable, their joint annuitant have died, the remaining balance is paid as a lump sum to a designated beneficiary. The expected number of monthly payments is established in the Internal Revenue Code in effect April 1, 2010, and depends on the age of the retiree at retirement, or the combined ages of the retiree and joint annuitant.

*Non-Vested Termination* - Eligibility for all plans includes termination of employment and no pension is or will become payable.

Amount of Benefit – all plans will refund member's contributions plus annual interest.

*Employee Contributions* - Plan A: 8.0% of pay  
Plan B: 7.6% of pay  
Plan C: 7.0% of pay

Upon reaching 21 years of service, member contributions are discontinued for Plans B and C.

Cost of Living Adjustments (COLA) – Eligibility requirements include receiving benefits for at least twelve months preceding September 1. The lump sum payment will be a base amount of \$750 effective 9/1/1994. The lump sum payment amount will be annually increased by the lesser of three percent or the percentage increase in the Consumer Price Index for the last full calendar year prior to each September 1.

Deferred Retirement Option Plan (DROP) - The City has established 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. The balance held by the third party DROP administrator at August 31, 2017, is \$7,146,791.

Membership of the pension plan consisted of the following at August 31, 2017, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	515
Terminated plan members entitled to but not yet receiving benefits	24
Active plan members (non-DROP)	576
Death benefit refund due	2
DROP members	43
Total	<u>1,160</u>
Number of participating employers	<u>1</u>

Funding Policy – The contribution requirements of plan members and the City are established by City Ordinance 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. It is recommended that the City contribute an actuarially determined amount; the contribution amount for fiscal year 2017 was \$7,829,103. For the fiscal year ended August 31, 2017, the Plan received \$7,974,731 in employer contributions.

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Actuarial Methods and Assumptions – The annual required contribution for the current year was determined as part of the August 31, 2015, 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 6.40% per year compounded annually, (b) projected salary increases of 7.3% grading down to 3.5% per year, including wage inflation at 2.5%, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using a five year smoothed market method. The unfunded actuarial accrued liability is being amortized as a level percentage of payrolls on a closed basis over a remaining period of twenty-nine years.

Net Pension Liability

The components of the net pension liability of the PFP at August 31, 2017, were as follows:

Total pension liability	\$ 285,038,672
Plan fiduciary net position	(233,140,335)
Net pension liability	<u>\$ 51,898,337</u>

Plan fiduciary net position as a percentage of the total pension liability	81.79%
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The total pension liability was determined by an actuarial valuation using the entry age normal cost method and calculated based on the discount rate and actuarial assumptions below.

Valuation date	August 31, 2017
Measurement date	August 31, 2017

Assumptions

The total pension liability as of August 31, 2017, was determined by an actuarial valuation performed as of August 31, 2017, using the following key actuarial assumptions:

Price inflation	2.50%
Salary increases, including wage inflation	3.50% to 7.30%
Long-term Rate of Return, net of investment expense, including price inflation	7.50%
Single Equivalent Interest Rate, net of investment expense, including price inflation	7.50%
Post-retirement adjustment	COLA benefit payments are assumed to increase 2.50% each year.
Mortality	Mortality rates are based on the RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Retirees with Generational Projection using Scale AA.

The actuarial assumptions that determined the total pension liability as of August 31, 2017, (with the exception of the investment return assumption) were based on the results of the most recent actuarial experience study for the five-year period ending August 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability at August 31, 2017, was 7.50%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be equal to the actuarially determined contribution rates determined in the actuarial valuation prepared two years prior to the current fiscal year end. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on



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plan investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability. Projected future benefit payments for all current pension members were projected through 2116.

Long-Term Rate of Return – The long-term expected rate of return on pension plan investments is generally reviewed on a regular basis as part of an experience study. The 7.50% long-term assumed rate of return for both the current and prior measurement date was actuarially developed. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by investment consultants. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

Best estimate of geometric real rate of return for each major asset class included in the pension plan's target asset allocation as of August 31, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Developed Markets Equity	50.0 %	5.3 %
Emerging Markets Equity	5.0	6.5
Private Equity	5.0	8.7
Core Real Estate	15.0	5.0
Value-Added Real Estate	5.0	7.7
Low Vol Strategies	5.0	2.5
Core Fixed Income	10.0	0.4
Opportunistic Fixed Income	5.0	1.4
Total	<u>100.0 %</u>	

\* Geometric mean, net of investment expense.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
Net pension liability	\$ 86,356,108	51,898,337	22,922,224

Rate of Return - For the year ended August 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PFP financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred. Employee and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the plan terms.

Investments as reported in the financial statements include long-term investments. Law or legal instruments may restrict these investments. All investments are stated at fair value based on quoted market prices. For investments where no readily ascertainable fair value exists, management has received an estimate of fair value from the investment fund manager based, in part, on real estate appraisals.

There have been no changes since the measurement date that would materially alter the pension plan financial report.

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Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2016	\$ 271,594,222	213,857,935	57,736,287
Changes for the year:			
Service cost at end of year	7,117,899	-	7,117,899
Interest on TPL	19,817,083	-	19,817,083
Difference between expected and actual experience	1,513,600	-	1,513,600
Employer contributions	-	7,974,731	(7,974,731)
Employee contributions	-	3,112,583	(3,112,583)
Net investment income	-	23,644,797	(23,644,797)
Benefit payments, including member refunds	(15,004,132)	(15,004,132)	-
Administrative expenses	-	(445,579)	445,579
Net changes	13,444,450	19,282,400	(5,837,950)
Balances at August 31, 2017	\$ 285,038,672	233,140,335	51,898,337

Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources  
As of August 31, 2017

Differences between expected and actual experience	\$ 5,280,141
Differences between projected and actual earnings	2,031,632
Change in the City's proportion of the collective net pension liability since the prior measurement date	158,282
Change in the Emergency Medical Services Fund's proportion of the collective net pension liability since the prior measurement date	140,763
Total	\$ 7,610,818

Deferred Inflows of Resources  
As of August 31, 2017

Differences between expected and actual experience	\$ 2,339,188
Changes of assumptions	12,719,909
Change in the City's proportion of the collective net pension liability since the prior measurement date	140,763
Change in the Emergency Medical Services Fund's proportion of the collective net pension liability since the prior measurement date	158,282
Total	\$ 15,358,142

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Amounts reported as Deferred Outflows and Inflows of Resources related to pensions will be recognized in pension expense in future fiscal years as follows:

<u>Fiscal Year Ending August 31</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows/Inflows of Resources</u>
2018	\$ 3,966,734	(4,165,881)	(199,147)
2019	3,966,735	(4,165,881)	(199,146)
2020	(58,840)	(4,165,881)	(4,224,721)
2021	(656,887)	(2,499,207)	(3,156,094)
2022	267,094	(347,430)	(80,336)
Thereafter	125,982	(13,862)	112,120
	<u>\$ 7,610,818</u>	<u>(15,358,142)</u>	<u>(7,747,324)</u>

Pension Expense

The calculation of the pension expense for the year ended August 31, 2017, is shown below:

Pension Expense For the Fiscal Year Ended August 31, 2017	
Service cost at end of year	\$ 7,117,899
Interest on the total pension liability	19,817,083
Expensed portion of current-period difference between expected and actual experience in the total pension liability	233,580
Employee contributions	(3,112,583)
Projected earnings on plan investments	(15,878,713)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(1,553,217)
Administrative expenses	445,579
Recognition of beginning deferred outflows of resources	5,257,487
Recognition of beginning deferred inflows of resources	(4,136,997)
Total Pension Expense	<u>\$ 8,190,118</u>

ELECTRIC SYSTEM

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

LES has a defined contribution retirement plan created in accordance with Internal Revenue Code Section 401(K). The plan assets are held, managed and administered by a custodian. The plan was established under the authority of the LES administrative board and contributions are also established by the administrative board. LES' contribution is equal to 200% of the employees' contributions, up to 5% of applicable compensation for employees hired prior to 1/1/11. For employees hired after 1/1/11, LES' contribution is equal to 100% of employee's contributions up to 10% of applicable compensation. Vesting of LES contributions occurs over a three-year period. Employee forfeitures are used to reduce future employer contributions. For the year ended December 31, 2016, LES incurred contribution expense of approximately \$4,201,000 or 10.02% of covered payroll and its employees contributed approximately \$3,227,000 or 7.70% of covered payroll.

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**DEPARTMENT DIRECTORS**

Directors of City departments are eligible the first of the month following the date employed to be covered by the Director's Money Purchase Plan, established by City Ordinance, and administered by an insurance company. The Plan is a defined contribution plan requiring contributions determined by the employees' date of hire. The City contributes 6% to 12% and the employee contributes 0% to 6% of earned income in one calendar year. Employees covered by the Plan may also make voluntary contributions. Participant accounts are immediately 100% vested. Total and covered payroll for the year ended December 31, 2016, was \$1,786,854. City contributions totaled \$173,284 or 9.70% of covered payroll and employee contributions totaled \$37,665 or 2.11% of covered payroll. There were no voluntary employee contributions made for the year ended December 31, 2016.

**ALL OTHER CITY EMPLOYEES**

All other City employees are eligible after 6 months' service and age 19 to be covered under the City's Money Purchase Pension Plan, established by City Ordinance, and administered by an insurance company. Enrollment in the program is mandatory at age 40 with 5 years service. Vesting occurs in increments between 3 and 7 years of enrollment in the plan. The Plan is a defined contribution plan requiring employees to contribute at a rate determined by the employees' bargaining unit and date of hire. The City contributes between \$1.29 and \$2.00 for every \$1.00 contributed by employees. Employee forfeitures are used to reduce employer contributions. Employees covered by the Plan may also make voluntary contributions. During the year ended December 31, 2016, total payroll was approximately \$85,818,000 and covered payroll was approximately \$72,734,000. The City incurred contribution expense totaling \$7,998,839, which included a reduction in expense of \$131,851 for employee forfeitures. Employer contributions were 11.00% of covered payroll and employee contributions totaled \$4,342,038 or 5.97% of covered payroll. Employees made \$197,598 in voluntary contributions for the year ended December 31, 2016.

**(14) OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

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

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

The following Net OPEB obligation balance includes amounts reported in governmental activities, business-type activities and the fiduciary trust fund.

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The net OPEB obligation as of August 31, 2017, was calculated as follows:  
(Dollar amounts in thousands)

Annual required contribution	\$ 2,035
Interest on net OPEB obligation	551
Adjustment to annual required contribution	(741)
Annual OPEB cost	<u>1,845</u>
Contributions made	(514)
Increase in net OPEB obligation	<u>1,331</u>
Net OPEB obligation-beginning	<u>12,959</u>
Net OPEB obligation-ending	<u><u>\$ 14,290</u></u>

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

Year Ended August 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 1,845,000	28.0 %	\$ 14,290,000
2016	1,836,000	28.0	12,959,000
2015	2,144,000	28.9	11,637,000

Funded Status and Funding Progress – As of September 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial liability for benefits was \$17,273,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,273,000. Annual covered payroll was approximately \$129,096,000, and the ratio of the UAAL to the covered payroll was 13.4%.

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 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, 2015, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.25% discount rate and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5.0% for 2026 and beyond. The general inflation rate used for derivation of these calculations is 2.5%. Participation assumptions include 60% of eligible civilian members and 50% of eligible Fire/Police members electing coverage, with 25% participation assumed for both civilian and Fire/Police spouses, respectively. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a period of thirty years.

PEHP – Defined Contribution Plan

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

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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 \$1,327,000.

Long-Term Disability Plan

The City also provides employees with long-term disability benefits when they become disabled due to a non-work related accident or illness and are unable to perform their essential job functions. Results of an actuarial valuation have not been included here as it did not have a significant impact on the City's financial statements.

**(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 2016 tax levy, for the 2016-2017 fiscal year, was \$145,337,630 below the legal limit, with a tax rate per \$100 valuation of \$0.3337. The assessed value upon which the 2016 levy was based was \$18,870,825,564.

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 2016-2017 are recorded as revenue in the fund financial statements when expected to be collected within 60 days after August 31, 2017. 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 unavailable 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, 2017, the City had a self-insured retention for workers' compensation exposures up to \$800,000 per claim; law enforcement liability, commercial general liability, public officials liability, public transportation liability, EMT and medical professional liability, and auto liability exposures up to \$250,000 per occurrence; all-risk property exposures up to \$75,000 per occurrence; health care claims of \$150,000 per person; self-insured dental benefits; and self-insured employee long-term disability benefits.

The City also obtained excess liability insurance coverage in the current year. Workers' compensation was covered by a policy that provided statutory limits above the City's retention of \$800,000 per individual. Law enforcement, commercial general, public officials, public transportation, EMT and medical professional, and

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auto liabilities were covered by an aggregate policy that provided limits of \$6 million per occurrence with a \$12 million annual aggregate above the City's \$250,000 retention.

All-risk property exposures were covered by an insurance policy with a total property limit of \$500,000,000 over the City's retention of \$75,000. Healthcare was covered by an unlimited stop loss insurance policy above the \$150,000 retention per claim. 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, and auto liability exposures. Such analysis has been used to assist the City with its financial planning and management of the self-insurance program. Included in the specific objectives of the studies were to:

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

The City funds its self-insurance program on an "incurred loss" basis. The governmental and proprietary funds pay annual premium amounts, based on past experience of incurred losses, to the Insurance Revolving Fund. Claim liabilities of \$10,597,177 were recorded at August 31, 2017, which do not include claims relating to Lincoln Electric System's self-funded health and dental insurance programs. Excluding medical care claims approximating \$1,798,000, 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 1.25% discount rate. The City has purchased no annuity contracts in the current fiscal year to resolve City of Lincoln claims.

The following is a summary of the changes in the estimated claims liability for the years ended August 31, 2017 and 2016:

	Worker's Compensation and Others	Long-Term Disability	Health and Dental	Total
Balance at September 1, 2016	\$ 6,972,000	1,005,951	1,981,261	9,959,212
Current year claims and changes in estimates	3,351,344	143,409	27,723,659	31,218,412
Claims payments	(2,568,344)	(104,721)	(27,907,382)	(30,580,447)
Balance at August 31, 2017	<u>\$ 7,755,000</u>	<u>1,044,639</u>	<u>1,797,538</u>	<u>10,597,177</u>

	Worker's Compensation and Others	Long-Term Disability	Health and Dental	Total
Balance at September 1, 2015	\$ 7,414,000	983,115	2,653,990	11,051,105
Current year claims and changes in estimates	2,251,839	92,793	28,228,422	30,573,054
Claims payments	(2,693,839)	(69,957)	(28,901,151)	(31,664,947)
Balance at August 31, 2016	<u>\$ 6,972,000</u>	<u>1,005,951</u>	<u>1,981,261</u>	<u>9,959,212</u>

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**LINCOLN ELECTRIC SYSTEM**

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

	2016	2015
Balance beginning of year	\$ 508,000	1,513,000
Claims and fees incurred	6,430,000	6,348,000
Claims paid/other	(6,397,000)	(7,353,000)
Balance end of year	\$ <u>541,000</u>	<u>508,000</u>

As required by state statute, LES maintains an incurred but not reported claims reserve which is actuarially determined, the balance of which was \$541,000 and \$508,000 at December 31, 2016 and 2015, respectively. LES established two separate bank accounts for the self-funded employee health and dental insurance plan reserve to ensure compliance with statutory requirements. Although not required by the statute, LES maintains excess insurance that limits the total claims liability for each plan year to not more than 125% of the expected claims liability, up to an annual aggregate maximum of \$1,000,000.

**(17) COMMITMENTS AND CONTINGENCIES**

**GENERAL**

The City participates in a number of federal and state assisted grant programs. Federal and state 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, 2017, approximately 96% of the full-time, regular City's employees are represented by a Union. Labor contracts involving civilian City employees are negotiated to cover, at a minimum, a two-year period coinciding with the biennial budget process.

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

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

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

**STREET CONSTRUCTION PROJECTS**

The City's Street Construction Fund has commitments under major construction contracts in progress of approximately \$8,615,000 as of August 31, 2017, which will be financed primarily through highway user fees, bond proceeds, federal and state grants, and developer contributions. The City also has a funding obligation of approximately \$31,400,000 to the State of Nebraska for the South Beltway Project.



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WEST HAYMARKET JOINT PUBLIC AGENCY

In connection with the West Haymarket Development Project, the WHJPA is involved with the clean-up and remediation of several development sites relating to soil and groundwater contamination. This clean-up and remediation is performed as sites are developed, as the WHJPA has not been designated as a potentially responsible party (PRP or equivalent status) by any regulatory agency requiring the immediate clean-up of impacted areas. Although future costs may be incurred, it is not possible at this time to reasonably estimate the amount of any obligation for remediation activities because of uncertainties with respect to assessing the extent of the contamination or the applicable regulatory requirements. No liability has been recorded for potential future remediation activities as of August 31, 2017.

LINCOLN WASTEWATER SYSTEM

The Lincoln Wastewater System has commitments under major construction contracts in progress of approximately \$8,500,000 as of August 31, 2017.

LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately \$11,400,000 as of August 31, 2017.

LINCOLN ELECTRIC SYSTEM

LES has an allocation from the U.S. Department of Energy, through Western Area Power Administration (WAPA), of firm power under contract from Upper Missouri Basin hydroelectric plants of approximately 56 MW. LES has also received an allocation of 72 MW of firm peaking power from WAPA for the six month summer season and 22 MW for the remaining months. LES' contract routinely has been extended by amendment and currently runs through 2020.

LES has participation contracts in two existing Nebraska Public Power District (NPPD) power plants that provide for an entitlement to a thirty percent (65 MW) and eight percent (109 MW) of the output of the Sheldon Station Power Plant (nominally rated 215 MW coal plant) and Gerald Gentleman Station Power Plant (nominally rated 1,365 MW coal plant), respectively. NPPD plans to replace one of the two coal-fired boilers at the Sheldon Station with one that uses hydrogen fuel. NPPD and LES are in discussion regarding how this plant conversion impacts the participation agreement between LES and NPPD.

LES is responsible for its respective participating interests in the two facilities' capital additions and improvements. LES recognizes its share of capital acquisition costs and debt service payments as power costs in the period the costs are billed with the exception of costs approved for deferral under GASB Codification Section RE10, *Regulated Operations*. Fixed cost payments under the agreements are on a participation basis whether or not such plants are operating or operable.

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 fixed cost payments to NPPD under these contracts, including capital additions and improvements, debt service payments, fixed costs and credits were \$18,486,000 in 2016.

Through the participation contracts LES may be required to pay costs associated with compliance with environmental regulations.

LES also participates in three wind plants through direct Power Purchase Agreements with the plant's developer/owner: 100 MW Arbuckle Mountain Wind farm in Oklahoma, 100 MW Buckeye Wind Energy Center in Kansas and 73 MW Prairie Breeze II Wind Energy Center in Nebraska. These wind energy facilities were placed in commercial operation in 2015. LES also participates in four Nebraska-based wind plants through Power Sales Agreements with NPPD: Laredo Ridge (10 MW), Broken Bow (10 MW), Elkhorn Ridge (6 MW), and Crofton Bluffs (3 MW). For each of these plants, NPPD has the actual Power Purchase Agreement with the wind plant developer/owner.

(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 position date. These costs are accounted for in the Solid Waste Management Fund, a nonmajor enterprise fund.

At August 31, 2017, the City had incurred a liability of approximately \$13,933,000 for the municipal solid waste landfill which represents the amount of costs reported to date based on the approximately 61% of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$8.8 million, which will be recognized as the remaining capacity is used (estimated to be approximately 16 years).

As of August 31, 2017, the City had incurred a liability of approximately \$1,333,000 for the construction and demolition debris landfill which represents the amount of costs reported to date based on the approximately 69% of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$603,000, which will be recognized as the remaining capacity is used (estimated to be approximately 10 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, 2017, a liability for closure and postclosure care costs is recorded in the amount of approximately \$6,628,500, as determined by an independent engineering consultant. If any unanticipated corrective action costs related to landfill gas migration or groundwater contamination are identified through current monitoring procedures, then an additional accrued liability will be recorded once these costs can be reasonably estimated.

(19) **SEGMENT INFORMATION**

The City has issued revenue bonds and other debt instruments to finance capital construction and acquisitions for both the Urban Development and Public Works/Utilities Departments. The Parking Facilities Division of the Urban Development Department operates the City's downtown parking garages and is accounted for in the Parking System Fund. The Solid Waste Management Division 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, 2017, is presented as follows:

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

	Parking Facilities	Solid Waste Management
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets:		
Current Assets, excluding Due from Other Funds	\$ 6,474,450	6,281,523
Due from Other Funds	28,120	9,428
Other Assets	8,898,504	4,446,338
Capital Assets, Net	58,404,080	30,469,432
Total Assets	<u>73,805,154</u>	<u>41,206,721</u>
Deferred Outflows of Resources	<u>-</u>	<u>21,158</u>
Liabilities:		
Current Liabilities, excluding Due to Other Funds	3,748,569	1,986,831
Due to Other Funds	786	2,732
Noncurrent Liabilities	24,221,766	32,653,382
Total Liabilities	<u>27,971,121</u>	<u>34,642,945</u>
Net Position:		
Net Investment in Capital Assets	34,821,935	20,512,403
Restricted	2,793,808	32,181
Unrestricted	8,218,290	(13,959,650)
Total Net Position	<u>\$ 45,834,033</u>	<u>6,584,934</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION</b>		
Operating Revenues	\$ 12,583,732	8,893,740
Depreciation Expense	(2,154,466)	(2,147,310)
Other Operating Expenses	(4,905,848)	(9,396,583)
Operating Income (Loss)	<u>5,523,418</u>	<u>(2,650,153)</u>
Nonoperating Revenues (Expenses):		
Investment Earnings	91,178	74,422
Loss on Disposal of Capital Assets	-	(1,404,762)
Insurance Recovery	-	95,435
Occupation Tax	-	3,729,059
Interest Expense and Fiscal Charges	(1,076,523)	(184,540)
Capital Contributions	-	112,100
Transfers	(1,959,291)	(688,215)
Change in Net Position	<u>2,578,782</u>	<u>(916,654)</u>
Beginning Net Position	43,255,251	7,501,588
Ending Net Position	<u>\$ 45,834,033</u>	<u>6,584,934</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash Provided (Used) by:		
Operating Activities	\$ 7,603,931	1,081,041
Noncapital Financing Activities	(2,095,026)	2,448,014
Capital and Related Financing Activities	(3,247,136)	(4,210,896)
Investing Activities	(2,426,109)	577,473
Net Decrease in Cash	<u>(164,340)</u>	<u>(104,368)</u>
Beginning Balance	3,553,127	500,651
Ending Balance	<u>\$ 3,388,787</u>	<u>396,283</u>

**(20) 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 all outstanding wastewater revenue bonds and loans. Proceeds from the debt provided financing for improvements to the sanitary sewer system, as well as refunding prior year wastewater debt. The debt is payable solely from the net earnings of the Wastewater System and is payable through 2034. The total principal and interest remaining to be paid is \$92,890,580, with annual payments expected to require 47% of net revenues. Principal and interest paid for the current year and net system revenues were \$7,381,615 and \$15,789,905, respectively.

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

The City has pledged future revenues derived from the operation of the Lincoln Water System, net of operating and maintenance expenses, to repay all outstanding water revenue bonds and loans. Proceeds from the debt provided financing for improvements to the water supply system, as well as refunding prior water revenue bonds. The debt is payable solely from the net earnings of the Water System and is payable through 2034. The total principal and interest remaining to be paid is \$63,272,467, with annual payments expected to require 31% of net revenues. Principal and interest paid for the current year and net system revenues were \$6,430,159 and \$20,601,467, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Electric System, net of operating and maintenance expenses, to repay all outstanding 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 2040. The total principal and interest remaining to be paid on the bonds is \$863,340,000, with annual payments expected to require 49% of net revenues. Principal and interest paid for the current year and net system revenues were \$48,188,000 and \$98,804,000, respectively.

The City has pledged future revenues derived from the operation of the Lincoln Parking System, net of operating and maintenance expenses, and amounts, if any, distributed by the State for street purposes to repay all outstanding parking revenue bonds. Proceeds from the bonds provided financing for construction and improvements to the parking system, as well as refunding prior revenue bonds. The bonds are payable solely from the net earnings of the Parking System and are payable through 2032. The total principal and interest remaining to be paid on the bonds is \$34,793,524, with annual payments expected to require 37% of net revenues. Principal and interest paid for the current year and net system revenues were \$2,415,315 and \$7,769,062, 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 outstanding solid waste management revenue bonds. Proceeds from the bonds provided financing for improvements to the solid waste facilities and to refund prior revenue bonds. The bonds are payable solely from the net earnings of the Solid Waste System and are payable through 2035. The total principal and interest remaining to be paid on the bonds is \$13,754,366, with annual payments expected to require 30% of net revenues. Principal and interest paid for the current year and net system revenues were \$1,177,096 and \$3,235,931 respectively.

**(21) 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, 2017, the City made rental payments of approximately \$3.0 million to the Commission.

As of August 31, 2017, the Commission has debt outstanding of \$37,476,786. Bond and note proceeds 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 these 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.

For certain bonds 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 building occupancy. Such contributions are expected to be minimal and will be expensed in the appropriate funds when incurred.

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

For all other debt, funded through rental payments, the City's proportionate share is recorded as capital assets and the corresponding debt is reflected as capital lease long-term obligations in the City's statement of net position. Lease payments are not recorded as capital lease payments in the Debt Service Funds' financial statements but rather are recorded as current expenditures in the various individual funds at the time the payment is made.

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.

**(22) TAX ABATEMENTS**

As of August 31, 2017, the City provides tax abatements through three programs - the Tax Increment Financing (TIF) program, the Employment and Investment Growth Act, and the Nebraska Advantage Act:

The Tax Increment Financing Law allows for the increased property taxes generated by the improvement of blighted property to be used to pay for the financing of community redevelopment/TIF projects. The statutes for community redevelopment/TIF are found in Neb.Rev.Stat. SS 18-2101 through 18-2150. The City must declare the area as substandard, blighted, and in need of redevelopment. The City is required to prepare a redevelopment plan. TIF bonds may be issued for the acquisition of property, site preparation, and public improvements. An agreement is entered into between the City and the Developer and a base valuation is established. The base property valuation remains assessable to all taxing entities. Any increase in value and resulting taxes are used to pay off the debt incurred for the redevelopment project. The project must not exceed a 15-year period. Currently, the City has Developer TIF bonds that extend through December 31, 2032.

For the year ended August 31, 2017, the City abated \$1,427,728 in property tax revenue under the tax increment financing program.

The Employment and Investment Growth Act and the Nebraska Advantage Act provide benefits in the form of sales tax rebates for businesses which invest and/or increase employment by specified amounts (Neb.Rev.Stat. SS 77-4101 et. seq). Businesses that qualify must be involved in research, data processing, finance or insurance, manufacturing, technology-related services or a headquarters operation. The Act is available to businesses transporting, wholesaling, storing, or selling products, but not retailers who do not make their own products. Businesses must propose a qualifying project and be approved by the State of Nebraska Department of Revenue. The obligations of each party are set out in a contract with the State. If the project qualifies for benefits, but later falls below the required levels of jobs or investment, the company receives no benefits for that year and one-seventh of the benefits already received are recaptured for each year the company fails to qualify.

For the year ended August 31, 2017, the City abated \$967,044 in sales tax revenue under these two programs.

**(23) JOINTLY OWNED FACILITIES**

Laramie River Station (LRS)

LES is a 12.76% co-owner of the Missouri Basin Power Project that includes LRS, a coal-fired generating station in eastern Wyoming and a related transmission system. LES has sold approximately 13% of its ownership in LRS to Municipal Energy Agency of Nebraska (MEAN). Costs, net of accumulated depreciation, and excluding costs allocated to MEAN for its ownership share, associated with LRS of approximately \$26.8 million are reflected in utility plant at December 31, 2016.

LRS has certain postretirement obligations, which have not yet been billed to the owners, as these costs are not due and payable. Thus, LES has not reflected these costs in its financial statements. As a co-owner of LRS, LES' allocation of these postretirement obligations was \$1.2 million at December 31, 2016.

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 section of the agreement which provides for the County to pay LES monthly payments for the capital budget, processing and dispatch costs was amended in September 2016. The monthly payments are subject to true-up each January 1 based on actual costs (as compared to budget) of LRS. The agreement remains in effect until either the final maturity occurs on any LRS related debt or LRS is removed from commercial operation. During 2016 LES billed the County approximately \$3 million for demand and energy charges.

CITY OF LINCOLN, NEBRASKA  
Notes to the Financial Statements  
August 31, 2017

Walter Scott Energy Center (WSEC #4)

MidAmerican Energy's Walter Scott Energy Center includes four coal-fired units. LES maintains ownership interest in 12.66% of WSEC #4. In order to minimize unit outage risk, LES has executed a power purchase and sales agreement with MidAmerican Energy to "swap" capacity and energy from LES' WSEC #4 ownership with capacity and energy from WSEC #3. Under this agreement, beginning in 2009, LES will schedule 50 MW of capacity and energy from WSEC #3 and 53 MW of capacity and energy from WSEC #4. This twenty year unit agreement can be extended through mutual agreement of the parties. LES is responsible for the operation and maintenance expense and maintains a fuel inventory at the plant site. LES issued debt in conjunction with the construction of WSEC #4 and has capitalized these costs plus interest. Costs, net of accumulated depreciation, associated with WSEC #4 of approximately \$135 million are reflected in utility plant at December 31, 2016.

**(24) JOINTLY GOVERNED ORGANIZATIONS**

District Energy Corporation

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

The DEC Board of Directors, under a management agreement, has appointed LES to supervise and manage the system and business affairs of DEC. The total amount of payments to LES for management, operations, and maintenance services was approximately \$1,042,000 in 2016. The total amount of payments to LES for energy was approximately \$575,000 in 2016.

Nebraska Utility Corporation

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

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. The total payment to LES for management services was approximately \$115,000 in 2016. The total amount of payments to LES for energy was approximately \$9.8 million in 2016.

**(25) SUBSEQUENT EVENTS**

In September 2017 the City issued a payment in the amount of \$16,400,000 to the State of Nebraska Department of Transportation for the City of Lincoln's contribution towards the Lincoln South Beltway project.

In September 2017 the City issued \$13,325,000 of Sanitary Sewer Revenue Refunding Bonds, Series 2017. The bond proceeds, together with other City funds, were used to redeem \$14,730,000 of outstanding Series 2007 bonds on October 19, 2017.

In October 2017 the City issued \$4,345,000 of General Obligation Stormwater Drainage and Flood Management System Refunding Bonds, Series 2017. The bond proceeds, together with other City funds, were used to redeem \$5,075,000 of outstanding Series 2007 bonds on October 26, 2017.

In October 2017 the City issued \$3,450,000 of Certificates of Participation, Series 2017. The proceeds are to be used to purchase light poles and related equipment necessary to complete the installation of new street lights in the city.

**CITY OF LINCOLN, NEBRASKA**  
**Required Supplementary Information**  
**August 31, 2017**

**Schedule of Changes in the Police and Fire Pension (PFP) Net Pension Liability  
and Related Ratios**  
For the Fiscal Year Ended August 31

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 7,117,899	\$ 8,539,932	\$ 7,929,376	\$ 7,289,994
Interest	19,817,083	19,098,818	17,507,641	16,897,591
Differences between expected and actual experience	1,513,600	(3,351,824)	7,390,055	736,647
Effect of assumption changes or inputs	-	-	(23,499,491)	22,725,982
Benefit payments, including refunds of member contributions	(15,004,132)	(14,426,427)	(13,708,805)	(13,430,163)
Net change in total pension liability	13,444,450	9,860,499	(4,381,224)	34,220,051
Total pension liability - beginning	271,594,222	261,733,723	266,114,947	231,894,896
Total pension liability - ending (a)	<u>\$ 285,038,672</u>	<u>\$ 271,594,222</u>	<u>\$ 261,733,723</u>	<u>\$ 266,114,947</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 7,974,731	\$ 7,170,104	\$ 8,045,293	\$ 7,865,929
Contributions - employee	3,112,583	2,817,102	2,604,101	2,613,971
Net investment income	23,644,797	14,795,745	(5,843,555)	30,932,275
Benefit payments, including refunds of member contributions	(15,004,132)	(14,426,427)	(13,708,805)	(13,430,163)
Administrative expense	(445,579)	(493,860)	(444,578)	(407,146)
Net change in plan fiduciary net position	19,282,400	9,862,664	(9,347,544)	27,574,866
Plan fiduciary net position - beginning	213,857,935	203,995,271	213,342,815	185,767,949
Plan fiduciary net position - ending (b)	<u>\$ 233,140,335</u>	<u>\$ 213,857,935</u>	<u>\$ 203,995,271</u>	<u>\$ 213,342,815</u>
<b>PFP Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 51,898,337</u>	<u>\$ 57,736,287</u>	<u>\$ 57,738,452</u>	<u>\$ 52,772,132</u>
Plan fiduciary net position as a percentage of the total pension liability	81.79%	78.74%	77.94%	80.17%
Covered payroll	\$ 42,930,194	\$ 42,381,059	\$ 37,887,505	\$ 38,107,652
PFP net pension liability as a percentage of covered payroll	120.89%	136.23%	152.39%	138.48%

**Note to schedule:**

Results for the other years within the last ten years are not available and will be developed prospectively from 2014. Information prior to 2015 was restated after a change in the actuarial firm providing services.

**Changes of benefit and funding terms:**

8/31/2016 valuation - City Ordinance No. 20343, as passed by the City Council, merged the COLA Pool fund into the general pension fund. No benefits were impacted, only the funding of the benefits.

**Changes in actuarial assumptions:**

8/31/2016 valuation - Expected future investment return was increased from 6.40% to 7.50% compounded annually.

8/31/2015 valuation - Expected future investment return was reduced from 6.75% to 6.40% compounded annually.

8/31/2014 valuation - Expected future investment return was reduced from 7.50% to 6.75% compounded annually.

Assumed salary increase rates were reduced.

Mortality tables were updated from the 1994 Group Annuity Mortality tables with a 2 year set forward for males and 1 year set forward for females to the RP2000 Mortality table with generational improvements using Scale AA.

Assumed rates of retirement were generally lowered for Plans A, B and C.

The payroll growth assumption was reduced from 4.25% to 3.00%.

CITY OF LINCOLN, NEBRASKA  
Required Supplementary Information  
August 31, 2017

**Schedule of Employer Contributions for the Police and Fire Pension**  
For the Fiscal Year Ended August 31

	2017	2016	2015	2014
Actuarial determined employer contribution	\$ 7,829,103	\$ 9,666,852	\$ 8,418,199	\$ 7,377,763
Actual employer contributions	7,974,731	7,170,104	8,045,293	7,865,929
Annual contribution deficiency (excess)	<u>\$ (145,628)</u>	<u>\$ 2,496,748</u>	<u>\$ 372,906</u>	<u>\$ (488,166)</u>
Covered-employee payroll - current	\$ 42,930,194	\$ 42,381,059	\$ 37,887,505	\$ 38,107,652
Actual contributions as a percentage of covered-employee payroll	18.58%	16.92%	21.23%	20.64%

Note to Schedule:

Results for the other years within the last ten years are not available and will be developed prospectively from 2014.

Actuarially determined contribution rates are calculated as of August 31, two years prior to the end of the fiscal year in which contributions are reported.

Valuation date:	8/31/2015	8/31/2014	8/31/2013	8/31/2012
Methods and assumptions used to determine contribution rates:				
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method:	level percent, closed	level percent, closed	level percent, open	level percent, open
Remaining amortization period:	29 years	30 years	30 years	30 years
Asset valuation method:	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation:	2.50%	2.50%	4.25%	4.25%
Salary increases:	3.50% - 7.30%	3.50% - 7.30%	4.25% - 8.25%	4.25% - 8.25%
Investment rate of return:	6.40%	6.75%	7.50%	7.50%

**Schedule of Investment Returns for the Police and Fire Pension**  
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Annual money-weighted rate of return, net of investment expense	11.25%	7.36%	-3.52%	16.67%	12.42%	5.47%	12.64%	9.60%	-16.77%	-6.40%

**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, 2015	\$ 0	\$ 17,273	\$ 17,273	0.0 %	\$ 129,096	13.4 %
September 1, 2013	0	18,738	18,738	0.0	123,231	15.2
September 1, 2011	0	24,902	24,902	0.0	118,498	21.0



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## GENERAL FUND COMBINING FUNDS

GASB Statement No. 54 clarifies the definitions of the governmental fund types, resulting in a change in the activities that are reported in them. The following are reported as part of the General Fund for financial reporting purposes but are maintained individually for accounting purposes and budgetary comparisons of legally adopted budgets.

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

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

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

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

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

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING BALANCE SHEET**  
**GENERAL FUND**  
**AUGUST 31, 2017**

	General Fund	Athletic Field & Facilities Improvement	Lincoln Area Agency On Aging	911 Communication	Unemployment Compensation	Fast Forward	Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 1,514,022	84,969	37,872	109,003	4,640	191,929	1,942,435
Investments	40,151,364	896,984	876,675	3,015,899	84,621	5,351,443	50,376,986
Receivables, (Net of Allowance for Uncollectibles)							
Taxes	4,105,094	-	-	-	4,410	-	4,109,504
Accounts	1,988,202	-	-	159,936	-	-	2,148,138
Accrued Interest	116,964	4,069	4,019	12,723	271	20,243	158,289
Due from Other Funds	1,535,807	-	7,369	-	-	-	1,543,176
Due from Other Governments	13,935,506	-	113	-	9	-	13,935,628
Inventories	275,164	-	-	-	-	-	275,164
Prepaid Items	165,090	-	-	-	-	-	165,090
Total Assets	<u>63,787,213</u>	<u>986,022</u>	<u>926,048</u>	<u>3,297,561</u>	<u>93,951</u>	<u>5,563,615</u>	<u>74,654,410</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	1,200,704	-	40,635	11,779	-	-	1,253,118
Accrued Liabilities	2,696,538	-	52,757	93,327	-	-	2,842,622
Due to Other Funds	691,719	-	3,627	139	-	-	695,485
Due to Other Governments	104,392	-	3,411	250	-	-	108,053
Unearned Revenue	1,046	-	-	-	-	-	1,046
Total Liabilities	<u>4,694,399</u>	<u>-</u>	<u>100,430</u>	<u>105,495</u>	<u>-</u>	<u>-</u>	<u>4,900,324</u>
Deferred Inflows of Resources:							
Unavailable Revenues	<u>1,949,479</u>	<u>-</u>	<u>-</u>	<u>149,079</u>	<u>300</u>	<u>-</u>	<u>2,098,858</u>
Fund Balances:							
Nonspendable	440,254	-	-	-	-	-	440,254
Restricted	4,278,240	-	-	-	-	-	4,278,240
Assigned	4,526,386	986,022	825,618	3,042,987	93,651	5,563,615	15,038,279
Unassigned	47,898,455	-	-	-	-	-	47,898,455
Total Fund Balances	<u>57,143,335</u>	<u>986,022</u>	<u>825,618</u>	<u>3,042,987</u>	<u>93,651</u>	<u>5,563,615</u>	<u>67,655,228</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 63,787,213</u>	<u>986,022</u>	<u>926,048</u>	<u>3,297,561</u>	<u>93,951</u>	<u>5,563,615</u>	<u>74,654,410</u>

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	General Fund	Athletic Field & Facilities Improvement	Lincoln Area Agency On Aging	911 Communication	Unemployment Compensation	Fast Forward	Total
<b>Revenues:</b>							
Taxes:							
Property	\$ 36,793,328	-	-	-	50,007	-	36,843,335
Motor Vehicle	5,710,522	-	-	-	-	-	5,710,522
Sales and Use	75,713,378	-	-	-	-	-	75,713,378
Sundry and In Lieu	62,661	-	-	-	36	-	62,697
Occupation	9,204,025	-	-	-	-	-	9,204,025
Special Assessment	7,184	-	-	-	-	-	7,184
Intergovernmental	1,995,037	-	1,311,440	601,975	-	-	3,908,452
Permits and Fees	4,079,542	-	60,347	1,102,639	-	-	5,242,528
Reimbursement for Services	7,022,260	356,996	136,861	16,672	-	-	7,532,789
Investment Earnings	492,021	8,753	6,648	25,028	528	41,898	574,876
Donations	762,866	-	722	-	-	-	763,588
Miscellaneous	505,159	27,716	767	774	-	-	534,416
Total Revenues	142,347,983	393,465	1,516,785	1,747,088	50,571	41,898	146,097,790
<b>Expenditures -- Current:</b>							
General Government	36,305,131	-	-	-	6,136	-	36,311,267
Public Safety	65,726,870	-	-	5,532,955	-	-	71,259,825
Streets and Highways	6,004,398	-	-	-	-	-	6,004,398
Culture and Recreation	15,366,713	-	-	-	-	-	15,366,713
Economic Opportunity	349,292	-	3,654,258	-	-	60,958	4,064,508
Health and Welfare	631,478	-	-	-	-	-	631,478
Total Expenditures	124,383,882	-	3,654,258	5,532,955	6,136	60,958	133,638,189
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,964,101	393,465	(2,137,473)	(3,785,867)	44,435	(19,060)	12,459,601
<b>Other Financing Sources (Uses):</b>							
Transfers In	12,630,715	-	-	-	-	-	12,630,715
Transfers In (Inter-Fund)	500,000	-	2,393,283	4,014,936	-	-	6,908,219
Transfers Out	(22,634,429)	(509,672)	-	-	-	-	(23,144,101)
Transfers Out (Inter-Fund)	(6,908,219)	-	-	-	-	-	(6,908,219)
Sale of Capital Assets	5,010	-	-	905	-	-	5,915
Total Other Financing Sources (Uses)	(16,406,923)	(509,672)	2,393,283	4,015,841	-	-	(10,507,471)
Net Change In Fund Balances	1,557,178	(116,207)	255,810	229,974	44,435	(19,060)	1,952,130
Fund Balances - Beginning	55,586,157	1,102,229	569,808	2,813,013	49,216	5,582,675	65,703,098
Fund Balances - Ending	\$ 57,143,335	986,022	825,618	3,042,987	93,651	5,563,615	67,655,228



**CITY OF LINCOLN, NEBRASKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2017**

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,675,340	2,151,334	3,555,616	39,913	11,422,203
Investments	48,907,073	11,670,953	19,726,889	66,225,065	146,529,980
Receivables, (Net of Allowance for Uncollectibles)	21,004,683	4,611,096	85,621	2,864	25,704,264
Due from Other Funds	107	-	1,631,711	-	1,631,818
Due from Other Governments	2,470,342	18,009	4,261,209	-	6,749,560
Inventories	766,991	-	-	-	766,991
Assets Held for Resale	17,976	-	-	-	17,976
	<u>78,842,512</u>	<u>18,451,392</u>	<u>29,261,046</u>	<u>66,267,842</u>	<u>192,822,792</u>
Total Assets	<u>78,842,512</u>	<u>18,451,392</u>	<u>29,261,046</u>	<u>66,267,842</u>	<u>192,822,792</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	1,373,592	-	709,536	154,465	2,237,593
Contracts Payable	-	-	490,685	-	490,685
Accrued Liabilities	1,806,148	-	-	6,868	1,813,016
Due to Other Funds	16,612,670	1,039	6,416	158	16,620,283
Due to Other Governments	422,390	-	398,901	-	821,291
Due to Other Contractors	-	5,224,291	-	-	5,224,291
Unearned Revenue	265,643	-	-	-	265,643
Total Liabilities	<u>20,480,443</u>	<u>5,225,330</u>	<u>1,605,538</u>	<u>161,491</u>	<u>27,472,802</u>
Deferred Inflows of Resources:					
Unavailable Revenues	<u>1,690,519</u>	<u>2,538,889</u>	<u>332,455</u>	<u>-</u>	<u>4,561,863</u>
Fund Balances (Deficits):					
Nonspendable	766,991	-	-	37,160,000	37,926,991
Restricted	31,658,831	9,086,748	27,307,586	28,946,351	96,999,516
Committed	1,592,063	1,600,425	-	-	3,192,488
Assigned	22,739,349	-	15,467	-	22,754,816
Unassigned	(85,684)	-	-	-	(85,684)
Total Fund Balances	<u>56,671,550</u>	<u>10,687,173</u>	<u>27,323,053</u>	<u>66,106,351</u>	<u>160,788,127</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 78,842,512</u>	<u>18,451,392</u>	<u>29,261,046</u>	<u>66,267,842</u>	<u>192,822,792</u>

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
<b>REVENUES</b>					
Taxes:					
Property	\$ 18,739,922	15,054,970	-	-	33,794,892
Wheel	-	-	18,452,773	-	18,452,773
Sales and Use	-	-	12,780,055	-	12,780,055
Sundry and In Lieu	13,559	1,586,288	-	-	1,599,847
Occupation	-	807,875	-	-	807,875
Special Assessment	5,961	1,432,237	-	-	1,438,198
Intergovernmental	26,118,763	-	1,715,610	-	27,834,373
Permits and Fees	15,459,789	-	374,289	-	15,834,078
Reimbursement for Services	1,603,809	-	-	-	1,603,809
Program Income	267,705	-	-	-	267,705
Investment Earnings	563,539	64,367	188,533	4,610,030	5,426,469
Donations	339,252	-	3,605,832	-	3,945,084
Keno Proceeds	4,795,736	-	-	-	4,795,736
Miscellaneous	748,471	216,468	970,219	170	1,935,328
Total Revenues	<u>68,656,506</u>	<u>19,162,205</u>	<u>38,087,311</u>	<u>4,610,200</u>	<u>130,516,222</u>
<b>EXPENDITURES</b>					
Current:					
General Government	13,496,876	-	-	-	13,496,876
Public Safety	9,912,146	-	-	-	9,912,146
Culture and Recreation	11,348,918	-	-	15,228	11,364,146
Economic Opportunity	8,969,758	-	-	-	8,969,758
Health and Welfare	19,719,462	-	-	2,765,681	22,485,143
Mass Transit	13,439,363	-	-	-	13,439,363
Debt Service:					
Principal Retirement	-	14,642,206	-	-	14,642,206
Interest and Fiscal Charges	-	4,669,669	-	-	4,669,669
Payments to Bond Refunding Agent	-	1,410,000	-	-	1,410,000
Debt Issuance Expense	-	159,887	21	-	159,908
Developer Purchased TIF Payments	-	7,454,759	-	-	7,454,759
Miscellaneous	-	182,911	-	-	182,911
Capital Outlay	-	-	21,124,830	-	21,124,830
Total Expenditures	<u>76,886,523</u>	<u>28,519,432</u>	<u>21,124,851</u>	<u>2,780,909</u>	<u>129,311,715</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,230,017)</u>	<u>(9,357,227)</u>	<u>16,962,460</u>	<u>1,829,291</u>	<u>1,204,507</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	16,744,850	9,573,716	7,391,445	-	33,710,011
Transfers Out	(4,033,441)	(2,211,444)	(19,771,056)	-	(26,015,941)
Issuance of Debt	-	14,735,000	710,000	-	15,445,000
Premium on Debt Issued	-	1,523,051	-	-	1,523,051
Transfer To Bond Refunding Agent	-	(16,091,516)	-	-	(16,091,516)
Sale of Capital Assets	527,282	-	11,837	-	539,119
Total Other Financing Sources (Uses)	<u>13,238,691</u>	<u>7,528,807</u>	<u>(11,657,774)</u>	<u>-</u>	<u>9,109,724</u>
Net Change in Fund Balances	5,008,674	(1,828,420)	5,304,686	1,829,291	10,314,231
Fund Balances - Beginning	<u>51,662,876</u>	<u>12,515,593</u>	<u>22,018,367</u>	<u>64,277,060</u>	<u>150,473,896</u>
Fund Balances - Ending	<u>\$ 56,671,550</u>	<u>10,687,173</u>	<u>27,323,053</u>	<u>66,106,351</u>	<u>160,788,127</u>



## NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

Lincoln Bike Share Fund – To capture the financial activity, including revenues, sponsorships, donations, user fees and expenses generated by additions to the Lincoln Bike Share Program.

**CITY OF LINCOLN, NEBRASKA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2017**

	Advance Acquisition	Cable Access Television	Lincoln City Libraries	Lincoln/ Lancaster Co. Health	Social Security	Police & Fire Pension Contributions	StarTran
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 65,297	28,956	105,733	153,618	74,582	-	2,442,578
Investments	1,790,584	792,054	2,833,117	3,956,886	2,057,987	-	4,055,047
Receivables, (Net of Allowance for Uncollectibles):							
Taxes	-	-	813,696	-	289,073	729,341	-
Accounts	-	41,791	-	33,465	-	-	24,828
Accrued Interest	6,757	2,848	7,175	14,856	7,446	-	14,066
Notes Receivable	36,819	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	77
Due from Other Governments	-	-	1,561	409,868	556	-	-
Inventories	-	-	-	-	-	-	766,991
Assets Held for Resale	-	-	-	-	-	-	-
Total Assets	<u>1,899,457</u>	<u>865,649</u>	<u>3,761,282</u>	<u>4,568,693</u>	<u>2,429,644</u>	<u>729,341</u>	<u>7,303,587</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	-	40	89,734	138,087	1,689	-	184,884
Accrued Liabilities	-	422	135,917	242,835	169,833	618,417	205,560
Due to Other Funds	-	-	394	2,047	-	-	4,073
Due to Other Governments	-	-	862	1,869	-	-	15,262
Unearned Revenue	-	-	-	-	-	-	31,635
Total Liabilities	<u>-</u>	<u>462</u>	<u>226,907</u>	<u>384,838</u>	<u>171,522</u>	<u>618,417</u>	<u>441,414</u>
Deferred Inflows of Resources:							
Unavailable Revenues	<u>37,227</u>	<u>3,269</u>	<u>129,519</u>	<u>415,000</u>	<u>45,607</u>	<u>110,924</u>	<u>-</u>
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	766,991
Restricted	1,807,509	-	-	76,408	1,796,158	-	-
Committed	-	826,358	-	-	-	-	-
Assigned	54,721	35,560	3,404,856	3,692,447	416,357	-	6,095,182
Unassigned	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>1,862,230</u>	<u>861,918</u>	<u>3,404,856</u>	<u>3,768,855</u>	<u>2,212,515</u>	<u>-</u>	<u>6,862,173</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,899,457</u>	<u>865,649</u>	<u>3,761,282</u>	<u>4,568,693</u>	<u>2,429,644</u>	<u>729,341</u>	<u>7,303,587</u>

Keno	Federal Grants	Special Assessment	Building & Safety	Impact Fees	Parks & Recreation Special Projects	Library Special Trust	RP Crawford Park	Lincoln Bike Share	Total
158,913	1,419,369	204,610	361,683	578,189	53,893	4,297	12,884	10,738	5,675,340
4,501,847	-	483,909	9,484,342	15,824,160	1,452,099	115,085	1,275,629	284,327	48,907,073
-	-	-	-	-	-	-	-	-	1,832,110
207,496	55,836	-	-	-	20,505	-	-	-	383,921
14,165	2,502	11,026	35,986	59,078	5,338	518	-	1,072	182,833
-	-	-	-	-	-	-	-	-	36,819
-	18,569,000	-	-	-	-	-	-	-	18,569,000
-	30	-	-	-	-	-	-	-	107
-	2,058,357	-	-	-	-	-	-	-	2,470,342
-	-	-	-	-	-	-	-	-	766,991
-	17,976	-	-	-	-	-	-	-	17,976
<u>4,882,421</u>	<u>22,123,070</u>	<u>699,545</u>	<u>9,882,011</u>	<u>16,461,427</u>	<u>1,531,835</u>	<u>119,900</u>	<u>1,288,513</u>	<u>296,137</u>	<u>78,842,512</u>
76,314	820,649	19,993	20,540	-	21,662	-	-	-	1,373,592
-	271,561	-	157,604	2,155	-	1,844	-	-	1,806,148
37,885	10,033	-	13,282	16,544,956	-	-	-	-	16,612,670
94,678	307,486	-	853	-	1,380	-	-	-	422,390
-	-	-	234,008	-	-	-	-	-	265,643
<u>208,877</u>	<u>1,409,729</u>	<u>19,993</u>	<u>426,287</u>	<u>16,547,111</u>	<u>23,042</u>	<u>1,844</u>	<u>-</u>	<u>-</u>	<u>20,480,443</u>
-	948,973	-	-	-	-	-	-	-	1,690,519
-	-	-	-	-	-	-	-	-	766,991
4,535,015	19,764,368	679,552	-	-	1,297,115	118,056	1,288,513	296,137	31,658,831
-	-	-	765,705	-	-	-	-	-	1,592,063
138,529	-	-	8,690,019	-	211,678	-	-	-	22,739,349
-	-	-	-	(85,684)	-	-	-	-	(85,684)
<u>4,673,544</u>	<u>19,764,368</u>	<u>679,552</u>	<u>9,455,724</u>	<u>(85,684)</u>	<u>1,508,793</u>	<u>118,056</u>	<u>1,288,513</u>	<u>296,137</u>	<u>56,671,550</u>
<u>4,882,421</u>	<u>22,123,070</u>	<u>699,545</u>	<u>9,882,011</u>	<u>16,461,427</u>	<u>1,531,835</u>	<u>119,900</u>	<u>1,288,513</u>	<u>296,137</u>	<u>78,842,512</u>

**CITY OF LINCOLN, NEBRASKA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Advance Acquisition	Cable Access Television	Lincoln City Libraries	Lincoln/ Lancaster Co. Health	Social Security	Police & Fire Pension Contributions	StarTran
Revenues:							
Real Property and							
Personal Property Tax	\$ -	-	8,315,741	-	2,958,298	7,465,883	-
Sundry and In Lieu Tax	-	-	6,003	-	2,136	5,420	-
Special Assessment	-	-	-	5,961	-	-	-
Intergovernmental	-	-	776,770	2,988,208	-	-	3,331,028
Permits and Fees	-	251,128	354,665	4,660,139	-	-	3,561,150
Reimbursement for Services	6,909	-	1,200	572,632	-	-	130,732
Program Income	-	-	-	-	-	-	-
Investment Earnings	14,168	5,727	11,557	42,950	14,349	-	28,601
Donations	-	-	-	-	-	-	-
Keno Proceeds	-	-	-	-	-	-	-
Private Sector Share of Projects	-	-	-	-	-	-	-
Miscellaneous	-	-	38,823	3,662	-	-	115,573
Total Revenues	<u>21,077</u>	<u>256,855</u>	<u>9,504,759</u>	<u>8,273,552</u>	<u>2,974,783</u>	<u>7,471,303</u>	<u>7,167,084</u>
Expenditures -- Current:							
General Government	10,726	77,386	-	-	2,701,954	7,471,303	-
Public Safety	-	-	-	-	-	-	-
Culture and Recreation	-	-	9,064,434	-	-	-	-
Economic Opportunity	-	-	-	-	-	-	-
Health and Welfare	-	-	-	14,094,422	-	-	-
Mass Transit	-	-	-	-	-	-	13,192,312
Total Expenditures	<u>10,726</u>	<u>77,386</u>	<u>9,064,434</u>	<u>14,094,422</u>	<u>2,701,954</u>	<u>7,471,303</u>	<u>13,192,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,351</u>	<u>179,469</u>	<u>440,325</u>	<u>(5,820,870)</u>	<u>272,829</u>	<u>-</u>	<u>(6,025,228)</u>
Other Financing Sources (Uses):							
Transfers In	-	-	4,000	6,635,384	7,538	-	7,235,836
Transfers Out	(10,000)	-	-	(77,146)	-	-	-
Sale of Capital Assets	507,964	580	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>497,964</u>	<u>580</u>	<u>4,000</u>	<u>6,558,238</u>	<u>7,538</u>	<u>-</u>	<u>7,235,836</u>
Net Change In Fund Balances	508,315	180,049	444,325	737,368	280,367	-	1,210,608
Fund Balances (Deficits) - Beginning	<u>1,353,915</u>	<u>681,869</u>	<u>2,960,531</u>	<u>3,031,487</u>	<u>1,932,148</u>	<u>-</u>	<u>5,651,565</u>
Fund Balances (Deficits) - Ending	<u>\$ 1,862,230</u>	<u>861,918</u>	<u>3,404,856</u>	<u>3,768,855</u>	<u>2,212,515</u>	<u>-</u>	<u>6,862,173</u>

Keno	Federal Grants	Special Assessment	Building & Safety	Impact Fees	Parks & Recreation Special Projects	Library Special Trust	RP Crawford Park	Lincoln Bike Share	Total
-	-	-	-	-	-	-	-	-	18,739,922
-	-	-	-	-	-	-	-	-	13,559
-	-	-	-	-	-	-	-	-	5,961
-	19,022,757	-	-	-	-	-	-	-	26,118,763
-	224,327	-	6,263,748	144,632	-	-	-	-	15,459,789
-	612,595	-	136,771	-	142,970	-	-	-	1,603,809
-	267,705	-	-	-	-	-	-	-	267,705
31,962	5,611	26,895	75,301	-	11,150	1,234	291,551	2,483	563,539
-	22,216	-	-	-	199,348	98,354	-	19,334	339,252
4,795,736	-	-	-	-	-	-	-	-	4,795,736
-	77,050	300,188	-	-	80,950	-	-	-	458,188
-	42,117	1,528	310	-	88,270	-	-	-	290,283
4,827,698	20,274,378	328,611	6,476,130	144,632	522,688	99,588	291,551	21,817	68,656,506
1,800,934	267,550	1,047,961	-	119,062	-	-	-	-	13,496,876
-	3,574,528	-	6,337,618	-	-	-	-	-	9,912,146
615,632	1,078,872	-	-	-	463,393	126,587	-	-	11,348,918
-	8,969,758	-	-	-	-	-	-	-	8,969,758
-	5,625,040	-	-	-	-	-	-	-	19,719,462
-	246,985	-	-	-	-	-	-	66	13,439,363
2,416,566	19,762,733	1,047,961	6,337,618	119,062	463,393	126,587	-	66	76,886,523
2,411,132	511,645	(719,350)	138,512	25,570	59,295	(26,999)	291,551	21,751	(8,230,017)
-	519,588	1,190,442	1,148,838	-	3,224	-	-	-	16,744,850
(2,906,888)	(717,992)	(300,188)	(10,000)	-	(11,227)	-	-	-	(4,033,441)
-	-	-	238	-	18,500	-	-	-	527,282
(2,906,888)	(198,404)	890,254	1,139,076	-	10,497	-	-	-	13,238,691
(495,756)	313,241	170,904	1,277,588	25,570	69,792	(26,999)	291,551	21,751	5,008,674
5,169,300	19,451,127	508,648	8,178,136	(111,254)	1,439,001	145,055	996,962	274,386	51,662,876
4,673,544	19,764,368	679,552	9,455,724	(85,684)	1,508,793	118,056	1,288,513	296,137	56,671,550





## NONMAJOR DEBT SERVICE FUNDS

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

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

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

- 2007 Certificates of Participation – Street Lights
- 2007 Stormwater Drainage and Flood Management System Bonds
- 2008 Certificates of Participation – Street Lights
- 2009 Certificates of Participation – Street Lights
- 2010 Certificates of Participation – Street Lights & Emergency Equipment
- 2011 Stormwater Bonds
- 2011 General Obligation Refunding Bonds
- 2011B Certificates of Participation – Street Lights
- 2012 General Obligation Refunding Bonds
- 2012 Certificates of Participation – Street Lights
- 2013 Stormwater Bonds
- 2014A Certificates of Participation – Street Lights, Corridor Improvements, Sidewalks
- 2015 Storm Sewer and Drainage System Refunding Bonds
- 2015 Certificates of Participation – Street Lights
- 2016 Stormwater Bonds
- 2016 Certificates of Participation – Street Lights, Fire Equipment, and Fire Station

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

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

Highway Allocation Debt Fund - To accumulate resources for payment of principal and interest on the Highway Allocation Bonds, Series 2006, and the Highway Allocation Refunding Bonds, Series 2012 and Series 2016. 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.

Turn Back Tax Debt Fund - To accumulate resources for payment of principal and interest on the Limited Tax General Obligation Arena Bonds, Series 2013. The bonds are payable from sales tax passed through from the State of Nebraska, pursuant to the Convention Center Facility Financing Assistance Act, Section 13-2603, of the Reissue Revised Statutes of Nebraska.

SouthPointe EEA Fund – To accumulate resources from a 1% occupation tax on gross receipts for retail establishments within the Enhanced Employment Area designated as SouthPointe Pavilions. The revenue generated will be used to pay for construction and maintenance of a public parking garage located at SouthPointe Pavilions. The tax will end at such time as the bonds and maintenance costs for which it has been pledged have been paid off but not later than December 31, 2041. Payment on the principal of and interest on the Developer Bonds is limited solely and exclusively to the pledged tax revenue and is not payable from any other City source.

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, 2017**

	Tax Allocation Projects	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 212,524	125,132	76,469	1,737,209	2,151,334
Investments	6,021,643	3,537,165	2,112,145	-	11,670,953
Receivables (Net of Allowance for Uncollectibles):					
Taxes	1,155,785	628,442	-	-	1,784,227
Accounts	10,000	-	111,599	-	121,599
Accrued Interest	16,557	8,235	10,282	-	35,074
Special Assessment	-	-	-	2,670,196	2,670,196
Due from Other Governments	-	1,196	-	16,813	18,009
Total Assets	<u>7,416,509</u>	<u>4,300,170</u>	<u>2,310,495</u>	<u>4,424,218</u>	<u>18,451,392</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Due To Other Funds	-	-	1,039	-	1,039
Due To Other Contractors	4,413,887	-	810,404	-	5,224,291
Total Liabilities	<u>4,413,887</u>	<u>-</u>	<u>811,443</u>	<u>-</u>	<u>5,225,330</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	104,520	-	2,434,369	2,538,889
Fund Balances:					
Restricted	1,402,197	4,195,650	1,499,052	1,989,849	9,086,748
Committed	1,600,425	-	-	-	1,600,425
Total Fund Balances	<u>3,002,622</u>	<u>4,195,650</u>	<u>1,499,052</u>	<u>1,989,849</u>	<u>10,687,173</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 7,416,509</u>	<u>4,300,170</u>	<u>2,310,495</u>	<u>4,424,218</u>	<u>18,451,392</u>

**CITY OF LINCOLN, NEBRASKA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Tax Allocation Projects	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
Revenues:					
Real Property and Personal Property Tax	\$ 8,688,632	6,366,338	-	-	15,054,970
Sundry and In Lieu Tax	-	4,597	1,581,691	-	1,586,288
Occupation Tax	-	-	807,875	-	807,875
Special Assessment	-	-	-	1,263,232	1,263,232
Special Assessment Interest	-	-	-	169,005	169,005
Investment Earnings	31,761	15,101	17,505	-	64,367
Miscellaneous	216,468	-	-	-	216,468
Total Revenues	8,936,861	6,386,036	2,407,071	1,432,237	19,162,205
Expenditures -- Debt Service:					
Principal Retirement	765,534	4,590,000	5,170,000	180,000	10,705,534
Interest	241,304	1,420,473	2,310,009	102,922	4,074,708
Fiscal Charges	700	14,230	1,337	800	17,067
Capital Lease Principal	-	3,936,672	-	-	3,936,672
Capital Lease Interest	-	577,894	-	-	577,894
Payments to Bond Refunding Agent	-	-	1,410,000	-	1,410,000
Debt Issuance Expense	-	-	159,887	-	159,887
Developer Purchased TIF Payments	6,644,355	-	810,404	-	7,454,759
Miscellaneous	176,310	-	29	6,572	182,911
Total Expenditures	7,828,203	10,539,269	9,861,666	290,294	28,519,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,108,658	(4,153,233)	(7,454,595)	1,141,943	(9,357,227)
Other Financing Sources (Uses):					
Transfers In	-	4,526,122	5,047,594	-	9,573,716
Transfers Out	(1,069,050)	-	-	(1,142,394)	(2,211,444)
Issuance of Refunding Debt	-	-	14,735,000	-	14,735,000
Premium on Debt Issued	-	-	1,523,051	-	1,523,051
Transfer to Bond Refunding Agent	-	-	(16,091,516)	-	(16,091,516)
Total Other Financing Sources (Uses)	(1,069,050)	4,526,122	5,214,129	(1,142,394)	7,528,807
Net Change in Fund Balances	39,608	372,889	(2,240,466)	(451)	(1,828,420)
Fund Balances - Beginning	2,963,014	3,822,761	3,739,518	1,990,300	12,515,593
Fund Balances - Ending	\$ 3,002,622	4,195,650	1,499,052	1,989,849	10,687,173



## NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

Other Capital Projects Fund - To account for the cost of acquiring or improving various general capital assets. Financing is provided from a variety of sources, such as General fund appropriations, revenue sharing, federal/state grants, bond proceeds, ¼ cent sales tax collections, 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, 2017**

	Vehicle Tax	Storm Sewer Bonds	1999 G.O. Various Purpose Bonds	Other Capital Projects	Special Assessment	Total
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 16,064	218,244	544	2,976,187	344,577	3,555,616
Investments	10,155	6,109,649	16,924	13,590,161	-	19,726,889
Accrued Interest Receivable	99	24,521	99	60,902	-	85,621
Due from Other Funds	-	-	-	1,631,711	-	1,631,711
Due From Other Governments	1,729,059	10,759	-	2,521,391	-	4,261,209
	<u>1,755,377</u>	<u>6,363,173</u>	<u>17,567</u>	<u>20,780,352</u>	<u>344,577</u>	<u>29,261,046</u>
Total Assets	<u>1,755,377</u>	<u>6,363,173</u>	<u>17,567</u>	<u>20,780,352</u>	<u>344,577</u>	<u>29,261,046</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	-	116,509	-	586,078	6,949	709,536
Contracts Payable	-	-	2,100	485,299	3,286	490,685
Due to Other Funds	-	2,724	-	-	3,692	6,416
Due to Other Governments	-	-	-	398,901	-	398,901
	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,901</u>	<u>-</u>	<u>398,901</u>
Total Liabilities	<u>-</u>	<u>119,233</u>	<u>2,100</u>	<u>1,470,278</u>	<u>13,927</u>	<u>1,605,538</u>
Deferred Inflows of Resources:						
Unavailable Revenues	-	10,759	-	321,696	-	332,455
	<u>-</u>	<u>10,759</u>	<u>-</u>	<u>321,696</u>	<u>-</u>	<u>332,455</u>
Fund Balances:						
Restricted	1,755,377	6,233,181	-	18,988,378	330,650	27,307,586
Assigned	-	-	15,467	-	-	15,467
	<u>-</u>	<u>-</u>	<u>15,467</u>	<u>-</u>	<u>-</u>	<u>15,467</u>
Total Fund Balances	<u>1,755,377</u>	<u>6,233,181</u>	<u>15,467</u>	<u>18,988,378</u>	<u>330,650</u>	<u>27,323,053</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 1,755,377</u>	<u>6,363,173</u>	<u>17,567</u>	<u>20,780,352</u>	<u>344,577</u>	<u>29,261,046</u>

**CITY OF LINCOLN, NEBRASKA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	<u>Vehicle Tax</u>	<u>Storm Sewer Bonds</u>	<u>1999 G.O. Various Purpose Bonds</u>	<u>Other Capital Projects</u>	<u>Special Assessment</u>	<u>Total</u>
<b>Revenues:</b>						
Wheel Tax	\$ 18,452,773	-	-	-	-	18,452,773
Sales and Use Tax	-	-	-	12,780,055	-	12,780,055
Intergovernmental	-	880,309	-	835,301	-	1,715,610
Permits and Fees	-	-	-	374,289	-	374,289
Investment Income	2,901	58,859	207	126,566	-	188,533
Donations	-	-	-	3,605,832	-	3,605,832
Rental Income	-	-	-	930,800	-	930,800
Developer's Share	-	35,000	-	1,579	-	36,579
Miscellaneous	-	-	-	2,840	-	2,840
Total Revenues	<u>18,455,674</u>	<u>974,168</u>	<u>207</u>	<u>18,657,262</u>	<u>-</u>	<u>38,087,311</u>
<b>Expenditures:</b>						
Debt Service:						
Debt Issuance Expense	-	-	-	21	-	21
Capital Outlay:						
General Government	-	-	-	5,211	-	5,211
Public Safety	-	-	-	7,562,370	-	7,562,370
Streets and Highways	221	2,655,004	-	32,820	75,115	2,763,160
Culture and Recreation	-	-	14,011	9,162,716	-	9,176,727
Economic Opportunity	-	-	-	1,617,362	-	1,617,362
Total Expenditures	<u>221</u>	<u>2,655,004</u>	<u>14,011</u>	<u>18,380,500</u>	<u>75,115</u>	<u>21,124,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,455,453</u>	<u>(1,680,836)</u>	<u>(13,804)</u>	<u>276,762</u>	<u>(75,115)</u>	<u>16,962,460</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	3,860	-	6,981,820	405,765	7,391,445
Transfers Out	(18,450,999)	(671,194)	-	(648,863)	-	(19,771,056)
Issuance of Debt	-	-	-	710,000	-	710,000
Sale of Capital Assets	-	-	-	11,837	-	11,837
Total Other Financing Sources (Uses)	<u>(18,450,999)</u>	<u>(667,334)</u>	<u>-</u>	<u>7,054,794</u>	<u>405,765</u>	<u>(11,657,774)</u>
Net Change in Fund Balances	4,454	(2,348,170)	(13,804)	7,331,556	330,650	5,304,686
Fund Balances - Beginning	<u>1,750,923</u>	<u>8,581,351</u>	<u>29,271</u>	<u>11,656,822</u>	<u>-</u>	<u>22,018,367</u>
Fund Balances - Ending	<u>\$ 1,755,377</u>	<u>6,233,181</u>	<u>15,467</u>	<u>18,988,378</u>	<u>330,650</u>	<u>27,323,053</u>





## NONMAJOR PERMANENT FUNDS

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

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

JJ 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, 2017**

	Community Health Permanent Endowment	JJ Hompes	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 31,929	7,984	39,913
Investments	65,436,701	788,364	66,225,065
Accrued Interest Receivable	2,803	61	2,864
	<u>65,471,433</u>	<u>796,409</u>	<u>66,267,842</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	154,346	119	154,465
Accrued Liabilities	6,868	-	6,868
Due to Other Funds	158	-	158
	<u>161,372</u>	<u>119</u>	<u>161,491</u>
Total Liabilities			
	<u>161,372</u>	<u>119</u>	<u>161,491</u>
Fund Balances:			
Nonspendable	37,000,000	160,000	37,160,000
Restricted	28,310,061	636,290	28,946,351
Total Fund Balances	<u>65,310,061</u>	<u>796,290</u>	<u>66,106,351</u>
Total Liabilities and Fund Balances	<u>\$ 65,471,433</u>	<u>796,409</u>	<u>66,267,842</u>

**CITY OF LINCOLN, NEBRASKA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR PERMANENT FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Community Health Permanent Endowment	JJ Hompes	Total
Revenues:			
Investment Earnings	\$ 4,547,388	62,642	4,610,030
Miscellaneous	170	-	170
Total Revenues	<u>4,547,558</u>	<u>62,642</u>	<u>4,610,200</u>
Expenditures -- Current:			
Culture and Recreation	-	15,228	15,228
Health and Welfare	<u>2,765,681</u>	<u>-</u>	<u>2,765,681</u>
Total Expenditures	<u>2,765,681</u>	<u>15,228</u>	<u>2,780,909</u>
Net Change in Fund Balances	1,781,877	47,414	1,829,291
Fund Balances - Beginning	<u>63,528,184</u>	<u>748,876</u>	<u>64,277,060</u>
Fund Balances - Ending	<u><u>\$ 65,310,061</u></u>	<u><u>796,290</u></u>	<u><u>66,106,351</u></u>



**CITY OF LINCOLN, NEBRASKA**  
**CABLE ACCESS TELEVISION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Permits and Fees	\$ 134,890	134,890	248,859	113,969
Investment Earnings	-	-	3,772	3,772
Total Revenues	<u>134,890</u>	<u>134,890</u>	<u>252,631</u>	<u>117,741</u>
Expenditures -- General Government:				
Personal Services	26,022	26,022	25,881	141
Materials and Supplies	13,150	13,150	13,342	(192)
Other Services and Charges	45,718	45,718	15,846	29,872
Capital Outlay	<u>52,828</u>	<u>52,828</u>	<u>24,938</u>	<u>27,890</u>
Total Expenditures	<u>137,718</u>	<u>137,718</u>	<u>80,007</u>	<u>57,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,828)	(2,828)	172,624	175,452
Other Financing Sources:				
Sale of Assets	-	-	580	580
Net Change in Fund Balances	<u>\$ (2,828)</u>	<u>(2,828)</u>	<u>173,204</u>	<u>176,032</u>
Fund Balance - Beginning			<u>647,557</u>	
Fund Balance - Ending			<u>\$ 820,761</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 173,204	
Revenue and Transfer Accruals			4,225	
Expenditure and Transfer Accruals			<u>2,620</u>	
Net Change in Fund Balance, GAAP Basis			180,049	
Fund Balance - Beginning, GAAP Basis			<u>681,869</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 861,918</u>	

**CITY OF LINCOLN, NEBRASKA**  
**LINCOLN CITY LIBRARIES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 7,545,877	7,545,877	8,231,167	685,290
Sundry Taxes and In Lieu	4,450	4,450	4,926	476
Intergovernmental	776,770	776,770	776,770	-
Permits and Fees	370,000	370,000	360,974	(9,026)
Investment Earnings	5,300	5,300	6,808	1,508
Rental Income	1,200	1,200	1,200	-
Miscellaneous	30,980	30,980	39,235	8,255
Total Revenues	<u>8,734,577</u>	<u>8,734,577</u>	<u>9,421,080</u>	<u>686,503</u>
Expenditures -- Culture and Recreation:				
Personal Services	6,957,810	6,957,810	6,755,327	202,483
Materials and Supplies	173,572	173,572	158,273	15,299
Other Services and Charges	1,670,877	1,670,877	1,331,476	339,401
Capital Outlay	970,651	970,651	947,798	22,853
Total Expenditures	<u>9,772,910</u>	<u>9,772,910</u>	<u>9,192,874</u>	<u>580,036</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,038,333)	(1,038,333)	228,206	1,266,539
Other Financing Sources:				
Transfers In	-	-	4,000	4,000
Net Change in Fund Balances	<u>\$ (1,038,333)</u>	<u>(1,038,333)</u>	<u>232,206</u>	<u>1,270,539</u>
Fund Balance - Beginning			<u>3,049,565</u>	
Fund Balance - Ending			<u>\$ 3,281,771</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 232,206	
Revenue and Transfer Accruals			83,679	
Expenditure and Transfer Accruals			<u>128,440</u>	
Net Change in Fund Balance, GAAP Basis			444,325	
Fund Balance - Beginning, GAAP Basis			<u>2,960,531</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 3,404,856</u>	

**CITY OF LINCOLN, NEBRASKA**  
**LINCOLN/LANCASTER COUNTY HEALTH FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Special Assessment	\$ -	-	5,961	5,961
Intergovernmental	2,983,632	2,983,632	2,988,208	4,576
Permits and Fees	5,159,815	5,159,815	4,717,140	(442,675)
Reimbursement for Services	147,244	147,244	576,747	429,503
Investment Earnings	-	-	33,739	33,739
Miscellaneous	-	-	2,822	2,822
Total Revenues	8,290,691	8,290,691	8,324,617	33,926
Expenditures -- Health and Welfare:				
Personal Services	10,467,180	10,527,180	9,971,732	555,448
Materials and Supplies	318,796	343,296	286,650	56,646
Other Services and Charges	5,662,151	5,419,881	3,935,238	1,484,643
Capital Outlay	119,333	352,203	52,459	299,744
Total Expenditures	16,567,460	16,642,560	14,246,079	2,396,481
Deficiency of Revenues Under Expenditures	(8,276,769)	(8,351,869)	(5,921,462)	2,430,407
Other Financing Sources (Uses):				
Transfers In	6,635,388	6,635,388	6,635,384	(4)
Transfers Out	-	-	(77,146)	(77,146)
Total Other Financing Sources (Uses)	6,635,388	6,635,388	6,558,238	(77,150)
Net Change in Fund Balances	<u>\$ (1,641,381)</u>	<u>(1,716,481)</u>	636,776	<u>2,353,257</u>
Fund Balance - Beginning			3,513,457	
Fund Balance - Ending			<u>\$ 4,150,233</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 636,776	
Revenue and Transfer Accruals			(51,064)	
Expenditure and Transfer Accruals			151,656	
Net Change in Fund Balance, GAAP Basis			737,368	
Fund Balance - Beginning, GAAP Basis			3,031,487	
Fund Balance - Ending, GAAP Basis			<u>\$ 3,768,855</u>	

**CITY OF LINCOLN, NEBRASKA**  
**SOCIAL SECURITY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 2,685,130	2,685,130	2,919,654	234,524
Sundry Taxes and In Lieu	1,595	1,595	1,746	151
Investment Earnings	6,400	6,400	9,876	3,476
Total Revenues	2,693,125	2,693,125	2,931,276	238,151
Expenditures -- General Government:				
Personal Services	2,744,145	2,758,876	2,577,877	180,999
Other Services and Charges	164,878	164,878	163,528	1,350
Total Expenditures	2,909,023	2,923,754	2,741,405	182,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(215,898)	(230,629)	189,871	420,500
Other Financing Sources:				
Transfers In	-	-	7,538	7,538
Net Change in Fund Balances	<u>\$ (215,898)</u>	<u>(230,629)</u>	197,409	<u>428,038</u>
Fund Balance - Beginning			2,313,788	
Fund Balance - Ending			<u>\$ 2,511,197</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 197,409	
Revenue and Transfer Accruals			43,506	
Expenditure and Transfer Accruals			39,452	
Net Change in Fund Balance, GAAP Basis			280,367	
Fund Balance - Beginning, GAAP Basis			1,932,148	
Fund Balance - Ending, GAAP Basis			<u>\$ 2,212,515</u>	



**CITY OF LINCOLN, NEBRASKA**  
**STARTRAN FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 2,887,000	2,887,000	3,010,319	123,319
Permits and Fees	3,146,826	3,146,826	2,752,419	(394,407)
Reimbursement for Services	-	-	130,732	130,732
Miscellaneous	-	-	108,966	108,966
Total Revenues	<u>6,033,826</u>	<u>6,033,826</u>	<u>6,002,436</u>	<u>(31,390)</u>
Expenditures -- Mass Transit:				
Personal Services	10,038,350	10,038,350	9,776,272	262,078
Materials and Supplies	1,717,103	1,717,103	1,474,858	242,245
Other Services and Charges	<u>2,516,490</u>	<u>2,516,490</u>	<u>1,651,404</u>	<u>865,086</u>
Total Expenditures	<u>14,271,943</u>	<u>14,271,943</u>	<u>12,902,534</u>	<u>1,369,409</u>
Deficiency of Revenues Under Expenditures	(8,238,117)	(8,238,117)	(6,900,098)	1,338,019
Other Financing Sources:				
Transfers In	<u>7,235,836</u>	<u>7,235,836</u>	<u>7,235,836</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (1,002,281)</u>	<u>(1,002,281)</u>	335,738	<u>1,338,019</u>
Amount Budgeted on Project Basis			583,493	
Fund Balance - Beginning			<u>5,644,392</u>	
Fund Balance - Ending			<u>\$ 6,563,623</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 335,738	
Revenue and Transfer Accruals			(2,812)	
Expenditure and Transfer Accruals			294,189	
Amount Budgeted on Project Basis			<u>583,493</u>	
Net Change in Fund Balance, GAAP Basis			1,210,608	
Fund Balance - Beginning, GAAP Basis			<u>5,651,565</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 6,862,173</u>	



**CITY OF LINCOLN, NEBRASKA**  
**KENO FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Investment Earnings	\$ -	-	27,489	27,489
Keno Proceeds	4,349,089	4,349,089	4,799,215	450,126
Total Revenues	4,349,089	4,349,089	4,826,704	477,615
Expenditures:				
General Government:				
Other Services and Charges	1,537,000	1,537,000	1,799,552	(262,552)
Culture and Recreation:				
Materials and Supplies	-	-	9,302	(9,302)
Other Services and Charges	50,412	50,412	27,532	22,880
Capital Outlay	114,931	784,831	616,897	167,934
Total Expenditures	1,702,343	2,372,243	2,453,283	(81,040)
Excess of Revenues Over Expenditures	2,646,746	1,976,846	2,373,421	396,575
Other Financing Uses:				
Transfers Out	(4,783,296)	(5,088,376)	(2,907,043)	2,181,333
Net Change in Fund Balances	<u><u>\$ (2,136,550)</u></u>	<u><u>(3,111,530)</u></u>	<u><u>(533,622)</u></u>	<u><u>2,577,908</u></u>
Fund Balance - Beginning			5,474,712	
Fund Balance - Ending			<u><u>\$ 4,941,090</u></u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (533,622)	
Revenue and Transfer Accruals			994	
Expenditure and Transfer Accruals			<u>36,872</u>	
Net Change in Fund Balance, GAAP Basis			(495,756)	
Fund Balance - Beginning, GAAP Basis			<u>5,169,300</u>	
Fund Balance - Ending, GAAP Basis			<u><u>\$ 4,673,544</u></u>	

**CITY OF LINCOLN, NEBRASKA**  
**FEDERAL GRANTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 19,217,956	19,217,956	19,239,743	21,787
Permits and Fees	225,433	225,433	225,433	-
Reimbursement for Services	606,573	606,573	601,073	(5,500)
Program Income	1,312,897	1,312,897	1,554,039	241,142
Investment Earnings	4,523	4,523	4,580	57
Donations	22,966	22,966	22,966	-
Private Sector Share of Project	77,050	77,050	77,050	-
Miscellaneous	35,593	35,593	35,593	-
Total Revenues	21,502,991	21,502,991	21,760,477	257,486
Expenditures:				
General Government:				
Materials and Supplies	351	351	351	-
Other Services and Charges	190,137	190,137	190,137	-
Capital Outlay	1,331	1,331	1,331	-
Total General Government	191,819	191,819	191,819	-
Public Safety:				
Personal Services	1,493,373	1,493,373	1,493,373	-
Materials and Supplies	114,648	114,648	114,648	-
Other Services and Charges	1,377,079	1,377,079	1,377,079	-
Capital Outlay	162,910	162,910	162,910	-
Total Public Safety	3,148,010	3,148,010	3,148,010	-
Culture and Recreation:				
Personal Services	468,721	468,721	468,721	-
Materials and Supplies	17,559	17,559	17,559	-
Other Services and Charges	504,667	504,667	504,667	-
Capital Outlay	96,067	96,067	96,067	-
Total Culture and Recreation	1,087,014	1,087,014	1,087,014	-
Economic Opportunity:				
Personal Services	5,192,348	5,204,970	5,112,642	92,328
Materials and Supplies	44,701	44,701	41,206	3,495
Other Services and Charges	1,729,218	1,938,113	1,887,479	50,634
Capital Outlay	152,783	409,745	30,698	379,047
Loans and Grants	4,017,765	4,828,882	4,317,889	510,993
Total Economic Opportunity	11,136,815	12,426,411	11,389,914	1,036,497

(Continued)

## (Federal Grants Fund, Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Health and Welfare:				
Personal Services	3,465,687	3,465,687	3,465,687	-
Materials and Supplies	263,512	263,512	263,512	-
Other Services and Charges	1,840,672	1,840,672	1,840,672	-
Capital Outlay	33,969	33,969	33,969	-
Loans and Grants	16,418	16,418	16,418	-
Total Health and Welfare	<u>5,620,258</u>	<u>5,620,258</u>	<u>5,620,258</u>	<u>-</u>
Mass Transit:				
Personal Services	251,445	251,445	251,445	-
Other Services and Charges	2,280	2,280	2,280	-
Total Mass Transit	<u>253,725</u>	<u>253,725</u>	<u>253,725</u>	<u>-</u>
Total Expenditures	<u>21,437,641</u>	<u>22,727,237</u>	<u>21,690,740</u>	<u>1,036,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>65,350</u>	<u>(1,224,246)</u>	<u>69,737</u>	<u>1,293,983</u>
Other Financing Sources (Uses):				
Transfers In	598,293	598,293	519,588	(78,705)
Transfers Out	<u>(752,589)</u>	<u>(752,589)</u>	<u>(717,992)</u>	<u>34,597</u>
Total Other Financing Sources (Uses)	<u>(154,296)</u>	<u>(154,296)</u>	<u>(198,404)</u>	<u>(44,108)</u>
Net Change in Fund Balances	<u><u>\$ (88,946)</u></u>	<u><u>(1,378,542)</u></u>	<u>(128,667)</u>	<u><u>1,249,875</u></u>
Fund Balance - Beginning			<u>689,994</u>	
Fund Balance - Ending			<u><u>\$ 561,327</u></u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (128,667)	
Revenue and Transfer Accruals			(1,486,099)	
Expenditure and Transfer Accruals			<u>1,928,007</u>	
Net Change in Fund Balance, GAAP Basis			313,241	
Fund Balance - Beginning, GAAP Basis			<u>19,451,127</u>	
Fund Balance - Ending, GAAP Basis			<u><u>\$ 19,764,368</u></u>	

**CITY OF LINCOLN, NEBRASKA**  
**BUILDING & SAFETY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Permits and Fees	\$ 5,900,799	5,900,799	6,258,796	357,997
Reimbursement for Services	-	-	136,856	136,856
Investment Earnings	-	-	52,328	52,328
Miscellaneous	-	-	310	310
Total Revenues	5,900,799	5,900,799	6,448,290	547,491
Expenditures -- Public Safety:				
Personal Services	5,552,224	5,604,684	5,171,354	433,330
Materials and Supplies	79,140	79,600	43,044	36,556
Other Services and Charges	1,364,767	1,369,961	1,061,407	308,554
Capital Outlay	256,423	260,423	80,099	180,324
Total Expenditures	7,252,554	7,314,668	6,355,904	958,764
Excess (Deficiency) of Revenue				
Over (Under) Expenditures	(1,351,755)	(1,413,869)	92,386	1,506,255
Other Financing Sources (Uses):				
Transfers In	1,138,092	1,138,092	1,148,838	10,746
Transfers Out	-	-	(10,000)	(10,000)
Sale of Capital Assets	-	-	238	238
Total Other Financing Sources (Uses)	1,138,092	1,138,092	1,139,076	984
Net Change in Fund Balances	\$ (213,663)	(275,777)	1,231,462	1,507,239
Fund Balance - Beginning			8,452,178	
Fund Balance - Ending			\$ 9,683,640	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 1,231,462	
Revenue and Transfer Accruals			27,841	
Expenditure and Transfer Accruals			18,285	
Net Change in Fund Balance, GAAP Basis			1,277,588	
Fund Balance - Beginning, GAAP Basis			8,178,136	
Fund Balance - Ending, GAAP Basis			\$ 9,455,724	

**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, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ -	-	941	941
Donations	109,251	109,251	98,354	(10,897)
Total Revenues	109,251	109,251	99,295	(9,956)
Expenditures -- Culture and Recreation:				
Personal Services	99,001	99,001	98,009	992
Other Services and Charges	250	250	-	250
Capital Outlay	10,000	10,000	9,999	1
Total Expenditures	109,251	109,251	108,008	1,243
Net Change in Fund Balance	\$ -	-	(8,713)	(8,713)
Amount Not Required to be Budgeted			(20,470)	
Fund Balance - Beginning			150,183	
Fund Balance - Ending			\$ 121,000	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (8,713)	
Revenue and Transfer Accruals			223	
Expenditure and Transfer Accruals			1,961	
Amount Not Required to be Budgeted			(20,470)	
Net Change in Fund Balance, GAAP Basis			(26,999)	
Fund Balance - Beginning, GAAP Basis			145,055	
Fund Balance - Ending, GAAP Basis			\$ 118,056	

**CITY OF LINCOLN, NEBRASKA**  
**LINCOLN BIKE SHARE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Investment Earnings	\$ -	-	1,556	1,556
Donations	138,222	138,222	19,334	(118,888)
Total Revenues	138,222	138,222	20,890	(117,332)
Expenditures -- Mass Transit:				
Materials and Supplies	66	66	66	-
Other Services and Charges	138,222	138,222	-	138,222
Total Expenditures	138,288	138,288	66	138,222
Net Change in Fund Balances	<u>\$ (66)</u>	<u>(66)</u>	20,824	<u>20,890</u>
Fund Balance - Beginning			<u>274,025</u>	
Fund Balance - Ending			<u>\$ 294,849</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 20,824	
Revenue and Transfer Accruals			<u>927</u>	
Net Change in Fund Balance, GAAP Basis			21,751	
Fund Balance - Beginning, GAAP Basis			<u>274,386</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 296,137</u>	



**CITY OF LINCOLN, NEBRASKA**  
**TAX ALLOCATION PROJECTS DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 994,106	994,106	8,710,253	7,716,147
Investment Earnings	-	-	20,401	20,401
Miscellaneous	-	-	206,468	206,468
Total Revenues	994,106	994,106	8,937,122	7,943,016
Expenditures -- Debt Service:				
Principal Retirement	755,265	755,265	765,534	(10,269)
Interest	238,841	238,841	241,304	(2,463)
Fiscal Charges	-	-	700	(700)
Developer Purchased TIF Payments	-	-	5,281,624	(5,281,624)
Miscellaneous	-	-	176,310	(176,310)
Total Expenditures	994,106	994,106	6,465,472	(5,471,366)
Excess of Revenues Over Expenditures	-	-	2,471,650	2,471,650
Other Financing Uses:				
Transfers Out	-	-	(1,069,050)	(1,069,050)
Net Change in Fund Balances	\$ -	-	1,402,600	1,402,600
Fund Balances - Beginning			4,531,743	
Fund Balances - Ending			\$ 5,934,343	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 1,402,600	
Revenue and Transfer Accruals			(260)	
Expenditure and Transfer Accruals			(1,362,732)	
Net Change in Fund Balance, GAAP Basis			39,608	
Fund Balance - Beginning, GAAP Basis			2,963,014	
Fund Balance - Ending, GAAP Basis			\$ 3,002,622	

**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, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 5,777,870	5,777,870	6,298,844	520,974
Sundry and In Lieu Tax	2,940	2,940	3,769	829
Investment Earnings	8,000	8,000	10,044	2,044
Total Revenues	5,788,810	5,788,810	6,312,657	523,847
Expenditures -- Debt Service:				
Principal Retirement	4,860,000	4,826,268	4,590,000	236,268
Interest	1,406,500	1,440,232	1,420,473	19,759
Fiscal Charges	-	-	14,230	(14,230)
Capital Lease Principal	-	-	3,936,672	(3,936,672)
Capital Lease Interest	-	-	577,894	(577,894)
Total Expenditures	6,266,500	6,266,500	10,539,269	(4,272,769)
Deficiency of Revenues Under Expenditures	(477,690)	(477,690)	(4,226,612)	(3,748,922)
Other Financing Sources:				
Transfers In	-	-	4,526,122	4,526,122
Net Change in Fund Balances	\$ (477,690)	(477,690)	299,510	777,200
Fund Balances - Beginning			4,167,686	
Fund Balances - Ending			\$ 4,467,196	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 299,510	
Revenue and Transfer Accruals			73,379	
Net Change in Fund Balance, GAAP Basis			372,889	
Fund Balance - Beginning, GAAP Basis			3,822,761	
Fund Balance - Ending, GAAP Basis			\$ 4,195,650	

**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, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Sundry and In Lieu Tax	\$ 1,788,700	1,788,700	1,581,691	(207,009)
Occupation Tax	-	-	697,315	697,315
Investment Earnings	-	-	15,602	15,602
Total Revenues	1,788,700	1,788,700	2,294,608	505,908
Expenditures -- Debt Service:				
Principal Retirement	6,470,000	6,470,000	5,170,000	1,300,000
Interest	2,436,800	2,436,800	2,310,009	126,791
Fiscal Charges	-	-	1,337	(1,337)
Payments to Refunding Agent	-	-	1,410,000	(1,410,000)
Miscellaneous	-	-	159,916	(159,916)
Total Expenditures	8,906,800	8,906,800	9,051,262	(144,462)
Deficiency of Revenues Under Expenditures	(7,118,100)	(7,118,100)	(6,756,654)	361,446
Other Financing Sources and (Uses):				
Transfer In	5,047,600	5,047,600	5,047,594	(6)
Refunding Bond Proceeds	-	-	14,735,000	14,735,000
Issuance of Debt	-	-	1,523,051	1,523,051
Transfers To Bond Refunding Agent	-	-	(16,091,516)	(16,091,516)
Total Other Financing Sources and (Uses)	5,047,600	5,047,600	5,214,129	166,529
Net Change in Fund Balances	\$ (2,070,500)	(2,070,500)	(1,542,525)	527,975
Fund Balances - Beginning			3,729,316	
Fund Balances - Ending			\$ 2,186,791	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (1,542,525)	
Revenue and Transfer Accruals			112,463	
Expenditure and Transfer Accruals			(810,404)	
Net Change in Fund Balance, GAAP Basis			(2,240,466)	
Fund Balance - Beginning, GAAP Basis			3,739,518	
Fund Balance - Ending, GAAP Basis			\$ 1,499,052	

**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, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Investment Earnings	\$ 2,480,332	2,480,332	4,549,226	2,068,894
Miscellaneous	-	-	170	170
Total Revenues	<u>2,480,332</u>	<u>2,480,332</u>	<u>4,549,396</u>	<u>2,069,064</u>
Expenditures -- Health and Welfare:				
Personal Services	392,689	392,689	366,156	26,533
Materials and Supplies	6,372	6,372	5,932	440
Other Services and Charges	81,271	81,271	79,556	1,715
Grants	<u>4,437,727</u>	<u>4,437,727</u>	<u>2,178,958</u>	<u>2,258,769</u>
Total Expenditures	<u>4,918,059</u>	<u>4,918,059</u>	<u>2,630,602</u>	<u>2,287,457</u>
Net Change in Fund Balance	<u>\$ (2,437,727)</u>	<u>(2,437,727)</u>	1,918,794	<u>4,356,521</u>
Fund Balances - Beginning			<u>63,580,786</u>	
Fund Balances - Ending			<u>\$ 65,499,580</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 1,918,794	
Revenue and Transfer Accruals			(1,838)	
Expenditure and Transfer Accruals			<u>(135,079)</u>	
Net Change in Fund Balance, GAAP Basis			1,781,877	
Fund Balance - Beginning, GAAP Basis			<u>63,528,184</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 65,310,061</u>	

**CITY OF LINCOLN, NEBRASKA**  
**ATHLETIC FIELD & FACILITIES IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Reimbursement for Services	\$ 20,000	20,000	-	(20,000)
Investment Earnings	-	-	6,296	6,296
Rental Income	293,100	293,100	356,996	63,896
Miscellaneous	-	-	15,575	15,575
Total Revenues	<u>313,100</u>	<u>313,100</u>	<u>378,867</u>	<u>65,767</u>
Other Financing Uses:				
Transfers Out	<u>(1,185,194)</u>	<u>(1,363,842)</u>	<u>(509,672)</u>	<u>854,170</u>
Net Change in Fund Balances	<u>\$ (872,094)</u>	<u>(1,050,742)</u>	<u>(130,805)</u>	<u>919,937</u>
Fund Balance - Beginning			<u>1,104,185</u>	
Fund Balance - Ending			<u>\$ 973,380</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (130,805)	
Revenue and Transfer Accruals			<u>14,598</u>	
Net Change in Fund Balance, GAAP Basis			(116,207)	
Fund Balance - Beginning, GAAP Basis			<u>1,102,229</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 986,022</u>	

**CITY OF LINCOLN, NEBRASKA**  
**LINCOLN AREA AGENCY ON AGING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 1,250,102	1,250,102	1,318,763	68,661
Permits and Fees	61,900	61,900	57,041	(4,859)
Reimbursement for Services	-	-	350	350
Client Contributions	177,373	177,373	135,783	(41,590)
Investment Earnings	-	-	3,994	3,994
Donations	77,729	77,729	722	(77,007)
Miscellaneous	-	-	755	755
Total Revenues	<u>1,567,104</u>	<u>1,567,104</u>	<u>1,517,408</u>	<u>(49,696)</u>
Expenditures -- Economic Opportunity:				
Personal Services	2,764,763	2,764,763	2,578,313	186,450
Materials and Supplies	257,982	257,982	244,591	13,391
Other Services and Charges	1,440,465	1,440,465	874,315	566,150
Capital Outlay	17,749	17,749	13,545	4,204
Total Expenditures	<u>4,480,959</u>	<u>4,480,959</u>	<u>3,710,764</u>	<u>770,195</u>
Deficiency of Revenues Under Expenditures	(2,913,855)	(2,913,855)	(2,193,356)	720,499
Other Financing Sources:				
Transfers In	<u>2,393,283</u>	<u>2,393,283</u>	<u>2,393,283</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (520,572)</u>	<u>(520,572)</u>	<u>199,927</u>	<u>720,499</u>
Fund Balance - Beginning			<u>716,255</u>	
Fund Balance - Ending			<u>\$ 916,182</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 199,927	
Revenue and Transfer Accruals			(623)	
Expenditure and Transfer Accruals			<u>56,506</u>	
Net Change in Fund Balance, GAAP Basis			255,810	
Fund Balance - Beginning, GAAP Basis			<u>569,808</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 825,618</u>	

**CITY OF LINCOLN, NEBRASKA**  
**911 COMMUNICATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 271,421	271,421	631,813	360,392
Permits and Fees	1,144,783	1,144,783	1,091,781	(53,002)
Reimbursement for Services	16,000	16,000	16,672	672
Investment Earnings	-	-	17,298	17,298
Miscellaneous	-	-	774	774
Total Revenues	<u>1,432,204</u>	<u>1,432,204</u>	<u>1,758,338</u>	<u>326,134</u>
Expenditures -- Public Safety:				
Personal Services	4,649,531	4,649,531	4,618,196	31,335
Materials and Supplies	36,900	36,900	28,861	8,039
Other Services and Charges	890,084	843,209	792,954	50,255
Capital Outlay	<u>487,000</u>	<u>533,875</u>	<u>171,169</u>	<u>362,706</u>
Total Expenditures	<u>6,063,515</u>	<u>6,063,515</u>	<u>5,611,180</u>	<u>452,335</u>
Deficiency of Revenues Under Expenditures	<u>(4,631,311)</u>	<u>(4,631,311)</u>	<u>(3,852,842)</u>	<u>778,469</u>
Other Financing Sources (Uses):				
Transfers In	4,014,936	4,014,936	4,014,936	-
Transfers Out	(853)	(853)	-	853
Sale of Capital Assets	-	-	905	905
Total Other Financing Sources (Uses)	<u>4,014,083</u>	<u>4,014,083</u>	<u>4,015,841</u>	<u>1,758</u>
Net Change in Fund Balances	<u>\$ (617,228)</u>	<u>(617,228)</u>	<u>162,999</u>	<u>780,227</u>
Fund Balance - Beginning			<u>3,012,077</u>	
Fund Balance - Ending			<u>\$ 3,175,076</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 162,999	
Revenue and Transfer Accruals			(11,250)	
Expenditure and Transfer Accruals			<u>78,225</u>	
Net Change in Fund Balance, GAAP Basis			229,974	
Fund Balance - Beginning, GAAP Basis			<u>2,813,013</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 3,042,987</u>	

**CITY OF LINCOLN, NEBRASKA**  
**UNEMPLOYMENT COMPENSATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 45,856	45,856	49,998	4,142
Sundry Taxes and In Lieu	-	-	30	30
Investment Earnings	90	90	276	186
Total Revenues	45,946	45,946	50,304	4,358
Expenditures -- General Government:				
Unemployment Insurance Payments	50,000	50,000	6,136	43,864
Net Change in Fund Balances	<u>\$ (4,054)</u>	<u>(4,054)</u>	44,168	<u>48,222</u>
Fund Balance - Beginning			47,341	
Fund Balance - Ending			<u>\$ 91,509</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 44,168	
Revenue and Transfer Accruals			267	
Net Change in Fund Balance, GAAP Basis			44,435	
Fund Balance - Beginning, GAAP Basis			49,216	
Fund Balance - Ending, GAAP Basis			<u>\$ 93,651</u>	



## NONMAJOR ENTERPRISE FUNDS

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

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

Parking System Fund - To account for the revenues and expenses of nine downtown parking garages: Carriage Park, Que Place, Center Park, Cornhusker Square, University Square, Market Place, Haymarket, Larson Building, and Lumberworks; and the revenues and expenses of City owned parking lots, leased parking lots, third party owned parking facilities operated for special events, and parking facilities operated on behalf of the West Haymarket Joint Public Agency.

Pinnacle Bank Arena Fund – To account for the operating revenues and expenses of the City-owned arena.

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 ambulance service.

Broadband Enterprise Fund - To account for the revenues generated from broadband franchise fees, conduit lease fees, fiber infrastructure support fees, conduit access permit fees, and other sources arising from the activities associated with a broadband franchise. These resources are to be used to support the construction, maintenance, operations, extensions, and other associated activities of the City's broadband system, as well as to support the City's telecommunication needs.

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**AUGUST 31, 2017**

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
<b>ASSETS</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 37,341	615,644	2,535,485	332,295	74,539	-	3,595,304
Investments	120,125	6,895,597	-	4,179,085	1,306,623	-	12,501,430
Receivables (Net of Allowance for Uncollectibles)	13,749	173,478	360,585	1,761,509	1,505,778	22,573	3,837,672
Due from Other Funds	-	178,241	72,057	9,428	-	-	259,726
Due from Other Governments	-	4,729	4,086	8,634	-	-	17,449
Inventories	67,020	-	233,657	-	193,929	-	494,606
Prepaid Expenses	-	-	62,974	-	-	-	62,974
Total Current Assets	238,235	7,867,689	3,268,844	6,290,951	3,080,869	22,573	20,769,161
Noncurrent Assets:							
Investments	72,812	4,179,623	-	2,533,066	791,982	-	7,577,483
Restricted Assets:							
Cash and Cash Equivalents	-	2,852,057	-	63,988	-	-	2,916,045
Investments	-	2,535,250	-	1,841,357	-	-	4,376,607
Receivables	-	11,146	-	7,927	-	-	19,073
Total Restricted Assets	-	5,398,453	-	1,913,272	-	-	7,311,725
Capital Assets:							
Land	1,068,949	10,105,750	-	1,540,452	-	-	12,715,151
Buildings	4,097,768	71,704,728	-	2,076,504	168,363	-	78,047,363
Improvements Other Than Buildings	7,994,588	571,654	-	41,211,522	-	7,052,277	56,830,041
Machinery and Equipment	2,931,942	3,902,419	481,424	10,420,138	2,952,704	-	20,688,627
Construction in Progress	14,900	583,901	-	5,356,089	-	-	5,954,890
Less Accumulated Depreciation	(10,709,591)	(28,122,530)	(235,290)	(30,135,273)	(1,629,319)	(416,183)	(71,248,186)
Total Capital Assets, Net	5,398,556	58,745,922	246,134	30,469,432	1,491,748	6,636,094	102,987,886
Total Noncurrent Assets	5,471,368	68,323,998	246,134	34,915,770	2,283,730	6,636,094	117,877,094
Total Assets	5,709,603	76,191,687	3,514,978	41,206,721	5,364,599	6,658,667	138,646,255
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Loss on Refunding	-	-	-	21,158	-	-	21,158
Deferred Outflows for Pension	-	-	-	-	550,868	-	550,868
Total Deferred Outflows of Resources	-	-	-	21,158	550,868	-	572,026
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable	243,185	960,006	393,648	836,989	132,411	4,358	2,570,597
Accrued Liabilities	46,199	7,846	231,777	95,995	70,066	9,209	461,092
Accrued Compensated Absences	100,690	28,401	98,970	137,954	218,490	33,038	617,543
Due to Other Funds	4,239	786	-	2,732	114,263	847,015	969,035
Due to Other Governments	47,937	760	309,631	75,320	780	-	434,428
Unearned Revenue	100,411	1,480,034	1,606,672	-	-	-	3,187,117
Accrued Interest	9,111	44,436	-	30,573	-	-	84,120
Current Portion of Notes Payable	-	-	200,000	-	-	-	200,000
Current Portion of Capital Lease	288,101	-	-	-	-	-	288,101
Current Portion of Long-Term Debt	-	1,345,000	-	810,000	-	-	2,155,000
Total Current Liabilities	839,873	3,867,269	2,840,698	1,989,563	536,010	893,620	10,967,033
Noncurrent Liabilities:							
Due to Other Funds	-	-	250,000	-	-	-	250,000
Accrued Compensated Absences	89,586	-	-	81,023	25,219	-	195,828
Notes Payable	-	-	1,000,000	-	-	-	1,000,000
Capital Lease Payable	960,854	-	-	-	-	-	960,854
Long-Term Debt, Net	-	24,211,559	-	10,534,959	-	-	34,746,518
Accrued Liabilities	56,139	10,207	-	142,900	934,993	15,311	1,159,550
Net Pension Liability	-	-	-	-	2,910,893	-	2,910,893
Accrued Landfill Closure/ Postclosure Care Costs	-	-	-	21,894,500	-	-	21,894,500
Total Noncurrent Liabilities	1,106,579	24,221,766	1,250,000	32,653,382	3,871,105	15,311	63,118,143
Total Liabilities	1,946,452	28,089,035	4,090,698	34,642,945	4,407,115	908,931	74,085,176
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows for Pension	-	-	-	-	1,002,923	-	1,002,923
<b>NET POSITION</b>							
Net Investment in Capital Assets	4,149,601	35,163,777	246,134	20,512,403	1,491,748	6,336,094	67,899,757
Restricted for:							
Debt Service	-	160,571	-	-	-	-	160,571
Capital Projects	-	2,633,237	-	32,181	21,708	-	2,687,126
Unrestricted	(386,450)	10,145,067	(821,854)	(13,959,650)	(1,008,027)	(586,358)	(6,617,272)
Total Net Position	\$ 3,763,151	48,102,652	(575,720)	6,584,934	505,429	5,749,736	64,130,182

**CITY OF LINCOLN, NEBRASKA**  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2017

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
<b>Operating Revenues</b>							
Charges for Services	\$ 234,468	1,547,542	-	-	7,296,624	356,776	9,435,410
Fees	3,804,048	944,404	-	7,847,225	-	77,000	12,672,677
Parking Revenue	-	12,126,585	-	-	-	-	12,126,585
Performance Revenue	-	-	10,279,545	-	-	-	10,279,545
Other Operating Revenue	73,583	4,420	1,743,274	1,046,515	2,944	7,500	2,878,236
Total Operating Revenues	<u>4,112,099</u>	<u>14,622,951</u>	<u>12,022,819</u>	<u>8,893,740</u>	<u>7,299,568</u>	<u>441,276</u>	<u>47,392,453</u>
<b>Operating Expenses</b>							
Personal Services	1,696,782	350,216	4,633,844	3,168,016	4,784,416	499,017	15,132,291
Contractual Services	450,397	3,990,182	1,378,399	3,760,756	534,007	4,342	10,118,083
Operation and Maintenance	1,395,793	2,423,732	5,739,370	2,467,811	770,544	95,513	12,892,763
Depreciation	623,999	2,159,143	23,737	2,147,310	305,383	213,622	5,473,194
Total Operating Expenses	<u>4,166,971</u>	<u>8,923,273</u>	<u>11,775,350</u>	<u>11,543,893</u>	<u>6,394,350</u>	<u>812,494</u>	<u>43,616,331</u>
Operating Income (Loss)	<u>(54,872)</u>	<u>5,699,678</u>	<u>247,469</u>	<u>(2,650,153)</u>	<u>905,218</u>	<u>(371,218)</u>	<u>3,776,122</u>
<b>Nonoperating Revenues (Expenses)</b>							
Investment Earnings	(75)	105,730	-	74,422	14,943	-	195,020
Gain (Loss) on Disposal of Capital Assets	-	125,281	-	(1,404,762)	-	-	(1,279,481)
Insurance Recovery	-	-	-	95,435	-	-	95,435
Occupation Tax	-	-	-	3,729,059	-	80,000	3,809,059
Interest Expense and Fiscal Charges	(26,723)	(1,076,523)	(7,660)	(184,540)	(1,278)	(6,581)	(1,303,305)
Total Nonoperating Revenues (Expenses)	<u>(26,798)</u>	<u>(845,512)</u>	<u>(7,660)</u>	<u>2,309,614</u>	<u>13,665</u>	<u>73,419</u>	<u>1,516,728</u>
Income (Loss) Before Contributions and Transfers	(81,670)	4,854,166	239,809	(340,539)	918,883	(297,799)	5,292,850
Capital Contributions	161,706	-	-	112,100	43,417	6,849,716	7,166,939
Transfers In	47,651	-	202,660	778,992	-	-	1,029,303
Transfers Out	(23,687)	(2,110,557)	-	(1,467,207)	-	(450,000)	(4,051,451)
Change in Net Position	104,000	2,743,609	442,469	(916,654)	962,300	6,101,917	9,437,641
Net Position - Beginning	<u>3,659,151</u>	<u>45,359,043</u>	<u>(1,018,189)</u>	<u>7,501,588</u>	<u>(456,871)</u>	<u>(352,181)</u>	<u>54,692,541</u>
Net Position - Ending	<u>\$ 3,763,151</u>	<u>48,102,652</u>	<u>(575,720)</u>	<u>6,584,934</u>	<u>505,429</u>	<u>5,749,736</u>	<u>64,130,182</u>

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
<b>Cash Flows from Operating Activities</b>							
Receipts from Customers and Users	\$ 4,041,650	13,124,149	8,081,615	7,773,766	7,187,739	411,203	40,620,122
Receipts from Interfund Services Provided	-	1,528,082	-	166,166	-	-	1,694,248
Payments to Suppliers for Goods and Services	(1,466,356)	(5,699,483)	(5,722,414)	(4,285,402)	(959,567)	(135,694)	(18,268,916)
Payments to Employees	(1,679,405)	(354,794)	(4,587,072)	(3,128,051)	(4,682,186)	(488,599)	(14,920,107)
Payments for Interfund Services Provided	(505,173)	(860,837)	(1,160,993)	(552,765)	(474,053)	(45,210)	(3,599,031)
Other Receipts	63,583	2,616	1,743,274	1,107,327	2,944	7,500	2,927,244
Net Cash Provided (Used) by Operating Activities	454,299	7,739,733	(1,645,590)	1,081,041	1,074,877	(250,800)	8,453,560
<b>Cash Flows from Noncapital Financing Activities</b>							
Occupation Tax	-	-	-	3,915,221	-	80,000	3,995,221
Transfers from Other Funds	47,651	-	202,660	-	-	-	250,311
Transfers to Other Funds	(10,411)	(2,110,557)	-	(1,467,207)	-	-	(3,588,175)
Advances from General Fund	975,279	-	-	-	-	447,838	1,423,117
Repayment of Advances from General Fund	(975,279)	-	(150,000)	-	-	(120,457)	(1,245,736)
Principal Payment of Long-Term Debt	-	-	(200,000)	-	-	-	(200,000)
Interest and Fiscal Charges Paid	-	-	(8,910)	-	-	-	(8,910)
Net Cash Provided (Used) by Non-Capital Financing Activities	37,240	(2,110,557)	(156,250)	2,448,014	-	407,381	625,828
<b>Cash Flows from Capital and Related Financing Activities</b>							
Additions to Capital Assets	-	(974,362)	-	(3,950,715)	(10,384)	-	(4,935,461)
Capital Contributions	-	-	-	778,992	21,708	-	800,700
Proceeds from Sale of Capital Assets	-	135,735	-	43,810	-	-	179,545
Insurance Recovery	-	-	-	95,435	-	-	95,435
Transfers to Other Funds	(13,276)	-	-	-	-	-	(13,276)
Repayment of Advances from Other Fund	-	-	-	-	-	(150,000)	(150,000)
Principal Payments of Capital Lease	(337,945)	-	-	-	(98,328)	-	(436,273)
Principal Payments of Bonded Debt	-	(1,320,000)	-	(795,000)	-	-	(2,115,000)
Interest and Fiscal Charges Paid	(29,971)	(1,098,316)	-	(383,418)	(2,635)	(6,581)	(1,520,921)
Net Cash Used by Capital and Related Financing Activities	(381,192)	(3,256,943)	-	(4,210,896)	(89,639)	(156,581)	(8,095,251)
<b>Cash Flows from Investing Activities</b>							
Proceeds from Sale and Maturities of Investments	22,278	8,800,052	-	7,759,773	807,613	-	17,389,716
Purchases of Investments	(163,436)	(11,529,445)	-	(7,245,687)	(1,777,731)	-	(20,716,299)
Interest and Other Receipts	60	85,820	-	63,387	11,046	-	160,313
Net Cash Provided (Used) by Investing Activities	(141,098)	(2,643,573)	-	577,473	(959,072)	-	(3,166,270)
Net Increase (Decrease) in Cash and Cash Equivalents	(30,751)	(271,340)	(1,801,840)	(104,368)	26,166	-	(2,182,133)
Cash and Cash Equivalents - Beginning	68,092	3,739,041	4,337,325	500,651	48,373	-	8,693,482
Cash and Cash Equivalents - Ending	\$ 37,341	3,467,701	2,535,485	396,283	74,539	-	6,511,349
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>							
Operating Income (Loss)	\$ (54,872)	5,699,678	247,469	(2,650,153)	905,218	(371,218)	3,776,122
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	623,999	2,159,143	23,737	2,147,310	305,383	213,622	5,473,194
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:							
Accounts Receivable and Unbilled Revenues	(13,749)	(55,726)	(243,219)	158,599	(108,885)	(22,573)	(285,553)
Due from Other Funds	-	(22,947)	(62,313)	(764)	-	-	(86,024)
Due from Other Governments	-	4,561	14,961	(4,316)	-	-	15,206
Inventories	5,039	-	(100,557)	-	3,227	-	(92,291)
Prepaid Expenses	-	-	26,936	-	-	-	26,936
Deferred Outflows for Pension	-	-	-	-	661,944	-	661,944
Accounts Payable	(65,757)	(142,777)	116,994	19,810	(19,166)	(82,764)	(173,660)
Accrued Liabilities	(34,132)	(6,280)	43,996	(22,139)	(35,182)	(646)	(54,383)
Accrued Compensated Absences	26,047	520	2,776	40,678	(1,874)	11,064	79,211
Due to Other Funds	4,222	(551)	-	1,647	5,637	1,715	12,670
Due to Other Governments	(43,381)	(1,896)	190,989	(13,131)	(163)	-	132,418
Unearned Revenue	6,883	106,008	(1,907,359)	-	-	-	(1,794,468)
Net Pension Liability	-	-	-	-	(509,272)	-	(509,272)
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	1,403,500	-	-	1,403,500
Deferred Inflows for Pension	-	-	-	-	(131,990)	-	(131,990)
Total Adjustments	509,171	2,040,055	(1,893,059)	3,731,194	169,659	120,418	4,677,438
Net Cash Provided (Used) by Operating Activities	\$ 454,299	7,739,733	(1,645,590)	1,081,041	1,074,877	(250,800)	8,453,560
<b>Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:</b>							
Contribution of Capital Assets	\$ 161,706	-	-	112,100	21,709	6,849,716	7,145,231
Purchase of Capital Assets on Account	-	585,794	-	493,305	-	-	1,079,099
Change in Fair Value of Investments	(135)	(8,390)	-	(4,927)	(1,379)	-	(14,831)
Capitalized Interest included in Capital Asset Additions	-	-	-	155,064	-	-	155,064
Transfer Assumption of Liability	-	-	-	-	-	450,000	450,000

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2017**

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 104,467	-	1,286,440	37,091
Investments	1,795,552	-	23,658,367	539,509
Accounts Receivable	1,240	394,788	236	81
Accrued Interest Receivable	9,480	123	149,463	2,256
Due from Other Funds	8,420	133,032	300,000	1,834
Due from Other Governments	43,984	849	16,189	288
Inventories	-	-	-	715,324
Prepaid Expenses	659,877	21,359	-	-
Total Current Assets	<u>2,623,020</u>	<u>550,151</u>	<u>25,410,695</u>	<u>1,296,383</u>
Noncurrent Assets:				
Investments	1,088,337	-	13,697,464	327,012
Restricted Cash and Cash Equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>702,315</u>
Capital Assets:				
Land	-	-	-	-
Buildings	26,486	-	-	-
Improvements Other Than Buildings	-	-	-	340,565
Machinery and Equipment	4,236,107	328,592	28,936	24,047,078
Construction in Progress	-	-	-	58,212
Less Accumulated Depreciation	<u>(2,401,926)</u>	<u>(299,626)</u>	<u>(28,936)</u>	<u>(16,595,359)</u>
Total Capital Assets, Net	<u>1,860,667</u>	<u>28,966</u>	<u>-</u>	<u>7,850,496</u>
Total Noncurrent Assets	<u>2,949,004</u>	<u>28,966</u>	<u>13,697,464</u>	<u>8,879,823</u>
Total Assets	<u>5,572,024</u>	<u>579,117</u>	<u>39,108,159</u>	<u>10,176,206</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	71,731	57,936	851,434	288,097
Accrued Liabilities	97,616	141,447	15,830	67,316
Accrued Compensated Absences	264,342	385,257	27,977	107,830
Due to Other Funds	662	436,030	141	757
Due to Other Governments	55,267	-	-	404
Unearned Revenue	-	25,184	-	57,454
Claims	-	-	4,149,227	-
Accrued Interest	-	-	-	12,214
Current Portion of Capital Lease	-	-	-	531,476
Total Current Liabilities	<u>489,618</u>	<u>1,045,854</u>	<u>5,044,609</u>	<u>1,065,548</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	185,820	720,074	39,880	178,859
Claims	-	-	6,447,950	-
Capital Lease Payable	-	-	-	1,089,312
Accrued Liabilities	158,211	209,246	40,829	96,968
Total Noncurrent Liabilities	<u>344,031</u>	<u>929,320</u>	<u>6,528,659</u>	<u>1,365,139</u>
Total Liabilities	<u>833,649</u>	<u>1,975,174</u>	<u>11,573,268</u>	<u>2,430,687</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,860,667	28,966	-	6,873,811
Unrestricted	2,877,708	(1,425,023)	27,534,891	871,708
Total Net Position	<u>\$ 4,738,375</u>	<u>(1,396,057)</u>	<u>27,534,891</u>	<u>7,745,519</u>

Police Garage	Municipal Services Center	Communication Services	Copy Services	Total
144,304	40,479	-	-	1,612,781
2,531,055	701,783	-	-	29,226,266
27,617	8,484	12,533	1,064	446,043
13,549	4,475	-	-	179,346
659,999	-	1,070	16,352	1,120,707
15,756	-	1,040	19,084	97,190
142,476	-	-	-	857,800
36,000	-	-	-	717,236
3,570,756	755,221	14,643	36,500	34,257,369
1,534,147	425,371	-	-	17,072,331
-	1,873,800	-	-	2,576,115
78,600	1,258,700	-	-	1,337,300
398,811	13,666,909	-	-	14,092,206
45,500	373,485	-	-	759,550
10,289,097	106,025	28,349	-	39,064,184
-	1,090,016	-	-	1,148,228
(5,986,388)	(2,583,984)	(28,349)	-	(27,924,568)
4,825,620	13,911,151	-	-	28,476,900
6,359,767	16,210,322	-	-	48,125,346
9,930,523	16,965,543	14,643	36,500	82,382,715
53,888	833,917	91	25,826	2,182,920
39,077	-	1,202	872	363,360
54,634	-	5,625	1,668	847,333
3	20,311	45,095	4,463	507,462
-	-	-	-	55,671
-	-	-	-	82,638
-	-	-	-	4,149,227
-	107,745	-	-	119,959
-	1,015,000	-	-	1,546,476
147,602	1,976,973	52,013	32,829	9,855,046
87,489	-	23,445	-	1,235,567
-	-	-	-	6,447,950
-	11,145,970	-	-	12,235,282
76,554	-	-	-	581,808
164,043	11,145,970	23,445	-	20,500,607
311,645	13,122,943	75,458	32,829	30,355,653
4,810,088	3,613,241	-	-	17,186,773
4,808,790	229,359	(60,815)	3,671	34,840,289
9,618,878	3,842,600	(60,815)	3,671	52,027,062

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	<u>Information Services</u>	<u>Engineering Revolving</u>	<u>Insurance Revolving</u>	<u>Fleet Services</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 8,909,176	9,051,016	44,246,922	6,681,084
<b>Operating Expenses</b>				
Personal Services	4,298,705	6,845,569	879,250	1,898,302
Materials and Supplies	161,617	32,499	6,165	1,743,251
Other Services and Charges	3,423,807	2,663,041	40,376,674	1,583,753
Depreciation	347,667	4,086	-	1,149,675
Total Operating Expenses	<u>8,231,796</u>	<u>9,545,195</u>	<u>41,262,089</u>	<u>6,374,981</u>
Operating Income (Loss)	<u>677,380</u>	<u>(494,179)</u>	<u>2,984,833</u>	<u>306,103</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Earnings	20,920	832	331,870	5,394
Gain on Disposal of Capital Assets	4,114	-	-	219,317
Debt Issuance Expense	-	-	-	(12,500)
Interest Expense and Fiscal Charges	(292)	-	-	(12,213)
Total Nonoperating Revenues (Expenses)	<u>24,742</u>	<u>832</u>	<u>331,870</u>	<u>199,998</u>
Income (Loss) Before Contributions and Transfers	702,122	(493,347)	3,316,703	506,101
Capital Contributions	-	-	-	593,480
Transfers In	<u>-</u>	<u>95,505</u>	<u>-</u>	<u>-</u>
Change in Net Position	702,122	(397,842)	3,316,703	1,099,581
Net Position - Beginning	<u>4,036,253</u>	<u>(998,215)</u>	<u>24,218,188</u>	<u>6,645,938</u>
Net Position - Ending	<u><u>\$ 4,738,375</u></u>	<u><u>(1,396,057)</u></u>	<u><u>27,534,891</u></u>	<u><u>7,745,519</u></u>



<u>Police Garage</u>	<u>Municipal Services Center</u>	<u>Communication Services</u>	<u>Copy Services</u>	<u>Total</u>
<u>5,197,279</u>	<u>2,725,209</u>	<u>114,906</u>	<u>347,210</u>	<u>77,272,802</u>
1,328,054	-	75,525	43,366	15,368,771
1,155,895	9,390	219	-	3,109,036
680,873	819,753	43,573	260,926	49,852,400
1,117,474	501,644	-	-	3,120,546
<u>4,282,296</u>	<u>1,330,787</u>	<u>119,317</u>	<u>304,292</u>	<u>71,450,753</u>
<u>914,983</u>	<u>1,394,422</u>	<u>(4,411)</u>	<u>42,918</u>	<u>5,822,049</u>
29,268	15,281	-	-	403,565
139,944	-	-	-	363,375
-	-	-	-	(12,500)
-	(321,780)	-	-	(334,285)
<u>169,212</u>	<u>(306,499)</u>	<u>-</u>	<u>-</u>	<u>420,155</u>
1,084,195	1,087,923	(4,411)	42,918	6,242,204
140,619	26,746	-	-	760,845
-	-	-	-	95,505
<u>1,224,814</u>	<u>1,114,669</u>	<u>(4,411)</u>	<u>42,918</u>	<u>7,098,554</u>
<u>8,394,064</u>	<u>2,727,931</u>	<u>(56,404)</u>	<u>(39,247)</u>	<u>44,928,508</u>
<u>9,618,878</u>	<u>3,842,600</u>	<u>(60,815)</u>	<u>3,671</u>	<u>52,027,062</u>

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 2,789,261	2,320,364	11,266,811	583,948
Receipts from Interfund Services Provided	6,079,042	6,823,404	32,976,941	6,129,341
Payments to Suppliers for Goods and Services	(3,588,120)	(829,541)	(39,949,309)	(2,659,339)
Payments to Employees	(4,368,263)	(6,896,756)	(891,668)	(1,862,049)
Payments for Interfund Services Provided	(194,393)	(2,043,161)	(472,557)	(642,809)
Net Cash Provided (Used) by Operating Activities	<u>717,527</u>	<u>(625,690)</u>	<u>2,930,218</u>	<u>1,549,092</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	-	95,505	-	-
Advance from General Fund	-	2,476,271	-	-
Repayment of Advances from General Fund	-	(2,057,514)	-	-
Repayments from Other Funds	-	-	150,000	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>514,262</u>	<u>150,000</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Additions to Capital Assets	(675,727)	-	-	(2,458,879)
Proceeds from Sale of Capital Assets	4,114	-	-	234,852
Proceeds from Long-Term Debt	-	-	-	2,178,913
Cost of Debt Issuance	-	-	-	(12,500)
Principal Payments of Capital Lease	-	-	-	(558,126)
Interest and Fiscal Charges Paid	(292)	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>(671,905)</u>	<u>-</u>	<u>-</u>	<u>(615,740)</u>
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sale and Maturities of Investments	2,351,483	97,733	27,836,018	508,243
Purchases of Investments	(2,442,945)	-	(31,346,143)	(734,031)
Interest and Other Receipts	17,460	694	271,317	4,475
Net Cash Provided (Used) by Investing Activities	<u>(74,002)</u>	<u>98,427</u>	<u>(3,238,808)</u>	<u>(221,313)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,380)	(13,001)	(158,590)	712,039
Cash and Cash Equivalents - Beginning	132,847	13,001	1,445,030	27,367
Cash and Cash Equivalents - Ending	<u>\$ 104,467</u>	<u>-</u>	<u>1,286,440</u>	<u>739,406</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	<u>\$ 677,380</u>	<u>(494,179)</u>	<u>2,984,833</u>	<u>306,103</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	347,667	4,086	-	1,149,675
Changes in Assets and Liabilities:				
Accounts Receivable	(1,240)	(203,736)	(236)	(81)
Due from Other Funds	(6,626)	280,122	-	(366)
Due from Other Governments	(33,007)	8,803	(2,934)	1,837
Inventories	-	-	-	(2,414)
Prepaid Expenses	(243,947)	(31)	-	-
Accounts Payable	(1,660)	(193,152)	(664,241)	28,177
Accrued Liabilities	(76,733)	(132,810)	(18,525)	505
Accrued Compensated Absences	7,175	81,623	6,107	35,748
Due to Other Funds	107	16,528	29	(933)
Due to Other Governments	48,411	(506)	(12,780)	27
Unearned Revenue	-	7,562	-	30,814
Claims	-	-	637,965	-
Total Adjustments	<u>40,147</u>	<u>(131,511)</u>	<u>(54,615)</u>	<u>1,242,989</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 717,527</u>	<u>(625,690)</u>	<u>2,930,218</u>	<u>1,549,092</u>
<b>Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:</b>				
Contribution of Capital Assets	\$ -	-	-	593,480
Purchase of Capital Assets on Account	-	-	-	58,212
Change in Fair Value of Investments	(1,702)	15	(21,717)	(542)

Police Garage	Municipal Services Center	Communication Services	Copy Services	Total
221,925	235,174	83,547	157,369	17,658,399
4,605,003	2,472,761	31,171	182,783	59,300,446
(1,263,991)	337,000	(40,063)	(251,055)	(48,244,418)
(1,319,958)	-	(75,316)	(44,091)	(15,458,101)
(683,467)	(397,695)	(1,873)	(6,492)	(4,442,447)
1,559,512	2,647,240	(2,534)	38,514	8,813,879
-	-	-	-	95,505
-	-	29,984	29,257	2,535,512
-	-	(27,450)	(67,771)	(2,152,735)
-	-	-	-	150,000
-	-	2,534	(38,514)	628,282
(1,351,331)	(1,066,176)	-	-	(5,552,113)
143,844	-	-	-	382,810
-	-	-	-	2,178,913
-	-	-	-	(12,500)
-	(1,010,000)	-	-	(1,568,126)
-	(352,226)	-	-	(352,518)
(1,207,487)	(2,428,402)	-	-	(4,923,534)
3,052,641	459,037	-	-	34,305,155
(3,443,637)	(954,813)	-	-	(38,921,569)
23,919	12,956	-	-	330,821
(367,077)	(482,820)	-	-	(4,285,593)
(15,052)	(263,982)	-	-	233,034
159,356	2,178,261	-	-	3,955,862
144,304	1,914,279	-	-	4,188,896
914,983	1,394,422	(4,411)	42,918	5,822,049
1,117,474	501,644	-	-	3,120,546
(26,586)	247	(3,128)	759	(234,001)
(360,561)	-	2,539	(2,652)	(87,544)
16,796	-	401	(5,166)	(13,270)
(31,044)	-	-	-	(33,458)
(36,000)	-	-	-	(279,978)
(43,647)	748,137	(1,020)	3,380	(124,026)
(6,195)	-	(1,692)	(880)	(236,330)
14,291	-	1,901	155	147,000
1	20,311	2,876	-	38,919
-	-	-	-	35,152
-	(17,521)	-	-	20,855
-	-	-	-	637,965
644,529	1,252,818	1,877	(4,404)	2,991,830
1,559,512	2,647,240	(2,534)	38,514	8,813,879
140,619	26,746	-	-	760,845
15,532	10,740	-	-	84,484
(2,440)	(737)	-	-	(27,123)



## AGENCY FUNDS

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

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

State of Nebraska - Sales tax collections on sales made by the City of Lincoln and lottery tax collections on keno proceeds to be remitted to the State.

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

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

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

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

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

Telephone Bill Suspense - To account for the accumulation and disbursement of funds to pay the University of Nebraska, State of Nebraska and Windstream for miscellaneous phone and data line 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.

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 2010. The City has agreed to be the trustee for these reserve funds until such time as the bonds are fully retired.

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING BALANCE SHEET**  
**AGENCY FUNDS**  
**AUGUST 31, 2017**

	<u>Collections Due Other Governments</u>	<u>HILP Escrow Accounts</u>	<u>Contractor Deposits</u>	<u>Payroll Revolving</u>	<u>Outstanding Warrants</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 92,068	18,530	2,179,829	990,961	2,177,121
Receivables:					
Accrued Interest	-	-	-	-	-
Other	56,049	-	-	-	-
Contractor Retainage	-	-	78,454	-	-
	<u>-</u>	<u>-</u>	<u>78,454</u>	<u>-</u>	<u>-</u>
Total Assets	<u>148,117</u>	<u>18,530</u>	<u>2,258,283</u>	<u>990,961</u>	<u>2,177,121</u>
<b>LIABILITIES</b>					
Warrants Payable	-	-	-	-	2,177,121
Accounts Payable	-	-	-	301,676	-
Due to Other Governments	148,117	-	-	689,285	-
Due to Homeowners	-	18,530	-	-	-
Due to Contractors	-	-	2,258,283	-	-
Due to Bondholders	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 148,117</u>	<u>18,530</u>	<u>2,258,283</u>	<u>990,961</u>	<u>2,177,121</u>

Telephone Bill Suspense	Unredeemed Bonds And Coupons	Public Building Commission Bond Reserve	Total
3,775	117,926	336,178	5,916,388
-	-	1,232	1,232
-	-	-	56,049
-	-	-	78,454
3,775	117,926	337,410	6,052,123
-	-	-	2,177,121
3,775	-	-	305,451
-	-	337,410	1,174,812
-	-	-	18,530
-	-	-	2,258,283
-	117,926	-	117,926
3,775	117,926	337,410	6,052,123

**CITY OF LINCOLN, NEBRASKA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Balance September 1, 2016	Additions	Deductions	Balance August 31, 2017
<b>COLLECTIONS DUE OTHER GOVERNMENTS:</b>				
Assets:				
Cash and Cash Equivalents	\$ 86,150	1,185,046	1,179,128	92,068
Receivables	56,003	56,049	56,003	56,049
	<u>142,153</u>	<u>1,241,095</u>	<u>1,235,131</u>	<u>148,117</u>
Liabilities:				
Due to Other Governments	\$ 142,153	1,286,545	1,280,581	148,117
	<u>142,153</u>	<u>1,286,545</u>	<u>1,280,581</u>	<u>148,117</u>
<b>HILP ESCROW ACCOUNTS:</b>				
Assets:				
Cash and Cash Equivalents	\$ 27,004	58,574	67,048	18,530
Liabilities:				
Due to Homeowners	\$ 27,004	-	8,474	18,530
	<u>27,004</u>	<u>-</u>	<u>8,474</u>	<u>18,530</u>
<b>CONTRACTOR DEPOSITS:</b>				
Assets:				
Cash and Cash Equivalents	\$ 492,457	1,800,949	113,577	2,179,829
Contractor Retainage	78,454	-	-	78,454
	<u>570,911</u>	<u>1,800,949</u>	<u>113,577</u>	<u>2,258,283</u>
Liabilities:				
Due to Contractors	\$ 570,911	1,800,949	113,577	2,258,283
	<u>570,911</u>	<u>1,800,949</u>	<u>113,577</u>	<u>2,258,283</u>
<b>PAYROLL REVOLVING:</b>				
Assets:				
Cash and Cash Equivalents	\$ 662,033	272,121,460	271,792,532	990,961
Liabilities:				
Accounts Payable	213,728	170,019,849	169,931,901	301,676
Due to Other Governments	448,305	38,596,510	38,355,530	689,285
	<u>\$ 662,033</u>	<u>208,616,359</u>	<u>208,287,431</u>	<u>990,961</u>
<b>OUTSTANDING WARRANTS:</b>				
Assets:				
Cash and Cash Equivalents	\$ 2,690,295	483,995,977	484,509,151	2,177,121
Liabilities:				
Warrants Payable	\$ 2,690,295	483,995,977	484,509,151	2,177,121
	<u>2,690,295</u>	<u>483,995,977</u>	<u>484,509,151</u>	<u>2,177,121</u>
<b>TELEPHONE BILL SUSPENSE:</b>				
Assets:				
Cash and Cash Equivalents	\$ 3,346	42,853	42,424	3,775
Liabilities:				
Accounts Payable	\$ 3,346	42,853	42,424	3,775
	<u>3,346</u>	<u>42,853</u>	<u>42,424</u>	<u>3,775</u>

(Continued)



(Agency Funds, Continued)

	Balance September 1, 2016	Additions	Deductions	Balance August 31, 2017
<b>UNREDEEMED BONDS AND COUPONS:</b>				
Assets:				
Cash and Cash Equivalents	\$ 117,926	-	-	117,926
Liabilities:				
Due to Bondholders	\$ 117,926	-	-	117,926
<b>PUBLIC BUILDING COMMISSION BOND RESERVE:</b>				
Assets:				
Cash and Cash Equivalents	\$ 335,815	2,307	1,944	336,178
Receivables	618	1,233	619	1,232
	336,433	3,540	2,563	337,410
Liabilities:				
Due to Other Governments	\$ 336,433	4,179	3,202	337,410
<b>AGENCY FUND TOTALS:</b>				
Total Assets	\$ 4,550,101	759,264,448	757,762,426	6,052,123
Total Liabilities	\$ 4,550,101	695,746,862	694,244,840	6,052,123



# 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
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<b>Financial Trends</b>	<b>145</b>
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

<b>Revenue Capacity</b>	<b>150</b>
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These schedules contain information to help the reader assess the City's three most significant local revenue sources; electrical sales, sales tax, and property tax.

<b>Debt Capacity</b>	<b>159</b>
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

<b>Demographic and Economic Information</b>	<b>163</b>
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

<b>Operating Information</b>	<b>165</b>
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



Table 1

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

		Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>											
Net Investment in											
Capital Assets	\$	803,312,775	773,243,018	587,747,372	545,831,558	522,108,202	405,635,743	386,451,715	482,099,420	471,161,398	460,113,747
Restricted		170,845,285	159,387,584	165,389,543	155,105,392	144,925,083	246,533,919	235,695,091	121,155,820	111,672,739	111,555,338
Unrestricted		101,154,775	82,713,956	216,775,964	264,484,057	253,913,437	228,009,224	216,250,335	207,317,364	211,304,395	189,259,245
Total Governmental Activities											
Net Position	\$	<u>1,075,312,835</u>	<u>1,015,344,558</u>	<u>969,912,879</u>	<u>965,421,007</u>	<u>920,946,722</u>	<u>880,178,886</u>	<u>838,397,141</u>	<u>810,572,604</u>	<u>794,138,532</u>	<u>760,928,330</u>
<b>Business-Type Activities:</b>											
Net Investment in											
Capital Assets	\$	725,334,301	664,773,842	692,461,543	673,582,095	615,635,246	608,119,231	622,950,944	598,053,416	583,202,962	570,458,163
Restricted		16,243,396	17,071,503	14,820,181	15,841,002	13,167,482	31,470,517	31,480,358	37,040,667	37,782,662	35,665,851
Unrestricted		193,344,188	217,843,287	152,834,566	143,784,800	179,766,596	153,480,358	107,063,389	100,903,096	93,873,028	82,155,334
Total Business-Type Activities											
Net Position	\$	<u>934,921,885</u>	<u>899,688,632</u>	<u>860,116,290</u>	<u>833,207,897</u>	<u>808,569,324</u>	<u>793,070,106</u>	<u>761,494,691</u>	<u>735,997,179</u>	<u>714,858,652</u>	<u>688,279,348</u>
<b>Primary Government:</b>											
Net Investment in											
Capital Assets	\$	1,528,647,076	1,438,016,860	1,280,208,915	1,219,413,653	1,137,743,448	1,013,754,974	1,009,402,659	1,080,152,836	1,054,364,360	1,030,571,910
Restricted		187,088,681	176,459,087	180,209,724	170,946,394	158,092,565	278,004,436	267,175,449	158,196,487	149,455,401	147,221,189
Unrestricted		294,498,963	300,557,243	369,610,530	408,268,857	433,680,033	381,489,582	323,313,724	308,220,460	305,177,423	271,414,579
Total Primary Government											
Net Position	\$	<u>2,010,234,720</u>	<u>1,915,033,190</u>	<u>1,830,029,169</u>	<u>1,798,628,904</u>	<u>1,729,516,046</u>	<u>1,673,248,992</u>	<u>1,599,891,832</u>	<u>1,546,569,783</u>	<u>1,508,997,184</u>	<u>1,449,207,678</u>

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

		Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>											
<b>Governmental Activities:</b>											
General Government	\$	52,387,910	49,756,620	48,543,231	45,355,465	43,666,952	40,635,824	40,059,839	36,991,820	31,985,923	32,808,482
Public Safety		96,915,706	93,495,599	91,997,706	87,571,014	86,493,288	82,915,183	81,218,142	75,364,591	75,077,334	72,715,593
Streets and Highways		49,055,496	59,111,970	41,302,726	46,525,688	39,551,411	38,319,958	39,840,551	38,150,193	31,465,735	29,132,813
Culture and Recreation		41,071,450	37,633,355	33,418,770	35,878,349	29,419,132	28,049,044	26,578,448	25,713,710	28,998,338	27,971,636
Economic Opportunity		21,384,298	20,703,598	18,101,822	21,549,476	14,819,767	16,840,478	16,336,855	17,198,314	14,851,021	16,355,833
Health and Welfare		22,433,400	21,701,621	22,273,013	21,456,657	20,939,140	21,414,951	21,153,869	20,840,847	19,592,758	20,674,538
Mass Transit		15,298,159	14,576,742	13,477,089	13,582,835	13,453,926	12,463,592	12,007,410	11,198,681	11,059,139	11,296,888
Equipment Management		527,243	614,893	1,032,440	1,181,947	1,479,534	1,162,325	1,882,136	1,767,774	2,562,842	2,563,466
Engineering Services		4,159,498	2,527,524	3,495,741	2,774,223	2,570,054	1,900,278	1,219,084	829,470	1,859,008	2,029,134
Interest on Long-Term Debt		21,172,325	20,931,956	21,310,128	21,776,180	19,787,131	20,417,899	11,568,353	6,373,674	6,503,466	6,473,960
Total Governmental Activities Expenses		324,405,485	321,053,878	294,952,666	297,651,834	272,180,335	264,119,532	251,864,687	234,429,074	223,955,564	222,022,343
<b>Business-Type Activities:</b>											
Golf		4,193,694	3,939,149	3,261,611	3,473,671	3,404,885	3,762,650	3,414,074	3,165,446	3,170,423	3,152,455
Parking System		9,874,516	9,418,838	9,223,770	8,078,478	7,144,511	5,933,848	5,632,973	5,475,157	5,007,885	4,908,537
Municipal Auditorium		-	-	33,652	1,538,108	2,632,482	2,468,566	2,202,234	2,243,518	1,937,132	2,041,953
Municipal Arena		11,783,010	8,630,522	8,353,078	11,462,603	1,712,916	18,851	-	-	-	-
Solid Waste Management		11,684,258	11,742,556	9,498,841	8,838,837	8,472,030	8,080,971	8,490,392	10,607,775	6,543,805	7,506,257
Emergency Medical Services		6,395,628	6,865,689	6,507,925	5,564,099	4,931,379	4,148,850	3,940,669	3,819,895	3,687,450	3,711,546
Broadband Enterprise		819,075	402,264	-	-	-	-	-	-	-	-
Wastewater System		25,637,244	24,852,092	24,128,351	23,864,691	23,116,057	23,017,798	23,135,157	22,265,579	22,979,974	18,965,453
Water System		29,304,869	27,243,026	26,368,801	25,941,743	25,499,420	25,908,587	26,084,158	23,469,948	23,794,190	23,378,936
Electric System		303,928,000	286,006,000	298,753,000	272,692,000	263,674,000	250,676,000	242,743,000	229,241,000	237,476,000	224,594,000
Total Business-Type Activities Expenses		403,620,294	379,100,136	386,129,029	361,454,230	340,587,680	324,016,121	315,642,657	300,288,318	304,596,859	288,259,137
Total	\$	728,025,779	700,154,014	681,081,695	659,106,064	612,768,015	588,135,653	567,507,344	534,717,392	528,552,423	510,281,480
<b>Program Revenues</b>											
<b>Governmental Activities:</b>											
<b>Charges for Services:</b>											
General Government	\$	36,328,041	33,956,597	34,039,065	31,498,610	26,631,508	22,686,194	21,544,375	20,614,039	20,413,769	20,572,788
Public Safety		8,234,573	7,428,315	7,653,414	7,446,309	6,903,567	6,150,370	5,730,687	5,034,014	4,921,077	5,671,183
Streets and Highways		5,695,776	6,599,287	5,070,875	5,162,445	5,711,018	3,489,348	4,087,358	3,291,012	3,202,082	5,485,027
Culture and Recreation		5,736,276	4,675,252	4,565,482	4,328,220	4,367,112	4,473,514	4,114,179	3,880,012	3,537,088	3,583,144
Economic Opportunity		1,112,696	1,346,373	1,709,576	918,794	863,053	2,346,582	2,269,303	1,014,906	750,883	731,663
Health and Welfare		4,943,035	4,974,773	5,120,923	5,332,189	4,715,133	4,773,397	4,435,710	4,257,066	4,345,410	3,248,351
Other Activities		9,979,442	8,765,439	7,439,039	7,957,457	6,402,371	5,808,815	4,244,695	3,610,376	4,674,371	5,465,776
Operating Grants and Contributions		65,860,903	63,971,798	59,762,954	71,235,768	57,394,538	51,263,862	73,594,748	55,013,696	50,412,504	52,058,209
Capital Grants and Contributions		23,824,607	19,411,483	25,708,872	23,165,428	28,517,996	32,043,686	7,982,667	16,171,192	25,746,780	39,507,199
Total Governmental Activities		161,715,349	151,129,317	151,070,200	157,045,220	141,506,296	133,035,768	128,003,722	112,886,313	118,003,964	136,323,340
<b>Business-Type Activities:</b>											
<b>Charges for Services:</b>											
Wastewater System		29,580,844	27,950,057	27,004,622	25,804,120	24,550,035	24,040,603	22,931,019	21,661,455	21,111,385	20,575,445
Water System		36,176,115	35,346,948	31,275,854	32,558,575	31,931,843	34,021,393	28,474,175	25,012,703	25,586,213	23,943,135
Electric System		315,502,000	311,093,000	314,623,000	290,121,000	276,110,000	269,043,000	261,377,000	245,705,000	248,131,000	225,406,000
Other Activities		47,318,628	39,632,958	37,177,844	38,456,326	25,575,522	23,402,117	22,423,038	21,311,191	20,786,248	21,159,042
Operating Grants and Contributions		-	61,066	-	-	-	-	-	-	-	26,000
Capital Grants and Contributions		11,416,105	9,765,195	13,309,086	5,403,759	7,195,503	6,731,837	4,645,062	5,767,531	11,025,070	10,809,320
Total Business-Type Activities		439,993,692	423,849,224	423,390,406	392,343,780	365,362,903	357,238,950	339,850,294	319,457,880	326,639,916	301,918,942
Program Revenues		439,993,692	423,849,224	423,390,406	392,343,780	365,362,903	357,238,950	339,850,294	319,457,880	326,639,916	301,918,942
Total	\$	601,709,041	574,978,541	574,460,606	549,389,000	506,869,199	490,274,718	467,854,016	432,344,193	444,643,880	438,242,282
<b>Net (Expense)/Revenue</b>											
Governmental Activities	\$	(162,690,136)	(169,924,561)	(143,882,466)	(140,606,614)	(130,674,039)	(131,083,764)	(123,860,965)	(121,542,761)	(105,951,600)	(85,699,003)
Business-Type Activities		36,373,398	44,749,088	37,261,377	30,889,550	24,775,223	33,222,829	24,207,637	19,169,562	22,043,057	13,659,805
Total	\$	(126,316,738)	(125,175,473)	(106,621,089)	(109,717,064)	(105,898,816)	(97,860,935)	(99,653,328)	(102,373,199)	(83,908,543)	(72,039,198)

(Continued)

		Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues and Other Changes											
In Net Position											
Governmental Activities:											
Taxes:											
Property Tax	\$	70,687,331	66,338,373	60,781,216	55,871,758	56,130,131	53,302,884	48,621,668	48,637,701	49,370,031	48,016,158
Motor Vehicle Tax		5,710,522	5,396,042	5,049,072	4,737,197	4,504,623	4,331,331	4,284,369	4,247,118	4,323,350	4,303,363
Wheel Tax		18,452,773	18,061,400	17,548,482	17,173,865	15,649,558	14,055,801	12,031,376	11,519,622	10,697,955	10,458,568
Sales and Use Tax		88,493,433	83,561,157	69,437,901	66,753,197	63,544,137	62,388,551	57,996,100	55,362,688	54,337,312	55,351,848
Sundry and In Lieu Tax		1,659,560	1,618,479	1,543,657	62,239	65,882	68,405	63,118	54,431	46,078	45,761
Occupation Tax		27,167,889	26,618,563	26,367,092	25,830,488	25,437,045	25,732,963	20,403,399	10,847,214	10,541,781	10,038,110
Unrestricted Grants and Contributions		71,620	67,640	65,051	80,178	79,177	93,633	1,927,588	2,006,071	1,542,816	1,569,021
Unrestricted Investment Earnings (Loss)		2,308,284	1,914,541	1,842,730	2,855,984	(833,074)	1,014,773	1,370,358	1,926,976	5,181,996	6,738,206
Miscellaneous General Revenues		489,198	708,314	1,251,922	890,450	1,925,791	2,623,024	2,309,497	793,365	844,591	820,587
Transfers		7,617,803	11,071,731	11,754,684	10,825,543	11,290,702	9,254,144	2,678,029	2,581,647	2,275,892	2,675,305
Total Governmental Activities		222,658,413	215,356,240	195,641,807	185,080,899	177,793,972	172,865,509	151,685,502	137,976,833	139,161,802	140,016,927
Business-Type Activities:											
Occupation Tax		3,809,059	4,194,442	2,832,539	2,598,793	2,011,468	2,048,615	2,059,361	1,984,400	1,978,659	2,134,549
Unrestricted Investment Earnings (Loss)		2,339,375	1,517,819	961,154	1,757,946	(713,969)	983,824	1,564,708	1,673,103	4,680,958	8,761,713
Miscellaneous General Revenues		233,578	89,483	329,954	136,403	874,807	380,531	343,835	893,109	152,522	135,278
Transfers		(7,522,157)	(10,978,490)	(11,594,036)	(10,744,119)	(11,040,534)	(5,060,384)	(2,678,029)	(2,581,647)	(2,275,892)	(2,675,305)
Total Business-Type Activities		(1,140,145)	(5,176,746)	(7,470,389)	(6,250,977)	(8,868,228)	(1,647,414)	1,289,875	1,968,965	4,536,247	8,356,235
Total	\$	221,518,268	210,179,494	188,171,418	178,829,922	168,925,744	171,218,095	152,975,377	139,945,798	143,698,049	148,373,162
Change in Net Position											
Governmental Activities	\$	59,968,277	45,431,679	51,759,341	44,474,285	47,119,933	41,781,745	27,824,537	16,434,072	33,210,202	54,317,924
Business-Type Activities		35,233,253	39,572,342	29,790,988	24,638,573	15,906,995	31,575,415	25,497,512	21,138,527	26,579,304	22,016,040
Total	\$	95,201,530	85,004,021	81,550,329	69,112,858	63,026,928	73,357,160	53,322,049	37,572,599	59,789,506	76,333,964

Table 3

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011 <sup>1</sup>	2010	2009	2008
<b>General Fund</b>										
Reserved	\$ -	-	-	-	-	-	-	4,723,651	4,668,702	4,025,169
Unreserved	-	-	-	-	-	-	-	25,701,931	27,586,521	28,453,611
Nonspendable	440,254	470,421	658,674	1,711,883	3,313,783	4,833,496	6,891,170	-	-	-
Restricted	4,278,240	7,432,974	6,674,867	13,605,640	6,281,230	5,277,054	5,525,739	-	-	-
Assigned	15,038,279	17,888,953	16,266,623	14,859,083	14,425,933	13,359,297	13,750,394	-	-	-
Unassigned	47,898,455	39,910,750	37,916,609	27,287,777	31,198,290	25,631,426	15,586,533	-	-	-
Total General Fund	\$ <u>67,655,228</u>	<u>65,703,098</u>	<u>61,516,773</u>	<u>57,464,383</u>	<u>55,219,236</u>	<u>49,101,273</u>	<u>41,753,836</u>	<u>30,425,582</u>	<u>32,255,223</u>	<u>32,478,780</u>
<b>Other Governmental Funds</b>										
Reserved	\$ -	-	-	-	-	-	-	73,769,526	74,955,098	73,635,833
Unreserved, Reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	57,417,341	59,557,240	61,839,340
Nonspendable	1,390,659	1,272,150	1,473,802	1,449,797	740,047	952,070	971,115	-	-	-
Restricted	73,522,250	64,216,765	90,127,670	80,627,691	81,155,945	193,309,126	275,451,124	-	-	-
Committed	1,592,063	1,367,357	2,011,552	1,002,975	821,517	805,612	633,206	-	-	-
Assigned	81,800,834	75,624,539	48,431,382	58,046,223	48,189,249	21,386,596	21,097,190	-	-	-
Unassigned	(85,684)	(111,254)	(130,824)	(144,837)	(133,773)	(191,814)	(140,056)	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Restricted	9,086,748	11,259,554	12,026,455	12,305,606	18,524,649	17,964,189	16,060,411	-	-	-
Committed	1,600,425	1,256,039	1,021,894	797,894	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	8,764,922	9,853,337	13,339,093
Nonspendable	-	-	915,875	-	-	-	-	-	-	-
Restricted	27,307,586	21,989,096	9,458,562	14,395,343	16,818,180	11,783,064	13,748,458	-	-	-
Assigned	15,467	29,271	42,922	42,649	54,154	207,968	207,940	-	-	-
Unassigned	-	-	(178,013)	-	-	-	-	-	-	-
Permanent Funds	-	-	-	-	-	-	-	16,511,201	14,146,177	13,529,735
Nonspendable	37,160,000	37,160,000	37,160,000	37,160,000	37,160,000	37,160,000	37,160,000	-	-	-
Restricted	28,946,351	27,117,060	24,842,747	28,175,169	22,080,008	21,292,273	19,553,118	-	-	-
Total Other Governmental Funds	\$ <u>262,336,699</u>	<u>241,180,577</u>	<u>227,204,024</u>	<u>233,858,510</u>	<u>225,409,976</u>	<u>304,669,084</u>	<u>384,742,506</u>	<u>156,462,990</u>	<u>158,511,852</u>	<u>162,344,001</u>

Note: <sup>1</sup> In 2011, Reporting of fund balances was changed to meet the requirements of GASB 54.



Table 4

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Taxes:										
Property	\$ 70,638,227	66,224,399	61,045,754	55,821,121	55,971,572	53,542,530	48,204,472	48,916,327	49,359,612	48,061,759
Motor Vehicle	5,710,522	5,396,042	5,049,072	4,737,197	4,504,623	4,331,331	4,284,369	4,247,118	4,323,350	4,303,363
Wheel	18,452,773	18,061,400	17,548,482	17,173,865	15,649,558	14,055,801	12,031,376	11,519,622	10,697,955	10,458,568
Sales and Use	88,493,433	83,561,157	69,437,901	66,753,197	63,544,137	62,388,551	57,996,100	55,362,688	54,337,312	55,351,848
Sundry and In Lieu	1,662,544	1,605,175	1,541,109	62,443	62,155	68,845	61,251	57,195	44,479	50,068
Occupation	26,692,821	26,618,563	26,367,092	25,830,488	25,437,045	25,732,963	20,936,558	10,314,055	10,541,781	10,517,680
Special Assessment	1,445,861	1,393,824	1,775,903	1,873,228	1,147,640	1,213,968	1,118,514	1,145,298	1,055,927	1,351,532
Intergovernmental	74,133,945	64,711,049	70,694,942	79,378,553	81,340,882	68,267,660	71,532,824	61,640,301	75,099,973	73,830,720
Permits and Fees	25,823,013	25,704,855	25,327,804	23,794,402	22,936,015	20,239,031	18,524,372	16,432,219	17,119,002	18,013,104
Reimbursement for Services	17,102,484	16,807,455	16,083,267	14,283,172	8,341,522	7,850,732	7,521,366	7,004,334	6,600,299	6,511,457
Court Settlements	-	75,000	-	265,120	856,188	1,931,804	1,700,000	-	-	-
Program Income	267,705	22,726	13,858	51,071	442,313	1,227,767	1,217,936	207,978	57,535	48,549
Investment Earnings	6,868,335	6,249,869	1,006,466	10,571,021	1,732,354	4,744,887	5,454,877	5,197,259	5,791,391	6,806,258
Donations	5,125,339	3,526,770	3,485,683	3,153,911	3,554,614	9,510,272	1,985,681	1,251,904	2,755,165	1,747,959
Keno Proceeds	4,795,736	4,559,104	4,343,261	4,189,006	3,930,602	3,639,819	3,321,506	3,132,180	3,140,726	3,373,939
Miscellaneous	4,605,585	2,359,028	3,183,321	3,326,065	3,253,780	5,004,523	3,054,429	1,875,076	1,864,589	2,497,331
Total Revenues	<u>351,818,323</u>	<u>326,876,416</u>	<u>306,903,915</u>	<u>311,263,860</u>	<u>292,705,000</u>	<u>282,645,484</u>	<u>258,945,631</u>	<u>228,303,554</u>	<u>242,789,096</u>	<u>242,924,135</u>
<b>Expenditures</b>										
General Government	58,560,593	54,483,582	50,714,491	51,044,096	42,761,424	39,048,320	36,622,362	35,865,006	34,428,477	35,278,575
Public Safety	81,171,971	77,399,174	75,625,163	72,833,698	72,489,536	70,444,362	69,537,057	64,679,523	63,984,484	61,147,903
Streets and Highways	20,634,650	20,896,834	19,464,370	21,054,394	18,355,326	18,471,067	18,335,078	19,832,223	16,445,304	16,482,240
Culture and Recreation	26,730,859	25,310,935	24,538,296	25,172,100	22,323,942	22,518,532	21,794,585	21,483,873	22,449,569	21,686,564
Economic Opportunity	13,034,266	14,012,940	14,773,423	13,792,741	12,831,193	14,673,671	15,811,914	15,359,628	11,321,242	14,685,668
Health and Welfare	23,116,621	22,605,745	23,038,785	22,097,954	21,339,175	22,070,619	21,993,415	21,652,729	20,349,757	21,053,132
Mass Transit	13,439,363	12,380,084	15,539,838	14,419,436	11,980,828	10,288,935	15,088,883	12,034,413	9,575,670	10,707,601
Debt Service										
Principal Retirement	15,192,206	16,306,212	13,669,561	12,562,312	11,105,182	10,403,101	9,657,542	10,087,532	10,446,544	7,989,828
Interest and Fiscal Charges	20,901,231	21,315,928	21,615,227	21,341,587	19,880,928	20,265,733	12,625,404	6,285,998	6,414,144	6,384,069
Miscellaneous	9,207,578	5,543,071	3,350,198	2,545,313	735,215	1,020,997	4,156,516	658,871	129,417	53,898
Capital Outlay <sup>1</sup>	60,766,351	65,209,483	63,654,540	93,177,287	208,303,537	142,260,715	109,581,050	32,547,239	61,094,201	79,369,789
Total Expenditures	<u>342,755,689</u>	<u>335,463,988</u>	<u>325,983,892</u>	<u>350,040,918</u>	<u>442,106,286</u>	<u>371,466,052</u>	<u>335,203,806</u>	<u>240,487,035</u>	<u>256,638,809</u>	<u>274,839,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,062,634</u>	<u>(8,587,572)</u>	<u>(19,079,977)</u>	<u>(38,777,058)</u>	<u>(149,401,286)</u>	<u>(88,820,568)</u>	<u>(76,258,175)</u>	<u>(12,183,481)</u>	<u>(13,849,713)</u>	<u>(31,915,132)</u>
<b>Other Financing Sources (Uses)</b>										
Transfers In	67,614,670	71,316,460	64,347,309	63,910,985	56,859,969	53,359,760	43,860,255	46,026,786	53,544,932	60,693,467
Transfers Out	(55,136,381)	(59,277,115)	(53,620,582)	(53,396,515)	(45,380,837)	(44,157,324)	(41,111,608)	(43,259,113)	(51,005,462)	(58,325,388)
Issuance of Debt <sup>1</sup>	710,000	12,935,000	3,400,000	37,675,000	35,433,437	6,080,000	313,480,500	4,131,948	6,501,393	8,877,537
Issuance of Refunding Debt	14,735,000	-	9,010,000	-	-	36,185,000	22,415,000	-	-	-
Premium on Debt Issued	1,523,051	622,829	435,077	682,653	980,327	4,182,049	5,761,647	-	25,473	98,768
Discounts on Debt Issued	-	-	-	-	-	-	(6,427)	-	-	-
Transfer to Bond Refunding Agent	(16,091,516)	-	(9,280,206)	-	-	(39,840,997)	(28,822,296)	-	-	-
Sale of Capital Assets	690,794	1,153,276	2,186,283	598,616	28,367,245	286,095	288,874	1,405,357	727,671	465,331
Total Other Financing Sources (Uses)	<u>14,045,618</u>	<u>26,750,450</u>	<u>16,477,881</u>	<u>49,470,739</u>	<u>76,260,141</u>	<u>16,094,583</u>	<u>315,865,945</u>	<u>8,304,978</u>	<u>9,794,007</u>	<u>11,809,715</u>
Net Change in Fund Balances	<u>\$ 23,108,252</u>	<u>18,162,878</u>	<u>(2,602,096)</u>	<u>10,693,681</u>	<u>(73,141,145)</u>	<u>(72,725,985)</u>	<u>239,607,770</u>	<u>(3,878,503)</u>	<u>(4,055,706)</u>	<u>(20,105,417)</u>
Debt Service as a Percentage of Noncapital Expenditures	12.6%	13.8%	13.8%	12.9%	12.0%	12.7%	9.8%	7.7%	7.7%	6.5%

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

Table 5

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

Lincoln Electric System Megawatt-Hour Sales								Average Cent per Kilowatt Hour Rate
Calendar Year	Residential	Commercial	Industrial	Street and Highway Lighting	Unbilled Energy Increase/ (Decrease)	Sales To Others	Total Megawatt-Hour Sales	
2016	1,206,243	1,525,139	492,110	21,419	(13,024)	1,228,376	4,460,263	\$ 0.0809
2015	1,171,732	1,492,176	486,001	21,516	(1,043)	918,131	4,088,513	0.0808
2014	1,202,922	1,508,493	497,872	21,642	(11,244)	932,130	4,151,815	0.0799
2013	1,213,553	1,488,594	497,388	21,403	15,653	963,306	4,199,897	0.0778
2012	1,183,412	1,477,103	497,908	21,172	15,817	881,355	4,076,767	0.0758
2011	1,214,170	1,467,530	496,957	21,166	(25,504)	1,116,821	4,291,140	0.0738
2010	1,216,899	1,474,185	495,279	21,082	(17,765)	1,006,085	4,195,765	0.0721
2009	1,121,769	1,427,402	483,982	20,651	269	1,092,093	4,146,166	0.0700
2008	1,133,238	1,451,353	558,088	20,349	73,241	1,232,903	4,469,172	0.0648
2007	1,152,048	1,471,457	539,438	20,234	(3,435)	569,319	3,749,061	0.0634

Note: The numbers are based on Lincoln Electric System's December 31 fiscal year end.

Source: Lincoln Electric System

Table 6

**CITY OF LINCOLN, NEBRASKA**  
**REVENUE FROM ELECTRICAL SALES BY CUSTOMER TYPE**  
**CALENDAR YEAR AND NINE YEARS AGO**  
(dollars in thousands)

Customer Type	2016			2007		
	Revenue From Electric Sales	Rank	Percentage of Revenue From Electric Sales	Revenue From Electric Sales	Rank	Percentage of Revenue From Electric Sales
Commercial	\$ 114,535	1	38.05 %	\$ 84,035	1	37.96 %
Residential	113,946	2	37.85	82,430	2	37.23
Industrial	31,867	3	10.58	26,233	3	11.85
Other	40,712	-	13.52	28,696	-	12.96
Total	\$ <u>301,060</u>		<u>100.00 %</u>	\$ <u>221,394</u>		<u>100.00 %</u>

Note: The numbers are based on Lincoln Electric System's December 31 fiscal year end.

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
2017	\$ 6,119,491,231	0.0175
2016	5,686,683,753	0.0175
2015	4,823,960,412	0.0150
2014	4,657,424,242	0.0150
2013	4,469,320,749	0.0150
2012	4,290,698,668	0.0150
2011	4,098,124,125	0.0150
2010	3,918,162,825	0.0150
2009	3,860,013,289	0.0150
2008	3,961,835,269	0.0150

Note: 2016 voter approved tax rate increase began  
October 1, 2015, not to last more than 3 years.

Source: City of Lincoln Treasurer's Office

Table 8

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

Fiscal Year	Direct <sup>1</sup>	Overlapping <sup>2</sup>	Total Tax Rate
	City of Lincoln	State of Nebraska	
2017	0.0175	0.0550	0.0725
2016	0.0175	0.0550	0.0725
2015	0.0150	0.0550	0.0700
2014	0.0150	0.0550	0.0700
2013	0.0150	0.0550	0.0700
2012	0.0150	0.0550	0.0700
2011	0.0150	0.0550	0.0700
2010	0.0150	0.0550	0.0700
2009	0.0150	0.0550	0.0700
2008	0.0150	0.0550	0.0700

Note: <sup>1</sup> 2016 voter approved tax rate increase began October 1, 2015, not to last more than 3 years.

<sup>2</sup> Overlapping rates are those of other governments that apply to consumers within the City of Lincoln.

Table 9

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

Business Classification	2016			2007		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 1,868,566,794	1	49.23 %	\$ 1,675,530,290	1	51.18 %
Accommodation & Food Services	640,731,359	2	16.88	425,412,958	2	12.99
Utilities	264,583,024	3	6.97	285,920,866	3	8.73
Other	1,021,487,535	-	26.92	887,336,400	-	27.10
Total	\$ <u>3,795,368,712</u>		<u>100.00 %</u>	\$ <u>3,274,200,514</u>		<u>100.00 %</u>

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales.  
The numbers are only available on a calendar year basis. 2017 amounts are not yet available.

Source: Nebraska Department of Revenue

Table 10

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

Fiscal Year Ended August 31,	Real Property		Other Property		Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property	Centrally Assessed Property		
2017	\$ 12,573,902,552	\$ 5,443,342,291	\$ 622,334,345	\$ 231,246,376	\$ 18,870,825,564	0.3337
2016	12,353,764,148	5,264,621,434	613,850,419	225,082,751	18,457,318,752	0.3196
2015	11,584,715,041	5,017,666,961	573,730,282	204,014,089	17,380,126,373	0.3196
2014	11,403,992,418	4,962,314,863	554,193,402	190,468,076	17,110,968,759	0.3158
2013	11,181,988,692	4,787,396,700	524,415,751	182,395,753	16,676,196,896	0.3158
2012	10,745,000,908	4,476,953,562	517,899,056	160,975,287	15,900,828,813	0.3158
2011	10,648,151,681	4,477,256,519	565,104,377	190,747,843	15,881,260,420	0.2879
2010	10,546,474,527	4,438,463,100	566,308,151	195,207,804	15,746,453,582	0.2879
2009	10,839,440,027	4,382,749,195	547,971,496	165,412,019	15,935,572,737	0.2879
2008	10,723,170,809	4,246,365,596	521,771,782	162,618,303	15,653,926,490	0.2879

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

Source: Lancaster County Assessor's Office

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>City of Lincoln</b>										
General	0.1990	0.1957	0.1859	0.1889	0.1854	0.1876	0.1739	0.1772	0.1806	0.1778
Library	0.0444	0.0421	0.0438	0.0417	0.0423	0.0400	0.0398	0.0398	0.0396	0.0404
Social Security	0.0158	0.0144	0.0163	0.0155	0.0157	0.0163	0.0141	0.0097	0.0129	0.0134
Police and Fire Pension	0.0402	0.0352	0.0374	0.0378	0.0382	0.0348	0.0261	0.0251	0.0201	0.0203
Unemployment Compensation	0.0003	0.0003	-	-	-	-	-	-	-	-
Bond Interest and Redemption	0.0340	0.0319	0.0362	0.0319	0.0342	0.0371	0.0340	0.0361	0.0347	0.0360
Total City of Lincoln	<u>0.3337</u>	<u>0.3196</u>	<u>0.3196</u>	<u>0.3158</u>	<u>0.3158</u>	<u>0.3158</u>	<u>0.2879</u>	<u>0.2879</u>	<u>0.2879</u>	<u>0.2879</u>
<b>Overlapping Rates <sup>1</sup></b>										
School District No. 1	1.2397	1.2429	1.2434	1.2441	1.2447	1.2461	1.2462	1.2537	1.2668	1.2719
Lancaster County	0.2753	0.2783	0.2813	0.2813	0.2843	0.2683	0.2683	0.2683	0.2683	0.2755
Educational Service Unit #18	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0145	0.0150	0.0150	0.0141
Community Technical College	0.0752	0.0757	0.0598	0.0667	0.0627	0.0627	0.0600	0.0676	0.0722	0.0689
Lower Platte South N.R.D.	0.0335	0.0345	0.0358	0.0361	0.0378	0.0398	0.0406	0.0410	0.0410	0.0418
Lancaster County Correctional JPA City	0.0153	0.0156	0.0168	0.0172	0.0177	0.0185	0.0189	0.0194	0.0195	-
Lancaster County Correctional JPA County	0.0085	0.0088	0.0094	0.0096	0.0099	0.0105	0.0106	0.0107	0.0106	-
Railroad Transportation Safety District	0.0190	0.0160	0.0130	0.0130	0.0100	0.0260	0.0260	0.0260	0.0260	0.0260
Agricultural Society of Lancaster County	0.0015	0.0015	0.0015	0.0015	0.0015	0.0016	0.0017	0.0016	0.0015	0.0016
Lancaster County Fairgrounds	0.0030	0.0031	0.0033	0.0034	0.0037	0.0037	0.0038	0.0038	0.0038	0.0043
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0167	0.0170	0.0170	0.0170	0.0170	0.0170
Total Overlapping Rates	<u>1.7030</u>	<u>1.7084</u>	<u>1.6963</u>	<u>1.7049</u>	<u>1.7040</u>	<u>1.7092</u>	<u>1.7076</u>	<u>1.7241</u>	<u>1.7417</u>	<u>1.7211</u>

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

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

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



Table 12

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

Taxpayer	Type of Business	2017			2008		
		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	\$ 141,185,400	1	0.75 %	\$ 71,277,149	1	0.46 %
Burlington Northern	Railroad	105,428,414	2	0.56	47,587,795	8	0.30
Kawasaki	Manufacturing	75,103,680	3	0.40	67,771,007	2	0.43
Nebco	Construction / Development	74,990,499	4	0.40	44,339,244	10	0.28
Ameritas Life Insurance Corp.	Insurance	59,265,586	5	0.31	52,204,964	6	0.33
WEA Gateway LLC	Retail Management	52,978,600	6	0.28	59,248,573	4	0.38
Windstream	Telecommunications	44,754,265	7	0.24	64,440,889	3	0.41
Assurity Life Insurance Co.	Insurance	40,541,582	8	0.21	-	-	-
Bryan LGH	Hospital	40,068,600	9	0.21	-	-	-
Wal-Mart Real Estate Trust	Retail Management	39,070,700	10	0.21	-	-	-
Chateau Van Dorn LLC	Real Estate Development	-	-	-	50,459,982	7	0.32
Pfizer	Animal Health	-	-	-	56,342,662	5	0.36
Molex Inc.	Manufacturing	-	-	-	45,981,536	9	0.29
Total		<u>\$ 673,387,326</u>		<u>3.57 %</u>	<u>\$ 559,653,801</u>		<u>3.56 %</u>

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
2017	\$ 63,023,942	\$ 61,735,542	97.96 %	\$ -	\$ 61,735,542	97.96 %
2016	58,987,113	57,685,951	97.79	1,277,753	58,963,704	99.96
2015	55,483,999	54,235,009	97.75	1,224,093	55,459,102	99.96
2014	53,884,064	52,616,370	97.65	1,250,534	53,866,904	99.97
2013	52,460,687	51,226,109	97.65	1,206,427	52,432,536	99.95
2012	50,168,325	48,788,943	97.25	1,334,828	50,123,771	99.91
2011	45,957,934	44,206,917	96.19	1,351,231	45,558,148	99.13
2010	45,211,603	43,791,366	96.86	1,391,889	45,183,255	99.94
2009	45,916,232	44,385,970	96.67	1,487,130	45,873,100	99.91
2008	45,245,194	43,526,689	96.20	1,520,361	45,047,050	99.56

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

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

		Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>											
General Bonds	\$	40,780	45,370	43,800	48,775	53,015	49,340	51,600	48,330	52,440	56,760
Tax Supported Bonds		56,565	62,385	66,700	69,975	73,165	50,250	55,205	57,655	59,385	61,750
Tax Allocation Bonds		4,911	4,966	6,461	7,976	9,254	10,358	11,658	12,398	13,356	10,071
Special Assessment Bonds		3,135	3,315	3,490	3,665	3,840	4,010	1,200	-	-	-
Antelope Valley Project Bonds		-	2,020	2,875	3,690	4,470	5,210	5,920	6,605	7,265	7,900
West Haymarket JPA Bonds		326,545	327,095	327,635	328,175	300,000	300,000	300,000	-	-	-
Capital Leases		39,370	43,320	40,989	43,731	39,043	33,371	33,525	28,989	28,094	28,574
Unamortized Premiums/Discounts		12,328	11,690	11,640	11,782	11,610	10,444	8,197	2,577	2,675	2,747
<b>Business-Type Activities</b>											
Revenue Bonds		705,720	755,635	718,790	743,660	750,500	701,560	732,650	745,660	773,390	781,125
Project Loans		33,739	35,469	37,119	35,881	27,429	16,532	6,991	3,049	-	-
Notes Payable		1,200	1,400	1,600	1,800	1,575	-	-	-	-	-
Capital Leases		1,241	1,677	1,540	1,939	2,389	2,271	1,009	1,328	338	478
Unamortized Premiums/Discounts		65,823	57,341	46,242	50,155	49,240	7,768	4,754	5,410	6,230	7,252
Total Primary Government	\$	<u>1,291,357</u>	<u>1,351,683</u>	<u>1,308,881</u>	<u>1,351,204</u>	<u>1,325,530</u>	<u>1,191,114</u>	<u>1,212,709</u>	<u>912,001</u>	<u>943,173</u>	<u>956,657</u>
Net Debt Per Capita <sup>1</sup>	\$	4,606	4,874	4,795	5,028	4,994	4,540	4,694	3,591	3,748	3,846
Percentage of Personal Income <sup>1</sup>	%	-	9.08	9.17	9.76	9.87	9.23	9.89	7.95	8.34	8.37

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

<sup>1</sup> See Table 18, Demographic and Economic Statistics, for income and population data.

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	West Haymarket Joint Public Agency Bonds	Unamortized Premiums and Discounts	General Bonded Debt	Sinking Funds	Net General Bonded Debt	Net Bonded Debt Per Capita <sup>1</sup>	Ratio of Net Debt To Estimated Valuation of Taxable Real Property <sup>2</sup>
2017	\$ 40,780	\$ 56,565	\$ 4,911	\$ 3,135	\$ 326,545	\$ 12,328	\$444,264	\$ 8,221	\$436,043	\$ 1,555.27	2.42 %
2016	45,370	62,385	4,966	3,315	327,095	11,664	454,795	8,328	446,467	1,609.77	2.53
2015	43,800	66,700	6,461	3,490	327,635	11,602	459,688	9,143	450,545	1,650.37	2.71
2014	48,775	69,975	7,976	3,665	328,175	11,734	470,300	9,427	460,873	1,736.50	2.89
2013	53,015	73,165	9,254	3,840	300,000	11,552	450,826	15,640	435,186	1,658.86	2.86
2012	49,340	50,250	10,358	4,010	300,000	10,376	424,334	15,142	409,192	1,583.69	2.71
2011	51,600	55,205	11,658	1,200	300,000	8,120	427,783	13,305	414,478	1,631.80	2.77
2010	48,330	57,655	12,398	-	-	2,491	120,874	13,480	107,394	426.80	0.71
2009	52,440	59,385	13,356	-	-	2,581	127,762	13,604	114,158	458.94	0.76
2008	56,760	61,750	10,071	-	-	2,645	131,226	12,962	118,264	494.39	0.92

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

<sup>1</sup> Population data can be found in Table 18, Demographic and Economic Statistics.

<sup>2</sup> 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, 2017**

<u>Governmental Units</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Direct And Overlapping Debt To The City</u>
Direct:			
City	\$ <u>483,634,000</u>	100.0 %	\$ <u>483,634,000</u>
Overlapping:			
School District #1	410,447,535	99.5	408,395,000
Public Building Commission	35,655,000	85.4	30,449,000
Lancaster County Correctional Facility	43,875,000	85.4	37,469,000
Lancaster County Fairgrounds	<u>9,300,000</u>	85.4	<u>7,942,000</u>
	<u>499,277,535</u>		<u>484,255,000</u>
Total	\$ <u><u>982,911,535</u></u>		\$ <u><u>967,889,000</u></u>

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

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

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

**CITY OF LINCOLN, NEBRASKA**  
**PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

Table 17

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Wastewater System</b>										
Gross Revenues	\$ 30,516,105	29,026,442	28,026,866	27,049,162	24,988,275	24,763,975	23,546,370	22,472,095	22,643,270	22,347,867
Direct Operating Expenses	14,726,200	14,019,061	13,541,561	13,337,986	12,522,159	12,378,673	12,543,964	11,664,593	11,771,291	11,393,624
Net Available Revenue	15,789,905	15,007,381	14,485,305	13,711,176	12,466,116	12,385,302	11,002,406	10,807,502	10,871,979	10,954,243
Debt Service Requirements										
Principal	4,761,635	4,562,314	3,747,284	4,053,916	3,487,906	3,137,858	2,865,000	2,695,000	2,620,000	2,415,000
Interest	2,619,980	2,847,529	3,114,518	3,077,999	3,089,698	3,655,156	3,647,609	3,731,444	3,820,044	4,030,454
Total	7,381,615	7,409,843	6,861,802	7,131,915	6,577,604	6,793,014	6,512,609	6,426,444	6,440,044	6,445,454
Coverage	2.14	2.03	2.11	1.92	1.90	1.82	1.69	1.68	1.69	1.70
<b>Water System</b>										
Gross Revenues	\$ 38,494,901	37,985,431	34,481,875	34,933,647	34,241,815	35,984,891	30,629,506	26,515,467	27,838,187	27,257,184
Direct Operating Expenses	17,893,434	16,969,116	16,955,058	16,308,059	16,113,390	15,636,494	15,455,027	14,091,292	14,995,077	14,425,521
Net Available Revenue	20,601,467	21,016,315	17,526,817	18,625,588	18,128,425	20,348,397	15,174,479	12,424,175	12,843,110	12,831,663
Debt Service Requirements										
Principal	4,408,451	4,344,979	4,290,300	3,923,000	1,850,000	5,380,000	6,310,000	6,050,000	5,795,000	5,555,000
Interest	2,021,708	2,123,747	2,116,262	2,044,417	2,345,562	2,955,202	3,191,857	3,458,097	3,128,414	3,376,201
Total	6,430,159	6,468,726	6,406,562	5,967,417	4,195,562	8,335,202	9,501,857	9,508,097	8,923,414	8,931,201
Coverage	3.20	3.25	2.74	3.12	4.32	2.44	1.60	1.31	1.44	1.44
<b>Lincoln Electric System</b>										
Gross Revenues	\$ 317,007,000	300,693,000	309,537,000	288,299,000	274,770,000	269,236,000	261,748,000	246,182,000	249,914,000	229,766,000
Direct Operating Expenses	218,203,000	200,104,000	214,677,000	194,336,000	184,558,000	176,956,000	169,389,000	158,143,000	164,758,000	152,645,000
Net Available Revenue	98,804,000	100,589,000	94,860,000	93,963,000	90,212,000	92,280,000	92,359,000	88,039,000	85,156,000	77,121,000
Debt Service Requirements										
Principal	21,557,000	22,633,000	21,390,000	20,263,000	19,695,000	18,990,000	18,107,000	17,273,000	14,333,000	13,953,000
Interest	26,631,000	27,324,000	26,041,000	26,701,000	26,569,000	27,126,000	27,763,000	29,052,000	29,879,000	28,676,000
Total	48,188,000	49,957,000	47,431,000	46,964,000	46,264,000	46,116,000	45,870,000	46,325,000	44,212,000	42,629,000
Coverage	2.05	2.01	2.00	2.00	1.95	2.00	2.01	1.90	1.93	1.81
<b>Parking Facilities <sup>1</sup></b>										
Gross Revenues	\$ 12,674,910	10,697,157	10,419,352	9,816,550	8,444,055	7,382,101	7,698,018	6,869,392	7,014,250	7,134,709
Direct Operating Expenses	4,905,848	4,575,662	4,577,437	4,211,473	3,919,678	3,823,131	3,606,008	3,340,601	2,874,768	2,912,511
Net Available Revenue	7,769,062	6,121,495	5,841,915	5,605,077	4,524,377	3,558,970	4,092,010	3,528,791	4,139,482	4,222,198
Debt Service Requirements										
Principal	1,320,000	1,290,000	1,260,000	1,310,000	1,270,000	860,000	580,000	1,435,000	1,360,000	1,305,000
Interest	1,095,315	1,130,215	1,148,265	1,172,465	1,091,614	1,078,688	689,717	558,519	624,394	687,194
Total	2,415,315	2,420,215	2,408,265	2,482,465	2,361,614	1,938,688	1,269,717	1,993,519	1,984,394	1,992,194
Coverage	3.22	2.53	2.43	2.26	1.92	1.84	3.22	1.77	2.09	2.12
<b>Solid Waste Management</b>										
Gross Revenues	\$ 12,696,221	12,371,412	10,074,541	9,132,756	7,933,037	7,745,565	7,615,130	7,377,385	7,664,336	8,537,520
Direct Operating Expenses	9,460,290	7,896,480	7,519,523	7,319,215	7,087,935	6,376,120	6,253,133	5,768,077	5,491,789	5,540,292
Net Available Revenue	3,235,931	4,474,932	2,555,018	1,813,541	845,102	1,369,445	1,361,997	1,609,308	2,172,547	2,997,228
Debt Service Requirements										
Principal	795,000	775,000	550,000	550,000	475,000	220,000	210,000	200,000	195,000	190,000
Interest	382,096	396,521	196,202	198,128	133,463	124,025	132,425	140,425	148,225	155,825
Total	1,177,096	1,171,521	746,202	748,128	608,463	344,025	342,425	340,425	343,225	345,825
Coverage	2.75	3.82	3.42	2.42	1.39	3.98	3.98	4.73	6.33	8.67

Note: The Wastewater System, Water System, and Lincoln Electric System bonds are secured by revenues from utility service charges. Parking Facilities bonds are secured by revenues from parking fees, and Solid Waste Management's gross revenues include various waste disposal fees. 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.

<sup>1</sup> 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**

<u>Fiscal Year</u>	<u>Population <sup>1</sup></u>	<u>Personal Income (thousands of dollars) <sup>2</sup></u>	<u>Per Capita Personal Income <sup>2</sup></u>	<u>School Enrollment <sup>3</sup></u>	<u>Unemployment Rate <sup>4</sup></u>
2017	280,364	\$ -	\$ -	41,737	2.5 %
2016	277,348	14,878,513	45,511	40,109	3.0
2015	272,996	14,280,552	44,133	39,842	2.3
2014	268,738	13,841,972	43,399	39,066	3.1
2013	265,404	13,426,786	42,743	37,845	3.3
2012	262,341	12,905,285	41,584	36,902	3.4
2011	258,379	12,267,734	40,015	36,530	3.7
2010	254,001	11,471,038	37,864	35,896	3.9
2009	251,624	11,307,197	37,737	34,973	4.3
2008	248,744	11,423,025	38,558	34,061	3.0

Sources: <sup>1</sup> U.S. Bureau of the Census, population estimates.

<sup>2</sup> 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. 2017 numbers are unavailable.

<sup>3</sup> Lincoln Public Schools.

<sup>4</sup> State of Nebraska, Department of Labor.

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

Table 19

**CITY OF LINCOLN, NEBRASKA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Nebraska	9,097	1	4.69 %	9,823	1	5.62 %
Lincoln Public Schools	8,400	2	4.33	7,014	2	4.01
University of Nebraska-Lincoln	6,487	3	3.34	5,870	3	3.36
Bryan Health	3,500	4	1.80	3,785	4	2.16
US Government	3,465	5	1.78	2,843	5	1.63
City of Lincoln	2,648	6	1.36	2,622	6	1.50
Saint Elizabeth Regional Medical Center	2,300	7	1.18	2,480	7	1.42
Burlington Northern Railroad	2,000	8	1.03	1,800	8	1.03
Madonna Rehabilitation Hospital	1,500	9	0.77	-	-	-
Duncan Aviation	1,200	10	0.62	-	-	-
Kawasaki Motors Mfg. Corp	-	-	-	1,600	9	0.91
State Farm Insurance	-	-	-	1,500	10	0.86
Total	<u>40,597</u>		<u>20.90 %</u>	<u>39,337</u>		<u>22.50 %</u>

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**

<b>Function</b>	Full-Time Equivalent Employees as of August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Government</b>										
Legislative	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Executive	17.95	17.25	17.25	18.25	19.08	19.70	20.75	21.15	21.25	20.50
Financial Administration	69.95	69.20	69.20	69.20	69.20	71.30	70.58	66.20	66.20	68.00
Law	32.00	32.50	32.50	31.75	31.75	30.00	29.00	27.00	27.00	26.00
Human Resources	22.80	22.80	22.80	22.80	22.80	22.42	23.47	22.80	22.80	22.00
Planning and Zoning	20.75	20.00	20.00	21.00	21.00	21.00	22.00	21.50	22.19	22.00
Urban Development	9.22	9.50	9.50	9.58	9.28	9.06	9.28	9.44	9.91	10.29
<b>Public Safety</b>										
Police	396.63	388.03	388.03	400.79	400.79	402.38	402.51	406.43	406.15	402.38
Fire	270.06	268.97	268.97	273.69	273.69	272.71	272.76	267.76	266.41	264.92
Building and Safety	53.13	50.85	50.85	50.38	50.38	51.00	54.58	54.62	58.00	63.00
Transportation	14.25	16.00	16.00	15.00	15.00	16.25	17.25	17.25	18.50	18.50
911 Communication	56.25	56.00	56.00	41.50	41.50	41.50	41.50	41.50	41.02	38.50
Streets and Highways	111.95	108.32	108.20	104.99	105.49	106.84	108.84	106.85	105.92	106.70
<b>Culture and Recreation</b>										
Parks and Recreation	243.79	239.99	238.89	229.60	228.95	230.28	232.43	226.26	231.17	264.65
Library	105.54	105.54	105.54	105.79	106.59	107.09	107.47	107.47	111.47	117.01
<b>Economic Opportunity</b>										
Lincoln Area Agency on Aging	48.04	48.05	48.05	48.24	48.24	50.84	51.03	51.33	52.50	57.10
Urban Development	8.81	9.15	9.15	9.80	9.80	10.22	10.43	10.31	11.23	12.83
Workforce Investment Act	13.65	12.85	12.85	13.19	13.19	13.11	12.02	8.98	9.01	8.20
<b>Health and Welfare</b>	112.00	111.52	111.52	110.02	109.77	112.97	112.25	112.03	112.78	113.97
Mass Transit	133.52	120.52	120.52	119.52	118.01	109.52	111.52	112.38	109.38	112.38
<b>Equipment Management</b>										
Police Garage	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Fleet Services	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.42
Radio Maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Engineering Services	70.51	69.55	69.55	64.45	65.45	66.02	68.45	68.65	69.53	70.80
Broadband	4.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Golf	30.49	28.78	29.02	27.99	28.23	29.50	27.86	28.00	29.95	30.16
Parking Facilities	2.98	2.98	2.98	2.95	2.95	2.80	2.80	1.72	2.40	1.60
Sanitary Landfill	36.19	36.47	35.47	33.17	33.17	31.70	31.70	30.80	30.75	30.85
Emergency Medical Services	36.68	33.28	33.28	28.56	28.56	28.54	28.49	28.49	28.09	28.34
Wastewater System	87.60	87.18	87.20	89.87	89.87	90.23	92.43	93.65	96.72	97.36
Water System	102.60	100.26	100.28	104.80	104.30	106.81	108.56	107.43	112.60	113.68
Electric System	492.00	491.00	494.00	498.00	486.00	478.00	456.00	456.00	445.00	445.00
<b>Total</b>	<b>2,648.24</b>	<b>2,600.54</b>	<b>2,601.60</b>	<b>2,588.88</b>	<b>2,577.04</b>	<b>2,575.79</b>	<b>2,569.96</b>	<b>2,550.00</b>	<b>2,561.93</b>	<b>2,611.14</b>

Source: City of Lincoln Budget Office

Table 21

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

<b>Function</b>	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety										
Police:										
Arrests	22,811	23,076	23,543	25,424	24,035	24,868	25,637	26,796	28,183	31,026
Parking Violations	100,560	82,276	71,433	73,141	70,338	72,670	78,405	61,493	75,234	64,116
Traffic Violations	41,214	42,888	44,064	51,854	49,515	50,059	50,872	48,580	48,290	53,862
Fire:										
Number of Calls Answered	25,310	24,663	23,878	22,760	21,357	21,179	20,770	19,602	19,536	19,572
Building and Safety:										
Number of Commercial Building Permits	1,007	1,038	1,321	1,197	1,341	1,372	1,320	1,234	1,196	1,064
Number of Residential Building Permits	3,036	2,891	2,346	2,300	2,323	2,319	2,336	2,225	1,794	2,261
Culture and Recreation										
Library:										
Total Circulation (thousands)	3,100	3,089	3,074	3,176	3,293	3,294	3,417	3,343	3,348	3,182
Golf:										
Rounds of Golf	164,307	168,272	162,359	164,089	169,170	191,997	171,518	175,940	199,567	196,988
Mass Transit										
StarTran Ridership (thousands)	2,379	2,275	2,415	2,495	1,810	2,067	1,935	1,810	1,790	1,975
Wastewater										
Number of Consumers	83,479	82,511	80,704	80,851	80,066	79,346	78,811	78,376	77,613	77,174
Water										
Number of Consumers	83,797	82,853	82,058	81,196	80,418	79,698	79,184	78,740	77,973	77,532
Average Daily Consumption (thousand gallons)	34,242	34,858	31,766	34,584	35,873	38,445	32,017	31,064	32,716	32,832
Electric System										
Number of Consumers	136,641	134,417	132,672	131,915	130,537	129,163	128,373	129,322	128,115	126,978

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**

<b>Function</b>	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Public Safety</b>										
Police Stations	3	3	3	3	3	3	3	3	3	3
Fire Stations	14	14	14	14	14	14	14	14	14	14
Ambulances	13	13	12	12	11	11	11	10	11	11
<b>Streets and Highways</b>										
Lane Miles of Streets	2,899	2,820	2,891	2,823	2,766	2,760	2,757	2,732	2,713	2,677
Streetlights	31,010	30,740	30,516	29,997	29,759	29,393	29,040	28,928	28,412	28,223
<b>Culture and Recreation</b>										
Parks Acreage	7,303	6,814	6,808	6,557	6,503	6,503	6,503	6,503	6,503	7,124
Parks	158	161	159	135	141	141	141	141	141	125
Playgrounds	90	90	89	86	85	85	84	84	85	85
Swimming Pools (Public)	9	9	9	9	9	9	9	9	9	10
Golf Courses (Public)	5	5	5	5	5	5	5	5	5	5
Trail Miles	165	161	158	133	131	128	128	128	128	128
Recreation Centers	7	7	7	7	7	7	7	7	7	7
Libraries	8	8	8	8	8	8	8	8	8	8
<b>Mass Transit</b>										
Buses and Handivans	80	80	80	74	70	71	71	70	70	69
<b>Wastewater</b>										
Miles of Wastewater Mains	1,107	1,070	1,044	1,033	1,024	1,022	1,017	1,015	1,010	1,006
<b>Water</b>										
Miles of Water Mains	1,234	1,216	1,211	1,194	1,259	1,250	1,243	1,237	1,230	1,213

Note: No capital asset indicators are available for the general government function.  
In 2016, 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, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number / Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through State Department Of Education:				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	20121N109943	\$ 229,623	
Summer Food Service Program for Children	10.559	55-3002	<u>4,082</u>	233,705
				-
Pass-Through State Department Of Health And Human Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	29469-Y3	139,893	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	34102-Y3	<u>752,582</u>	892,475
				-
Nutrition Program for the Elderly (Commodities)	10.570	NGA 34224-Y3		<u>125,507</u>
				<u>101,121</u>
Total U.S. Department Of Agriculture			\$ <u>1,251,687</u>	\$ <u>101,121</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Programs:				
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 74,289	
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	<u>48,584</u>	122,873
				-
Community Development Block Grant	14.218	B-15 MC-31-0001		13,457,154
				273,532
Emergency Solutions Grant Program	14.231	E16-MC-31-0002	80,033	80,033
Emergency Solutions Grant Program	14.231	E15-MC-31-0002	<u>84,070</u>	<u>164,103</u>
				164,103
Shelter Plus Care	14.238	NE005L7D021504		27,856
				27,856
HOME Investment Partnerships Program	14.239	* M-14-MC-31-0202	195,634	
HOME Investment Partnerships Program	14.239	* M-15-MC-31-0202	531,568	
HOME Investment Partnerships Program	14.239	* M-16-MC-31-0202	927,293	49,856
HOME Investment Partnerships Program	14.239	*	<u>10,661,619</u>	12,316,114
Continuum of Care Program	14.267	NE0088L7D021500	36,288	36,288
Continuum of Care Program	14.267	NE0073L7D021502	5,363	5,363
Continuum of Care Program	14.267	NE0073L7D021401	28,179	28,179
Continuum of Care Program	14.267	NE0080L7D021400	<u>14,240</u>	<u>14,240</u>
				84,070
Fair Housing Assistance Program - State and Local	14.401	FF207K167017	22,500	
Fair Housing Assistance Program - State and Local	14.401	FF207K167017	<u>115,518</u>	138,018
				-
Pass-Through State Department of Economic Development:				
Community Development Block Grant (Neighborhood Stabilization Program)	14.228	092N40		<u>222,141</u>
				-
Total U.S. Department Of Housing And Urban Development			\$ <u>26,532,329</u>	\$ <u>599,417</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>				
Pass-Through State Historical Society:				
Historic Preservation Fund Grants-in-Aid	15.904	16/17	\$ 20,000	
Historic Preservation Fund Grants-in-Aid	15.904	17/18	<u>6,000</u>	<u>26,000</u>
				-
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Programs:				
Crime Victim Assistance / Discretionary Grants	16.582	2015-VF-GX-002	\$	3,228
				-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2016-WE-AX-0043	75,325	72,829
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2013-WE-AX-0036	<u>19,534</u>	<u>19,534</u>
				92,363
Public Safety Partnership and Community Policing Grant (COPS Hiring)	16.710	2014ULWX0042		109,649
				-
Equitable Sharing Program	16.922	NB0550100		195,295
				-
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	2013DJBX0976	697	697
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	2014DJBX1154	<u>179,844</u>	<u>174,889</u>
				175,586
Pass-Through State Commission On Law Enforcement And Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16DA0301	73,305	73,305
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15DA0303	<u>10,205</u>	<u>10,205</u>
				83,510
Pass-Through Lancaster County:				
Violence Against Women Formula Grants (DV Specialist)	16.588	15-VW-715	24,012	
Violence Against Women Formula Grants (DV Specialist)	16.588	16-VW-714	<u>18,778</u>	42,790
				-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0007	13,095	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0007	<u>14,938</u>	28,033
				-
Pass-Through Nebraska State Patrol:				
Missing Children's Assistance (ICAC)	16.543	2014-MC-FX-K030-01		155
				-

(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 / Pass-Through Entity Identifying Number	Federal Expenditures		Passed Through to Subrecipients
Pass-Through City of Omaha:					
Project Safe Neighborhoods	16.609	2016GPBX0008	9,100		
Project Safe Neighborhoods	16.609	2015GPBX0005	3,863	12,963	-
Pass-Through State Commission On Law Enforcement And Criminal Justice:					
Crime Victim Assistance	16.575	16-VA-0255	94,686		
Crime Victim Assistance	16.575	15-VA-0255	15,354	110,040	-
Total U.S. Department Of Justice			\$	861,063	\$ 351,459
<b>U.S. DEPARTMENT OF LABOR</b>					
Pass-Through State Department Of Labor:					
WIA/WIOA Cluster:					
WIOA Adult Program	17.258	2016	\$	351,851	
WIOA Adult Program	17.258	2015		41,994	
WIOA Dislocated Workers Formula Grants	17.278	2015		230,163	
WIOA In School Youth Activities	17.259	2015		73,756	
WIOA Out of School Youth Activities	17.259	2015		320,196	-
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Direct Programs:					
Federal Transit Cluster:					
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X091	\$	22,055	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0095		47,506	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0100		1,286	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0097		39,293	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0098		55,008	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0100		53,293	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0103		9,813	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-2017-005		1,717,021	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-2017-005		55,637	
Federal Transit: Formula Grants (Transit Planning)	20.507	* FTA-NE90X103		90,567	-
Pass-Through Nebraska Department Of Roads:					
Federal Transit: Formula Grants (Transit Planning)	20.507	* RTP-C990 (017)		62,914	
Federal Transit: Formula Grants (Transit Planning)	20.507	* RTP-C990 (036)		55,494	-
Pass-Through Nebraska Department Of Roads:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction (Planning)	20.205	* SPR-PL1(54)		379,264	
Highway Planning and Construction (Planning)	20.205	* SPR-PL1(55)		63,657	
Highway Planning and Construction (10th & Military/Salt Creek)	20.205	* LCLC-5215(3)		46,767	
Highway Planning and Construction (70th/VanDorn/Eastborough)	20.205	* LCLC-5247(13)		88,977	
Highway Planning and Construction (48th & Hwy 2 Signal Replacement)	20.205	* LCLC-5239(9)		13,862	
Highway Planning and Construction (S 17th, Washington - D)	20.205	* LCLC-5227(8)		9,105	
Highway Planning and Construction (Superior, 27th - Cornhusker)	20.205	* LCLC-5254(10)		9,472	
Highway Planning and Construction 27th, Holdrege - Fletcher)	20.205	* LCLC-5231(16)		13,955	
Highway Planning and Construction (Old Cheney, 40th - Hwy 2)	20.205	* LCLC-5202(9)		29,146	
Highway Planning and Construction (Lincoln Bike Share Program)	20.205	* CMAQ-55(181)		10,360	
Highway Planning and Construction (SW 40th Viaduct)	20.205	* STPN-BR-TMT 5267(1)		106,547	-
Pass-Through Game and Parks Commission:					
Recreational Trails Program (Pioneers Park Trail Renovation Phase III)	20.219	* RTP2015(003)		68,384	-
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(217)		33,603	
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(218)		7,781	-
Highway Safety Cluster:					
State and Community Highway Safety (Speed Enforcement)	20.600	402-17-33-06		2,956	
State and Community Highway Safety	20.600	402-17-12-77		3,333	
State and Community Highway Safety	20.600	402-17-33		8,832	
State and Community Highway Safety	20.600	402-17-27		9,000	
State and Community Highway Safety	20.600	402-17-25		397	
State and Community Highway Safety	20.600	402-17-25-08		1,167	
State and Community Highway Safety	20.600	402-16-33		9,000	
State and Community Highway Safety	20.600	402-16-12		8,082	
State and Community Highway Safety	20.600	402-17-12		3,752	
State and Community Highway Safety	20.600	402-17-25-12		1,480	
National Priority Safety Programs (Click It or Ticket)	20.616	405B-17-14		5,000	
National Priority Safety Programs (Alcohol)	20.616	405D-16-05		1,369	
National Priority Safety Programs	20.616	405D-17-04-03		1,645	
National Priority Safety Programs (Compliance)	20.616	405D-17-05		3,188	
National Priority Safety Programs(Alcohol)	20.616	405D-17-05		4,438	
National Priority Safety Programs (MIP/DUI)	20.616	405D-17-05		6,538	
National Priority Safety Programs	20.616	405D-16-05		6,731	
National Priority Safety Programs (Child Restraint Systems)	20.616	405B-14-12-03		2,955	-
Total U.S. Department Of Transportation			\$	3,170,630	\$ -

(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 / Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</b>				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	EEC45015C0057	\$ 39,544	-
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>				
Pass-Through State Library Commission:				
Grants to States (Net Lender Contract)	45.310	LS-00-160028-16	\$ 902	
Grants to States (Library Services & Technology Act)	45.310	16.08	4,005 \$ 4,907	\$ -
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
Direct Program:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF 97740801	\$ 165,979	-
Pass-Through State Department Of Environmental Quality:				
Performance Partnership Grants	66.605	RES 89882	127,335	
Performance Partnership Grants	66.605	RES 89439	17,044	
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose Activities Relating to the Clean Air Act	66.034	EO 090548	9,979	
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose Activities Relating to the Clean Air Act	66.034	DO 13732	21,890 176,248	-
Total U.S. Environmental Protection Agency			\$ 342,227	\$ -
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Program:				
Food and Drug Administration General Grant Funding Program	93.103	FY 2018	\$ 4,771	
Food and Drug Administration General Grant Funding Program	93.103	5U18FD004661-05	48,793	
Food and Drug Administration General Grant Funding Program	93.103	FY 2018	7,503	
Food and Drug Administration General Grant Funding Program	93.103	1U18FD005629-02	51,281 112,348	-
Pass-Through National Association of County and City Health Officials:				
Medical Reserve Corps Small Grant Program	93.008	MRC 15 360	182	-
Pass-Through State Department Of Health And Human Services:				
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 34335-Y3	4,897	
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 34335-Y3-III-D	11,539	
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 29508-Y3-III-D	2,151 13,690	-
Aging Cluster:				
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 34335-Y3-III-B	200,923	19,816
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 29508-Y3-III-B	104,433	11,314
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 34335-Y3-III-C1	330,690	65,375
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 29508-Y3-III-C1	71,001	18,125
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 34335-Y3-III-C2	119,536	16,920
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 29508-Y3-III-C2	83,122 909,705	16,920 148,470
National Family Caregiver Support, Title III, Part E	93.052	NGA 29508-Y3-III-E	33,142	4,446
National Family Caregiver Support, Title III, Part E	93.052	NGA 34335-Y3-III-E	116,147	11,527 15,973
Public Health Emergency Preparedness	93.069	34338-Y3	24,093	
Public Health Emergency Preparedness	93.069	27577Y3	62,633	
Public Health Emergency Preparedness	93.069	U90TP000533	219,675	306,401 -
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	34154-Y3	3,342	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	U52PS004677	9,879	13,221 -
Grants to States to Support Oral Health Workforce Activities	93.236	T12HP14997	1,957	-
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	H231P00756	35,561	
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	6NH231P00756-04-05	52,064	
Immunization Cooperative Agreements (Hepatitis B)	93.268	H231P00756	4,254	
Immunization Cooperative Agreements (Hepatitis B)	93.268	H231P00756	4,942	96,821 -
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	RES A 88575	27	
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	2015	1,169	
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	Jul-09	13,666	
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	5NU58DP006008-02-00	35,803	
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	EO 089601	68,813	
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	2017	7,706	127,184 -
National State Based Tobacco Control Programs	93.305	36079-Y3	24,909	-

(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 / Pass-Through Entity Identifying Number	Federal Expenditures		Passed Through to Subrecipients
Epidemiology and Laboratory Capacity for Infectious Diseases (West Nile Virus)	93.323	3U50CK00418-0251	1,749		
Epidemiology and Laboratory Capacity for Infectious Diseases (West Nile Virus)	93.323	36152-Y3	<u>9,988</u>	11,737	-
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 90217	285,330		
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 083947	<u>185,307</u>	470,637	-
Refugee and Entrant Assistance Program - Discretionary Grants	93.576	33596-Y3		58,088	-
Social Services Block Grant (SSBG)	93.667	2016/2017		47,109	-
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (Young Children Oral Health)	93.758	34833-Y3	18,555		
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (Oral Health)	93.758	28761-Y3	1,374		
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (Move More Lincoln Safely)	93.758	30019-Y3	3,200		
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (CDC-Safe Kids Injury)	93.758	B011OT009036	<u>7,308</u>	30,437	-
Hospital Preparedness Program Ebola Preparedness and Response Activities	93.817	U3REP0491A3		2,880	-
Maternal, Infant, and Early Childhood Home Visiting Cluster:					
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	X02MC27407	75,446		-
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC29488	<u>239,288</u>	314,734	-
National Bioterrorism Hospital Preparedness Program (LMMRS)	93.889	6NU90TP00D533-05-01	59,449		
National Bioterrorism Hospital Preparedness Program (SENHCC)	93.889	28138-Y3	<u>199</u>	59,648	-
HIV Care Formula Grants (HIV-Linkage to Care)	93.917	36214-Y3	5,439		
HIV Care Formula Grants (HIV-Linkage to Care)	93.917	31248-Y3	<u>11,929</u>	17,368	-
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	U62PS003653	19,785		
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	35011-Y3	<u>11,268</u>	31,053	-
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	34429-Y3	10,012		
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	CDC-RFA-PS09-902	<u>5,092</u>	15,104	-
Preventive Health and Health Services Block Grant (GIS-Walkability)	93.991	2B01DP009036-10		3,191	-
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	29370-Y3		<u>16,017</u>	-
Total U.S. Department Of Health And Human Services			\$	<u>2,838,607</u>	\$ <u>164,443</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>					
Direct Programs:					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparent Program	94.011	14SFNNE 003 (16/17)	\$ 69,850		
Foster Grandparent Program	94.011	14SFNNE 003 (16/17)	<u>37,426</u>	107,276	-
Pass-Through Nebraska Volunteer Service Commission:					
AmeriCorps (Youth on the Move)	94.006	13AFHNE0010009	2,210		
AmeriCorps (Youth on the Move)	94.006	16AFHNE0010013	<u>69,172</u>	<u>71,382</u>	-
Total Corporation For National And Community Service			\$	<u>178,658</u>	\$ -
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>					
Pass-Through Nebraska State Patrol:					
High Intensity Drug Trafficking Areas Program	95.001	17HD02	\$ 14,564		
High Intensity Drug Trafficking Areas Program	95.001	16HD02	<u>46,577</u>	<u>\$ 61,141</u>	\$ -
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
Direct Programs:					
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2015-CA-00034	\$ 204,315		
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2016-CA-00022	<u>844,077</u>	1,048,392	-
Assistance to Firefighters Grant	97.044	EMW-2013-FO-04850	65,239		
Assistance to Firefighters Grant	97.044	EMW-2014-FP-00064	33,000		
Assistance to Firefighters Grant	97.044	EMW-2014-FO-03200	433,870		
Assistance to Firefighters Grant	97.044	EMW-2016-FO-03430	<u>63</u>	532,172	-
Pass-Through Nebraska Emergency Management:					
Disaster Grants - Public Assistance	97.036	109-U9D8E-00		248,551	-
Hazard Mitigation Grant	97.039	4013-0050		380,639	-
Homeland Security Grant Program	97.067	2015		<u>7,624</u>	-
Total Department of Homeland Security			\$	<u>2,217,378</u>	\$ -
Total Federal Expenditures			\$	<u>38,542,131</u>	\$ <u>1,216,440</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards



**CITY OF LINCOLN, NEBRASKA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

**REPORTING ENTITY**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Lincoln, Nebraska (the City) under programs of the federal government for the year ended August 31, 2017. The City 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, 2017, basic financial statements for LES are audited amounts as of and for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

**PASS-THROUGH AWARDS**

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

**MAJOR PROGRAMS**

In accordance with the Uniform Guidance, 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.

**FEDERAL LOANS OUTSTANDING**

The federal loan programs listed subsequently are administered directly by the City and balances and transactions relating to these programs are included in the City basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding, at August 31, 2017, consist of:

CFDA#	Program Name	Outstanding Balance as of August 31, 2017
14.218	Community Development Block Grant	\$11,402,000
14.228	Community Development Block Grant - Neighborhood Stabilization Program	312,000
14.239	HOME Investment Partnership Program	10,839,000

New loans included in the Schedule totaled \$1,113,000, \$71,000, and \$1,586,000, respectively.

**Independent Auditor's 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, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lincoln, Nebraska (the City), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 15, 2018. Our report includes a reference to other auditors who audited the financial statements of Lincoln Wastewater System and Lincoln Water System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***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*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BKD, LLP". The letters are stylized and slanted to the right.

Lincoln, Nebraska  
February 15, 2018

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Lincoln, Nebraska's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended August 31, 2017. 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.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the City of Lincoln, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

## Report on Internal Control Over Compliance

Management of City of Lincoln, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BKD, LLP*

Lincoln, Nebraska  
February 15, 2018

**City of Lincoln, Nebraska**  
**Schedule of Findings and Questioned Costs**  
**Year Ended August 31, 2017**

***Summary of Auditor's Results***

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?      ☐ Yes      ☒ None Reported

Material weakness(es)?      ☐ Yes      ☒ No

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

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?      ☐ Yes      ☒ None Reported

Material weakness(es)?      ☐ Yes      ☒ No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:

☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?      ☐ Yes      ☒ No



**City of Lincoln, Nebraska**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year Ended August 31, 2017**

***Summary of Auditor's Results - Continued***

7. The City's major programs were:

Cluster/Program	CFDA Number
HOME Investment Partnerships Program	14.239
Federal Transit Cluster	20.507
Highway Planning and Construction Cluster	20.205, 20.219

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee? ☒ Yes ☐ No

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

Reference Number	Finding
No matters are reportable.	

**Findings Required to be Reported by the Uniform Guidance**

Reference Number	Finding
No matters are reportable.	

**City of Lincoln, Nebraska**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended August 31, 2017**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable.		