



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
AUGUST 31, 2018**

**CITY OF
LINCOLN[™]
NEBRASKA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**OF THE
CITY OF LINCOLN, NEBRASKA**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

Prepared by:

The Accounting Division of the Finance Department

INTRODUCTORY SECTION

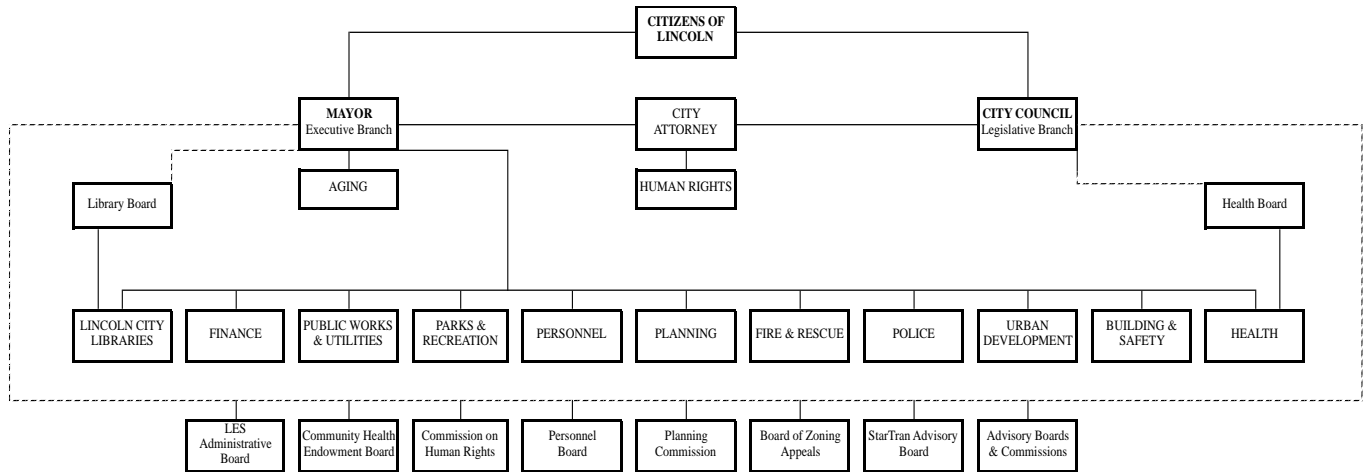
OFFICIALS OF THE CITY OF LINCOLN

Chris Beutler	Mayor
Bernie Shobe	Chair, City Council
Cyndi Lamm	Vice Chair, City Council
Leirion Gaylor Baird	Council Member
Jon Camp	Council Member
Roy Christensen	Council Member
Carl Eskridge	Council Member
Jane Raybould	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, 2018
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MAYOR CHRIS BEUTLER

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402.441.7511 fax: 402.441.7120 lincoln.ne.gov

February 15, 2019

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, 2018.

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 2017 report submitted to the Government Finance Officers Association was recognized with the prestigious Certificate of Achievement for Excellence in Financial Reporting for the 35th 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 underline that extends to the right.

Chris Beutler
Mayor of Lincoln

February 15, 2019

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, 2018, 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, 2018, 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, 2018, 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 98 square miles, serves a population of approximately 285,000, 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 Fund, 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 2017 has been 9.9% or approximately 1.35% per year. The 2017 population of Lancaster County has been estimated to be in excess of 314,000 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, 2018, was 2.6%, well below the national average of 3.9%, with employment strongest in the categories of government, educational & health services, and retail trade. Lincoln's current number of construction permits is up 10.5% when compared to levels 5 years ago.

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 \$1,485,105 or 2% from the previous fiscal year, of which \$13,020,583 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:

- The parking and occupancy studies performed by the Parking Services Division resulted in the selection of Block 65 as the best location for the proposed parking garage. Site acquisition required the purchase of an existing parking facility, the land beneath that structure, and two adjacent surface parking lots. Completion of the purchase of the site is scheduled for February 2019. Parking Services intends to operate the existing parking garage and surface lots until the first quarter of 2021. At that time the structure will be closed and demolition of the parking garage and subsequent site preparation will

commence. The construction of the new parking facility is expected to take 24 months. Anticipated occupancy of the new structure is June 1, 2023.

- Downtown Redevelopment Projects:
 - 1) West Haymarket, Block 4 project.
 - 2) West Haymarket, Block 5 project.
 - 3) Pershing Redevelopment project.
 - 4) South Haymarket streetscape.
 - 5) 11th and P redevelopment project.
 - 6) 9th and P redevelopment project.
 - 7) Lied Place redevelopment project
- Antelope Valley Redevelopment Projects:
 - 1) Telegraph District redevelopment.
 - 2) Viet Hao Grocery redevelopment.
 - 3) Antelope Square housing.
 - 4) Hoppe Block redevelopment.
- University Place redevelopment:
 - 1) Former Green's Plumbing site.
- West O Street redevelopment (Lincoln Sports Complex project).
- N 27th Street Redevelopment Project, 28th & Vine Container Housing.
- Havelock Redevelopment Project, 6117 Havelock Avenue Façade.
- NW Corridor redevelopment (West Cornhusker Highway).
- Innovation Campus redevelopment.
- 56th and Arbor Road redevelopment.
- North Cotner redevelopment.
- VA Victory Park 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:
 - ✓ NW 48th and Vine.
 - ✓ 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 40th Street Improvements.

- ✓ South Beltway preliminary acquisitions.
 - ✓ 66th & Fremont safety project.
 - ✓ West A Street, Folsom to SW 40th Street, 2 Phases: East/West.
 - ✓ New LFR & LPD station acquisitions/surplus.
 - ✓ StarTran site acquisition and bus shelter projects.
 - ✓ Arterial/residential rehabs, executive order, traffic signals & bridge replacement.
 - ✓ 56th & Yankee Hill Road Improvements.
- 2) For environmental quality:
- ✓ Park sites citywide, Stone Bridge bike trail and Prairie Corridor, Jensen Park, Salt Creek wetland acquisitions.
 - ✓ Stevens Creek Phase V, Cardwell branch, Beal Slough Trunk Sewer and miscellaneous sanitary sewer upgrade projects.
 - ✓ 98th Street water main, Holdrege to Alvo.
 - ✓ 56th & Morton, Dead Man's Run 46th & High/Hillside, 84th & Glynoak and conservation easements, wetlands acquisitions and storm water improvements.
- 3) Relocation activities:
- ✓ 14th/Old Cheney/Warlick intersection project.
 - ✓ Downtown library site project.
 - ✓ Downtown parking garage sites project.
 - ✓ West A widening project.

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 to date is approximately \$365 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 \$97,536,000 over the 5-year period of fiscal year 2018-19 through fiscal year 2022-23. Funding for these projects will come from impact fees, revenue bonds, and 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 \$111,813,500 over the 5-year period of fiscal year 2018-19 through 2022-23. These projects will be financed through impact fees, revenue bonds, and utility revenues. 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 2019-2023 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of \$43 million for the next five years. Funding for these projects includes \$137 million in City revenues, \$30 million in federal aid, and \$50 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, 2018, current tax collections by the County Treasurer were 98.45% of the tax levy, an increase of .46% from last year. Allocations of property tax levy by purpose are as follows:

<u>City Tax Levy by Purpose</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>
General Fund	.1930	.1990	.1957
Library	.0413	.0444	.0421
Social Security	.0146	.0158	.0144
Police and Fire Pension	.0367	.0402	.0352
Unemployment Compensation	.0003	.0003	.0003
General Obligation Debt	.0306	.0340	.0319
Total	<u>.3165</u>	<u>.3337</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>2017-2018</u>	<u>2016-2017</u>
Operating Revenues	\$12,511,615	12,583,732
Net Earnings Before Depreciation	7,539,604	7,769,062
Debt Service	2,483,115	2,483,115
Debt Service Coverage Ratio	3.04	3.13

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, 2018, the City estimates that it will incur costs approximating \$30 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>2017-2018</u>	<u>2016-2017</u>
Operating Revenues	\$31,409,050	29,599,243
Operating Income	7,730,640	6,287,353
Revenue Available For Debt Service	17,518,091	15,789,905
Debt Service	6,961,103	7,381,615
Debt Service Coverage Ratio	2.52	2.14

The City's Water 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>Water System</u>	<u>2017-2018</u>	<u>2016-2017</u>
Operating Revenues	\$38,981,816	36,222,398
Operating Income	12,366,484	9,663,620
Revenue Available For Debt Service	23,704,752	20,601,467
Debt Service	6,394,487	6,430,159
Debt Service Coverage Ratio	3.71	3.20

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, 2017, is included in the City's August 31, 2018, 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, 2017. This was the thirty-fifth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both 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

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**City of Lincoln
Nebraska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2017

Christopher P. Morrell

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, 2018, 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%, 59% and 18%, 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, 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. Our opinions are not modified with respect to this matter.

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 postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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 also have issued our report dated February 15, 2019, 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 solely 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 effectiveness of the City's 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, 2019



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, 2018. Please consider this discussion in conjunction with the additional information provided in the Letter of Transmittal (beginning on page vii) and the transactions, events and conditions reflected in the City's financial statements (beginning on page 16). The financial information for 2017 shown in the condensed statements of net position and condensed statements of activities on pages 7-8 have not been updated for changes resulting from the implementation of GASB Statement No. 75 (see page 41 for information regarding the implementation of GASB Statement No. 75).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at August 31, 2018, by \$2,109,391,077 (net position). Of this amount, \$258,172,463 (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 \$104,321,578. Of this amount, \$63,051,661, or 60%, was an increase in governmental activities and \$41,269,917, or 40%, related to business-type activities. Please refer to the fund descriptions preceding the various combining statements (beginning on page 87) for information regarding constraints imposed on the City in spending available funds.
- As of August 31, 2018, the City's governmental funds reported combined ending fund balances of \$340,191,685, an increase of \$10,199,758 in comparison with the prior year. Of this total fund balance, 14%, or \$45,985,302 is available for spending at the City's discretion (unassigned fund balance).
- As of August 31, 2018, unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) for the general fund was \$62,451,782, or 44% of total general fund expenditures. Following the implementation of GASB Statement No. 54, reference must be made to pages 89-91 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 \$40,052,368 (4%) during the current fiscal year. Lincoln Water System issued \$13,235,000 in refunding bonds for an economic gain of approximately \$2,266,000. The City also issued \$4,345,000 in general obligation refunding bonds for an economic gain of approximately \$750,000.

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, 2018. 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-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street Construction fund, and the West Haymarket JPA fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its parking facilities and lots; golf courses; entertainment 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 24-29 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 30-31 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 33-82 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 83-85 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 87 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 \$2,109,391,077 at August 31, 2018.

City Of Lincoln Condensed Statements of Net Position August 31, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017 *	2018	2017	2018	2017
Current and Other Assets	\$ 441,956,426	428,006,186	337,420,808	339,015,651	779,377,234	767,021,837
Capital Assets	1,311,852,970	1,277,140,923	1,631,708,999	1,579,695,054	2,943,561,969	2,856,835,977
Total Assets	1,753,809,396	1,705,147,109	1,969,129,807	1,918,710,705	3,722,939,203	3,623,857,814
Deferred Outflows of Resources	5,614,207	7,863,870	17,145,308	19,341,875	22,759,515	27,205,745
Long-Term Liabilities Outstanding	568,719,411	581,849,334	840,088,872	841,060,908	1,408,808,283	1,422,910,242
Other Liabilities	40,059,179	37,327,350	169,206,946	161,066,864	209,266,125	198,394,214
Total Liabilities	608,778,590	619,176,684	1,009,295,818	1,002,127,772	1,618,074,408	1,621,304,456
Deferred Inflows of Resources	17,193,940	18,521,460	1,039,293	1,002,923	18,233,233	19,524,383
Net Position:						
Net Investment in Capital Assets	846,442,664	803,312,775	793,807,694	714,268,860	1,640,250,358	1,517,581,635
Restricted	182,122,089	170,845,285	28,846,167	27,308,837	210,968,256	198,154,122
Unrestricted	104,886,320	101,154,775	153,286,143	193,344,188	258,172,463	294,498,963
Total Net Position	\$ 1,133,451,073	1,075,312,835	975,940,004	934,921,885	2,109,391,077	2,010,234,720

* The current and other assets and deferred inflows of resources line items for 2017 include the effects of the City's implementation of GASB Statement No. 81.

By far the largest portion of the City's net position (78%) 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.

An additional portion of the City's net position (10%) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net position (12%) may be used to meet the government's ongoing obligations to citizens and creditors.

At August 31, 2018, 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, 2018 and 2017**

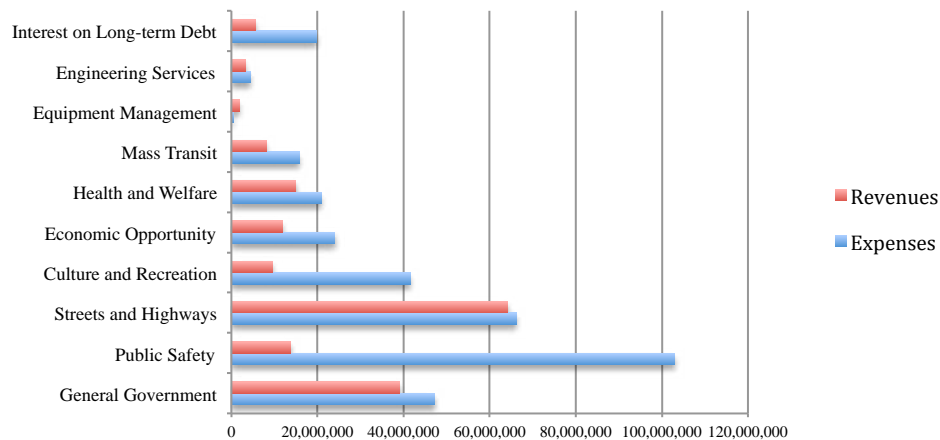
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 71,393,774	72,029,839	438,920,430	428,577,587	510,314,204	500,607,426
Operating Grants and Contributions	63,076,418	65,860,903	112,847	-	63,189,265	65,860,903
Capital Grants and Contributions	37,901,112	23,824,607	18,800,761	11,416,105	56,701,873	35,240,712
General Revenues:						
Property Tax	74,308,924	70,687,331	-	-	74,308,924	70,687,331
Sales and Use Tax	89,978,538	88,493,433	-	-	89,978,538	88,493,433
Occupation Tax	27,438,041	27,167,889	3,622,544	3,809,059	31,060,585	30,976,948
Other Taxes	26,757,487	25,822,855	-	-	26,757,487	25,822,855
Unrestricted Grants and Contributions	60,620	71,620	-	-	60,620	71,620
Unrestricted Investment Earnings	3,022,679	2,308,284	2,197,770	2,339,375	5,220,449	4,647,659
Other	919,184	489,198	192,670	233,578	1,111,854	722,776
Total Revenues	394,856,777	376,755,959	463,847,022	446,375,704	858,703,799	823,131,663
Expenses:						
General Government	47,260,387	52,387,910	-	-	47,260,387	52,387,910
Public Safety	102,979,449	96,915,706	-	-	102,979,449	96,915,706
Streets and Highways	66,223,821	49,055,496	-	-	66,223,821	49,055,496
Culture and Recreation	41,524,548	41,071,450	-	-	41,524,548	41,071,450
Economic Opportunity	24,018,579	21,384,298	-	-	24,018,579	21,384,298
Health and Welfare	20,885,234	22,433,400	-	-	20,885,234	22,433,400
Mass Transit	15,822,765	15,298,159	-	-	15,822,765	15,298,159
Equipment Management	508,118	527,243	-	-	508,118	527,243
Engineering Services	4,394,576	4,159,498	-	-	4,394,576	4,159,498
Interest on Long-Term Debt	19,721,240	21,172,325	-	-	19,721,240	21,172,325
Golf Courses	-	-	3,981,087	4,193,694	3,981,087	4,193,694
Parking	-	-	10,302,430	9,874,516	10,302,430	9,874,516
Entertainment Facilities	-	-	11,587,968	11,783,010	11,587,968	11,783,010
Solid Waste Management	-	-	11,767,958	11,684,258	11,767,958	11,684,258
Ambulance Transport	-	-	6,422,207	6,395,628	6,422,207	6,395,628
Broadband Enterprise	-	-	948,029	819,075	948,029	819,075
Wastewater	-	-	25,728,896	25,637,244	25,728,896	25,637,244
Water	-	-	28,275,160	29,304,869	28,275,160	29,304,869
Electric	-	-	312,132,000	303,928,000	312,132,000	303,928,000
Total Expenses	343,338,717	324,405,485	411,145,735	403,620,294	754,484,452	728,025,779
Increase in Net Position Before Transfers	51,518,060	52,350,474	52,701,287	42,755,410	104,219,347	95,105,884
Transfers	11,533,601	7,617,803	(11,431,370)	(7,522,157)	102,231	95,646
Increase in Net Position	63,051,661	59,968,277	41,269,917	35,233,253	104,321,578	95,201,530
Net Position - Beginning, Before Restatement	1,075,312,835	1,015,344,558	934,921,885	899,688,632	2,010,234,720	1,915,033,190
Adjustment for Implementation of GASB 75	(4,913,423)	-	(251,798)	-	(5,165,221)	-
Net Position - Beginning, After Restatement	1,070,399,412	1,015,344,558	934,670,087	899,688,632	2,005,069,499	1,915,033,190
Net Position - Ending	\$ 1,133,451,073	1,075,312,835	975,940,004	934,921,885	2,109,391,077	2,010,234,720

GOVERNMENTAL ACTIVITIES

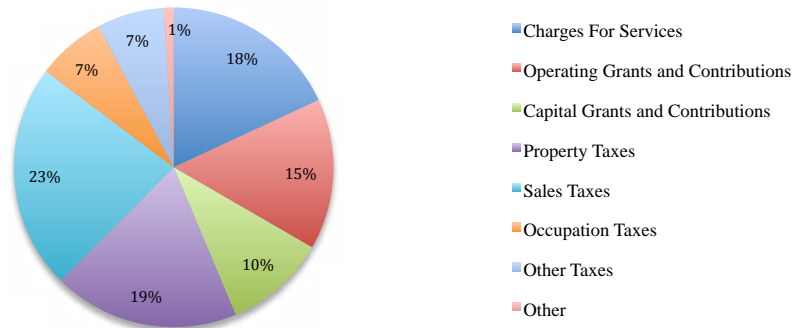
Governmental activities increased the City's net position by \$63,051,661, accounting for 60% of the total growth in the net position of the City of Lincoln. Key elements of this increase are as follows:

- Operating grants and contributions decreased by approximately \$2.8 million (4.2%) during 2018. This decrease can be attributed to a reduction of \$3.4 million in funds received by the City health programs.
- Capital grants and contributions increased by approximately \$14 million (59.1%) during 2018. This increase is primarily impacted by the \$15 million of developer contributions of infrastructure in various closed projects recorded in the current year.
- Property Tax receipts increased by approximately \$3.6 million (5.1%) in 2018 primarily due to a 8.7% increase in the overall tax base, but offset by a 5.1% reduction in the tax rate for the current year.
- Sales taxes increased by approximately \$1.5 million (1.7%) during 2018. This increase falls short of the 4% increase budgeted for the 2018 fiscal year.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

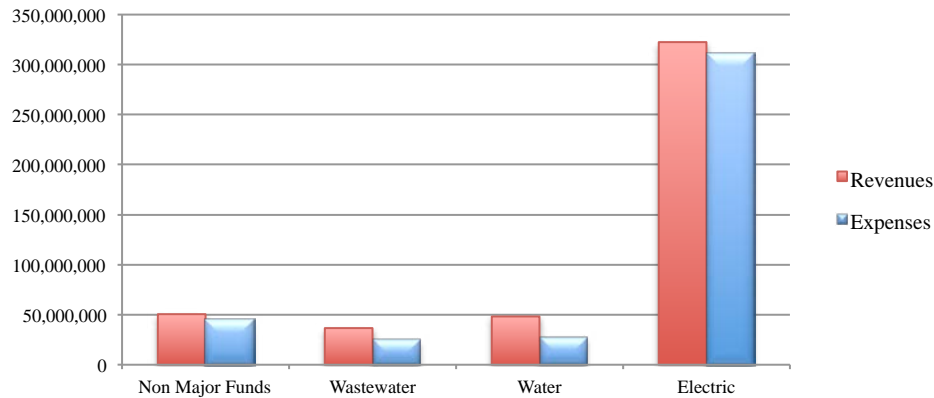


BUSINESS-TYPE ACTIVITIES

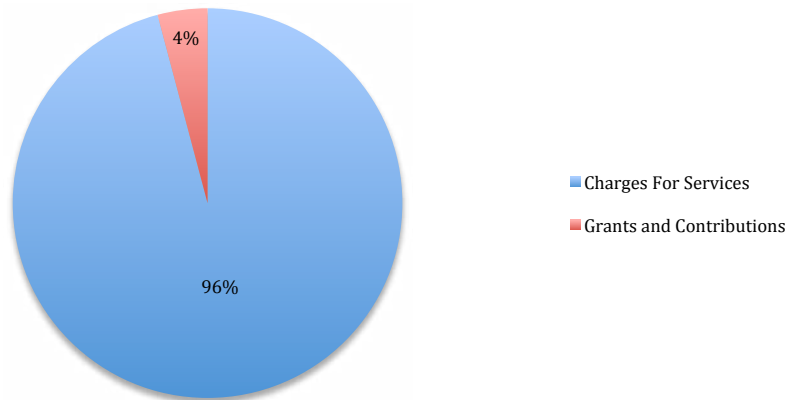
Business-type activities increased the City's net position by \$41,269,917, accounting for 40% of the total growth in the government's net position. Key elements of this increase are as follows:

- Lincoln Electric System operating revenue in 2017 was up 1.9% from 2016. Retail revenue was 2.4% higher primarily due to more customers receiving service. Wholesale revenue decreased 1.3% due to decreased sales in the Southwest Power Pool Integrated Marketplace (SPP IM). Other revenue was up 2.3% primarily due to the change in unbilled revenues. Operating expenses in 2017 were \$267,474,000, an increase of less than 1%. Other non-operating expenses increased due to a \$10,500,000 payment made for the termination of the Sheldon Generating Station agreement.
- Lincoln Wastewater System reported increased revenues primarily due to a 5% increase implemented November 2017 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 reported increased revenues primarily due to a 5% increase implemented November 2017 and applied solely to the service charge. Lincoln Water System capital contributions increased due to a grant received from the State Water Sustainability fund providing partial funding for the construction of a new horizontal well. Non-operating expense decreased due to one-time costs in the prior year for abandonment of two water reservoirs.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of August 31, 2018, the City's governmental funds reported combined ending fund balances of \$340,191,685, an increase of \$10,199,758 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 (\$1,926,772), legally required to be maintained intact (\$37,160,000), restricted for particular purposes (\$152,252,985), committed for particular purposes (\$2,992,578), or assigned for particular purposes (\$99,874,048).

The General Fund is the chief operating fund of the City. At August 31, 2018, the unrestricted fund balance of the General Fund was \$62,451,782, while total fund balance reached \$69,840,641. 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 44% of total general fund expenditures, while total fund balance represents 50% of that same amount.

The fund balance of the City's General Fund increased by \$2,185,413 during 2018. Actual property tax revenue exceeded 98% of the levy while the estimated tax revenue is based on 90% collections. 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 \$66,536,507, which is to be used in the construction and maintenance of streets and highways. The net decrease in fund balance during 2018 in the Street Construction Fund was \$2,985,197, with total revenues showing a 5% decrease and capital construction expenses showing a 17% increase. Included in current year expense is a \$16,400,000 contribution to the State of Nebraska South Beltway project.

The West Haymarket JPA Fund had a fund balance of \$37,126,987, 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 \$5,100,119. 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 \$24,547,873, \$34,992,440, \$96,211,000 and \$(2,465,170), respectively, at August 31, 2018 (December 31, 2017 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 \$21,589) and can be briefly summarized as follows:

Expenditure appropriations:

- \$304,590 in miscellaneous changes in general government activities.
- \$333 in increases allocated to public safety.
- \$(127,631) in decreases to streets & highways.
- \$(69,513) in decreases allocated to parks and recreation.
- \$(129,368) in decreases 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:

- \$5,399,585 positive variance in real estate and personal property tax. Actual property tax collections were 98.45% of the 2017 levy, while estimated tax revenue is based on 90% collections as provided by the City Charter.
- \$4,421,311 positive variance in miscellaneous general government expenditures. Significant savings were realized in several service line items that are reappropriated to cover future expenditures.
- \$3,651,922 positive variance in police expenditures. Salary related expenditure variances are the result of vacancies in positions during the year reducing actual costs compared to a fully staffed budget.

- \$1,654,097 positive variance in fire expenditures. This variance is the result of holding funds to be used in the subsequent year for retro salary payments related to settlement of the fire union labor agreement and delayed purchase of capital asset items.
- (\$1,007,195) negative variance in street lighting function expenditures. This variance is the result of street light additions in major street construction projects.
- \$1,272,626 positive variance in parks and recreation expenditures. The Parks Department is putting funds in place to address the emerald ash borer infestation. Expenditures in this program will increase now that the insect has been identified in the Lincoln area.

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, 2018, amounts to \$2,943,561,969 (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 2018 was 3% (2.7% increase for governmental activities and 3.3% increase for business-type activities).

Major capital asset events during 2018 included the following:

- The City increased its investment in infrastructure, including streets, bridges, drainage and traffic systems, in excess of \$36 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 2019, along with the old system during transition, with final acceptance testing later in the year. Estimated total project cost of the system is \$12 million.
- The construction of 5 new fire stations began with current year expenses of \$7.9 million.
- StarTran, the City mass transit system, added 11 new handivans and 5 new buses at a cost of \$3.4 million.
- LES is a 12.76% share owner in the Laramie River Station. LES' share of capital improvements for the plant in 2017 was \$9,895,000.
- Construction is underway for the LES Operation Center (LOC). Capital expenditures in 2017 for this project totaled \$21,501,000. 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 2017 totaled \$4,139,000. The DIP project is expected to be completed in 2022 with an estimated project cost of \$30,301,000.
- Lincoln Wastewater System 2018 events included select main replacements of approximately \$2.2 million.
- Lincoln Water System events included approximately \$5.6 million of select main replacements.

City Of Lincoln Capital Assets (net of depreciation) August 31, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 170,489,231	169,428,427	25,448,134	25,247,402	195,937,365	194,675,829
Buildings	281,707,136	281,013,179	142,846,179	145,575,876	424,553,315	426,589,055
Improvements Other Than Buildings	93,097,543	94,446,308	509,434,926	497,615,613	602,532,469	592,061,921
Machinery and Equipment	42,496,297	39,775,590	21,902,823	20,625,172	64,399,120	60,400,762
Utility Plant	-	-	787,222,000	797,890,000	787,222,000	797,890,000
Infrastructure	637,274,730	629,277,539	-	-	637,274,730	629,277,539
Construction-in-progress	86,788,033	63,199,880	144,854,937	92,740,991	231,642,970	155,940,871
Total	<u>\$ 1,311,852,970</u>	<u>1,277,140,923</u>	<u>1,631,708,999</u>	<u>1,579,695,054</u>	<u>2,943,561,969</u>	<u>2,856,835,977</u>

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 52-54 of this report.

LONG-TERM DEBT

At August 31, 2018, the City of Lincoln had total bonded debt outstanding of \$1,097,603,373. Of this amount, \$419,953,373 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, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 419,953,373	431,935,741	-	-	419,953,373	431,935,741
Revenue Bonds	-	-	677,650,000	705,720,000	677,650,000	705,720,000
Total	<u>\$ 419,953,373</u>	<u>431,935,741</u>	<u>677,650,000</u>	<u>705,720,000</u>	<u>1,097,603,373</u>	<u>1,137,655,741</u>

The City's total bonded debt decreased by \$40,052,368 (4%) in the current fiscal year. Lincoln Water System issued \$13,235,000 in refunding bonds for an economic gain of approximately \$2,266,000. The City also issued \$4,345,000 in general obligation refunding bonds for an economic gain of approximately \$750,000.

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 55-61 of this report.

ECONOMIC FACTORS AND FUTURE BUDGETS AND RATES

- In August 2018, the Lincoln City Council approved a 5% revenue increase for both fiscal years of the biennial budget for both the Water and Wastewater Systems. This will be attained through increases in the usage rates and service charges.
- The electric utility industry repeatedly has been faced with new and proposed environmental regulations. The increase in legislation has been a major issue facing LES and all electric utility providers. LES continues to work diligently with industry groups and government representatives to help shape legislation and to implement cost-effective means to comply with all regulations.
- Property tax revenue expected to fund the 2018-2019 budget increased \$3,285,315 from the prior year. Total valuation growth is 5.6%, with no change in the current tax rate.
- 2019 projected sales tax collections reflect a 4.0% increase over 2018 estimated collections. The budgeted local sales tax rate is 1.5%, which supports the General Fund. Projected sales tax collections could be impacted by legislative changes and unanticipated changes in economic activity. Each year, more online retailers have begun collecting sales tax, which will have a positive impact on revenues.

- Lincoln voters approved a .25% cent sales tax increase in 2015, for three years only, to provide funding for a new 911 radio system and 4 new fire stations. This tax ends in October 2018.
- Health insurance is projected to increase 3% in the first year and 10% in the second year of the 2018-2020 biennial budget. Dental insurance is projected to increase 4% each year.
- The City negotiates with six different bargaining units. Currently one union is still in negotiations for the 2018/2019 fiscal year, another contract will expire in August 2019, with the remaining four agreements in effect until August 2020.
- Staffing changes included in the 2018-2019 fiscal year budgets resulted in an increase for all funds of 31.76 full-time equivalents.

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/.

BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN, NEBRASKA
STATEMENT OF NET POSITION
AUGUST 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 20,969,860	26,526,452	47,496,312
Investments	319,824,817	154,772,485	474,597,302
Receivables, (Net of Allowance for Uncollectibles)	32,684,059	52,087,144	84,771,203
Internal Balances	(6,451,860)	6,451,860	-
Due from Other Governments	27,084,830	131,355	27,216,185
Inventories	2,324,347	14,956,926	17,281,273
Plant Operation Assets	-	17,901,000	17,901,000
Prepaid Items	1,110,137	2,696,125	3,806,262
Other Assets	7,250,236	4,763,363	12,013,599
Restricted Assets:			
Cash and Cash Equivalents	-	9,201,771	9,201,771
Investments	37,160,000	47,910,754	85,070,754
Receivables	-	21,573	21,573
Capital Assets:			
Non-depreciable	257,277,264	170,303,071	427,580,335
Depreciable (Net)	1,054,575,706	1,461,405,928	2,515,981,634
Total Assets	<u>1,753,809,396</u>	<u>1,969,129,807</u>	<u>3,722,939,203</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding	661,605	16,702,327	17,363,932
Deferred Outflows for Pension	3,962,233	313,130	4,275,363
Deferred Outflows for OPEB	990,369	129,851	1,120,220
Total Deferred Outflows of Resources	<u>5,614,207</u>	<u>17,145,308</u>	<u>22,759,515</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	20,698,321	27,021,329	47,719,650
Accrued Liabilities	5,173,406	31,018,895	36,192,301
Due to Other Governments	713,771	253,174	966,945
Unearned Revenue	8,980,087	6,544,562	15,524,649
Notes Payable	-	95,500,000	95,500,000
Accrued Interest Payable	4,493,594	8,868,986	13,362,580
Noncurrent Liabilities:			
Payable within One Year	31,079,131	38,202,641	69,281,772
Payable in More Than One Year	537,640,280	801,886,231	1,339,526,511
Total Liabilities	<u>608,778,590</u>	<u>1,009,295,818</u>	<u>1,618,074,408</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Beneficial Interest Revenue	3,541,924	-	3,541,924
Deferred Gain on Refunding	844,645	-	844,645
Deferred Inflows for Pension	11,940,723	925,665	12,866,388
Deferred Inflows for OPEB	866,648	113,628	980,276
Total Deferred Inflows of Resources	<u>17,193,940</u>	<u>1,039,293</u>	<u>18,233,233</u>
NET POSITION			
Net Investment in Capital Assets	846,442,664	793,807,694	1,640,250,358
Restricted for:			
Debt Service	6,802,784	18,707,108	25,509,892
Capital Projects	74,275,391	9,204,059	83,479,450
Grantor Loan Programs	18,006,000	-	18,006,000
Other	15,241,427	935,000	16,176,427
Trust Donations:			
Expendable	2,200,347	-	2,200,347
Nonexpendable	160,000	-	160,000
Health Care:			
Expendable	28,436,140	-	28,436,140
Nonexpendable	37,000,000	-	37,000,000
Unrestricted	<u>104,886,320</u>	<u>153,286,143</u>	<u>258,172,463</u>
Total Net Position	<u>\$ 1,133,451,073</u>	<u>975,940,004</u>	<u>2,109,391,077</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, 2018

		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	\$ (47,260,387)	36,481,336	1,825,211	852,933	(8,100,907)	-	(8,100,907)
Public Safety	(102,979,449)	7,724,306	5,361,593	723,430	(89,170,120)	-	(89,170,120)
Streets and Highways	(66,223,821)	5,278,153	26,856,179	32,108,828	(1,980,661)	-	(1,980,661)
Culture and Recreation	(41,524,548)	4,549,413	1,645,966	3,294,608	(32,034,561)	-	(32,034,561)
Economic Opportunity	(24,018,579)	2,138,366	9,714,537	-	(12,165,676)	-	(12,165,676)
Health and Welfare	(20,885,234)	5,144,629	9,797,560	-	(5,943,045)	-	(5,943,045)
Mass Transit	(15,822,765)	3,870,808	4,229,263	-	(7,722,694)	-	(7,722,694)
Equipment Management	(508,118)	1,831,208	-	-	1,323,090	-	1,323,090
Engineering Services	(4,394,576)	3,254,154	-	4,367	(1,136,055)	-	(1,136,055)
Interest on Long-Term Debt	(19,721,240)	1,121,401	3,646,109	916,946	(14,036,784)	-	(14,036,784)
Total Governmental Activities	(343,338,717)	71,393,774	63,076,418	37,901,112	(170,967,413)	-	(170,967,413)
Business-Type Activities:							
Golf	(3,981,087)	3,855,051	1,685	-	-	(124,351)	(124,351)
Parking System	(10,302,430)	14,618,944	-	10,191	-	4,326,705	4,326,705
Municipal Arena	(11,587,968)	11,406,354	-	-	-	(181,614)	(181,614)
Solid Waste Management	(11,767,958)	9,213,646	111,162	-	-	(2,443,150)	(2,443,150)
Emergency Medical Services	(6,422,207)	7,158,786	-	-	-	736,579	736,579
Broadband Enterprise	(948,029)	879,852	-	3,263,533	-	3,195,356	3,195,356
Wastewater System	(25,728,896)	31,323,851	-	5,282,107	-	10,877,062	10,877,062
Water System	(28,275,160)	38,914,946	-	9,308,930	-	19,948,716	19,948,716
Electric System	(312,132,000)	321,549,000	-	936,000	-	10,353,000	10,353,000
Total Business-Type Activities	(411,145,735)	438,920,430	112,847	18,800,761	-	46,688,303	46,688,303
Total	\$ (754,484,452)	510,314,204	63,189,265	56,701,873	(170,967,413)	46,688,303	(124,279,110)
General Revenues:							
Property Tax					74,308,924	-	74,308,924
Motor Vehicle Tax					5,956,910	-	5,956,910
Wheel Tax					18,647,301	-	18,647,301
Sales and Use Tax					89,978,538	-	89,978,538
Sundry and In Lieu Tax					2,153,276	-	2,153,276
Occupation Tax					27,438,041	3,622,544	31,060,585
Unrestricted Grants and Contributions					60,620	-	60,620
Unrestricted Investment Earnings					3,022,679	2,197,770	5,220,449
Miscellaneous General Revenues					919,184	192,670	1,111,854
Transfers					11,533,601	(11,431,370)	102,231
Total General Revenues and Transfers					234,019,074	(5,418,386)	228,600,688
Change in Net Position					63,051,661	41,269,917	104,321,578
Net Position - Beginning of Year, Before Restatement					1,075,312,835	934,921,885	2,010,234,720
Adjustment for Implementation of GASB 75					(4,913,423)	(251,798)	(5,165,221)
Net Position - Beginning of Year, After Restatement					1,070,399,412	934,670,087	2,005,069,499
Net Position - Ending					\$ 1,133,451,073	975,940,004	2,109,391,077

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

CITY OF LINCOLN, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

	General Fund	Street Construction Fund	West Haymarket JPA Fund	Other Governmental Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 4,582,538	2,370,203	1,412,571	10,286,743	18,652,055
Investments	52,030,234	52,805,280	39,675,524	159,931,871	304,442,909
Receivables, (Net of Allowance for Uncollectibles)	5,854,219	225,588	2,261,957	23,879,630	32,221,394
Due from Other Funds	1,002,064	9,999,190	7,532	1,755,629	12,764,415
Due from Other Governments	14,183,075	5,175,337	762,179	6,890,239	27,010,830
Inventories	391,693	312,222	-	742,375	1,446,290
Beneficial Interest Asset	-	-	-	3,541,924	3,541,924
Assets Held for Resale	-	-	3,708,312	-	3,708,312
Prepaid Items	180,029	-	300,453	-	480,482
Total Assets	<u>78,223,852</u>	<u>70,887,820</u>	<u>48,128,528</u>	<u>207,028,411</u>	<u>404,268,611</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	1,296,928	3,731,476	263,188	5,253,239	10,544,831
Contracts Payable	-	124,789	-	1,064,523	1,189,312
Accrued Liabilities	2,831,380	177,787	183,000	1,525,573	4,717,740
Due to Other Funds	1,978,668	179,763	316,203	17,573,561	20,048,195
Due to Other Governments	123,420	22,775	496,724	171,060	813,979
Due to Other Contractors	-	-	-	7,044,823	7,044,823
Unearned Revenue	1,405	-	8,726,181	228,947	8,956,533
Total Liabilities	<u>6,231,801</u>	<u>4,236,590</u>	<u>9,985,296</u>	<u>32,861,726</u>	<u>53,315,413</u>
Deferred Inflows of Resources:					
Unavailable Revenues	2,151,410	114,723	1,016,245	3,937,211	7,219,589
Beneficial Interest Revenue	-	-	-	3,541,924	3,541,924
Total Deferred Inflows of Resources	<u>2,151,410</u>	<u>114,723</u>	<u>1,016,245</u>	<u>7,479,135</u>	<u>10,761,513</u>
Fund Balances:					
Nonspendable	571,722	312,222	300,453	37,902,375	39,086,772
Restricted	6,817,137	39,929,601	2,919,454	102,586,793	152,252,985
Committed	-	-	-	2,992,578	2,992,578
Assigned	16,389,131	26,294,684	33,907,080	23,283,153	99,874,048
Unassigned	46,062,651	-	-	(77,349)	45,985,302
Total Fund Balances	<u>69,840,641</u>	<u>66,536,507</u>	<u>37,126,987</u>	<u>166,687,550</u>	<u>340,191,685</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 78,223,852</u>	<u>70,887,820</u>	<u>48,128,528</u>	<u>207,028,411</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.	1,280,407,882
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,219,589
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.	60,240,747
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(554,608,830)
Net position of governmental activities	<u>\$ 1,133,451,073</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, 2018

	General Fund	Street Construction Fund	West Haymarket JPA Fund	Other Governmental Funds	Total
REVENUES					
Taxes:					
Property	\$ 39,416,074	-	-	34,893,961	74,310,035
Motor Vehicle	5,956,910	-	-	-	5,956,910
Wheel	-	-	-	18,647,301	18,647,301
Sales and Use	76,957,955	-	-	13,020,583	89,978,538
Sundry and In Lieu	75,103	-	-	2,094,566	2,169,669
Occupation	9,063,320	-	17,058,415	1,332,486	27,454,221
Special Assessment	40,331	-	-	1,586,980	1,627,311
Intergovernmental	4,008,619	37,706,742	3,642,859	27,607,478	72,965,698
Permits and Fees	5,084,460	4,492,029	4,085	15,576,597	25,157,171
Reimbursement for Services	7,806,936	229,376	8,679,229	1,633,248	18,348,789
Program Income	-	-	-	172,718	172,718
Investment Earnings	750,717	394,629	627,122	4,086,766	5,859,234
Donations	843,324	-	-	2,845,837	3,689,161
Keno Proceeds	-	-	-	5,220,645	5,220,645
Miscellaneous	620,035	632,881	-	2,617,583	3,870,499
Total Revenues	150,623,784	43,455,657	30,011,710	131,336,749	355,427,900
EXPENDITURES					
Current:					
General Government	37,527,686	-	7,772,290	14,428,594	59,728,570
Public Safety	75,496,472	-	-	10,746,734	86,243,206
Streets and Highways	6,660,440	15,086,446	-	-	21,746,886
Culture and Recreation	15,896,991	-	-	11,404,232	27,301,223
Economic Opportunity	4,563,818	-	-	10,000,014	14,563,832
Health and Welfare	629,533	-	-	21,233,741	21,863,274
Mass Transit	-	-	-	18,315,179	18,315,179
Debt Service	68,720	-	16,779,637	27,840,202	44,688,559
Capital Outlay	-	45,865,192	157,384	24,524,444	70,547,020
Total Expenditures	140,843,660	60,951,638	24,709,311	138,493,140	364,997,749
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,780,124	(17,495,981)	5,302,399	(7,156,391)	(9,569,849)
OTHER FINANCING SOURCES (USES)					
Transfers In	12,403,722	20,492,358	-	35,722,450	68,618,530
Transfers Out	(23,954,308)	(6,054,736)	(202,280)	(25,173,991)	(55,385,315)
Issuance of Debt	4,439,375	-	-	4,345,000	8,784,375
Premium on Debt Issued	221,425	-	-	671,382	892,807
Transfer To Bond Refunding Agent	(749,615)	-	-	(4,956,976)	(5,706,591)
Sale of Capital Assets	44,690	73,162	-	2,447,949	2,565,801
Total Other Financing Sources (Uses)	(7,594,711)	14,510,784	(202,280)	13,055,814	19,769,607
Net Change in Fund Balances	2,185,413	(2,985,197)	5,100,119	5,899,423	10,199,758
Fund Balances - Beginning	67,655,228	69,521,704	32,026,868	160,788,127	329,991,927
Fund Balances - Ending	\$ 69,840,641	66,536,507	37,126,987	166,687,550	340,191,685

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, 2018

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

Net change in fund balances - total governmental funds	\$ 10,199,758
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.	12,306,439
The net effect of various transactions involving capital contributions is to increase net position.	19,927,664
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.	(463,526)
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.	12,078,337
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.	(694,554)
Changes in the net pension liability, deferred inflows and outflows related to the net pension liability, net OPEB liability, and deferred inflows and outflows related to the net OPEB liability do not represent financial activity in the governmental funds.	1,144,013
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.	8,553,530
Change in net position of governmental activities	<u>\$ 63,051,661</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Estate and Personal Property Tax	\$ 40,610,223	40,610,223	46,009,808	5,399,585
Taxes Collected by Others	77,527,604	77,527,604	76,812,830	(714,774)
Sundry Taxes and In Lieu	47,595	47,595	62,270	14,675
Occupation Taxes	9,491,045	9,491,045	9,053,545	(437,500)
Intergovernmental	2,701,374	2,701,374	2,153,884	(547,490)
Permits and Fees	3,613,322	3,613,322	3,977,352	364,030
Reimbursement for Services	3,257,339	3,257,339	4,188,660	931,321
Court Fees	750,000	750,000	77,607	(672,393)
Recreation Receipts	2,582,753	2,582,753	2,545,438	(37,315)
Investment Earnings	315,005	315,005	578,115	263,110
Donations	849,496	849,496	855,384	5,888
Rental Income	568,393	568,393	557,595	(10,798)
Miscellaneous	344,591	344,591	495,339	150,748
Total Revenues	142,658,740	142,658,740	147,367,827	4,709,087
Expenditures:				
General Government:				
Legislative	348,791	348,791	239,226	109,565
Executive	1,713,632	1,713,632	1,604,825	108,807
Financial Administration	3,040,125	3,119,225	2,856,979	262,246
Law	3,567,940	3,567,940	2,970,577	597,363
Personnel Administration	1,413,762	1,413,762	982,037	431,725
Planning and Zoning	2,356,207	2,406,207	2,112,542	293,665
Urban Development	1,115,517	1,115,517	919,806	195,711
Miscellaneous	31,611,104	31,786,594	27,365,283	4,421,311
Total General Government	45,167,078	45,471,668	39,051,275	6,420,393
Public Safety:				
Police	41,270,026	41,270,026	37,618,104	3,651,922
Fire	31,217,922	31,218,255	29,564,158	1,654,097
Traffic Engineering	1,749,183	1,749,183	1,760,800	(11,617)
Total Public Safety	74,237,131	74,237,464	68,943,062	5,294,402
Streets and Highways:				
Street Maintenance	3,445,750	3,308,751	2,789,678	519,073
Street Lighting	2,764,581	2,773,949	3,781,144	(1,007,195)
Total Streets and Highways	6,210,331	6,082,700	6,570,822	(488,122)
Culture and Recreation:				
Parks and Recreation	17,151,080	17,081,567	15,808,941	1,272,626
Libraries	141,838	141,838	140,798	1,040
Total Culture and Recreation	17,292,918	17,223,405	15,949,739	1,273,666
Economic Opportunity:				
Lincoln Area Agency on Aging	310,046	310,046	310,046	-
Health and Welfare:				
Lincoln/Lancaster County Health	629,784	629,784	629,784	-
Debt Service:				
Issuance and Management Costs	-	-	68,720	(68,720)
Total Expenditures	143,847,288	143,955,067	131,523,448	12,431,619
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,188,548)	(1,296,327)	15,844,379	17,140,706
Other Financing Sources (Uses):				
Transfers In	12,682,887	12,682,887	13,040,347	357,460
Transfers Out	(31,871,446)	(31,742,078)	(30,047,884)	1,694,194
Proceeds from Issuance of Debt	-	-	4,439,375	4,439,375
Premium on Debt Issued	-	-	221,425	221,425
Transfer to Bond Refunding Agent	-	-	(749,615)	(749,615)
Sale of Capital Assets	5,000	5,000	44,865	39,865
Total Other Financing Sources (Uses)	(19,183,559)	(19,054,191)	(13,051,487)	6,002,704
Net Change in Fund Balances	\$ (20,372,107)	(20,350,518)	2,792,892	23,143,410
Fund Balances - Beginning			43,732,697	
Fund Balances - Ending			\$ 46,525,589	

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	13,882,499	13,882,499	25,489,332	11,606,833
Permits and Fees	-	-	444,318	444,318
Reimbursement for Services	600,000	600,000	251,832	(348,168)
Investment Earnings	57,200	57,200	386,377	329,177
Miscellaneous	-	-	1,531	1,531
Total Revenues	14,539,699	14,539,699	26,573,390	12,033,691
Expenditures -- Streets and Highways:				
Personal Services	8,172,757	8,172,757	7,700,614	472,143
Materials and Supplies	2,068,004	2,068,004	1,586,865	481,139
Other Services and Charges	5,088,814	5,088,814	5,375,455	(286,641)
Capital Outlay	373,429	373,429	511,761	(138,332)
Total Expenditures	15,703,004	15,703,004	15,174,695	528,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,163,305)	(1,163,305)	11,398,695	12,562,000
Other Financing Sources (Uses):				
Transfers In	20,071,513	20,071,513	20,071,513	-
Transfers Out	(6,054,736)	(6,054,736)	(6,054,736)	-
Total Other Financing Sources (Uses)	14,016,777	14,016,777	14,016,777	-
Net Change in Fund Balances	\$ 12,853,472	12,853,472	25,415,472	12,562,000
Amount Budgeted on Project Basis			(33,779,046)	
Fund Balances - Beginning			69,662,220	
Fund Balances - Ending			\$ 61,298,646	

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, 2018

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 1,025,115	1,297,250	17,193,000	7,011,087	26,526,452	2,317,805
Investments	15,730,536	19,636,434	85,390,000	17,240,794	137,997,764	38,364,167
Restricted Assets:						
Cash and Cash Equivalents	-	-	5,605,000	-	5,605,000	-
Investments	-	-	11,949,000	-	11,949,000	-
Receivables, (Net of Allowance for Uncollectibles)	2,269,864	3,235,520	20,626,000	4,349,238	30,480,622	462,665
Unbilled Revenues	3,110,775	4,408,747	14,087,000	-	21,606,522	-
Due from Other Funds	45,836	137,509	-	496,084	679,429	1,438,683
Due from Other Governments	-	-	-	131,355	131,355	74,000
Inventories	47,211	1,637,772	12,727,000	544,943	14,956,926	878,057
Plant Operation Assets	-	-	17,901,000	-	17,901,000	-
Prepaid Expenses	-	-	2,594,000	102,125	2,696,125	629,655
Total Current Assets	<u>22,229,337</u>	<u>30,353,232</u>	<u>188,072,000</u>	<u>29,875,626</u>	<u>270,530,195</u>	<u>44,165,032</u>
Noncurrent Assets:						
Investments	4,096,763	6,150,992	-	6,526,966	16,774,721	14,177,741
Costs Recoverable from Future Billings	<u>588,590</u>	<u>355,773</u>	<u>3,819,000</u>	<u>-</u>	<u>4,763,363</u>	<u>-</u>
Restricted Assets:						
Cash and Cash Equivalents	-	-	644,000	2,952,771	3,596,771	-
Investments	7,364,873	7,749,487	17,272,000	3,575,394	35,961,754	-
Receivables	-	-	-	21,573	21,573	-
Due from Other Funds	<u>970,475</u>	<u>5,554,340</u>	<u>-</u>	<u>-</u>	<u>6,524,815</u>	<u>-</u>
Total Restricted Assets	<u>8,335,348</u>	<u>13,303,827</u>	<u>17,916,000</u>	<u>6,549,738</u>	<u>46,104,913</u>	<u>-</u>
Capital Assets:						
Land	6,995,636	5,737,347	-	12,715,151	25,448,134	1,594,451
Buildings	81,530,458	82,113,847	-	80,085,398	243,729,703	17,865,864
Improvements Other Than Buildings	323,087,528	375,785,802	-	65,073,634	763,946,964	759,550
Machinery and Equipment	13,785,451	26,957,943	-	20,449,786	61,193,180	40,430,964
Utility Plant	-	-	1,521,767,000	-	1,521,767,000	-
Construction in Progress	7,642,088	18,937,236	116,933,000	1,342,613	144,854,937	37,955
Less Accumulated Depreciation	<u>(153,649,599)</u>	<u>(165,647,112)</u>	<u>(734,545,000)</u>	<u>(75,389,208)</u>	<u>(1,129,230,919)</u>	<u>(29,243,696)</u>
Total Capital Assets, Net	<u>279,391,562</u>	<u>343,885,063</u>	<u>904,155,000</u>	<u>104,277,374</u>	<u>1,631,708,999</u>	<u>31,445,088</u>
Total Noncurrent Assets	<u>292,412,263</u>	<u>363,695,655</u>	<u>925,890,000</u>	<u>117,354,078</u>	<u>1,699,351,996</u>	<u>45,622,829</u>
Total Assets	<u>314,641,600</u>	<u>394,048,887</u>	<u>1,113,962,000</u>	<u>147,229,704</u>	<u>1,969,882,191</u>	<u>89,787,861</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Refunding	732,627	498,832	15,455,000	15,868	16,702,327	-
Deferred Outflows for Pension	-	-	-	313,130	313,130	-
Deferred Outflows for OPEB	<u>31,557</u>	<u>45,479</u>	<u>-</u>	<u>52,815</u>	<u>129,851</u>	<u>52,908</u>
Total Deferred Outflows of Resources	<u>764,184</u>	<u>544,311</u>	<u>15,455,000</u>	<u>381,813</u>	<u>17,145,308</u>	<u>52,908</u>

(Continued)

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 679,131	909,695	23,507,000	1,925,503	27,021,329	1,919,357
Construction Contracts	2,404,584	2,568,490	-	-	4,973,074	-
Accrued Liabilities	562,209	883,878	29,137,000	435,808	31,018,895	344,153
Accrued Compensated Absences	402,869	488,262	-	643,560	1,534,691	959,884
Due to Other Funds	-	-	-	752,384	752,384	606,763
Due to Other Governments	-	-	-	253,174	253,174	25,093
Unearned Revenue	-	-	-	6,544,562	6,544,562	23,554
Claims	-	-	-	-	-	5,004,325
Accrued Interest	449,507	113,259	8,227,000	79,220	8,868,986	108,246
Current Portion of Notes Payable	-	-	95,500,000	200,000	95,700,000	-
Current Portion of Capital Lease	20,884	-	-	309,183	330,067	1,585,215
Current Portion of Long-Term Debt	4,858,054	4,636,755	19,480,000	2,190,000	31,164,809	-
Total Current Liabilities	9,377,238	9,600,339	175,851,000	13,333,394	208,161,971	10,576,590
Noncurrent Liabilities:						
Accrued Compensated Absences	518,777	779,193	-	172,089	1,470,059	1,151,172
Claims	-	-	532,000	-	532,000	6,328,048
Notes Payable	-	-	-	800,000	800,000	-
Capital Lease Payable	115,564	-	-	850,567	966,131	10,612,737
Long-Term Debt, Net	67,350,153	43,867,782	625,485,000	32,486,918	769,189,853	-
Accrued Liabilities	-	-	646,000	-	646,000	-
Net Pension Liability	-	-	-	2,709,034	2,709,034	-
Total OPEB Liability	527,965	760,902	-	884,287	2,173,154	885,177
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	23,400,000	23,400,000	-
Total Noncurrent Liabilities	68,512,459	45,407,877	626,663,000	61,302,895	801,886,231	18,977,134
Total Liabilities	77,889,697	55,008,216	802,514,000	74,636,289	1,010,048,202	29,553,724
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows for Pension	-	-	-	925,665	925,665	-
Deferred Inflows for OPEB	27,614	39,798	-	46,216	113,628	46,298
Total Deferred Inflows of Resources	27,614	39,798	-	971,881	1,039,293	46,298
NET POSITION						
Net Investment in Capital Assets	205,511,398	293,310,868	223,373,000	71,612,428	793,807,694	19,160,710
Restricted for:						
Debt Service	6,458,727	5,687,536	6,384,000	176,845	18,707,108	-
Capital Projects	970,475	5,554,340	-	2,679,244	9,204,059	-
Other	-	-	935,000	-	935,000	-
Unrestricted	24,547,873	34,992,440	96,211,000	(2,465,170)	153,286,143	41,080,037
Total Net Position	\$ 237,488,473	339,545,184	326,903,000	72,003,347	975,940,004	60,240,747

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, 2018

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
Operating Revenues						
Charges for Services	\$ 31,409,050	38,981,816	306,765,000	9,780,977	386,936,843	79,715,833
Fees	-	-	-	12,824,089	12,824,089	-
Parking Revenue	-	-	-	12,152,382	12,152,382	-
Performance Revenue	-	-	-	9,621,765	9,621,765	-
Other Operating Revenue	-	-	14,784,000	2,815,326	17,599,326	-
Total Operating Revenues	<u>31,409,050</u>	<u>38,981,816</u>	<u>321,549,000</u>	<u>47,194,539</u>	<u>439,134,405</u>	<u>79,715,833</u>
Operating Expenses						
Personal Services	-	-	-	15,489,570	15,489,570	15,799,143
Contractual Services	-	-	-	9,487,254	9,487,254	-
Operation and Maintenance	12,941,460	15,713,802	28,920,000	13,011,489	70,586,751	53,855,512
Purchased Power	-	-	146,495,000	-	146,495,000	-
Depreciation	8,815,189	8,846,888	52,134,000	5,550,959	75,347,036	3,387,296
Administrative Costs	1,921,761	2,054,642	39,925,000	-	43,901,403	-
Total Operating Expenses	<u>23,678,410</u>	<u>26,615,332</u>	<u>267,474,000</u>	<u>43,539,272</u>	<u>361,307,014</u>	<u>73,041,951</u>
Operating Income	<u>7,730,640</u>	<u>12,366,484</u>	<u>54,075,000</u>	<u>3,655,267</u>	<u>77,827,391</u>	<u>6,673,882</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	155,416	260,148	1,456,000	326,206	2,197,770	590,570
Grant Revenue	-	-	-	111,162	111,162	-
Gain (Loss) on Disposal of Capital Assets	-	-	-	(69,420)	(69,420)	378,120
Occupation Tax	-	-	-	3,622,544	3,622,544	-
Payments in Lieu of Taxes	-	-	(10,831,000)	-	(10,831,000)	-
Net Costs Recoverable	(51,107)	(48,767)	-	-	(99,874)	-
Interest Expense and Fiscal Charges	(2,019,050)	(1,611,061)	(22,389,000)	(1,400,936)	(27,420,047)	(319,239)
Other	-	-	(10,502,000)	-	(10,502,000)	-
Total Nonoperating Revenues (Expenses)	<u>(1,914,741)</u>	<u>(1,399,680)</u>	<u>(42,266,000)</u>	<u>2,589,556</u>	<u>(42,990,865)</u>	<u>649,451</u>
Income Before Contributions and Transfers	5,815,899	10,966,804	11,809,000	6,244,823	34,836,526	7,323,333
Capital Contributions	5,282,107	9,308,930	936,000	4,527,533	20,054,570	1,676,002
Plant Costs Recovered through Capital Contributions	-	-	(936,000)	-	(936,000)	-
Transfers In	-	-	-	537,251	537,251	1,062,879
Transfers Out	-	-	(9,543,000)	(3,679,430)	(13,222,430)	(1,508,684)
Change in Net Position	<u>11,098,006</u>	<u>20,275,734</u>	<u>2,266,000</u>	<u>7,630,177</u>	<u>41,269,917</u>	<u>8,553,530</u>
Net Position - Beginning of Year, Before Restatement	226,593,146	319,561,557	324,637,000	64,130,182	934,921,885	52,027,062
Adjustment for Implementation of GASB 75	<u>(202,679)</u>	<u>(292,107)</u>	<u>-</u>	<u>242,988</u>	<u>(251,798)</u>	<u>(339,845)</u>
Net Position - Beginning of Year, After Restatement	<u>226,390,467</u>	<u>319,269,450</u>	<u>324,637,000</u>	<u>64,373,170</u>	<u>934,670,087</u>	<u>51,687,217</u>
Net Position - Ending	<u>\$ 237,488,473</u>	<u>339,545,184</u>	<u>326,903,000</u>	<u>72,003,347</u>	<u>975,940,004</u>	<u>60,240,747</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, 2018

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ 30,930,486	36,897,516	297,493,000	45,507,199	410,828,201	16,639,395
Receipts from Interfund Services Provided	186,608	997,692	6,447,000	1,633,128	9,264,428	62,993,435
Payments to Suppliers for Goods and Services	(3,304,419)	(5,288,910)	(165,429,000)	(17,678,185)	(191,700,514)	(48,005,833)
Payments to Employees	(8,012,522)	(8,750,550)	(29,663,000)	(15,413,777)	(61,839,849)	(15,833,281)
Payments for Interfund Services Provided	(3,122,144)	(3,715,570)	(1,545,000)	(3,664,089)	(12,046,803)	(5,157,926)
Other Receipts	-	-	-	2,850,844	2,850,844	-
Net Cash Provided by Operating Activities	16,678,009	20,140,178	107,303,000	13,235,120	157,356,307	10,635,790
Cash Flows from Noncapital Financing Activities						
Occupation Tax	-	-	-	3,612,279	3,612,279	-
Payments in Lieu of Taxes	-	-	(10,519,000)	-	(10,519,000)	-
Transfers from Other Funds	-	-	-	537,251	537,251	1,062,880
Transfers to Other Funds	-	-	(9,552,000)	(3,679,430)	(13,231,430)	(1,508,684)
Advances from General Fund	-	-	-	155,551	155,551	3,435,645
Repayment of Advances from General Fund	-	-	-	(511,162)	(511,162)	(3,521,659)
Advances to Other Funds	(45,836)	(137,509)	-	(137,290)	(320,635)	(91,527)
Repayments from Other Funds	-	-	-	-	-	58,473
Grant Proceeds	-	-	-	16,373	16,373	-
Principal Payment of Long-Term Debt	-	-	-	(200,000)	(200,000)	-
Interest and Fiscal Charges Paid	-	-	-	(2,280)	(2,280)	-
Other	-	-	(380,000)	-	(380,000)	-
Net Cash Used by Noncapital Financing Activities	(45,836)	(137,509)	(20,451,000)	(208,708)	(20,843,053)	(564,872)
Cash Flows from Capital and Related Financing Activities						
Additions to Capital Assets	(9,534,849)	(17,392,652)	(80,312,000)	(3,217,847)	(110,457,348)	(4,821,980)
Capital Contributions	816,846	2,231,233	936,000	10,191	3,994,270	-
Grant Proceeds	-	3,404,124	-	-	3,404,124	-
Proceeds from Sale of Capital Assets	-	-	-	91,325	91,325	504,065
Repayment of Advance from Other Fund	-	-	-	(150,000)	(150,000)	-
Proceeds from Issuance of Long-Term Debt	-	-	30,000,000	222,634	30,222,634	-
Funds Used for Bond Refunding	(383,001)	-	-	-	(383,001)	-
Net Cost of Retiring Plant	-	-	(2,414,000)	-	(2,414,000)	-
Principal Payments of Capital Lease	(25,523)	-	-	(310,364)	(335,887)	(1,546,475)
Principal Payments of Long-Term Debt	(4,599,602)	(4,517,445)	(17,070,000)	(2,155,000)	(28,342,047)	-
Interest and Fiscal Charges Paid	(2,361,501)	(1,877,042)	(25,924,000)	(1,466,217)	(31,628,760)	(368,284)
Net Cash Used by Capital and Related Financing Activities	(16,087,630)	(18,151,782)	(94,784,000)	(6,975,278)	(135,998,690)	(6,232,674)
Cash Flows from Investing Activities						
Proceeds from Sale and Maturities of Investments	16,214,633	17,568,597	151,520,000	16,905,146	202,208,376	31,127,635
Purchases of Investments	(16,927,423)	(19,655,018)	(138,144,000)	(19,853,106)	(194,579,547)	(37,485,540)
Interest and Other Receipts	359,843	570,128	1,460,000	349,335	2,739,306	648,570
Net Cash Provided (Used) by Investing Activities	(352,947)	(1,516,293)	14,836,000	(2,598,625)	10,368,135	(5,709,335)
Net Increase (Decrease) in Cash and Cash Equivalents	191,596	334,594	6,904,000	3,452,509	10,882,699	(1,871,091)
Cash and Cash Equivalents - Beginning	833,519	962,656	16,538,000	6,511,349	24,845,524	4,188,896
Cash and Cash Equivalents - Ending	<u>\$ 1,025,115</u>	<u>1,297,250</u>	<u>23,442,000</u>	<u>9,963,858</u>	<u>35,728,223</u>	<u>2,317,805</u>

(Continued)

	Business-Type Activities -- Enterprise Funds					Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds	Total	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income	\$ 7,730,640	12,366,484	54,075,000	3,655,267	77,827,391	6,673,882
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	8,815,189	8,846,888	52,134,000	5,550,959	75,347,036	3,387,296
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:						
Accounts Receivable and Unbilled Revenues	(441,723)	(1,061,408)	554,000	(466,823)	(1,415,954)	237,816
Due from Other Funds	-	-	-	(98,849)	(98,849)	(284,923)
Due from Other Governments	-	-	-	(19,117)	(19,117)	23,192
Inventories	50,064	(133,189)	2,550,000	(50,337)	2,416,538	(20,257)
Plant Operation Assets	-	-	1,055,000	-	1,055,000	-
Prepaid Expenses	-	-	(949,000)	(39,151)	(988,151)	87,581
Other Assets	-	-	3,947,000	-	3,947,000	-
Deferred Outflows for Pension	-	-	-	237,738	237,738	-
Deferred Outflows for OPEB	(31,557)	(45,479)	-	(52,815)	(129,851)	(52,908)
Accounts Payable	319,172	218,271	4,248,000	88,904	4,874,347	(265,507)
Accrued Liabilities	165,338	(46,890)	(10,302,000)	(25,284)	(10,208,836)	(19,207)
Accrued Compensated Absences	65,029	(12,942)	-	2,278	54,365	28,154
Due to Other Funds	-	-	-	35,835	35,835	185,315
Due to Other Governments	-	-	-	(181,254)	(181,254)	(30,578)
Unearned Revenue	-	-	-	3,357,445	3,357,445	(59,084)
Claims	-	-	(9,000)	-	(9,000)	735,196
Net Pension Liability	-	-	-	(201,859)	(201,859)	-
Total OPEB Liability	(21,757)	(31,355)	-	(32,275)	(85,387)	(36,476)
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	1,505,500	1,505,500	-
Deferred Inflows for Pension	-	-	-	(77,258)	(77,258)	-
Deferred Inflows for OPEB	27,614	39,798	-	46,216	113,628	46,298
Total Adjustments	8,947,369	7,773,694	53,228,000	9,579,853	79,528,916	3,961,908
Net Cash Provided by Operating Activities	<u>\$ 16,678,009</u>	<u>20,140,178</u>	<u>107,303,000</u>	<u>13,235,120</u>	<u>157,356,307</u>	<u>10,635,790</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:						
Contribution of Capital Assets	\$ 4,465,261	3,673,573	-	4,517,342	12,656,176	1,676,002
Purchase of Capital Assets on Account	2,404,584	2,568,490	2,471,000	345,102	7,789,176	86,426
Change in Fair Value of Investments	(204,427)	(309,980)	104,000	(60,325)	(470,732)	(114,594)
Debt Refunding/Defeasance	14,730,000	-	-	-	14,730,000	-
Acquisition of Leased Capital Assets	161,970	-	-	-	161,970	-
Capitalized Interest included in Capital Asset Additions	-	-	673,000	-	673,000	-

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, 2018

	Police & Fire Pension Trust Fund	Agency Funds
	<u>Trust Fund</u>	<u>Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,365,433	3,405,677
Investments:		
Pooled Investment Funds	1,927,698	-
Equities	10,486,854	-
Mutual Funds	122,947,185	-
Limited Partnership	28,805,548	-
Real Estate Limited Partnerships	80,338,433	-
Total Investments	<u>244,505,718</u>	<u>-</u>
Receivables:		
Contributions	557,801	-
Accrued Interest	5,118	-
Other	-	57,776
Due from Other Governments	560	-
Contractor Retainage	<u>-</u>	<u>78,454</u>
Total Assets	<u>246,434,630</u>	<u>3,541,907</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for OPEB	<u>464</u>	<u>-</u>
LIABILITIES		
Warrants Payable	-	973,590
Accounts Payable	14,738	296,747
Accrued Liabilities	3,370	-
Accrued Compensated Absences	12,675	-
Due to Other Governments	282	879,025
Total OPEB Liability	7,762	-
Due to Homeowners	-	2,647
Due to Contractors	-	1,271,972
Due to Bondholders	<u>-</u>	<u>117,926</u>
Total Liabilities	<u>38,827</u>	<u>3,541,907</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for OPEB	<u>406</u>	
NET POSITION		
Net Position Restricted for Pensions	<u>\$ 246,395,861</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, 2018

	<u>Police & Fire Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 8,068,138
Employee	3,195,658
Total Contributions	<u>11,263,796</u>
Investment Earnings:	
Interest	19,628
Dividends	3,137,939
Increase in Fair Value of Investments	14,522,530
Investment Earnings	<u>17,680,097</u>
Less Investment Expense	(407,981)
Net Investment Earnings	<u>17,272,116</u>
Total Additions	<u>28,535,912</u>
Deductions:	
Benefit Payments	15,246,359
Refunds of Contributions	421,197
Administrative Costs	<u>310,064</u>
Total Deductions	<u>15,977,620</u>
Change in Net Position	<u>12,558,292</u>
Net Position Restricted for Pensions - Beginning, Before Restatement	233,840,546
Adjustment for Implementation of GASB 75	<u>(2,977)</u>
Net Position Restricted for Pensions - Beginning, After Restatement	<u>233,837,569</u>
Net Position Restricted for Pensions - Ending	<u><u>\$ 246,395,861</u></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, 2018

(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/westhay/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, 2018. 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, 2017. The amounts included in the City's 2018 financial statements for LES are amounts as of and for the year ended December 31, 2017.

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, 2018

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, 2018

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, 2018

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. Prior to September 1, 2017, and the implementation of GASB Statement No. 89, interest incurred during the construction phase of capital assets of business-type activities was included as part of the capitalization value of the assets constructed.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

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 another 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, 2018

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. Once adopted, the limitations imposed by the ordinance remain in place until the adoption of another ordinance to remove or revise the limitation.

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. Unlike commitments, assignments generally only exist temporarily, as an additional formal action does not have to be taken to alter an assignment. 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 \$34,472,087 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 \$200,130,770 of restricted net position, of which enabling legislation restricts \$43,816,601.

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.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

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.
- 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, RP Crawford Park, and Vehicle Tax Residual Revenue), 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.

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ENDOWMENTS

The Community Health Permanent Endowment Fund was established in 1997 with the \$37,000,000 cash proceeds realized by the City from the sale of Lincoln General Hospital, and may be increased by donations, bequests, or appropriations to the fund. Investment earnings of the fund are used for funding health and health-related programs that further the health, safety, or welfare of the citizens of Lincoln. 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 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 \$27,571,140 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 2018 the City implemented the provisions of the following GASB Statements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The revised requirements under Statement No. 75 establish new financial reporting requirements for state and local governments that provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, Statement No 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources that arise from other types of events related to OPEB to be recognized. Accordingly, the City has reported the cumulative effect of applying GASB 75 as a restatement of net position as of September 1, 2017. This restatement decreased previously reported net position for governmental activities by \$(4,913,423) and for business-type activities by \$(251,798).

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements, which are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This statement requires a government to recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement, and revenue when the resources become applicable to the reporting period. At August 31, 2018, the City reported both a beneficial interest asset and deferred inflows of resources for beneficial interest revenue of \$3,541,924.

GASB Statement No. 85, *Omnibus 2017*. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The implementation of Statement 85 did not have an impact on the City's current financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on

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debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of Statement 86 did not have an impact on the City's current financial statements.

GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 requires that, in financial statements using the economic resources measurement focus, interest costs incurred before the end of a construction period be recognized as expenses in the period in which the costs are incurred. Previous governmental accounting standards guidance required such costs to be capitalized and included as a component of construction in progress for certain projects, and any amount capitalized was included in the historical costs of a capital asset reported in the financial statements. Statement 89 was applied prospectively, thus any interest costs capitalized in previous years were not removed from the historical costs of the related capital assets. The amounts included in the City's 2018 financial statements for LES are amounts as of and for the year ended December 31, 2017. LES has not implemented the provisions of Statement No. 89 in its December 31, 2017 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 \$554,608,830 difference are as follows:

Bonds Payable	\$ 419,953,372
Less issuance discounts	(989,238)
Plus issuance premiums	12,767,414
Plus deferred charge on refunding	183,040
Capital Leases Payable	25,730,399
Accrued Interest Payable	4,385,348
Net Pension Liability	47,851,096
Deferred Outflows for Pension	(3,962,233)
Deferred Inflows for Pension	11,940,723
Net OPEB Liability	15,696,148
Deferred Outflows for OPEB	(937,461)
Deferred Inflows for OPEB	820,350
Compensated Absences	21,183,660
Other	(13,788)
Net difference	<u>\$ 554,608,830</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 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 \$12,306,439 difference are as follows:

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Capital outlay	\$ 56,233,569
Depreciation expense	(43,927,130)
Net difference	<u>\$ 12,306,439</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 \$12,078,337 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation refunding bonds	\$ (4,345,000)
Issuance of refunding capital lease	(749,615)
Issuance of capital lease	(239,760)
Issuance of certificates of participation	(3,450,000)
Issuance premiums	(892,807)
Amortization of deferred premiums, discounts, and amounts from refundings	783,882
Transfers to bond refunding agent	5,706,591
Principal repayments	15,265,046
Net difference	<u>\$ 12,078,337</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 \$(694,554) difference are as follows:

Loss on disposal of capital assets	\$ (490,242)
Accrued interest	114,258
Compensated absences	(317,981)
Other	(589)
Net difference	<u>\$ (694,554)</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.

A recap of the proprietary funds restrictions and related balances at August 31, 2018, are as follows:

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Fund Account	Parking System	Solid Waste Management	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Total
Principal and Interest	\$ 201,567	-	1,458,048	413,494	14,579,000	16,652,109
Reserve	2,551,843	1,117,084	5,450,186	5,387,300	16,733,000	31,239,413
Surplus	-	-	456,639	1,948,693	-	2,405,332
Renewal and Replacement	2,449,521	-	-	-	-	2,449,521
Capital Construction and Equipment	209,423	20,300	970,475	5,554,340	-	6,754,538
Customer/Developer Deposits	-	-	-	-	1,996,000	1,996,000
Claims	-	-	-	-	2,162,000	2,162,000
Total	\$ 5,412,354	1,137,384	8,335,348	13,303,827	35,470,000	63,658,913

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. At August 31, 2018, at a single financial institution, \$211,733 of the City's bank balance was uninsured and uncollateralized. Subsequent to year-end, additional collateral was pledged by the financial institution for the uncollateralized balance. The City's remaining cash deposits and 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. 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, 2018.

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 49, 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, 2018, the City had the following investments, maturities, credit ratings, and fair value measurement:

	August 31, 2018							
	Maturities in Years							
Type	Carrying Value	Less than 1	1-5	6-10	More than 10	Credit Rating Moody's S&P		Hierarchy Level
General City:								
U.S. Treasury Obligations	\$ 144,393,972	124,727,802	19,666,170	-	-	Aaa	AA+	2
U.S. Sponsored Agency Obligations	294,375,188	186,574,738	103,056,092	4,744,358	-	Aaa	AA+	2
Commercial Issuers (Commercial Paper)	44,126,000	44,126,000	-	-	-	P1	A1	2
Money Market Funds - U.S. Treasury	4,163,874	4,163,874	-	-	-	Aaa-mf	AAAm	N/A
Money Market Funds - U.S. Agencies	34,822,293	34,822,293	-	-	-	Aaa	AAAm	N/A
External Investment Trust	9,600,000	9,600,000	-	-	-	Not rated	Not rated	N/A
Tax Increment Financing Investments	10,482,911	407,026	1,055,088	4,492,487	4,528,310	Not rated	Not rated	2
Equities	3,847,039	3,847,039	-	-	-	Not rated	Not rated	1
Total General City	<u>545,811,277</u>	<u>408,268,772</u>	<u>123,777,350</u>	<u>9,236,845</u>	<u>4,528,310</u>			
Community Health Endowment:								
Money Market Mutual Funds	2,203,744	2,203,744	-	-	-	Not rated	Not rated	N/A
Institutional funds								
Fixed income	9,526,726	-	8,608,799	-	917,927	Not rated	Not rated	NAV
Intermediate term credit	2,558,255	-	2,558,255	-	-	Not rated	Not rated	NAV
Large cap equity	9,021,766	9,021,766	-	-	-	Not rated	Not rated	NAV
International equity	13,609,621	13,609,621	-	-	-	Not rated	Not rated	NAV
High-yield bonds	5,721,191	-	-	5,721,191	-	Not rated	Not rated	NAV
Emerging markets equity	3,121,147	3,121,147	-	-	-	Not rated	Not rated	NAV
Mid cap equity	2,567,777	2,567,777	-	-	-	Not rated	Not rated	NAV
U.S. treasuries	5,746,050	-	5,746,050	-	-	Not rated	Not rated	NAV
Small cap equity	3,258,877	3,258,877	-	-	-	Not rated	Not rated	NAV
Commodities	4,972,333	4,972,333	-	-	-	Not rated	Not rated	NAV
Real Estate	1,292,280	1,292,280	-	-	-	Not rated	Not rated	NAV
Limited Partnership	310,340	310,340	-	-	-	Not rated	Not rated	NAV
Total Community Health Endowment:	<u>63,910,107</u>	<u>40,357,885</u>	<u>16,913,104</u>	<u>5,721,191</u>	<u>917,927</u>			
Police & Fire Pension Trust:								
Equities	10,486,854	10,486,854	-	-	-	Not rated	Not rated	1
Mutual Funds	122,947,185	122,947,185	-	-	-	Not rated	Not rated	1
	133,434,039	133,434,039	-	-	-			
Limited Partnerships	28,805,548							NAV
Real Estate Limited Partnerships	80,338,433							NAV
Total Police & Fire Pension Trust	<u>242,578,020</u>							
Total Primary Government	<u>\$ 852,299,404</u>							

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, 2018 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&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.

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.

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<u>Type</u>	<u>Portfolio Composition</u>	<u>Policy Limits on Issuer</u>
U.S. agency obligations:		
Federal Home Loan Bank	23.14 %	40.00 %
Federal Home Loan Mortgage Corporation	15.32	40.00
Federal National Mortgage Association	8.79	40.00
Federal Farm Credit Bank	6.69	40.00
Federal Agricultural Mortgage Corporation	0.00	25.00

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. All investments are held in CHE's name.

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, 2018.

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 that may be invested in any one sector, 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, 2018.

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.

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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, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Developed Markets Equity	35.0 %
Emerging Markets Equity	5.0
Private Equity	10.0
Fixed Rate Debt (Intermediate)	5.0
Fixed Rate High Yield Bonds	5.0
Private Credit	10.0
Low Volatility Hedge Funds	10.0
Master Limited Partnerships (MLPs)	5.0
Private Real Estate	<u>15.0</u>
Total	<u><u>100.0</u></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.

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	12.00 %
American New Perspective R6	11.60
RREEF America REIT II	10.67
Vanguard Total Intl Stock Index Fund Ins	10.70
Dodge and Cox Global Stock Fund	10.92
J.P. Morgan Core Bond Fund	10.73
Parametric Defensive Equity Fund LLC	5.01

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

Tenaska TPF II, LP - \$66,521

Aberdeen U.S. Private Equity VI - \$1,350,000

Weathergale Venture Capital IV - \$1,890,000

Golub Capital Partners International Fund 11 - \$2,800,000

Principal Real Estate Debt Fund II - \$5,617,183

Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of August 31, 2018:

	Totals		
Investments	\$ 852,299,404		
Deposits and Cash on Hand	13,343,563		
	<u>\$ 865,642,967</u>		
	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Totals
Cash and Cash Equivalents	\$ 47,496,312	4,771,110	52,267,422
Investments	474,597,302	244,505,718	719,103,020
Restricted Assets:			
Cash and Cash Equivalents	9,201,771	-	9,201,771
Investments	85,070,754	-	85,070,754
	<u>\$ 616,366,139</u>	<u>249,276,828</u>	<u>865,642,967</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			Other	
	General	Street	West	Governmental	
	Fund	Construction	Haymarket	Funds	Total
			JPA		
Fund Balances:					
Nonspendable:					
Inventory	\$ 391,693	312,222	-	742,375	1,446,290
Prepaid Items	180,029	-	300,453	-	480,482
Permanent Fund Principal	-	-	-	37,160,000	37,160,000
Total Nonspendable	571,722	312,222	300,453	37,902,375	39,086,772
Restricted For:					
Capital Improvements	2,244,961	39,929,601	1,287,812	30,637,636	74,100,010
Human Services	1,401,598	-	-	-	1,401,598
Donor Purposes	3,170,578	-	-	3,004,409	6,174,987
Agency Activities	-	-	1,631,642	-	1,631,642
Land Purchases	-	-	-	3,616,157	3,616,157
Social Security Obligations	-	-	-	1,845,887	1,845,887
Community Betterment	-	-	-	4,242,589	4,242,589
Federal Loan Programs	-	-	-	18,006,000	18,006,000
Grant Programs	-	-	-	1,353,285	1,353,285
Special Assessment Improvements	-	-	-	422,570	422,570
Debt Service	-	-	-	9,261,327	9,261,327
Health Care	-	-	-	27,648,852	27,648,852
Claims Contingencies	-	-	-	865,000	865,000
Library Media	-	-	-	789,181	789,181
Street Maintenance	-	-	-	893,900	893,900
Total Restricted	6,817,137	39,929,601	2,919,454	102,586,793	152,252,985
Committed To:					
Public Access Television	-	-	-	719,725	719,725
Building Code Enforcement	-	-	-	305,149	305,149
Debt Service	-	-	-	1,967,704	1,967,704
Total Committed	-	-	-	2,992,578	2,992,578
Assigned To:					
Capital Improvements	-	25,329,846	-	14,583	25,344,429
Donor Purposes	844,212	-	-	-	844,212
Public Improvements	26,864	-	-	-	26,864
Athletic Facility Improvements	628,018	-	-	-	628,018
Senior Care	1,038,876	-	-	-	1,038,876
Emergency Communications	2,340,599	-	-	-	2,340,599
Economic Development Projects	5,008,071	-	-	-	5,008,071
Snow Removal	-	964,838	-	-	964,838
Debt Service	-	-	33,907,080	-	33,907,080
Land Purchases	-	-	-	76,721	76,721
Public Access Television	-	-	-	323,572	323,572
Library Services	-	-	-	3,767,090	3,767,090
Health Care	-	-	-	4,493,783	4,493,783
Social Security Obligations	-	-	-	455,533	455,533
Public Transportation	-	-	-	3,793,752	3,793,752
Community Betterment	-	-	-	182,500	182,500
Building Code Enforcement	-	-	-	9,987,093	9,987,093
Park Projects	-	-	-	188,526	188,526
Subsequent Year's Appropriated Fund Balance	6,358,584	-	-	-	6,358,584
Other Purposes	143,907	-	-	-	143,907
Total Assigned	16,389,131	26,294,684	33,907,080	23,283,153	99,874,048
Unassigned	46,062,651	-	-	(77,349)	45,985,302
Total Fund Balances	\$ 69,840,641	66,536,507	37,126,987	166,687,550	340,191,685

CITY OF LINCOLN, NEBRASKA
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(6) RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables at August 31, 2018, consist of the following (in thousands):

Fund	Taxes	Accounts	Accrued Interest	Loans	Special Assessment		Contributions	Gross Receivables	Allowance For Uncollectibles	Net
					Current	Deferred				
General	\$ 3,382	2,273	199	-	-	-	-	5,854	-	5,854
Street Construction	-	31	195	-	-	-	-	226	-	226
West Haymarket JPA	1,632	388	242	-	-	-	-	2,262	-	2,262
Wastewater System	-	5,381	-	-	-	-	-	5,381	-	5,381
Water System	-	7,644	-	-	-	-	-	7,644	-	7,644
Electric System	-	35,179	350	-	-	-	-	35,529	816	34,713
Nonmajor -										
Special Revenue	1,419	326	237	22,545	-	-	-	24,527	4,539	19,988
Debt Service	942	380	50	-	396	2,182	-	3,950	187	3,763
Capital Projects	-	-	115	-	-	-	-	115	-	115
Permanent	-	1	13	-	-	-	-	14	-	14
Enterprise	-	7,152	133	-	-	-	-	7,285	2,914	4,371
Internal Service	-	227	236	-	-	-	-	463	-	463
Fiduciary	-	58	5	-	-	-	558	621	-	621
Total	\$ 7,375	59,040	1,775	22,545	396	2,182	558	93,871	8,456	85,415

Enterprise funds customer accounts receivable include unbilled charges for services. Delinquent special assessment receivables at August 31, 2018, were \$182,264.

The total of Due From Other Governments of \$27,216,185 includes the following significant items:

Fund/Fund Type	Amount	Service
General/Major Governmental	\$13,214,154	State of Nebraska, July/August Sales & Use Tax
	575,713	August Motor Vehicle Taxes Collected by Lancaster County
	15,772	August Property Tax Interest Collected by Lancaster County
	29,133	State of Nebraska, Cost Reimbursements
	135,698	Lincoln Public Schools, Cost Reimbursements
	45,410	Federal Government, Cost Reimbursements
	159,778	Lancaster County, Cost Reimbursements
Street Construction/Major Governmental	4,728,308	State of Nebraska, July/August Highway User Fees
	14,183	Railroad Transportation Safety District, Share of Projects
	370,425	State of Nebraska, Cost Reimbursements
	62,421	Federal Government, Cost Reimbursements
West Haymarket JPA/Major Governmental	762,179	Federal Government, Cost Reimbursements
Lincoln/Lancaster Co. Health/Special Revenue	401,894	Lancaster County, Cost Reimbursements
Federal Grants/Special Revenue	1,249,383	Federal Government, Cost Reimbursements
	419,506	State of Nebraska, Cost Reimbursements
Vehicle Tax Residual Revenue/Special Revenue	893,900	August Motor Vehicle Taxes Collected by Lancaster County
Special Assessment/Debt Service	34,679	August Special Assessments Collected by Lancaster County
Vehicle Tax/Capital Projects	893,899	August Motor Vehicle Taxes Collected by Lancaster County
Storm Sewer Bonds/Capital Projects	477,674	Federal Government, Cost Reimbursements
Other Capital Projects/Capital Projects	2,212,436	State of Nebraska, July/August Sales & Use Tax
	305,550	Federal Government, Cost Reimbursements
Pinnacle Bank Arena/Enterprise	24,365	Lincoln Public Schools Billings
Solid Waste Management/Enterprise	94,789	Federal Government, Cost Reimbursements
Information Services/Internal Service	14,158	Lancaster County Billings
Police Garage/Internal Service	6,632	State of Nebraska Billings
	45,018	Lancaster County Billings
Subtotal	27,187,057	
All other	29,128	
Total Due From Other Governments	<u>\$27,216,185</u>	

CITY OF LINCOLN, NEBRASKA
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(7) **CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 169,428,427	1,509,554	448,750	170,489,231
Construction in Progress	63,199,880	36,565,536	12,977,383	86,788,033
Total Capital Assets, not being Depreciated	<u>232,628,307</u>	<u>38,075,090</u>	<u>13,426,133</u>	<u>257,277,264</u>
Capital Assets, being Depreciated:				
Buildings	347,441,338	8,442,372	81,071	355,802,639
Improvements Other Than Buildings	138,819,408	3,072,389	55,475	141,836,322
Machinery and Equipment	110,684,879	10,431,952	6,555,216	114,561,615
Infrastructure	954,560,931	36,102,949	527,461	990,136,419
Total Capital Assets, being Depreciated	<u>1,551,506,556</u>	<u>58,049,662</u>	<u>7,219,223</u>	<u>1,602,336,995</u>
Less Accumulated Depreciation for:				
Buildings	66,428,159	7,735,783	68,439	74,095,503
Improvements Other Than Buildings	44,373,100	4,421,154	55,475	48,738,779
Machinery and Equipment	70,909,289	7,543,661	6,387,632	72,065,318
Infrastructure	325,283,392	27,613,828	35,531	352,861,689
Total Accumulated Depreciation	<u>506,993,940</u>	<u>47,314,426</u>	<u>6,547,077</u>	<u>547,761,289</u>
Total Capital Assets, being Depreciated, Net	<u>1,044,512,616</u>	<u>10,735,236</u>	<u>672,146</u>	<u>1,054,575,706</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,277,140,923</u>	<u>48,810,326</u>	<u>14,098,279</u>	<u>1,311,852,970</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 25,247,402	204,754	4,022	25,448,134
Construction in Progress	92,740,991	112,906,013	60,792,067	144,854,937
Total Capital Assets, not being Depreciated	<u>117,988,393</u>	<u>113,110,767</u>	<u>60,796,089</u>	<u>170,303,071</u>
Capital Assets, being Depreciated:				
Buildings	240,947,123	2,782,580	-	243,729,703
Improvements Other Than Buildings	737,706,611	26,261,232	20,879	763,946,964
Machinery and Equipment	58,145,799	4,716,004	1,668,623	61,193,180
Utility Plant	1,486,425,000	39,052,000	3,710,000	1,521,767,000
Total Capital Assets, being Depreciated	<u>2,523,224,533</u>	<u>72,811,816</u>	<u>5,399,502</u>	<u>2,590,636,847</u>
Less Accumulated Depreciation for:				
Buildings	95,371,247	5,512,277	-	100,883,524
Improvements Other Than Buildings	240,090,998	14,437,634	16,594	254,512,038
Machinery and Equipment	37,520,627	3,263,125	1,493,395	39,290,357
Utility Plant	688,535,000	52,134,000	6,124,000	734,545,000
Total Accumulated Depreciation	<u>1,061,517,872</u>	<u>75,347,036</u>	<u>7,633,989</u>	<u>1,129,230,919</u>
Total Capital Assets, being Depreciated, Net	<u>1,461,706,661</u>	<u>(2,535,220)</u>	<u>(2,234,487)</u>	<u>1,461,405,928</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,579,695,054</u>	<u>110,575,547</u>	<u>58,561,602</u>	<u>1,631,708,999</u>

CITY OF LINCOLN, NEBRASKA
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 1,813,413
Public Safety	2,314,905
Streets and Highways, including Infrastructure	27,148,781
Culture and Recreation	10,509,663
Economic Opportunity	44,431
Health and Welfare	319,868
Mass Transit	1,776,069
Subtotal	<u>43,927,130</u>
Internal Service Funds Capital Assets	
Depreciation is charged to the various functions based on usage of the assets.	3,387,296
Total Depreciation Expense - Governmental	<u><u>\$ 47,314,426</u></u>
Business-type Activities:	
Golf	\$ 455,266
Parking System	2,153,223
Pinnacle Bank Arena	25,735
Solid Waste Management	2,312,500
Emergency Medical Services	256,589
Broadband Enterprise	347,646
Wastewater System	8,815,189
Water System	8,846,888
Lincoln Electric System	52,134,000
Total Depreciation Expense - Business-type	<u><u>\$ 75,347,036</u></u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Wastewater System:				
Capital Assets, not being Depreciated:				
Land	\$ 6,999,631	27	4,022	6,995,636
Construction in Progress	<u>2,806,906</u>	<u>10,546,788</u>	<u>5,711,606</u>	<u>7,642,088</u>
Total Capital Assets, not being Depreciated	<u>9,806,537</u>	<u>10,546,815</u>	<u>5,715,628</u>	<u>14,637,724</u>
Capital Assets, being Depreciated:				
Buildings	80,785,913	744,545	-	81,530,458
Improvements Other Than Buildings	315,338,086	7,749,442	-	323,087,528
Machinery and Equipment	<u>11,374,435</u>	<u>2,446,832</u>	<u>35,816</u>	<u>13,785,451</u>
Total Capital Assets, being Depreciated	<u>407,498,434</u>	<u>10,940,819</u>	<u>35,816</u>	<u>418,403,437</u>
Less Accumulated Depreciation for:				
Buildings	34,305,535	1,837,021	-	36,142,556
Improvements Other Than Buildings	102,872,235	6,299,579	-	109,171,814
Machinery and Equipment	<u>7,687,324</u>	<u>678,589</u>	<u>30,684</u>	<u>8,335,229</u>
Total Accumulated Depreciation	<u>144,865,094</u>	<u>8,815,189</u>	<u>30,684</u>	<u>153,649,599</u>
Total Capital Assets, being Depreciated, Net	<u>262,633,340</u>	<u>2,125,630</u>	<u>5,132</u>	<u>264,753,838</u>
Wastewater System Capital Assets, Net	<u><u>\$ 272,439,877</u></u>	<u><u>12,672,445</u></u>	<u><u>5,720,760</u></u>	<u><u>279,391,562</u></u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
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	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Water System:				
Capital Assets, not being Depreciated:				
Land	\$ 5,532,620	204,727	-	5,737,347
Construction in Progress	8,174,195	18,217,780	7,454,739	18,937,236
Total Capital Assets, not being Depreciated	<u>13,706,815</u>	<u>18,422,507</u>	<u>7,454,739</u>	<u>24,674,583</u>
Capital Assets, being Depreciated:				
Buildings	82,113,847	-	-	82,113,847
Improvements Other Than Buildings	365,538,484	10,247,318	-	375,785,802
Machinery and Equipment	26,082,737	958,213	83,007	26,957,943
Total Capital Assets, being Depreciated	<u>473,735,068</u>	<u>11,205,531</u>	<u>83,007</u>	<u>484,857,592</u>
Less Accumulated Depreciation for:				
Buildings	32,531,362	1,675,606	-	34,206,968
Improvements Other Than Buildings	106,722,194	5,977,565	-	112,699,759
Machinery and Equipment	17,616,036	1,193,717	69,368	18,740,385
Total Accumulated Depreciation	<u>156,869,592</u>	<u>8,846,888</u>	<u>69,368</u>	<u>165,647,112</u>
Total Capital Assets, being Depreciated, Net	<u>316,865,476</u>	<u>2,358,643</u>	<u>13,639</u>	<u>319,210,480</u>
Water System Capital Assets, Net	<u>\$ 330,572,291</u>	<u>20,781,150</u>	<u>7,468,378</u>	<u>343,885,063</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Electric System:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 75,805,000	82,594,000	41,466,000	116,933,000
Capital Assets, being Depreciated:				
Utility Plant	1,486,425,000	39,052,000	3,710,000	1,521,767,000
Less Accumulated Depreciation	688,535,000	52,134,000	6,124,000	734,545,000
Total Capital Assets, being Depreciated, Net	<u>797,890,000</u>	<u>(13,082,000)</u>	<u>(2,414,000)</u>	<u>787,222,000</u>
Electric System Capital Assets, Net	<u>\$ 873,695,000</u>	<u>69,512,000</u>	<u>39,052,000</u>	<u>904,155,000</u>

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.

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 rate for 2017 was 2.3%.

CITY OF LINCOLN, NEBRASKA
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August 31, 2018

(8) INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds at August 31, 2018, consist of the following:

	Due To	Due From					
		General Fund	Street Construction	West Haymarket JPA	Nonmajor Governmental	Nonmajor Enterprise	Internal Service
General Fund	\$	-	368	95	48,982	573,136	379,483
Street Construction		558,354	-	-	9,440,836	-	-
West Haymarket JPA		7,532	-	-	-	-	-
Nonmajor Governmental		252,225	-	-	1,484,404	19,000	-
Lincoln Wastewater System		45,836	-	-	970,475	-	-
Lincoln Water System		137,509	-	-	5,554,340	-	-
Nonmajor Enterprise		164,476	9,676	299,908	22,024	-	-
Internal Service		812,736	169,719	16,200	52,500	160,248	227,280
Total	\$	1,978,668	179,763	316,203	17,573,561	752,384	606,763
							21,407,342

“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, 2018, consist of the following:

	Transfer To	Transfer From					
		General Fund	Street Construction	West Haymarket JPA	Nonmajor Governmental	Lincoln Electric System	Nonmajor Enterprise
General Fund	\$	-	-	-	663,465	9,645,231	2,095,026
Street Construction		1,320,571	-	-	19,157,671	-	14,116
Nonmajor Governmental		22,519,093	5,304,775	-	5,078,294	-	1,570,288
Nonmajor Enterprise		54,971	-	202,280	80,000	-	-
Internal Service		59,673	749,961	-	194,561	-	-
Total	\$	23,954,308	6,054,736	202,280	25,173,991	9,645,231	3,679,430
							1,508,684
							70,218,660

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 \$102,231 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, 2017, 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, 2017, was 0.89%. The outstanding commercial paper notes are secured by a revolving credit agreement. There were no advances outstanding under the credit agreement at December 31, 2017. 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 2017 was 76 days.

CITY OF LINCOLN, NEBRASKA
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Commercial paper activity for the year ended December 31, 2017, is as follows:

	Beginning			Ending	Due Within
Lincoln Electric System:	Balance	Additions	Reductions	Balance	One Year
Commercial Paper Notes	\$ 95,500,000	477,500,000	(477,500,000)	95,500,000	95,500,000

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 \$3,779,454, \$4,268,572, \$931,078, and \$2,249,927 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, street sweepers, motor grader, 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	28,980,700	1,647,945
Improvements	5,070,465	-
Infrastructure	31,312,535	-
Machinery and Equipment	10,960,176	2,955,644
Construction in Progress	-	-
Less Accumulated Depreciation, (where applicable)	(19,622,772)	(2,696,482)
Total	\$ 58,481,170	\$ 2,106,653

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 2017, the Wastewater System issued \$13,235,000 of Sanitary Sewer Refunding Bonds with an average interest rate of 2.21% to refund \$14,730,000 of Wastewater Revenue Bonds, Series 2007. The System completed the advance refunding to reduce its total debt service payments for the next 15 years by \$2,688,002 for an economic gain (difference between the present values of the old and new debt service payments) of \$2,265,951.

In September 2017, the City issued \$4,345,000 of General Obligation Stormwater Refunding Bonds with an average interest rate of 4.49% to refund \$5,075,000 of General Obligation Stormwater Bonds, Series 2007. The City completed the advance refunding to reduce its total debt service payments for an economic gain of \$750,000.

In November 2017, LES entered into a revolving credit agreement with USBank National Association. The agreement permits LES to draw up to \$50 million on a variable rate basis. As of December 31, 2017, the rate was 1.362% and there was \$30 million outstanding under the agreement. The USBank revolving agreement terminates unless extended in accordance with its terms, on November 2, 2020. LES classifies this as a long-

CITY OF LINCOLN, NEBRASKA
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term liability on the balance sheet, as repayment of amounts drawn under the agreement are not required until the agreement's expiration date.

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
Governmental Activities:							
General Obligation Bonds:							
General Bonds:							
\$ 8,200	02/10/11	Stormwater Bonds	2.000 - 4.500	Serial 2013 to 2030	2020	Semiannually	\$ 5,950
19,290	06/21/11	Refunding	0.200 - 5.000	Serial 2011 to 2022	2019	"	5,375
8,090	06/26/12	Refunding	1.000 - 3.000	Serial 2013 to 2023	---	"	3,195
6,385	03/20/13	Stormwater Bonds	2.000 - 4.000	Serial 2014 to 2029	2023	"	4,965
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	---	"	4,145
6,300	06/28/16	Stormwater Bonds	2.000 - 3.000	Serial 2017 to 2036	2026	"	6,025
4,345	09/20/17	Stormwater Refunding Bonds	2.000 - 5.000	Serial 2018 to 2027	---	"	4,105
Total General Bonds							<u>\$ 35,275</u>
Tax Allocation Bonds:							
\$ 2,205	04/05/07	Tax Allocation Bonds	5.000 - 5.550	Serial 2009 to 2018	2012	Semiannually	\$ 275
601	06/01/07	Tax Allocation Bonds	5.240	Serial 2008 to 2018	Anytime	"	407
42	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2021	Anytime	"	13
71	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2017	Anytime	"	25
547	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	196
200	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	66
3,375	07/28/09	Tax Allocation Bonds	2.500 - 6.400	Serial 2011 to 2023	Anytime	"	1,820
263	04/01/11	Tax Allocation Bonds	3.990	Serial 2011 to 2022	Anytime	"	112
103	04/15/13	Tax Allocation Bonds	2.370	Serial 2013 to 2025	Anytime	"	62
140	07/01/16	Tax Allocation Bonds	2.200	Serial 2016 to 2028	Anytime	"	120
600	12/01/16	Tax Allocation Bonds	2.300	Serial 2018 to 2021	Anytime	"	539
110	05/01/17	Tax Allocation Bonds	2.740	Serial 2018 to 2024	Anytime	"	103
Total Tax Allocation Bonds							<u>\$ 3,738</u>
Tax Supported Bonds:							
\$ 28,095	06/06/12	Highway Allocation Fund Refunding	1.000 - 5.000	Serial 2012 to 2023	---	Semiannually	\$ 16,265
14,735	12/15/16	Highway Allocation Fund Refunding	2.000 - 5.000	Serial 2018 to 2027	2026	"	13,445
16,515	07/23/13	Limited Tax Arena Bonds	2.000 - 4.500	Serial 2016 to 2031	2023	"	13,810
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>\$ 52,005</u>
Special Assessment Bonds:							
\$ 825	08/18/11	Special Assessment	0.400 - 3.700	Serial 2012 to 2026	2016	Semiannually	\$ 475
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	"	2,105
Total Special Assessment Bonds							<u>\$ 2,955</u>
West Haymarket Joint Public Agency Bonds:							
\$ 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	"	18,655
7,325	12/04/13	Facility Bonds	4.500	Term 2043	2023	"	7,325
Total West Haymarket Joint Public Agency Bonds							<u>\$ 325,980</u>
TOTAL GENERAL OBLIGATION BONDS							<u>\$ 419,953</u>

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Original Amount	Issued	Issue	Interest Rate	When Due	Date Callable	Interest Date	Outstanding
Business-Type Activities:							
Revenue Bonds:							
\$	38,290	05/24/12	Wastewater Revenue Refunding	1.000 - 5.000	Serial 2013 to 2028	2023	Semiannually \$ 25,570
	12,220	04/09/15	Wastewater Revenue Refunding	1.000 - 4.000	Serial 2016 to 2030	2025	" 10,110
	13,235	09/13/17	Wastewater Revenue Refunding	2.000 - 5.000	Serial 2018 to 2032	2027	" 12,755
			Total Wastewater Bonds				\$ 48,435
\$	10,515	08/04/09	Water Revenue	2.000 - 4.125	Serial 2013 to 2029	2019	Semiannually \$ 7,530
	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	---	" 4,575
	28,595	05/30/13	Water Revenue Refunding	1.000 - 5.000	Serial 2014 to 2025	2023	" 17,240
			Total Water Bonds				\$ 34,250
\$	7,745	01/27/11	Parking Revenue and Refunding	2.000 - 5.000	Serial 2015 to 2024	2021	Semiannually \$ 5,480
	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	" 4,970
	2,765	11/29/12	Parking Revenue and Refunding	3.000	Term 2032	2022	" 2,765
			Total Parking Bonds				\$ 23,990
\$	8,340	02/26/13	Solid Waste Management Revenue and Refunding	0.250 - 4.000	Serial 2013 to 2029	2023	Semiannually \$ 5,060
	5,520	07/08/15	Solid Waste Management Revenue	2.000 - 5.000	Serial 2016 to 2035	2025	" 4,845
			Total Solid Waste Management Bonds				\$ 9,905
\$	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	" 99,575
			Total Electric Bonds				\$ 561,070
			TOTAL REVENUE BONDS				\$ 677,650

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
2019	\$ 10,832	19,529	5,497	1,023
2020	10,852	19,190	5,259	898
2021	14,548	18,758	4,524	772
2022	18,005	18,152	4,562	639
2023	18,673	17,408	3,943	508
2024 - 2028	75,587	76,497	12,507	920
2029 - 2033	71,391	60,824	1,198	53
2034 - 2038	78,380	43,392	-	-
2039 - 2043	86,260	22,351	-	-
2044 - 2048	35,425	3,068	-	-
Total	\$ 419,953	299,169	37,490	4,813

Fiscal Year Ended August 31	Business-Type Activities					
	Revenue Bonds		Loans/Note Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 29,360	28,690	2,005	680	330	23
2020	32,930	27,404	2,043	642	337	18
2021	38,910	25,928	2,083	602	340	11
2022	40,345	24,144	2,123	561	234	5
2023	41,135	22,355	2,164	519	24	2
2024 - 2028	184,190	86,079	10,471	1,947	25	1
2029 - 2033	157,195	52,130	10,668	786	-	-
2034 - 2038	112,875	20,671	1,415	21	-	-
2039 - 2043	40,710	3,299	-	-	-	-
Total	\$ 677,650	290,700	32,972	5,758	1,290	60

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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
2019	\$ 4,879	2,145	4,637	1,607	19,480	24,247
2020	4,989	2,032	4,792	1,438	22,750	23,273
2021	5,123	1,887	4,981	1,240	28,615	22,166
2022	5,275	1,728	4,817	1,076	30,045	20,735
2023	5,446	1,550	3,972	921	31,455	19,328
2024 - 2028	29,532	4,705	12,469	2,847	139,975	76,632
2029 - 2033	12,486	800	8,902	1,259	137,025	49,837
2034 - 2038	510	6	1,984	64	111,015	20,583
2039 - 2043	-	-	-	-	40,710	3,299
Total	\$ 68,240	14,853	46,554	10,452	561,070	260,100

Long-term liability activity for the year ended August 31, 2018, was as follows (in thousands of dollars):

	Beginning * Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Leases Payable:					
General Bonds	\$ 40,780	4,345	(9,850)	35,275	4,490
Tax Allocation Bonds	4,911	-	(1,173)	3,738	857
Tax Supported Bonds	56,565	-	(4,560)	52,005	4,715
Special Assessment Debt with Government Commitment	3,135	-	(180)	2,955	190
West Haymarket Joint Public Agency Bonds	326,545	-	(565)	325,980	580
Capital Leases	39,370	4,440	(6,320)	37,490	5,497
Gross Bonds and Leases Payable	471,306	8,785	(22,648)	457,443	16,329
Deferred Amounts:					
For Issuance Premiums	13,318	893	(1,005)	13,206	-
For Issuance Discounts	(990)	-	1	(989)	-
Net Bonds and Leases Payable	483,634	9,678	(23,652)	469,660	16,329
Other Liabilities:					
Compensated Absences	22,949	9,725	(9,380)	23,294	9,746
Construction Contracts	3,404	-	(3,404)	-	-
Claims and Judgements	10,597	35,210	(34,474)	11,333	5,004
Net Pension Liability	48,987	-	(1,136)	47,851	-
Total OPEB Liability	17,192	-	(611)	16,581	-
Governmental Activities Long-Term Liabilities	\$ 586,763	54,613	(72,657)	568,719	31,079
Business-Type Activities:					
Bonds, Loans, Note, and Leases Payable:					
Wastewater Revenue Bonds	\$ 53,395	13,235	(18,195)	48,435	3,700
Wastewater Loan Payable	20,803	-	(1,135)	19,668	1,158
Water Revenue Bonds	38,135	-	(3,885)	34,250	3,990
Water Loan Payable	12,936	-	(632)	12,304	647
Electric System Revenue Bonds	578,140	-	(17,070)	561,070	19,480
Parking Revenue Bonds	25,335	-	(1,345)	23,990	1,380
Solid Waste Management Revenue Bonds	10,715	-	(810)	9,905	810
Pinnacle Bank Arena Note	1,200	-	(200)	1,000	200
Capital Leases	1,241	385	(336)	1,290	330
Gross Bonds, Loans, Note, and Leases Payable	741,900	13,620	(43,608)	711,912	31,695
Deferred Amounts:					
For Issuance Premiums	65,876	1,385	(6,478)	60,783	-
For Issuance Discounts	(53)	-	9	(44)	-
Net Bonds, Loans, Note, and Leases Payable	807,723	15,005	(50,077)	772,651	31,695
Other Liabilities:					
Compensated Absences	2,950	1,582	(1,527)	3,005	1,535
Construction Contracts	2,138	4,973	(2,138)	4,973	4,973
Revolving Credit Agreement	-	30,000	-	30,000	-
Developer Performance Deposits	896	-	(250)	646	-
Claims and Judgements	541	-	(9)	532	-
Net Pension Liability	2,911	-	(202)	2,709	-
Total OPEB Liability	2,258	-	(85)	2,173	-
Accrued Landfill Closure/Postclosure Care Costs	21,895	1,505	-	23,400	-
Business-Type Activities Long-Term Liabilities	\$ 841,312	53,065	(54,288)	840,089	38,203

* The beginning balance shown for the Total OPEB Liability represents the restated beginning balance as a result of the City's implementation of GASB Statement No. 75.

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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 total OPEB liability for an implicit rate subsidy will be liquidated with those governmental funds where personnel health insurance costs are incurred.

Long-term liability activity for the major enterprise funds for the year ended August 31, 2018, was as follows (in thousands of dollars):

	Beginning *	Additions	Reductions	Ending Balance	Due Within One Year
	Balance				
Lincoln Wastewater System:					
Bonds and Loans Payable:					
Wastewater Revenue Bonds	\$ 53,395	13,235	(18,195)	48,435	3,700
Wastewater Loans Payable	20,803	-	(1,135)	19,668	1,158
Capital Leases	-	162	(25)	137	21
Deferred for Issuance Premiums	3,082	1,386	(363)	4,105	-
Deferred for Issuance Discounts	(7)	-	7	-	-
Net Bonds and Loans Payable	<u>77,273</u>	<u>14,783</u>	<u>(19,711)</u>	<u>72,345</u>	<u>4,879</u>
Other Liabilities:					
Compensated Absences	856	470	(404)	922	403
Construction Contracts	663	2,405	(663)	2,405	2,405
Total OPEB Liability	<u>550</u>	<u>-</u>	<u>(22)</u>	<u>528</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 79,342</u>	<u>17,658</u>	<u>(20,800)</u>	<u>76,200</u>	<u>7,687</u>
Lincoln Water System:					
Bonds and Loan Payable:					
Water Revenue Bonds	\$ 38,135	-	(3,885)	34,250	3,990
Water Loan Payable	12,936	-	(632)	12,304	647
Deferred for Issuance Premiums	2,304	-	(330)	1,974	-
Deferred for Issuance Discounts	(25)	-	2	(23)	-
Net Bonds and Loan Payable	<u>53,350</u>	<u>-</u>	<u>(4,845)</u>	<u>48,505</u>	<u>4,637</u>
Other Liabilities:					
Compensated Absences	1,280	492	(505)	1,267	488
Construction Contracts	1,475	2,568	(1,475)	2,568	2,568
Total OPEB Liability	<u>792</u>	<u>-</u>	<u>(31)</u>	<u>761</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 56,897</u>	<u>3,060</u>	<u>(6,856)</u>	<u>53,101</u>	<u>7,693</u>
Lincoln Electric System:					
Bonds Payable:					
Electric System Revenue Bonds	\$ 578,140	-	(17,070)	561,070	19,480
Deferred for Issuance Premiums	59,609	-	(5,714)	53,895	-
Net Bonds Payable	<u>637,749</u>	<u>-</u>	<u>(22,784)</u>	<u>614,965</u>	<u>19,480</u>
Other Liabilities:					
Revolving Credit Agreement	-	30,000	-	30,000	-
Developer Performance Deposits	896	-	(250)	646	-
Claims and Judgements	<u>541</u>	<u>-</u>	<u>(9)</u>	<u>532</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 639,186</u>	<u>30,000</u>	<u>(23,043)</u>	<u>646,143</u>	<u>19,480</u>

* The beginning balance shown for the Total OPEB Liability represents the restated beginning balance as a result of the City's implementation of GASB Statement No. 75.

DEVELOPER PURCHASED TAX INCREMENT FINANCING NOTES AND BONDS

At August 31, 2018, \$74,287,179 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, 2018, \$15,050,000 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, 2018, 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	\$ 2,185,413	(2,985,197)
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.	(744,943)	(5,378,377)
Perspective differences occur when the structure used for budgeting differs from the fund structure used for financial reporting.	1,352,422	-
Amount budgeted on a project basis.	<u>-</u>	<u>33,779,046</u>
Balance on a budget basis	<u>\$ 2,792,892</u>	<u>25,415,472</u>

(11) DEFICIT NET POSITION

The following funds had a net position or fund balance deficit as of August 31, 2018:

Special Revenue - Impact Fees Fund	\$ (69,180)
Special Revenue – Lincoln Bike Share Fund	(8,169)
Enterprise - Pinnacle Bank Arena Fund	(441,598)
Internal Service - Engineering Revolving Fund	(2,038,608)

- The Impact Fees Fund deficit is expected to be reduced through future fee collections.
- The Lincoln Bike Share Fund shows a fund balance deficit due to large start up costs of the Lincoln Bike Share Program.

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

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

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

General Fund	
Traffic Engineering	\$ 11,617
Street Lighting	1,007,195
Debt Service	68,720

(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>
$5 \leq \text{YOS} < 10$	23%	23%	21%
$10 \leq \text{YOS} < 15$	39%	39%	36%
$\text{YOS} \geq 15$	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).

CITY OF LINCOLN, NEBRASKA
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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 base amount of the lump sum payment is \$750 effective 9/1/1994. The base amount is increased each year by the lesser of three percent or the annual percentage increase in the Consumer Price Index. Members who retired with at least 21 years of service and members who were granted a duty disability pension will receive the full payments amount. All other members who have been receiving a pension for at least 12 months (and their beneficiaries) will receive a partial payment, determined on a pro-rata basis according to their service.

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, 2018, is \$6,628,845.

Membership of the pension plan consisted of the following at August 31, 2018, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	519
Terminated plan members entitled to but not yet receiving benefits	25
Active plan members (non-DROP)	587
Death benefit refund due	2
DROP members	39
Total	<u>1,172</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 2018 was \$8,164,782. For the fiscal year ended August 31, 2018, the Plan received \$8,239,839 in employer contributions.

CITY OF LINCOLN, NEBRASKA
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August 31, 2018

Actuarial Methods and Assumptions – The annual required contribution for the current year was determined as part of the August 31, 2016, actuarial valuation using the entry age actuarial funding method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.50% 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 increase 2.50% 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-eight years.

Net Pension Liability

The components of the net pension liability of the PFP at August 31, 2018, were as follows:

Total pension liability	\$ 296,440,660
Plan fiduciary net position	(245,880,530)
Net pension liability	<u>\$ 50,560,130</u>

Plan fiduciary net position as a percentage of the total pension liability	82.94%
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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, 2018
Measurement date	August 31, 2018

Assumptions

The total pension liability as of August 31, 2018, was determined by an actuarial valuation performed as of August 31, 2018, 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%
Municipal Bond Index Rate	3.96%
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, 2018, (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, 2018, 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.

CITY OF LINCOLN, NEBRASKA
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August 31, 2018

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 plan investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability. Future benefit payments for all current pension members were projected through 2117.

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 estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of August 31, 2018, 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	35.0 %	4.9 %
Emerging Markets Equity	5.0	5.8
Private Equity	10.0	7.8
Fixed Rate Debt (Intermediate)	5.0	1.5
Fixed Rate High Yield Bonds	5.0	3.3
Private Credit	10.0	4.1
Low Volatility Hedge Funds	10.0	2.8
Master Limited Partnerships (MLPs)	5.0	4.2
Private Real Estate	15.0	4.8
Total	<u>100.0 %</u>	

* Geometric mean, net of investment expenses

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>
Total Pension Liability	\$ 332,170,648	296,440,660	266,376,457
Fiduciary Net Position	245,880,530	245,880,530	245,880,530
Net Pension Liability	\$ 86,290,118	50,560,130	20,495,927

Rate of Return - For the year ended August 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.59 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.

CITY OF LINCOLN, NEBRASKA
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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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at August 31, 2017	\$ 285,038,672	233,140,335	51,898,337
Changes for the year:			
Service cost at end of year	7,416,228	-	7,416,228
Interest on TPL	20,800,989	-	20,800,989
Difference between expected and actual experience	(1,147,672)	-	(1,147,672)
Employer contributions	-	8,239,839	(8,239,839)
Employee contributions	-	3,195,658	(3,195,658)
Net investment income	-	17,407,833	(17,407,833)
Benefit payments, including member refunds	(15,667,557)	(15,667,557)	-
Administrative expenses	-	(435,578)	435,578
Net changes	11,401,988	12,740,195	(1,338,207)
Balances at August 31, 2018	\$ 296,440,660	245,880,530	50,560,130

Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources
As of August 31, 2018

Differences between expected and actual experience	\$ 3,916,583
Change in the City's proportion of the collective net pension liability since the prior measurement date	255,502
Change in the Emergency Medical Services Fund's proportion of the collective net pension liability since the prior measurement date	103,278
Total	\$ 4,275,363

Deferred Inflows of Resources
As of August 31, 2018

Differences between expected and actual experience	\$ 2,800,374
Changes of assumptions	9,126,715
Differences between projected and actual earnings	580,519
Change in the City's proportion of the collective net pension liability since the prior measurement date	103,278
Change in the Emergency Medical Services Fund's proportion of the collective net pension liability since the prior measurement date	255,502
Total	\$ 12,866,388

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

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</u> <u>Ending August 31</u>	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Net Deferred</u> <u>Outflows/Inflows</u> <u>of Resources</u>
2019	\$ 1,453,410	(1,851,560)	(398,150)
2020	1,453,410	(5,877,135)	(4,423,725)
2021	919,812	(4,274,910)	(3,355,098)
2022	290,577	(569,917)	(279,340)
2023	149,465	(217,513)	(68,048)
Thereafter	8,689	(75,353)	(66,664)
	<u>\$ 4,275,363</u>	<u>(12,866,388)</u>	<u>(8,591,025)</u>

Pension Expense

The calculation of the pension expense for the year ended August 31, 2018, is shown below:

Pension Expense For the Fiscal Year Ended August 31, 2018	
Service cost at end of year	\$ 7,416,228
Interest on the total pension liability	20,800,989
Expensed portion of current-period differences between expected and actual experience in the total pension liability	(180,168)
Employee contributions	(3,195,658)
Projected earnings on plan investments	(17,313,653)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(18,836)
Administrative expenses	435,578
Recognition of beginning deferred outflows of resources	3,966,734
Recognition of beginning deferred inflows of resources	<u>(4,165,881)</u>
Total Pension Expense	<u>\$ 7,745,333</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, 2017, LES incurred contribution expense of approximately \$4,144,000 or 9.49% of covered payroll and its employees contributed approximately \$3,483,000 or 7.97% of covered payroll.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

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, 2017, was \$2,098,129. City contributions totaled \$190,231 or 9.07% of covered payroll and employee contributions totaled \$57,693 or 2.75% of covered payroll. There were no voluntary employee contributions made for the year ended December 31, 2017.

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, 2017, total payroll was approximately \$89,085,000 and covered payroll was approximately \$75,365,000. The City incurred contribution expense totaling \$8,234,473, which included a reduction in expense of \$99,139 for employee forfeitures. Employer contributions were 10.93% of covered payroll and employee contributions totaled \$4,550,336 or 6.04% of covered payroll. Employees made \$321,998 in voluntary contributions for the year ended December 31, 2017.

(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.

Membership of the OPEB plan consisted of the following at June 30, 2016, the date of the valuation data used to develop the August 31, 2018 total OPEB liability:

Retired members	68
Spouses of retired members	21
Surviving spouses	3
Active employees	1,768
Total	<u>1,860</u>
Number of participating employers	<u>1</u>

Actuarial Methods and Assumptions

The total OPEB liability of \$18,762,241 at August 31, 2018, was measured at August 31, 2017 and was determined by an actuarial valuation prepared as of June 30, 2016 rolled forward 14 months, using standard actuarial formulae and the following actuarial assumptions and other inputs:

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

Price Inflation	2.50%
Municipal Bond Index Rate	3.53%
Healthcare Cost Trend Rate	7.5% for 2 years, decreasing by 0.50% per year for 4 years, then decreasing by 0.25% per year until an ultimate rate of 5.00% is reached in 2023.
Cost-Sharing Premiums	Premiums, effective as of November 1, 2017, were trended back to the Valuation Date. Civilian rates were based on the base plan and the Police and Fire rates were based on an average of the Police group and the Fire group.
	Civilians: Retiree - \$7,810 Spouse - \$9,529
	Police and Fire: Retiree - \$8,784 Spouse - \$10,674
Mortality	
	Civilians: RP-2014 Total Dataset Mortality Table, adjusted for mortality improvement using Projection Scale MP 2015.
	Police and Fire: Mortality rates are based on the RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Retirees with Generational Projection using Scale AA.

The civilian demographic actuarial assumptions for retirement and withdrawal used at the June 30, 2016 valuation date were consistent with the assumptions used in the September 1, 2015 GASB 45 valuation as they are considered reasonable estimates of future experience.

The Police and Fire demographic actuarial assumptions are consistent with those used in the valuation of the Lincoln Police and Fire Pension Plan, which are based on the most recent actuarial experience study covering the five-year period ending August 31, 2014. The experience study report was prepared by a prior actuary and is dated October 14, 2015.

The remaining actuarial assumptions (initial per capita costs, health care cost trends, rate of plan participation, rates of DROP participation, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience.

Sensitivity of the total OPEB liability to changes in the rates

The following presents the total OPEB liability of the plan, calculated using health care cost trend rates ranging from 7.50% in 2016 and trending downward to 5.0% in 2023, as well as the total OPEB liability calculated using trend rates that are 1% lower or 1% higher than the current rate:

	1% <u>Decrease</u>	Current <u>Trend Rate</u>	1% <u>Increase</u>
Total OPEB Liability	\$ 16,648,291	18,762,241	21,264,356

The following presents the total OPEB liability of the plan, calculated using the discount rate of 3.53% (2.85% at prior measurement date), as well as the Plan's total OPEB liability calculated using a discount rate that is 1% lower or 1 % higher than the current rate:

	1% <u>Decrease</u>	Current <u>Discount Rate</u>	1% <u>Increase</u>
	2.53%	3.53%	4.53%
Total OPEB Liability	\$ 20,458,804	18,762,241	17,221,071

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at Beginning of Year	\$ 19,458,198
Changes for the year:	
Service cost at end of year	969,040
Interest on Total OPEB Liability	539,411
Assumption changes	(1,133,914)
Benefit payments	(1,070,494)
Net changes	(695,957)
Balance at End of Year	\$ 18,762,241

The assumption changes, shown above, are due to the change in the discount rate from 2.85% to 3.53% related to a change in the municipal bond rate since the prior measurement date.

OPEB Expense

The calculation of the OPEB expense for the fiscal year ended August 31, 2018, is show below:

OPEB Expense
Year Ending August 31, 2018

Service cost at end of year	\$ 969,040
Interest on the total OPEB liability	539,411
Expensed portion of current-period assumption changes	(153,232)
Total OPEB Expense	\$ 1,355,219

Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources
As of August 31, 2018

Benefit payments subsequent to the measurement date	\$ 1,120,684
Total	\$ 1,120,684

Deferred Inflows of Resources
As of August 31, 2018

Changes of assumptions	\$ 980,682
Total	\$ 980,682

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

The Deferred Outflows of Resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of OPEB expense in the fiscal year ending August 31, 2019. Amounts reported as Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense in future years as follows:

<u>Fiscal Year</u> <u>Ending August 31</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
2019	\$ 153,232
2020	153,232
2021	153,232
2022	153,232
2023	153,232
Thereafter	214,522
	<u>\$ 980,682</u>

PEHP – Defined Contribution Plan

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

Terms for eligibility and contribution rates are specified in the City's various collective bargaining agreements. Individual employee accounts consist of employer contributions, investment returns and any forfeiture allocations. Current employer contributions range from \$18-\$50 per pay period based on union contracts. Current year contributions totaled approximately \$1,281,000.

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. Long-term disability claims liability of \$718,344 has been included in the Insurance Revolving Internal Service Fund, as it relates to these benefits.

(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 2017 tax levy, for the 2017-2018 fiscal year, was \$156,576,725 below the legal limit, with a tax rate per \$100 valuation of \$0.3165. The assessed value upon which the 2017 levy was based was \$20,516,934,853.

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 2017-2018 are recorded as revenue in the fund financial statements when expected to be collected within 60 days after August 31, 2018. 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.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

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. Payments in lieu of taxes are transferred to the City of Lincoln, Lancaster County, Lincoln Public Schools, and the City of Waverly.

(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, 2018, 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 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 \$11,332,373 were recorded at August 31, 2018, which do not include claims relating to Lincoln Electric System's self-funded health and dental insurance programs. Excluding medical care claims approximating \$2,539,000, 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 2.09% discount rate. The City has purchased no annuity contracts in the current fiscal year to resolve City of Lincoln claims.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

The following is a summary of the changes in the estimated claims liability for the years ended August 31, 2018 and 2017:

	Worker's Compensation and Others	Long-Term Disability	Health and Dental	Total
Balance at August 31, 2017	\$ 7,755,000	1,044,639	1,797,538	10,597,177
Current year claims and changes in estimates	3,012,292	(161,355)	32,359,048	35,209,985
Claims payments	(2,692,292)	(164,940)	(31,617,557)	(34,474,789)
Balance at August 31, 2018	<u>\$ 8,075,000</u>	<u>718,344</u>	<u>2,539,029</u>	<u>11,332,373</u>

	Worker's Compensation and Others	Long-Term Disability	Health and Dental	Total
Balance at August 31, 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>

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:

	2017	2016
Balance beginning of year	\$ 541,000	508,000
Claims and fees incurred	5,597,000	6,430,000
Claims paid/other	(5,606,000)	(6,397,000)
Balance end of year	<u>\$ 532,000</u>	<u>541,000</u>

As required by state statute, LES maintains an incurred but not reported claims reserve which is actuarially determined, the balance of which was \$532,000 and \$541,000 at December 31, 2017 and 2016, 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, 2018, 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 \$14,195,000 as of August 31, 2018, 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 \$15,000,000 to the State of Nebraska for the South Beltway Project.

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 if the contamination or the applicable regulatory requirements. No liability has been recorded for potential future remediation activities as of August 31, 2018.

LINCOLN WASTEWATER SYSTEM

The Lincoln Wastewater System has commitments under major construction contracts in progress of approximately \$20,285,000 as of August 31, 2018.

LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately \$7,200,000 as of August 31, 2018.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

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 has signed an amendment which extends the contract to 2051.

LES has had 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. LES and NPPD terminated the Sheldon Station participation contract effective December 31, 2017. A termination payment of \$10.5 million was made to NPPD and there is no further obligation for Sheldon Station.

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 agreement are on a participation basis whether or not such plants are operating or operable.

The participation contract for Gerald Gentleman continues 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 this contract, including capital additions and improvements, debt service payments, fixed costs and credits were \$7,213,000 in 2017.

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.

LES has outstanding contract commitments totaling \$34,256,000 as of December 31, 2017. These are primarily related to construction contracts for the LES Operations Center.

(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, 2018, the City had incurred a liability of approximately \$15,263,000 for the municipal solid waste landfill which represents the amount of costs reported to date based on the approximately 59% of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$10.7 million, which will be recognized as the remaining capacity is used (estimated to be approximately 18 years).

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

As of August 31, 2018, the City had incurred a liability of approximately \$1,343,000 for the construction and demolition debris landfill which represents the amount of costs reported to date based on the approximately 38% of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$2,235,000, which will be recognized as the remaining capacity is used (estimated to be approximately 30 years). During 2018, the City revised the number of acres used for calculating the landfill capacity from 121 acres to 186 acres.

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, 2018, a liability for closure and postclosure care costs is recorded in the amount of approximately \$6,794,000. 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.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

(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, 2018, is presented as follows:

	Parking Facilities	Solid Waste Management
CONDENSED STATEMENT OF NET POSITION		
Assets:		
Current Assets, excluding Due from Other Funds	\$ 8,802,137	8,460,443
Due from Other Funds	136,687	57,322
Other Assets	8,461,426	3,408,662
Capital Assets, Net	56,838,015	29,510,382
Total Assets	<u>74,238,265</u>	<u>41,436,809</u>
Deferred Outflows of Resources	<u>928</u>	<u>28,863</u>
Liabilities:		
Current Liabilities, excluding Due to Other Funds	3,321,676	1,792,858
Due to Other Funds	4,595	2,776
Noncurrent Liabilities	22,826,206	33,371,779
Total Liabilities	<u>26,152,477</u>	<u>35,167,413</u>
Deferred Inflows of Resources	<u>812</u>	<u>11,371</u>
Net Position:		
Net Investment in Capital Assets	35,114,541	19,878,660
Restricted	2,835,789	20,300
Unrestricted	10,135,574	(13,612,072)
Total Net Position	<u>\$ 48,085,904</u>	<u>6,286,888</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION		
Operating Revenues	\$ 12,511,615	9,223,269
Depreciation Expense	(2,147,470)	(2,312,500)
Other Operating Expenses	(5,152,321)	(9,167,883)
Operating Income (Loss)	<u>5,211,824</u>	<u>(2,257,114)</u>
Nonoperating Revenues (Expenses):		
Investment Earnings	180,310	97,651
Grant Proceeds	-	111,162
Gain (Loss) on Disposal of Capital Assets	(1,181)	35,633
Occupation Tax	-	3,542,544
Interest Expense and Fiscal Charges	(1,047,273)	(323,158)
Capital Contributions	9,172	-
Transfers	<u>(2,095,025)</u>	<u>(1,421,291)</u>
Change in Net Position	<u>2,257,827</u>	<u>(214,573)</u>
Beginning Net Position, Before Restatement	45,834,033	6,584,934
Adjustment for Implementation of GASB 75	<u>(5,956)</u>	<u>(83,473)</u>
Beginning Net Position, After Restatement	<u>45,828,077</u>	<u>6,501,461</u>
Ending Net Position	<u>\$ 48,085,904</u>	<u>6,286,888</u>
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash Provided (Used) by:		
Operating Activities	\$ 7,497,076	1,443,658
Noncapital Financing Activities	(2,186,552)	2,081,598
Capital and Related Financing Activities	(3,507,437)	(2,710,767)
Investing Activities	<u>(1,671,435)</u>	<u>(667,913)</u>
Net Increase in Cash	131,652	146,576
Beginning Balance	3,388,787	396,283
Ending Balance	<u>\$ 3,520,439</u>	<u>542,859</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

(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 \$82,939,811 with annual payments expected to require 40% of net revenues. Principal and interest paid for the current year and net system revenues were \$6,961,103 and \$17,518,091, respectively.

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 \$57,005,766, with annual payments expected to require 31% of net revenues. Principal and interest paid for the current year and net system revenues were \$6,394,487 and \$23,704,752, 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 \$821,170,000, with annual payments expected to require 46% of net revenues. Principal and interest paid for the current year and net system revenues were \$42,689,000 and \$106,243,000, 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 \$32,381,634, with annual payments expected to require 34% of net revenues. Principal and interest paid for the current year and net system revenues were \$2,411,890 and \$7,539,604, 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 \$12,577,570, with annual payments expected to require 31% of net revenues. Principal and interest paid for the current year and net system revenues were \$1,176,796 and \$3,779,790 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, 2018, the City made rental payments of approximately \$3.1 million to the Commission.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

As of August 31, 2018, the Commission has debt outstanding of \$34,645,494. 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.

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 from the Lancaster County Budget & Fiscal Officer, 555 South 10th Street, Suite 110, Lincoln, NE 68508.

(22) TAX ABATEMENTS

As of August 31, 2018, 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, 2018, the City abated \$1,541,782 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, 2018, the City abated \$1,165,633 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 \$30.2 million are reflected in utility plant at December 31, 2017.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

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 \$1.3 million at December 31, 2017.

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 2017 LES billed the County approximately \$3.6 million for demand and energy charges.

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 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 \$131 million are reflected in utility plant at December 31, 2017.

(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 appointed 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. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to DEC on an established rate schedule. The total amount of payments to LES for management, operations, and maintenance services was approximately \$1,221,000 in 2017. The total amount of payments to LES for energy was approximately \$565,000 in 2017.

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 energy supply and financial affairs of NUCorp. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to NUCorp on an established rate schedule. The total payment to LES for management services was approximately \$125,000 in 2017. The total amount of payments to LES for energy was approximately \$9.5 million in 2017.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2018

(25) SUBSEQUENT EVENTS

In September 2018, the City issued a payment in the amount of \$15,000,000 to the State of Nebraska Department of Transportation for the City of Lincoln's contribution towards the Lincoln South Beltway project.

In November 2018, the Parking System made payments totaling approximately \$5.1 million for the purchase of a downtown parking garage and related real property. In January 2019, the Parking System made a payment of \$1 million to purchase two surface parking lots adjacent to the parking garage purchased in November. Additionally, in early February 2019, the City Council gave approval for the acquisition of a leasehold interest in another nearby downtown parking garage with a purchased price of \$1.87 million.

In January 2019, the City issued a promissory note in the amount of \$2,175,080 for the purpose of financing a portion of the costs of certain energy efficient equipment and improvements for the Parks and Recreation Department and Lincoln City Libraries.

CITY OF LINCOLN, NEBRASKA
Required Supplementary Information
August 31, 2018

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

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 7,416,228	\$ 7,117,899	\$ 8,539,932	\$ 7,929,376	\$ 7,289,994
Interest	20,800,989	19,817,083	19,098,818	17,507,641	16,897,591
Differences between expected and actual experience	(1,147,672)	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	(15,667,557)	(15,004,132)	(14,426,427)	(13,708,805)	(13,430,163)
Net change in total pension liability	11,401,988	13,444,450	9,860,499	(4,381,224)	34,220,051
Total pension liability - beginning	285,038,672	271,594,222	261,733,723	266,114,947	231,894,896
Total pension liability - ending (a)	<u>\$ 296,440,660</u>	<u>\$ 285,038,672</u>	<u>\$ 271,594,222</u>	<u>\$ 261,733,723</u>	<u>\$ 266,114,947</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 8,239,839	\$ 7,974,731	\$ 7,170,104	\$ 8,045,293	\$ 7,865,929
Contributions - employee	3,195,658	3,112,583	2,817,102	2,604,101	2,613,971
Net investment income	17,407,833	23,644,797	14,795,745	(5,843,555)	30,932,275
Benefit payments, including refunds of member contributions	(15,667,557)	(15,004,132)	(14,426,427)	(13,708,805)	(13,430,163)
Administrative expense	(435,578)	(445,579)	(493,860)	(444,578)	(407,146)
Net change in plan fiduciary net position	12,740,195	19,282,400	9,862,664	(9,347,544)	27,574,866
Plan fiduciary net position - beginning	233,140,335	213,857,935	203,995,271	213,342,815	185,767,949
Plan fiduciary net position - ending (b)	<u>\$ 245,880,530</u>	<u>\$ 233,140,335</u>	<u>\$ 213,857,935</u>	<u>\$ 203,995,271</u>	<u>\$ 213,342,815</u>
PFP Net Pension Liability - Ending (a) - (b)	<u>\$ 50,560,130</u>	<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	82.94%	81.79%	78.74%	77.94%	80.17%
Covered payroll	\$ 44,885,478	\$ 42,930,194	\$ 42,381,059	\$ 37,887,505	\$ 38,107,652
PFP net pension liability as a percentage of covered payroll	112.64%	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, 2018

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

	2018	2017	2016	2015	2014
Actuarial determined employer contribution	\$ 8,164,782	\$ 7,829,103	\$ 9,666,852	\$ 8,418,199	\$ 7,377,763
Actual employer contributions	8,239,839	7,974,731	7,170,104	8,045,293	7,865,929
Annual contribution deficiency (excess)	<u>\$ (75,057)</u>	<u>\$ (145,628)</u>	<u>\$ 2,496,748</u>	<u>\$ 372,906</u>	<u>\$ (488,166)</u>
Covered payroll - current	\$ 44,885,478	\$ 42,930,194	\$ 42,381,059	\$ 37,887,505	\$ 38,107,652
Actual contributions as a percentage of covered payroll	18.36%	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:	8/31/2016	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	Entry Age Normal
Amortization method:	30 years, level percent, closed	30 years, level percent, closed	30 years, level percent, closed	30 years, level percent, open	30 years, level percent, open
Remaining amortization period:	28 years	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	5-year smoothed market
Inflation:	2.50%	2.50%	2.50%	4.25%	4.25%
Salary increases:	3.50% - 7.30%	3.50% - 7.30%	3.50% - 7.30%	4.25% - 8.25%	4.25% - 8.25%
Investment rate of return:	7.50%	6.40%	6.75%	7.50%	7.50%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Annual money-weighted rate of return, net of investment expense	7.59%	11.25%	7.36%	-3.52%	16.67%	12.42%	5.47%	12.64%	9.60%	-16.77%

CITY OF LINCOLN, NEBRASKA
Required Supplementary Information
August 31, 2018

**Schedule of Changes in the Total OPEB Liability
and Related Ratios**

Measurement Period Ending August 31,

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 969,040
Interest	539,411
Effect of assumption changes or inputs	(1,133,914)
Benefit payments	<u>(1,070,494)</u>
Net change in total OPEB liability	(695,957)
Total OPEB liability - beginning	<u>19,458,198</u>
Total OPEB liability - ending	<u><u>\$ 18,762,241</u></u>
 Covered payroll	 \$ 138,350,403
 Total OPEB liability as a percentage of covered payroll	 13.56%

Notes to schedule:

Results for the other years within the last ten years are not available and will be developed prospectively from 2017.

The City of Lincoln has no accumulated assets held in trust to pay related benefits.

Changes in actuarial assumptions:

8/31/17 valuation - The discount rate has changed from 2.85% to 3.53% due to a change in the municipal bond rate.



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, 2018

	General Fund	Athletic Field & Facilities Improvement	Lincoln Area Agency On Aging	911 Communication	Unemployment Compensation	Fast Forward	Total
ASSETS							
Cash and Cash Equivalents	\$ 4,206,707	29,216	19,759	104,571	7,473	214,812	4,582,538
Investments	43,102,516	595,899	1,109,234	2,318,981	132,821	4,770,783	52,030,234
Receivables, (Net of Allowance for Uncollectibles)							
Taxes	3,379,076	-	-	-	3,372	-	3,382,448
Accounts	2,128,696	-	1,432	142,951	-	-	2,273,079
Accrued Interest	155,596	2,903	5,683	11,503	531	22,476	198,692
Due from Other Funds	997,815	-	4,249	-	-	-	1,002,064
Due from Other Funds (Inter-fund)	1,320	-	-	-	-	-	1,320
Due from Other Governments	14,174,205	-	8,866	-	4	-	14,183,075
Inventories	391,693	-	-	-	-	-	391,693
Prepaid Items	180,029	-	-	-	-	-	180,029
Total Assets	<u>68,717,653</u>	<u>628,018</u>	<u>1,149,223</u>	<u>2,578,006</u>	<u>144,201</u>	<u>5,008,071</u>	<u>78,225,172</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts Payable	1,241,206	-	53,749	1,973	-	-	1,296,928
Accrued Liabilities	2,671,278	-	50,376	109,726	-	-	2,831,380
Due to Other Funds	1,977,789	-	327	552	-	-	1,978,668
Due to Other Funds (Inter-fund)	-	-	1,320	-	-	-	1,320
Due to Other Governments	118,781	-	4,575	64	-	-	123,420
Unearned Revenue	1,405	-	-	-	-	-	1,405
Total Liabilities	<u>6,010,459</u>	<u>-</u>	<u>110,347</u>	<u>112,315</u>	<u>-</u>	<u>-</u>	<u>6,233,121</u>
Deferred Inflows of Resources:							
Unavailable Revenues	2,026,024	-	-	125,092	294	-	2,151,410
Fund Balances:							
Nonspendable	571,722	-	-	-	-	-	571,722
Restricted	6,817,137	-	-	-	-	-	6,817,137
Assigned	7,229,660	628,018	1,038,876	2,340,599	143,907	5,008,071	16,389,131
Unassigned	46,062,651	-	-	-	-	-	46,062,651
Total Fund Balances	<u>60,681,170</u>	<u>628,018</u>	<u>1,038,876</u>	<u>2,340,599</u>	<u>143,907</u>	<u>5,008,071</u>	<u>69,840,641</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 68,717,653</u>	<u>628,018</u>	<u>1,149,223</u>	<u>2,578,006</u>	<u>144,201</u>	<u>5,008,071</u>	<u>78,225,172</u>

CITY OF LINCOLN, NEBRASKA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2018

	General Fund	Athletic Field & Facilities Improvement	Lincoln Area Agency On Aging	911 Communication	Unemployment Compensation	Fast Forward	Total
Revenues:							
Taxes:							
Property	\$ 39,364,642	-	-	-	51,432	-	39,416,074
Motor Vehicle	5,956,910	-	-	-	-	-	5,956,910
Sales and Use	76,957,955	-	-	-	-	-	76,957,955
Sundry and In Lieu	75,068	-	-	-	35	-	75,103
Occupation	9,063,320	-	-	-	-	-	9,063,320
Special Assessment	40,331	-	-	-	-	-	40,331
Intergovernmental	2,119,442	-	1,272,505	616,672	-	-	4,008,619
Permits and Fees	4,038,224	-	52,310	993,926	-	-	5,084,460
Reimbursement for Services	7,337,152	358,137	111,647	-	-	-	7,806,936
Investment Earnings	651,730	7,049	9,878	26,747	1,144	54,169	750,717
Donations	842,915	-	409	-	-	-	843,324
Miscellaneous	592,736	25,503	1,786	10	-	-	620,035
Total Revenues	147,040,425	390,689	1,448,535	1,637,355	52,611	54,169	150,623,784
Expenditures -- Current:							
General Government	37,525,331	-	-	-	2,355	-	37,527,686
Public Safety	69,010,459	-	-	6,486,013	-	-	75,496,472
Streets and Highways	6,660,440	-	-	-	-	-	6,660,440
Culture and Recreation	15,896,991	-	-	-	-	-	15,896,991
Economic Opportunity	310,060	-	3,644,045	-	-	609,713	4,563,818
Health and Welfare	629,533	-	-	-	-	-	629,533
Debt Service	68,720	-	-	-	-	-	68,720
Total Expenditures	130,101,534	-	3,644,045	6,486,013	2,355	609,713	140,843,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,938,891	390,689	(2,195,510)	(4,848,658)	50,256	(555,544)	9,780,124
Other Financing Sources (Uses):							
Transfers In	12,403,722	-	-	-	-	-	12,403,722
Transfers In (Inter-Fund)	638,069	-	2,408,768	4,146,270	-	-	7,193,107
Transfers Out	(23,205,615)	(748,693)	-	-	-	-	(23,954,308)
Transfers Out (Inter-Fund)	(7,193,107)	-	-	-	-	-	(7,193,107)
Issuance of Debt	4,439,375	-	-	-	-	-	4,439,375
Premium on Debt Issued	221,425	-	-	-	-	-	221,425
Transfer to Bond Refunding Agent	(749,615)	-	-	-	-	-	(749,615)
Sale of Capital Assets	44,690	-	-	-	-	-	44,690
Total Other Financing Sources (Uses)	(13,401,056)	(748,693)	2,408,768	4,146,270	-	-	(7,594,711)
Net Change In Fund Balances	3,537,835	(358,004)	213,258	(702,388)	50,256	(555,544)	2,185,413
Fund Balances - Beginning	57,143,335	986,022	825,618	3,042,987	93,651	5,563,615	67,655,228
Fund Balances - Ending	\$ 60,681,170	628,018	1,038,876	2,340,599	143,907	5,008,071	69,840,641



CITY OF LINCOLN, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2018

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 3,810,695	2,668,863	1,525,674	2,281,511	10,286,743
Investments	53,811,914	14,111,323	27,845,722	64,162,912	159,931,871
Receivables, (Net of Allowance for Uncollectibles)	19,987,931	3,762,820	115,325	13,554	23,879,630
Due from Other Funds	271,285	-	1,484,344	-	1,755,629
Due from Other Governments	2,965,535	35,145	3,889,559	-	6,890,239
Inventories	742,375	-	-	-	742,375
Beneficial Interest Asset	3,541,924	-	-	-	3,541,924
Total Assets	<u>85,131,659</u>	<u>20,578,151</u>	<u>34,860,624</u>	<u>66,457,977</u>	<u>207,028,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable	2,350,061	12,790	2,824,771	65,617	5,253,239
Contracts Payable	-	-	1,064,523	-	1,064,523
Accrued Liabilities	1,518,534	-	-	7,039	1,525,573
Due to Other Funds	17,557,617	2,382	13,562	-	17,573,561
Due to Other Governments	171,020	40	-	-	171,060
Due to Other Contractors	-	7,044,823	-	-	7,044,823
Unearned Revenue	228,947	-	-	-	228,947
Total Liabilities	<u>21,826,179</u>	<u>7,060,035</u>	<u>3,902,856</u>	<u>72,656</u>	<u>32,861,726</u>
Deferred Inflows of Resources:					
Unavailable Revenues	1,342,577	2,289,085	305,549	-	3,937,211
Beneficial Interest Revenue	3,541,924	-	-	-	3,541,924
Total Deferred Inflows of Resources	<u>4,884,501</u>	<u>2,289,085</u>	<u>305,549</u>	<u>-</u>	<u>7,479,135</u>
Fund Balances (Deficits):					
Nonspendable	742,375	-	-	37,160,000	37,902,375
Restricted	33,462,509	9,261,327	30,637,636	29,225,321	102,586,793
Committed	1,024,874	1,967,704	-	-	2,992,578
Assigned	23,268,570	-	14,583	-	23,283,153
Unassigned	(77,349)	-	-	-	(77,349)
Total Fund Balances	<u>58,420,979</u>	<u>11,229,031</u>	<u>30,652,219</u>	<u>66,385,321</u>	<u>166,687,550</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 85,131,659</u>	<u>20,578,151</u>	<u>34,860,624</u>	<u>66,457,977</u>	<u>207,028,411</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Taxes:					
Property	\$ 19,038,589	15,855,372	-	-	34,893,961
Wheel	893,900	-	17,753,401	-	18,647,301
Sales and Use	-	-	13,020,583	-	13,020,583
Sundry and In Lieu	13,498	2,081,068	-	-	2,094,566
Occupation	-	1,332,486	-	-	1,332,486
Special Assessment	1,101	1,585,879	-	-	1,586,980
Intergovernmental	25,601,931	-	2,005,547	-	27,607,478
Permits and Fees	15,215,386	-	361,211	-	15,576,597
Reimbursement for Services	1,633,248	-	-	-	1,633,248
Program Income	172,718	-	-	-	172,718
Investment Earnings	679,776	106,394	276,496	3,024,100	4,086,766
Donations	477,620	-	2,368,217	-	2,845,837
Keno Proceeds	5,220,645	-	-	-	5,220,645
Miscellaneous	479,945	1,063,449	1,062,600	11,589	2,617,583
Total Revenues	69,428,357	22,024,648	36,848,055	3,035,689	131,336,749
EXPENDITURES					
Current:					
General Government	14,428,594	-	-	-	14,428,594
Public Safety	10,746,734	-	-	-	10,746,734
Culture and Recreation	11,391,952	-	-	12,280	11,404,232
Economic Opportunity	10,000,014	-	-	-	10,000,014
Health and Welfare	18,489,302	-	-	2,744,439	21,233,741
Mass Transit	18,315,179	-	-	-	18,315,179
Debt Service:					
Principal Retirement	-	13,922,368	-	-	13,922,368
Interest and Fiscal Charges	-	4,199,777	-	-	4,199,777
Payments to Bond Refunding Agent	-	216,201	-	-	216,201
Debt Issuance Expense	-	61,646	-	-	61,646
Developer Purchased TIF Payments	-	8,397,075	-	-	8,397,075
Miscellaneous	-	1,043,135	-	-	1,043,135
Capital Outlay	-	-	24,524,444	-	24,524,444
Total Expenditures	83,371,775	27,840,202	24,524,444	2,756,719	138,493,140
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,943,418)	(5,815,554)	12,323,611	278,970	(7,156,391)
OTHER FINANCING SOURCES (USES)					
Transfers In	16,975,451	8,714,916	10,032,083	-	35,722,450
Transfers Out	(3,326,139)	(2,416,910)	(19,430,942)	-	(25,173,991)
Issuance of Debt	-	4,345,000	-	-	4,345,000
Premium on Debt Issued	-	671,382	-	-	671,382
Transfer To Bond Refunding Agent	-	(4,956,976)	-	-	(4,956,976)
Sale of Capital Assets	2,043,535	-	404,414	-	2,447,949
Total Other Financing Sources (Uses)	15,692,847	6,357,412	(8,994,445)	-	13,055,814
Net Change in Fund Balances	1,749,429	541,858	3,329,166	278,970	5,899,423
Fund Balances - Beginning	56,671,550	10,687,173	27,323,053	66,106,351	160,788,127
Fund Balances - Ending	\$ 58,420,979	11,229,031	30,652,219	66,385,321	166,687,550

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.

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

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2018

	Advance Acquisition	Cable Access Television	Lincoln City Libraries	Lincoln/ Lancaster Co. Health	Social Security	Police & Fire Pension Contributions	StarTran
ASSETS							
Cash and Cash Equivalents	\$ 206,730	46,183	158,224	236,126	97,887	-	242,625
Investments	3,474,882	990,772	3,338,471	4,684,629	2,178,981	-	4,946,681
Receivables, (Net of Allowance for Uncollectibles):							
Taxes	-	-	636,514	-	224,220	557,801	-
Accounts	-	37,859	-	23,891	-	-	32,753
Accrued Interest	11,382	4,209	10,440	21,092	9,240	-	18,523
Loans	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	60
Due from Other Governments	-	-	630	401,894	222	-	-
Inventories	-	-	-	-	-	-	742,375
Beneficial Interest Asset	-	-	-	-	-	-	-
Total Assets	<u>3,692,994</u>	<u>1,079,023</u>	<u>4,144,279</u>	<u>5,367,632</u>	<u>2,510,550</u>	<u>557,801</u>	<u>5,983,017</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts Payable	-	-	104,288	152,793	1,605	-	1,177,528
Accrued Liabilities	-	492	135,679	208,534	160,667	446,288	218,747
Due to Other Funds	-	-	862	18,763	-	-	3,059
Due to Other Governments	116	15	2,317	8,392	-	-	18,470
Unearned Revenue	-	-	-	-	-	-	29,086
Total Liabilities	<u>116</u>	<u>507</u>	<u>243,146</u>	<u>388,482</u>	<u>162,272</u>	<u>446,288</u>	<u>1,446,890</u>
Deferred Inflows of Resources:							
Unavailable Revenues	-	35,219	134,043	407,655	46,858	111,513	-
Beneficial Interest Revenue	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>35,219</u>	<u>134,043</u>	<u>407,655</u>	<u>46,858</u>	<u>111,513</u>	<u>-</u>
Fund Balances (Deficits):							
Nonspendable	-	-	-	-	-	-	742,375
Restricted	3,616,157	-	-	77,712	1,845,887	-	-
Committed	-	719,725	-	-	-	-	-
Assigned	76,721	323,572	3,767,090	4,493,783	455,533	-	3,793,752
Unassigned	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>3,692,878</u>	<u>1,043,297</u>	<u>3,767,090</u>	<u>4,571,495</u>	<u>2,301,420</u>	<u>-</u>	<u>4,536,127</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 3,692,994</u>	<u>1,079,023</u>	<u>4,144,279</u>	<u>5,367,632</u>	<u>2,510,550</u>	<u>557,801</u>	<u>5,983,017</u>

Keno	Federal Grants	Special Assessment	Building & Safety	Impact Fees	Parks & Recreation Special Projects	Library Special Trust	RP Crawford Park	Lincoln Bike Share	Vehicle Tax Residual Revenue	Total
190,937	1,303,332	6,466	473,267	740,723	70,608	5,004	31,583	1,000	-	3,810,695
4,207,192	-	407,026	9,968,747	16,476,971	1,453,850	104,103	1,561,660	17,949	-	53,811,914
-	-	-	-	-	-	-	-	-	-	1,418,535
203,784	26,480	-	-	-	-	-	-	1,089	-	325,856
18,934	2,782	12,819	44,434	76,452	6,383	547	-	303	-	237,540
-	18,006,000	-	-	-	-	-	-	-	-	18,006,000
-	125	-	160,427	91,673	19,000	-	-	-	-	271,285
-	1,668,889	-	-	-	-	-	-	-	893,900	2,965,535
-	-	-	-	-	-	-	-	-	-	742,375
-	-	-	-	-	867,177	-	2,674,747	-	-	3,541,924
<u>4,620,847</u>	<u>21,007,608</u>	<u>426,311</u>	<u>10,646,875</u>	<u>17,385,819</u>	<u>2,417,018</u>	<u>109,654</u>	<u>4,267,990</u>	<u>20,341</u>	<u>893,900</u>	<u>85,131,659</u>
60,850	763,509	3,741	16,190	5,003	36,556	-	-	27,998	-	2,350,061
-	223,506	-	122,470	-	-	2,151	-	-	-	1,518,534
39,329	10,447	-	14,377	17,449,996	20,784	-	-	-	-	17,557,617
95,579	43,572	-	1,735	-	312	-	-	512	-	171,020
-	-	-	199,861	-	-	-	-	-	-	228,947
195,758	1,041,034	3,741	354,633	17,454,999	57,652	2,151	-	28,510	-	21,826,179
-	607,289	-	-	-	-	-	-	-	-	1,342,577
-	-	-	-	-	867,177	-	2,674,747	-	-	3,541,924
-	607,289	-	-	-	867,177	-	2,674,747	-	-	4,884,501
-	-	-	-	-	-	-	-	-	-	742,375
4,242,589	19,359,285	422,570	-	-	1,303,663	107,503	1,593,243	-	893,900	33,462,509
-	-	-	305,149	-	-	-	-	-	-	1,024,874
182,500	-	-	9,987,093	-	188,526	-	-	-	-	23,268,570
-	-	-	-	(69,180)	-	-	-	(8,169)	-	(77,349)
<u>4,425,089</u>	<u>19,359,285</u>	<u>422,570</u>	<u>10,292,242</u>	<u>(69,180)</u>	<u>1,492,189</u>	<u>107,503</u>	<u>1,593,243</u>	<u>(8,169)</u>	<u>893,900</u>	<u>58,420,979</u>
<u>4,620,847</u>	<u>21,007,608</u>	<u>426,311</u>	<u>10,646,875</u>	<u>17,385,819</u>	<u>2,417,018</u>	<u>109,654</u>	<u>4,267,990</u>	<u>20,341</u>	<u>893,900</u>	<u>85,131,659</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, 2018

	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	\$ -	-	8,396,664	-	2,964,098	7,677,827	-
Wheel Tax	-	-	-	-	-	-	-
Sundry and In Lieu Tax	-	-	5,712	-	2,016	5,770	-
Special Assessment	-	-	-	1,101	-	-	-
Intergovernmental	-	-	798,471	2,486,573	-	-	3,345,214
Permits and Fees	-	220,762	334,220	4,918,716	-	-	3,514,625
Reimbursement for Services	4,404	-	1,200	454,463	-	-	165,229
Program Income	-	-	-	-	-	-	-
Investment Earnings	22,001	9,559	16,893	55,411	19,732	-	41,396
Donations	-	-	-	-	-	-	140
Keno Proceeds	-	-	-	-	-	-	-
Private Sector Share of Projects	-	-	-	-	-	-	-
Miscellaneous	-	-	36,298	30,139	-	-	204,798
Total Revenues	<u>26,405</u>	<u>230,321</u>	<u>9,589,458</u>	<u>7,946,403</u>	<u>2,985,846</u>	<u>7,683,597</u>	<u>7,271,402</u>
Expenditures -- Current:							
General Government	17,738	49,488	-	-	2,916,385	7,683,597	-
Public Safety	-	-	-	-	-	-	-
Culture and Recreation	-	-	9,228,148	-	-	-	-
Economic Opportunity	-	-	-	-	-	-	-
Health and Welfare	-	-	-	13,816,766	-	-	-
Mass Transit	-	-	-	-	-	-	17,052,631
Total Expenditures	<u>17,738</u>	<u>49,488</u>	<u>9,228,148</u>	<u>13,816,766</u>	<u>2,916,385</u>	<u>7,683,597</u>	<u>17,052,631</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,667</u>	<u>180,833</u>	<u>361,310</u>	<u>(5,870,363)</u>	<u>69,461</u>	<u>-</u>	<u>(9,781,229)</u>
Other Financing Sources (Uses):							
Transfers In	-	-	-	6,703,269	19,444	-	7,437,122
Transfers Out	(194,561)	-	-	(30,266)	-	-	-
Sale of Capital Assets	2,016,542	546	924	-	-	-	18,061
Total Other Financing Sources (Uses)	<u>1,821,981</u>	<u>546</u>	<u>924</u>	<u>6,673,003</u>	<u>19,444</u>	<u>-</u>	<u>7,455,183</u>
Net Change In Fund Balances	1,830,648	181,379	362,234	802,640	88,905	-	(2,326,046)
Fund Balances (Deficits) - Beginning	<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>
Fund Balances (Deficits) - Ending	<u>\$ 3,692,878</u>	<u>1,043,297</u>	<u>3,767,090</u>	<u>4,571,495</u>	<u>2,301,420</u>	<u>-</u>	<u>4,536,127</u>

Keno	Federal Grants	Special Assessment	Building & Safety	Impact Fees	Parks & Recreation Special Projects	Library Special Trust	RP Crawford Park	Lincoln Bike Share	Vehicle Tax Residual Revenue	Total
-	-	-	-	-	-	-	-	-	-	19,038,589
-	-	-	-	-	-	-	-	-	893,900	893,900
-	-	-	-	-	-	-	-	-	-	13,498
-	-	-	-	-	-	-	-	-	-	1,101
-	18,367,408	-	53,496	-	-	-	-	550,769	-	25,601,931
-	212,965	-	5,877,980	136,118	-	-	-	-	-	15,215,386
-	669,769	-	155,828	-	148,897	-	-	33,458	-	1,633,248
-	172,718	-	-	-	-	-	-	-	-	172,718
43,971	8,183	37,624	102,498	-	15,071	1,481	304,730	1,226	-	679,776
-	37,357	-	-	-	244,391	95,732	-	100,000	-	477,620
5,220,645	-	-	-	-	-	-	-	-	-	5,220,645
-	45,470	-	-	-	48,180	-	-	-	-	93,650
-	29,713	-	791	-	84,510	-	-	46	-	386,295
5,264,616	19,543,583	37,624	6,190,593	136,118	541,049	97,213	304,730	685,499	893,900	69,428,357
1,966,685	543,246	1,131,841	-	119,614	-	-	-	-	-	14,428,594
-	4,253,849	-	6,492,885	-	-	-	-	-	-	10,746,734
787,771	732,847	-	-	-	535,420	107,766	-	-	-	11,391,952
-	10,000,014	-	-	-	-	-	-	-	-	10,000,014
-	4,672,536	-	-	-	-	-	-	-	-	18,489,302
-	272,743	-	-	-	-	-	-	989,805	-	18,315,179
2,754,456	20,475,235	1,131,841	6,492,885	119,614	535,420	107,766	-	989,805	-	83,371,775
2,510,160	(931,652)	(1,094,217)	(302,292)	16,504	5,629	(10,553)	304,730	(304,306)	893,900	(13,943,418)
-	636,557	1,039,944	1,138,810	-	305	-	-	-	-	16,975,451
(2,758,615)	(109,988)	(202,709)	-	-	(30,000)	-	-	-	-	(3,326,139)
-	-	-	-	-	7,462	-	-	-	-	2,043,535
(2,758,615)	526,569	837,235	1,138,810	-	(22,233)	-	-	-	-	15,692,847
(248,455)	(405,083)	(256,982)	836,518	16,504	(16,604)	(10,553)	304,730	(304,306)	893,900	1,749,429
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
4,425,089	19,359,285	422,570	10,292,242	(69,180)	1,492,189	107,503	1,593,243	(8,169)	893,900	58,420,979



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 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
- 2017 Stormwater Refunding Bonds
- 2017 Certificates of Participation – Street Lights

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, 2018

	Tax Allocation Projects	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
ASSETS					
Cash and Cash Equivalents	\$ 366,235	166,676	129,717	2,006,235	2,668,863
Investments	8,198,998	3,718,985	2,193,340	-	14,111,323
Receivables (Net of Allowance for Uncollectibles):					
Taxes	463,055	479,191	-	-	942,246
Accounts	266,667	-	113,090	-	379,757
Accrued Interest	27,156	10,394	12,309	-	49,859
Special Assessment	-	-	-	2,390,958	2,390,958
Due from Other Governments	-	466	-	34,679	35,145
Total Assets	<u>9,322,111</u>	<u>4,375,712</u>	<u>2,448,456</u>	<u>4,431,872</u>	<u>20,578,151</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	12,790	-	-	-	12,790
Due To Other Funds	-	-	2,382	-	2,382
Due To Other Governments	40	-	-	-	40
Due To Other Contractors	5,529,827	-	1,514,996	-	7,044,823
Total Liabilities	<u>5,542,657</u>	<u>-</u>	<u>1,517,378</u>	<u>-</u>	<u>7,060,035</u>
Deferred Inflows of Resources:					
Unavailable Revenues	-	107,140	-	2,181,945	2,289,085
Fund Balances:					
Restricted	1,811,750	4,268,572	931,078	2,249,927	9,261,327
Committed	1,967,704	-	-	-	1,967,704
Total Fund Balances	<u>3,779,454</u>	<u>4,268,572</u>	<u>931,078</u>	<u>2,249,927</u>	<u>11,229,031</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 9,322,111</u>	<u>4,375,712</u>	<u>2,448,456</u>	<u>4,431,872</u>	<u>20,578,151</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, 2018

	Tax Allocation Projects	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
Revenues:					
Real Property and Personal Property Tax	\$ 9,636,720	6,218,652	-	-	15,855,372
Sundry and In Lieu Tax	-	4,229	2,076,839	-	2,081,068
Occupation Tax	-	-	1,332,486	-	1,332,486
Special Assessment	-	-	-	1,422,040	1,422,040
Special Assessment Interest	-	-	-	163,839	163,839
Investment Earnings	55,367	18,492	32,535	-	106,394
Miscellaneous	1,062,272	1,177	-	-	1,063,449
Total Revenues	10,754,359	6,242,550	3,441,860	1,585,879	22,024,648
Expenditures -- Debt Service:					
Principal Retirement	1,172,368	4,775,000	4,560,000	180,000	10,687,368
Interest	216,381	1,170,163	2,126,006	99,448	3,611,998
Fiscal Charges	700	12,562	1,000	800	15,062
Capital Lease Principal	-	3,235,000	-	-	3,235,000
Capital Lease Interest	-	572,717	-	-	572,717
Payments to Bond Refunding Agent	-	216,201	-	-	216,201
Debt Issuance Expense	-	61,646	-	-	61,646
Developer Purchased TIF Payments	7,125,765	-	1,271,310	-	8,397,075
Miscellaneous	93,849	3,500	940,177	5,609	1,043,135
Total Expenditures	8,609,063	10,046,789	8,898,493	285,857	27,840,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,145,296	(3,804,239)	(5,456,633)	1,300,022	(5,815,554)
Other Financing Sources (Uses):					
Transfers In	8,502	3,817,755	4,888,659	-	8,714,916
Transfers Out	(1,376,966)	-	-	(1,039,944)	(2,416,910)
Issuance of Refunding Debt	-	4,345,000	-	-	4,345,000
Premium on Debt Issued	-	671,382	-	-	671,382
Transfer to Bond Refunding Agent	-	(4,956,976)	-	-	(4,956,976)
Total Other Financing Sources (Uses)	(1,368,464)	3,877,161	4,888,659	(1,039,944)	6,357,412
Net Change in Fund Balances	776,832	72,922	(567,974)	260,078	541,858
Fund Balances - Beginning	3,002,622	4,195,650	1,499,052	1,989,849	10,687,173
Fund Balances - Ending	\$ 3,779,454	4,268,572	931,078	2,249,927	11,229,031



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, 2018

	Vehicle Tax	Storm Sewer Bonds	1999 G.O. Various Purpose Bonds	Other Capital Projects	Special Assessment	Total
ASSETS						
Cash and Cash Equivalents	\$ 2,199	173,948	163	1,184,858	164,506	1,525,674
Investments	32,308	3,855,396	14,359	23,943,659	-	27,845,722
Accrued Interest Receivable	137	18,418	61	96,709	-	115,325
Due from Other Funds	-	-	-	1,484,344	-	1,484,344
Due From Other Governments	893,899	477,674	-	2,517,986	-	3,889,559
	<u>928,543</u>	<u>4,525,436</u>	<u>14,583</u>	<u>29,227,556</u>	<u>164,506</u>	<u>34,860,624</u>
Total Assets	<u>928,543</u>	<u>4,525,436</u>	<u>14,583</u>	<u>29,227,556</u>	<u>164,506</u>	<u>34,860,624</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	3	260,614	-	2,436,930	127,224	2,824,771
Contracts Payable	-	44,061	-	1,004,114	16,348	1,064,523
Due to Other Funds	-	6,592	-	-	6,970	13,562
	<u>3</u>	<u>311,267</u>	<u>-</u>	<u>3,441,044</u>	<u>150,542</u>	<u>3,902,856</u>
Total Liabilities	<u>3</u>	<u>311,267</u>	<u>-</u>	<u>3,441,044</u>	<u>150,542</u>	<u>3,902,856</u>
Deferred Inflows of Resources:						
Unavailable Revenues	-	-	-	305,549	-	305,549
	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,549</u>	<u>-</u>	<u>305,549</u>
Fund Balances:						
Restricted	928,540	4,214,169	-	25,480,963	13,964	30,637,636
Assigned	-	-	14,583	-	-	14,583
	<u>-</u>	<u>-</u>	<u>14,583</u>	<u>-</u>	<u>-</u>	<u>14,583</u>
Total Fund Balances	<u>928,540</u>	<u>4,214,169</u>	<u>14,583</u>	<u>25,480,963</u>	<u>13,964</u>	<u>30,652,219</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 928,543</u>	<u>4,525,436</u>	<u>14,583</u>	<u>29,227,556</u>	<u>164,506</u>	<u>34,860,624</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, 2018

	<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>
Revenues:						
Wheel Tax	\$ 17,753,401	-	-	-	-	17,753,401
Sales and Use Tax	-	-	-	13,020,583	-	13,020,583
Intergovernmental	-	1,500,610	-	504,937	-	2,005,547
Permits and Fees	-	-	-	361,211	-	361,211
Investment Income	307	45,456	104	230,629	-	276,496
Donations	-	-	-	2,368,217	-	2,368,217
Rental Income	-	-	-	9,690	-	9,690
Developer's Share	-	-	-	904,897	-	904,897
Miscellaneous	-	-	-	148,013	-	148,013
Total Revenues	<u>17,753,708</u>	<u>1,546,066</u>	<u>104</u>	<u>17,548,177</u>	<u>-</u>	<u>36,848,055</u>
Expenditures:						
Capital Outlay:						
General Government	-	-	-	83	-	83
Public Safety	-	-	-	12,170,423	-	12,170,423
Streets and Highways	235	3,073,088	-	2,030,007	519,395	5,622,725
Culture and Recreation	-	-	988	5,440,207	-	5,441,195
Economic Opportunity	-	-	-	1,290,018	-	1,290,018
Total Expenditures	<u>235</u>	<u>3,073,088</u>	<u>988</u>	<u>20,930,738</u>	<u>519,395</u>	<u>24,524,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,753,473</u>	<u>(1,527,022)</u>	<u>(884)</u>	<u>(3,382,561)</u>	<u>(519,395)</u>	<u>12,323,611</u>
Other Financing Sources (Uses):						
Transfers In	-	92,071	-	9,737,303	202,709	10,032,083
Transfers Out	(18,580,310)	(584,061)	-	(266,571)	-	(19,430,942)
Sale of Capital Assets	-	-	-	404,414	-	404,414
Total Other Financing Sources (Uses)	<u>(18,580,310)</u>	<u>(491,990)</u>	<u>-</u>	<u>9,875,146</u>	<u>202,709</u>	<u>(8,994,445)</u>
Net Change in Fund Balances	(826,837)	(2,019,012)	(884)	6,492,585	(316,686)	3,329,166
Fund Balances - Beginning	<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>
Fund Balances - Ending	<u>\$ 928,540</u>	<u>4,214,169</u>	<u>14,583</u>	<u>25,480,963</u>	<u>13,964</u>	<u>30,652,219</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, 2018

	Community Health Permanent Endowment	JJ Hompes	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,270,219	11,292	2,281,511
Investments	63,221,239	941,673	64,162,912
Accounts Receivable	852	-	852
Accrued Interest Receivable	12,566	136	12,702
	<u>65,504,876</u>	<u>953,101</u>	<u>66,457,977</u>
Total Assets	<u>65,504,876</u>	<u>953,101</u>	<u>66,457,977</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	61,697	3,920	65,617
Accrued Liabilities	7,039	-	7,039
	<u>68,736</u>	<u>3,920</u>	<u>72,656</u>
Total Liabilities	<u>68,736</u>	<u>3,920</u>	<u>72,656</u>
Fund Balances:			
Nonspendable	37,000,000	160,000	37,160,000
Restricted	28,436,140	789,181	29,225,321
	<u>65,436,140</u>	<u>949,181</u>	<u>66,385,321</u>
Total Fund Balances	<u>65,436,140</u>	<u>949,181</u>	<u>66,385,321</u>
Total Liabilities and Fund Balances	<u>\$ 65,504,876</u>	<u>953,101</u>	<u>66,457,977</u>

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Community Health Permanent Endowment	JJ Hompes	Total
Revenues:			
Investment Earnings	\$ 2,858,929	165,171	3,024,100
Miscellaneous	11,589	-	11,589
Total Revenues	<u>2,870,518</u>	<u>165,171</u>	<u>3,035,689</u>
Expenditures -- Current:			
Culture and Recreation	-	12,280	12,280
Health and Welfare	2,744,439	-	2,744,439
Total Expenditures	<u>2,744,439</u>	<u>12,280</u>	<u>2,756,719</u>
Net Change in Fund Balances	126,079	152,891	278,970
Fund Balances - Beginning	<u>65,310,061</u>	<u>796,290</u>	<u>66,106,351</u>
Fund Balances - Ending	<u><u>\$ 65,436,140</u></u>	<u><u>949,181</u></u>	<u><u>66,385,321</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits and Fees	\$ 135,085	135,085	256,642	121,557
Investment Earnings	-	-	7,443	7,443
Total Revenues	<u>135,085</u>	<u>135,085</u>	<u>264,085</u>	<u>129,000</u>
Expenditures -- General Government:				
Personal Services	26,193	26,193	25,640	553
Materials and Supplies	13,150	13,150	7,823	5,327
Other Services and Charges	45,742	45,742	15,295	30,447
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>691</u>	<u>49,309</u>
Total Expenditures	<u>135,085</u>	<u>135,085</u>	<u>49,449</u>	<u>85,636</u>
Excess of Revenues Over Expenditures	-	-	214,636	214,636
Other Financing Sources:				
Sale of Assets	<u>-</u>	<u>-</u>	<u>546</u>	<u>546</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>215,182</u>	<u>215,182</u>
Fund Balance - Beginning			<u>820,761</u>	
Fund Balance - Ending			<u>\$ 1,035,943</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 215,182	
Revenue and Transfer Accruals			(33,764)	
Expenditure and Transfer Accruals			<u>(39)</u>	
Net Change in Fund Balance, GAAP Basis			181,379	
Fund Balance - Beginning, GAAP Basis			<u>861,918</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 1,043,297</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 7,633,531	7,633,531	8,578,369	944,838
Sundry Taxes and In Lieu	4,450	4,450	6,643	2,193
Intergovernmental	798,471	798,471	798,471	-
Permits and Fees	370,000	370,000	331,474	(38,526)
Investment Earnings	5,300	5,300	11,607	6,307
Rental Income	1,200	1,200	1,200	-
Miscellaneous	30,980	30,980	36,171	5,191
Total Revenues	8,843,932	8,843,932	9,763,935	920,003
Expenditures -- Culture and Recreation:				
Personal Services	7,004,899	7,023,008	6,672,463	350,545
Materials and Supplies	166,700	166,700	139,658	27,042
Other Services and Charges	1,922,033	1,895,630	1,731,801	163,829
Capital Outlay	913,600	913,600	921,384	(7,784)
Total Expenditures	10,007,232	9,998,938	9,465,306	533,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,163,300)	(1,155,006)	298,629	1,453,635
Other Financing Sources:				
Transfers In	-	-	924	924
Net Change in Fund Balances	\$ (1,163,300)	(1,155,006)	299,553	1,454,559
Fund Balance - Beginning			3,281,771	
Fund Balance - Ending			\$ 3,581,324	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 299,553	
Revenue and Transfer Accruals			(174,477)	
Expenditure and Transfer Accruals			237,158	
Net Change in Fund Balance, GAAP Basis			362,234	
Fund Balance - Beginning, GAAP Basis			3,404,856	
Fund Balance - Ending, GAAP Basis			\$ 3,767,090	

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Special Assessment	\$ -	-	1,101	1,101
Intergovernmental	2,483,210	2,483,210	2,486,573	3,363
Permits and Fees	5,273,236	5,273,236	4,924,397	(348,839)
Reimbursement for Services	86,175	86,175	455,181	369,006
Investment Earnings	-	-	45,572	45,572
Miscellaneous	-	-	31,021	31,021
Total Revenues	<u>7,842,621</u>	<u>7,842,621</u>	<u>7,943,845</u>	<u>101,224</u>
Expenditures -- Health and Welfare:				
Personal Services	10,616,907	10,685,009	10,087,795	597,214
Materials and Supplies	321,817	321,817	313,662	8,155
Other Services and Charges	5,346,011	5,133,909	3,298,719	1,835,190
Capital Outlay	222,786	366,786	120,483	246,303
Total Expenditures	<u>16,507,521</u>	<u>16,507,521</u>	<u>13,820,659</u>	<u>2,686,862</u>
Deficiency of Revenues Under Expenditures	<u>(8,664,900)</u>	<u>(8,664,900)</u>	<u>(5,876,814)</u>	<u>2,788,086</u>
Other Financing Sources (Uses):				
Transfers In	6,703,269	6,703,269	6,703,269	-
Transfers Out	-	-	(30,266)	(30,266)
Total Other Financing Sources (Uses)	<u>6,703,269</u>	<u>6,703,269</u>	<u>6,673,003</u>	<u>(30,266)</u>
Net Change in Fund Balances	<u>\$ (1,961,631)</u>	<u>(1,961,631)</u>	<u>796,189</u>	<u>2,757,820</u>
Fund Balance - Beginning			<u>4,150,233</u>	
Fund Balance - Ending			<u>\$ 4,946,422</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 796,189	
Revenue and Transfer Accruals			2,558	
Expenditure and Transfer Accruals			<u>3,893</u>	
Net Change in Fund Balance, GAAP Basis			802,640	
Fund Balance - Beginning, GAAP Basis			<u>3,768,855</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 4,571,495</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 2,695,925	2,695,925	2,958,892	262,967
Sundry Taxes and In Lieu	1,572	1,572	2,349	777
Investment Earnings	6,400	6,400	16,516	10,116
Total Revenues	<u>2,703,897</u>	<u>2,703,897</u>	<u>2,977,757</u>	<u>273,860</u>
Expenditures -- General Government:				
Personal Services	2,867,017	2,875,702	2,738,219	137,483
Other Services and Charges	173,551	173,551	173,780	(229)
Total Expenditures	<u>3,040,568</u>	<u>3,049,253</u>	<u>2,911,999</u>	<u>137,254</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(336,671)	(345,356)	65,758	411,114
Other Financing Sources:				
Transfers In	-	-	19,444	19,444
Net Change in Fund Balances	<u>\$ (336,671)</u>	<u>(345,356)</u>	85,202	<u>430,558</u>
Fund Balance - Beginning			2,511,197	
Fund Balance - Ending			<u>\$ 2,596,399</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 85,202	
Revenue and Transfer Accruals			8,089	
Expenditure and Transfer Accruals			<u>(4,386)</u>	
Net Change in Fund Balance, GAAP Basis			88,905	
Fund Balance - Beginning, GAAP Basis			<u>2,212,515</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 2,301,420</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,887,000	2,887,000	1,097,833	(1,789,167)
Permits and Fees	3,160,172	3,160,172	2,866,597	(293,575)
Reimbursement for Services	-	-	165,229	165,229
Donations	-	-	140	140
Miscellaneous	-	-	168,705	168,705
Total Revenues	<u>6,047,172</u>	<u>6,047,172</u>	<u>4,298,504</u>	<u>(1,748,668)</u>
Expenditures -- Mass Transit:				
Personal Services	10,254,735	10,259,779	9,960,145	299,634
Materials and Supplies	1,712,283	1,712,283	1,769,263	(56,980)
Other Services and Charges	<u>2,642,731</u>	<u>2,737,687</u>	<u>1,688,316</u>	<u>1,049,371</u>
Total Expenditures	<u>14,609,749</u>	<u>14,709,749</u>	<u>13,417,724</u>	<u>1,292,025</u>
Deficiency of Revenues Under Expenditures	(8,562,577)	(8,662,577)	(9,119,220)	(456,643)
Other Financing Sources:				
Transfers In	<u>7,437,122</u>	<u>7,437,122</u>	<u>7,437,122</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (1,125,455)</u>	<u>(1,225,455)</u>	<u>(1,682,098)</u>	<u>(456,643)</u>
Amount Budgeted on Project Basis			(610,353)	
Fund Balance - Beginning			<u>6,563,623</u>	
Fund Balance - Ending			<u>\$ 4,271,172</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (1,682,098)	
Revenue and Transfer Accruals			15,923	
Expenditure and Transfer Accruals			(49,518)	
Amount Budgeted on Project Basis			<u>(610,353)</u>	
Net Change in Fund Balance, GAAP Basis			(2,326,046)	
Fund Balance - Beginning, GAAP Basis			<u>6,862,173</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 4,536,127</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Investment Earnings	\$ -	-	36,029	36,029
Keno Proceeds	4,074,089	4,074,089	4,941,182	867,093
Total Revenues	4,074,089	4,074,089	4,977,211	903,122
Expenditures:				
General Government:				
Other Services and Charges	1,537,000	1,537,000	1,963,107	(426,107)
Culture and Recreation:				
Other Services and Charges	35,000	50,000	64,786	(14,786)
Capital Outlay	148,451	816,305	745,537	70,768
Total Expenditures	1,720,451	2,403,305	2,773,430	(370,125)
Excess of Revenues Over Expenditures	2,353,638	1,670,784	2,203,781	532,997
Other Financing Uses:				
Transfers Out	(5,443,388)	(4,773,488)	(2,757,172)	2,016,316
Net Change in Fund Balances	<u><u>\$ (3,089,750)</u></u>	<u><u>(3,102,704)</u></u>	<u><u>(553,391)</u></u>	<u><u>2,549,313</u></u>
Fund Balance - Beginning			4,941,090	
Fund Balance - Ending			<u><u>\$ 4,387,699</u></u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (553,391)	
Revenue and Transfer Accruals			287,404	
Expenditure and Transfer Accruals			<u>17,532</u>	
Net Change in Fund Balance, GAAP Basis			(248,455)	
Fund Balance - Beginning, GAAP Basis			<u>4,673,544</u>	
Fund Balance - Ending, GAAP Basis			<u><u>\$ 4,425,089</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 18,393,007	18,393,007	18,256,512	(136,495)
Permits and Fees	210,990	210,990	210,990	-
Reimbursement for Services	707,282	707,282	667,442	(39,840)
Program Income	1,163,156	1,163,156	1,331,922	168,766
Investment Earnings	7,432	7,432	7,476	44
Donations	37,357	37,357	37,357	-
Private Sector Share of Project	45,470	45,470	45,470	-
Miscellaneous	33,152	33,152	33,152	-
Total Revenues	20,597,846	20,597,846	20,590,321	(7,525)
Expenditures:				
General Government:				
Materials and Supplies	49,469	49,469	49,469	-
Other Services and Charges	307,285	307,285	307,285	-
Capital Outlay	117,273	117,273	117,273	-
Total General Government	474,027	474,027	474,027	-
Public Safety:				
Personal Services	2,396,629	2,396,629	2,396,629	-
Materials and Supplies	216,429	216,429	216,429	-
Other Services and Charges	2,004,594	2,004,594	2,004,594	-
Capital Outlay	118,401	118,401	118,401	-
Total Public Safety	4,736,053	4,736,053	4,736,053	-
Culture and Recreation:				
Personal Services	522,938	522,938	522,938	-
Materials and Supplies	25,214	25,214	25,214	-
Other Services and Charges	130,461	130,461	130,461	-
Capital Outlay	75,533	75,533	75,533	-
Total Culture and Recreation	754,146	754,146	754,146	-
Economic Opportunity:				
Personal Services	5,256,663	5,210,476	4,708,120	502,356
Materials and Supplies	54,710	54,710	47,883	6,827
Other Services and Charges	1,555,803	1,739,244	1,097,250	641,994
Capital Outlay	102,917	509,879	2,917	506,962
Loans and Grants	3,541,347	4,432,466	3,634,236	798,230
Total Economic Opportunity	10,511,440	11,946,775	9,490,406	2,456,369

(Continued)

(Federal Grants Fund, Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Health and Welfare:				
Personal Services	3,183,683	3,183,683	3,183,683	-
Materials and Supplies	160,452	160,452	160,452	-
Other Services and Charges	1,334,969	1,334,969	1,334,969	-
Capital Outlay	69,423	69,423	69,423	-
Loans and Grants	22,185	22,185	22,185	-
Total Health and Welfare	4,770,712	4,770,712	4,770,712	-
Mass Transit:				
Personal Services	266,587	266,587	266,587	-
Other Services and Charges	5,858	5,858	5,858	-
Total Mass Transit	272,445	272,445	272,445	-
Total Expenditures	21,518,823	22,954,158	20,497,789	2,456,369
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(920,977)	(2,356,312)	92,532	2,448,844
Other Financing Sources (Uses):				
Transfers In	660,522	660,522	636,557	(23,965)
Transfers Out	(144,520)	(144,520)	(109,988)	34,532
Total Other Financing Sources (Uses)	516,002	516,002	526,569	10,567
Net Change in Fund Balances	<u>\$ (404,975)</u>	<u>(1,840,310)</u>	619,101	<u>2,459,411</u>
Fund Balance - Beginning			561,327	
Fund Balance - Ending			<u>\$ 1,180,428</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 619,101	
Revenue and Transfer Accruals			(1,046,737)	
Expenditure and Transfer Accruals			<u>22,553</u>	
Net Change in Fund Balance, GAAP Basis			(405,083)	
Fund Balance - Beginning, GAAP Basis			<u>19,764,368</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 19,359,285</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ -	-	53,496	53,496
Permits and Fees	5,994,453	5,994,453	5,895,522	(98,931)
Reimbursement for Services	-	-	156,459	156,459
Investment Earnings	-	-	87,110	87,110
Miscellaneous	-	-	791	791
Total Revenues	5,994,453	5,994,453	6,193,378	198,925
Expenditures -- Public Safety:				
Personal Services	5,617,010	5,709,824	5,241,824	468,000
Materials and Supplies	83,014	83,659	56,151	27,508
Other Services and Charges	1,251,223	1,259,910	1,121,707	138,203
Capital Outlay	479,278	479,278	145,903	333,375
Total Expenditures	7,430,525	7,532,671	6,565,585	967,086
Deficiency of Revenue Under Expenditures	(1,436,072)	(1,538,218)	(372,207)	1,166,011
Other Financing Sources:				
Transfers In	1,138,810	1,138,810	1,138,810	-
Net Change in Fund Balances	<u>\$ (297,262)</u>	<u>(399,408)</u>	766,603	<u>1,166,011</u>
Fund Balance - Beginning			9,683,640	
Fund Balance - Ending			<u>\$ 10,450,243</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 766,603	
Revenue and Transfer Accruals			(2,786)	
Expenditure and Transfer Accruals			<u>72,701</u>	
Net Change in Fund Balance, GAAP Basis			836,518	
Fund Balance - Beginning, GAAP Basis			<u>9,455,724</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 10,292,242</u>	

CITY OF LINCOLN, NEBRASKA
LIBRARY SPECIAL TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ -	-	1,388	1,388
Donations	108,838	108,838	95,732	(13,106)
Total Revenues	108,838	108,838	97,120	(11,718)
Expenditures -- Culture and Recreation:				
Personal Services	98,588	98,588	97,405	1,183
Other Services and Charges	250	250	-	250
Capital Outlay	10,000	10,000	10,016	(16)
Total Expenditures	108,838	108,838	107,421	1,417
Net Change in Fund Balance	\$ -	-	(10,301)	(10,301)
Fund Balance - Beginning			121,000	
Fund Balance - Ending			\$ 110,699	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (10,301)	
Revenue and Transfer Accruals			93	
Expenditure and Transfer Accruals			(345)	
Net Change in Fund Balance, GAAP Basis			(10,553)	
Fund Balance - Beginning, GAAP Basis			118,056	
Fund Balance - Ending, GAAP Basis			\$ 107,503	

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ -	-	550,769	550,769
Investment Earnings	-	-	2,159	2,159
Donations	-	-	100,000	100,000
Rental Income	175,872	175,872	32,368	(143,504)
Miscellaneous	-	-	46	46
Total Revenues	175,872	175,872	685,342	509,470
Expenditures -- Mass Transit:				
Other Services and Charges	314,028	314,028	197,218	116,810
Capital Outlay	-	764,588	764,588	-
Total Expenditures	314,028	1,078,616	961,806	116,810
Net Change in Fund Balances	\$ (138,156)	(902,744)	(276,464)	626,280
Fund Balance - Beginning			294,849	
Fund Balance - Ending			\$ 18,385	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (276,464)	
Revenue and Transfer Accruals			157	
Expenditure Accruals			(27,999)	
Net Change in Fund Balance, GAAP Basis			(304,306)	
Fund Balance - Beginning, GAAP Basis			296,137	
Fund Balance - Ending, GAAP Basis			\$ (8,169)	

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 907,980	907,980	10,329,449	9,421,469
Investment Earnings	-	-	39,060	39,060
Miscellaneous	-	-	805,606	805,606
Total Revenues	907,980	907,980	11,174,115	10,266,135
Expenditures -- Debt Service:				
Principal Retirement	706,965	706,965	876,006	(169,041)
Interest	201,015	201,015	216,381	(15,366)
Fiscal Charges	-	-	700	(700)
Developer Purchased TIF Payments	-	-	6,009,825	(6,009,825)
Miscellaneous	-	-	81,019	(81,019)
Total Expenditures	907,980	907,980	7,183,931	(6,275,951)
Excess of Revenues Over Expenditures	-	-	3,990,184	3,990,184
Other Financing Sources (Uses):				
Transfers In	-	-	8,502	8,502
Transfers Out	-	-	(1,376,966)	(1,376,966)
Total Other Financing Sources (Uses)	-	-	(1,368,464)	(1,368,464)
Net Change in Fund Balances	\$ -	-	2,621,720	2,621,720
Fund Balances - Beginning			5,934,343	
Fund Balances - Ending			\$ 8,556,063	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 2,621,720	
Revenue and Transfer Accruals			(419,756)	
Expenditure and Transfer Accruals			(1,425,132)	
Net Change in Fund Balance, GAAP Basis			776,832	
Fund Balance - Beginning, GAAP Basis			3,002,622	
Fund Balance - Ending, GAAP Basis			\$ 3,779,454	

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 5,652,210	5,652,210	5,563,907	(88,303)
Sundry and In Lieu Tax	2,835	2,835	4,958	2,123
Investment Earnings	8,000	8,000	14,607	6,607
Miscellaneous	-	-	1,177	1,177
Total Revenues	<u>5,663,045</u>	<u>5,663,045</u>	<u>5,584,649</u>	<u>(78,396)</u>
Expenditures -- Debt Service:				
Principal Retirement	4,950,000	4,950,000	4,775,000	175,000
Interest	1,295,932	1,295,932	1,170,163	125,769
Fiscal Charges	-	-	12,562	(12,562)
Capital Lease Principal	-	-	3,235,000	(3,235,000)
Capital Lease Interest	-	-	572,717	(572,717)
Payments to Refunding Agent	-	-	216,201	(216,201)
Bond Issuance Expense	-	-	61,646	(61,646)
Miscellaneous	-	-	3,500	(3,500)
Total Expenditures	<u>6,245,932</u>	<u>6,245,932</u>	<u>10,046,789</u>	<u>(3,800,857)</u>
Deficiency of Revenues Under Expenditures	<u>(582,887)</u>	<u>(582,887)</u>	<u>(4,462,140)</u>	<u>(3,879,253)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	3,817,755	3,817,755
Issuance of Refunding Debt	-	-	4,345,000	4,345,000
Premium on Debt Issued	-	-	671,382	671,382
Transfer to Bond Refunding Agent	-	-	(4,956,976)	(4,956,976)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,877,161</u>	<u>3,877,161</u>
Net Change in Fund Balances	<u>\$ (582,887)</u>	<u>(582,887)</u>	<u>(584,979)</u>	<u>(2,092)</u>
Fund Balances - Beginning			<u>4,467,196</u>	
Fund Balances - Ending			<u>\$ 3,882,217</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (584,979)	
Revenue and Transfer Accruals			<u>657,901</u>	
Net Change in Fund Balance, GAAP Basis			72,922	
Fund Balance - Beginning, GAAP Basis			<u>4,195,650</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 4,268,572</u>	

CITY OF LINCOLN, NEBRASKA
TAX SUPPORTED BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Sundry and In Lieu Tax	\$ 1,780,700	1,780,700	2,076,839	296,139
Occupation Tax	-	-	1,332,339	1,332,339
Investment Earnings	-	-	28,865	28,865
Total Revenues	1,780,700	1,780,700	3,438,043	1,657,343
Expenditures -- Debt Service:				
Principal Retirement	4,615,000	4,615,000	4,560,000	55,000
Interest	2,233,500	2,233,500	2,126,006	107,494
Fiscal Charges	-	-	1,000	(1,000)
Payments Made to Developer	-	-	566,719	(566,719)
Miscellaneous	-	-	940,177	(940,177)
Total Expenditures	6,848,500	6,848,500	8,193,902	(1,345,402)
Deficiency of Revenues Under Expenditures	(5,067,800)	(5,067,800)	(4,755,859)	311,941
Other Financing Sources:				
Transfer In	5,067,800	5,067,800	4,888,659	(179,141)
Net Change in Fund Balances	\$ -	-	132,800	132,800
Fund Balances - Beginning			2,186,791	
Fund Balances - Ending			\$ 2,319,591	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 132,800	
Revenue and Transfer Accruals			3,817	
Expenditure and Transfer Accruals			(704,591)	
Net Change in Fund Balance, GAAP Basis			(567,974)	
Fund Balance - Beginning, GAAP Basis			1,499,052	
Fund Balance - Ending, GAAP Basis			\$ 931,078	

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 2,735,295	2,735,295	2,848,385	113,090
Miscellaneous	-	-	10,736	10,736
Total Revenues	<u>2,735,295</u>	<u>2,735,295</u>	<u>2,859,121</u>	<u>123,826</u>
Expenditures -- Health and Welfare:				
Personal Services	397,652	397,652	381,933	15,719
Materials and Supplies	6,372	6,372	7,109	(737)
Other Services and Charges	81,271	81,271	91,242	(9,971)
Grants	<u>4,092,767</u>	<u>5,216,527</u>	<u>2,358,129</u>	<u>2,858,398</u>
Total Expenditures	<u>4,578,062</u>	<u>5,701,822</u>	<u>2,838,413</u>	<u>2,863,409</u>
Net Change in Fund Balance	<u>\$ (1,842,767)</u>	<u>(2,966,527)</u>	20,708	<u>2,987,235</u>
Fund Balances - Beginning			<u>65,499,580</u>	
Fund Balances - Ending			<u>\$ 65,520,288</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 20,708	
Revenue and Transfer Accruals			11,397	
Expenditure and Transfer Accruals			<u>93,974</u>	
Net Change in Fund Balance, GAAP Basis			126,079	
Fund Balance - Beginning, GAAP Basis			<u>65,310,061</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 65,436,140</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Reimbursement for Services	\$ 20,000	20,000	-	(20,000)
Investment Earnings	-	-	8,076	8,076
Rental Income	303,500	303,500	353,845	50,345
Miscellaneous	-	-	37,644	37,644
Total Revenues	<u>323,500</u>	<u>323,500</u>	<u>399,565</u>	<u>76,065</u>
Other Financing Uses:				
Transfers Out	<u>(1,259,119)</u>	<u>(1,259,119)</u>	<u>(748,693)</u>	<u>510,426</u>
Net Change in Fund Balances	<u>\$ (935,619)</u>	<u>(935,619)</u>	<u>(349,128)</u>	<u>586,491</u>
Fund Balance - Beginning			<u>973,380</u>	
Fund Balance - Ending			<u>\$ 624,252</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (349,128)	
Revenue and Transfer Accruals			<u>(8,876)</u>	
Net Change in Fund Balance, GAAP Basis			(358,004)	
Fund Balance - Beginning, GAAP Basis			<u>986,022</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 628,018</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 1,255,930	1,255,930	1,296,246	40,316
Permits and Fees	61,900	61,900	55,571	(6,329)
Client Contributions	182,696	182,696	136,375	(46,321)
Investment Earnings	-	-	7,208	7,208
Donations	77,930	77,930	409	(77,521)
Miscellaneous	-	-	1,798	1,798
Total Revenues	<u>1,578,456</u>	<u>1,578,456</u>	<u>1,497,607</u>	<u>(80,849)</u>
Expenditures -- Economic Opportunity:				
Personal Services	2,795,256	2,804,296	2,469,274	335,022
Materials and Supplies	258,229	258,229	140,778	117,451
Other Services and Charges	1,573,961	1,564,921	1,033,166	531,755
Capital Outlay	10,100	10,100	2,849	7,251
Total Expenditures	<u>4,637,546</u>	<u>4,637,546</u>	<u>3,646,067</u>	<u>991,479</u>
Deficiency of Revenues Under Expenditures	(3,059,090)	(3,059,090)	(2,148,460)	910,630
Other Financing Sources:				
Transfers In	<u>2,408,768</u>	<u>2,408,768</u>	<u>2,408,768</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (650,322)</u>	<u>(650,322)</u>	<u>260,308</u>	<u>910,630</u>
Fund Balance - Beginning			<u>916,182</u>	
Fund Balance - Ending			<u>\$ 1,176,490</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 260,308	
Revenue and Transfer Accruals			(49,072)	
Expenditure and Transfer Accruals			<u>2,022</u>	
Net Change in Fund Balance, GAAP Basis			213,258	
Fund Balance - Beginning, GAAP Basis			<u>825,618</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 1,038,876</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 278,188	278,188	616,672	338,484
Permits and Fees	1,094,410	1,094,410	986,925	(107,485)
Reimbursement for Services	16,000	16,000	-	(16,000)
Investment Earnings	-	-	27,350	27,350
Miscellaneous	-	-	10	10
Total Revenues	<u>1,388,598</u>	<u>1,388,598</u>	<u>1,630,957</u>	<u>242,359</u>
Expenditures -- Public Safety:				
Personal Services	4,736,469	4,738,067	4,756,456	(18,389)
Materials and Supplies	36,900	36,900	16,814	20,086
Other Services and Charges	945,165	943,567	810,264	133,303
Capital Outlay	404,111	404,111	885,988	(481,877)
Total Expenditures	<u>6,122,645</u>	<u>6,122,645</u>	<u>6,469,522</u>	<u>(346,877)</u>
Deficiency of Revenues Under Expenditures	<u>(4,734,047)</u>	<u>(4,734,047)</u>	<u>(4,838,565)</u>	<u>(104,518)</u>
Other Financing Sources (Uses):				
Transfers In	4,161,210	4,161,210	4,146,270	(14,940)
Transfers Out	<u>(853)</u>	<u>(853)</u>	<u>-</u>	<u>853</u>
Total Other Financing Sources (Uses)	<u>4,160,357</u>	<u>4,160,357</u>	<u>4,146,270</u>	<u>(14,087)</u>
Net Change in Fund Balances	<u>\$ (573,690)</u>	<u>(573,690)</u>	<u>(692,295)</u>	<u>(118,605)</u>
Fund Balance - Beginning			<u>3,175,076</u>	
Fund Balance - Ending			<u>\$ 2,482,781</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ (692,295)	
Revenue and Transfer Accruals			6,398	
Expenditure and Transfer Accruals			<u>(16,491)</u>	
Net Change in Fund Balance, GAAP Basis			(702,388)	
Fund Balance - Beginning, GAAP Basis			<u>3,042,987</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 2,340,599</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 46,163	46,163	50,158	3,995
Sundry Taxes and In Lieu	-	-	40	40
Investment Earnings	80	80	771	691
Total Revenues	46,243	46,243	50,969	4,726
Expenditures -- General Government:				
Unemployment Insurance Payments	50,000	50,000	2,355	47,645
Net Change in Fund Balances	<u>\$ (3,757)</u>	<u>(3,757)</u>	48,614	<u>52,371</u>
Fund Balance - Beginning			91,509	
Fund Balance - Ending			<u>\$ 140,123</u>	
Reconciliation between Budget Basis and GAAP:				
Net Change in Fund Balance, Budget Basis			\$ 48,614	
Revenue and Transfer Accruals			<u>1,642</u>	
Net Change in Fund Balance, GAAP Basis			50,256	
Fund Balance - Beginning, GAAP Basis			<u>93,651</u>	
Fund Balance - Ending, GAAP Basis			<u>\$ 143,907</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, 2018

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 234,696	806,536	5,405,339	452,612	111,904	-	7,011,087
Investments	-	9,426,322	-	5,999,515	1,814,957	-	17,240,794
Receivables (Net of Allowance for Uncollectibles)	2,668	115,489	338,015	1,908,258	1,906,792	78,016	4,349,238
Due from Other Funds	-	373,474	41,312	57,322	23,976	-	496,084
Due from Other Governments	-	2,662	28,635	100,058	-	-	131,355
Inventories	67,923	-	285,078	-	191,942	-	544,943
Prepaid Expenses	-	-	102,125	-	-	-	102,125
Total Current Assets	305,287	10,724,483	6,200,504	8,517,765	4,049,571	78,016	29,875,626
Noncurrent Assets:							
Investments	-	3,568,587	-	2,271,278	687,101	-	6,526,966
Restricted Assets:							
Cash and Cash Equivalents	-	2,862,524	-	90,247	-	-	2,952,771
Investments	-	2,534,366	-	1,041,028	-	-	3,575,394
Receivables	-	15,464	-	6,109	-	-	21,573
Total Restricted Assets	-	5,412,354	-	1,137,384	-	-	6,549,738
Capital Assets:							
Land	1,068,949	10,105,750	-	1,540,452	-	-	12,715,151
Buildings	4,097,768	72,295,205	-	3,524,062	168,363	-	80,085,398
Improvements Other Than Buildings	8,313,613	571,654	-	45,095,341	-	11,093,026	65,073,634
Machinery and Equipment	2,931,942	4,100,456	594,880	10,101,166	2,721,342	-	20,449,786
Construction in Progress	-	307,124	-	1,035,489	-	-	1,342,613
Less Accumulated Depreciation	(11,148,262)	(30,206,085)	(261,025)	(31,786,128)	(1,223,879)	(763,829)	(75,389,208)
Total Capital Assets, Net	5,264,010	57,174,104	333,855	29,510,382	1,665,826	10,329,197	104,277,374
Total Noncurrent Assets	5,264,010	66,155,045	333,855	32,919,044	2,352,927	10,329,197	117,354,078
Total Assets	5,569,297	76,879,528	6,534,359	41,436,809	6,402,498	10,407,213	147,229,704
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Loss on Refunding	-	-	-	15,868	-	-	15,868
Deferred Outflows for Pension	-	-	-	-	313,130	-	313,130
Deferred Outflows for OPEB	5,103	928	-	12,995	32,397	1,392	52,815
Total Deferred Outflows of Resources	5,103	928	-	28,863	345,527	1,392	381,813

(Continued)

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
LIABILITIES							
Current Liabilities:							
Accounts Payable	183,197	578,654	317,722	712,673	131,654	1,603	1,925,503
Accrued Liabilities	39,025	6,302	207,199	59,359	111,654	12,269	435,808
Accrued Compensated Absences	103,034	23,889	102,214	118,201	261,237	34,985	643,560
Due to Other Funds	708	4,595	272,125	2,776	130,322	341,858	752,384
Due to Other Governments	47,588	2,149	139,876	63,544	17	-	253,174
Unearned Revenue	111,201	1,496,540	4,936,821	-	-	-	6,544,562
Accrued Interest	7,445	42,694	-	29,081	-	-	79,220
Current Portion of Notes Payable	-	-	200,000	-	-	-	200,000
Current Portion of Capital Lease	242,393	-	-	-	66,790	-	309,183
Current Portion of Long-Term Debt	-	1,380,000	-	810,000	-	-	2,190,000
Total Current Liabilities	734,591	3,534,823	6,175,957	1,795,634	701,674	390,715	13,333,394
Noncurrent Liabilities:							
Accrued Compensated Absences	68,497	-	-	78,130	25,462	-	172,089
Notes Payable	-	-	800,000	-	-	-	800,000
Capital Lease Payable	716,986	-	-	-	133,581	-	850,567
Long-Term Debt, Net	-	22,810,683	-	9,676,235	-	-	32,486,918
Net Pension Liability	-	-	-	-	2,709,034	-	2,709,034
Total OPEB Liability	85,377	15,523	-	217,414	542,688	23,285	884,287
Accrued Landfill Closure/ Postclosure Care Costs	-	-	-	23,400,000	-	-	23,400,000
Total Noncurrent Liabilities	870,860	22,826,206	800,000	33,371,779	3,410,765	23,285	61,302,895
Total Liabilities	1,605,451	26,361,029	6,975,957	35,167,413	4,112,439	414,000	74,636,289
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows for Pension	-	-	-	-	925,665	-	925,665
Deferred Inflows for OPEB	4,465	812	-	11,371	28,350	1,218	46,216
Total Deferred Inflows of Resources	4,465	812	-	11,371	954,015	1,218	971,881
NET POSITION							
Net Investment in Capital Assets	4,304,631	35,450,630	333,855	19,878,660	1,465,455	10,179,197	71,612,428
Restricted for:							
Debt Service	-	176,845	-	-	-	-	176,845
Capital Projects	-	2,658,944	-	20,300	-	-	2,679,244
Unrestricted	(340,147)	12,232,196	(775,453)	(13,612,072)	216,116	(185,810)	(2,465,170)
Total Net Position	\$ 3,964,484	50,518,615	(441,598)	6,286,888	1,681,571	9,993,387	72,003,347



CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
Operating Revenues							
Charges for Services	\$ 215,431	1,569,218	-	11,637	7,158,290	826,401	9,780,977
Fees	3,619,240	897,344	-	8,269,804	-	37,701	12,824,089
Parking Revenue	-	12,152,382	-	-	-	-	12,152,382
Performance Revenue	-	-	9,621,765	-	-	-	9,621,765
Other Operating Revenue	69,337	3,314	1,784,589	941,828	496	15,762	2,815,326
Total Operating Revenues	3,904,008	14,622,258	11,406,354	9,223,269	7,158,786	879,864	47,194,539
Operating Expenses							
Personal Services	1,708,717	355,416	4,901,258	3,248,116	4,759,992	516,071	15,489,570
Contractual Services	394,517	4,319,039	978,108	3,290,020	499,287	6,283	9,487,254
Operation and Maintenance	1,397,150	2,426,298	5,677,462	2,629,747	806,752	74,080	13,011,489
Depreciation	455,266	2,153,223	25,735	2,312,500	256,589	347,646	5,550,959
Total Operating Expenses	3,955,650	9,253,976	11,582,563	11,480,383	6,322,620	944,080	43,539,272
Operating Income (Loss)	(51,642)	5,368,282	(176,209)	(2,257,114)	836,166	(64,216)	3,655,267
Nonoperating Revenues (Expenses)							
Investment Earnings	190	201,041	-	97,651	27,324	-	326,206
Grant Revenue	-	-	-	111,162	-	-	111,162
Gain (Loss) on Disposal of Capital Assets	(4,286)	(1,181)	-	35,633	(99,586)	-	(69,420)
Occupation Tax	-	-	-	3,542,544	-	80,000	3,622,544
Interest Expense and Fiscal Charges	(21,151)	(1,047,273)	(5,405)	(323,158)	-	(3,949)	(1,400,936)
Total Nonoperating Revenues (Expenses)	(25,247)	(847,413)	(5,405)	3,463,832	(72,262)	76,051	2,589,556
Income (Loss) Before Contributions and Transfers	(76,889)	4,520,869	(181,614)	1,206,718	763,904	11,835	6,244,823
Capital Contributions	325,005	10,191	113,456	-	38,132	4,040,749	4,527,533
Transfers In	134,971	-	202,280	-	-	200,000	537,251
Transfers Out	(148,998)	(2,109,141)	-	(1,421,291)	-	-	(3,679,430)
Change in Net Position	234,089	2,421,919	134,122	(214,573)	802,036	4,252,584	7,630,177
Net Position - Beginning of Year, Before Restatement	3,763,151	48,102,652	(575,720)	6,584,934	505,429	5,749,736	64,130,182
Adjustment for Implementation of GASB 75	(32,756)	(5,956)	-	(83,473)	374,106	(8,933)	242,988
Net Position - Beginning of Year, After Restatement	3,730,395	48,096,696	(575,720)	6,501,461	879,535	5,740,803	64,373,170
Net Position - Ending	\$ 3,964,484	50,518,615	(441,598)	6,286,888	1,681,571	9,993,387	72,003,347

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
Cash Flows from Operating Activities							
Receipts from Customers and Users	\$ 3,846,749	13,123,526	12,980,680	7,986,135	6,761,450	808,659	45,507,199
Receipts from Interfund Services Provided	-	1,489,728	-	143,400	-	-	1,633,128
Payments to Suppliers for Goods and Services	(1,352,338)	(5,764,149)	(5,799,454)	(3,836,652)	(907,261)	(18,331)	(17,678,185)
Payments to Employees	(1,715,604)	(360,893)	(4,922,592)	(3,295,507)	(4,606,984)	(512,197)	(15,413,777)
Payments for Interfund Services Provided	(527,288)	(839,545)	(1,173,369)	(521,271)	(538,283)	(64,333)	(3,664,089)
Other Receipts	79,130	3,314	1,784,589	967,553	496	15,762	2,850,844
Net Cash Provided by Operating Activities	330,649	7,651,981	2,869,854	1,443,658	709,418	229,560	13,235,120
Cash Flows from Noncapital Financing Activities							
Occupation Tax	-	-	-	3,532,279	-	80,000	3,612,279
Transfers from Other Funds	134,971	-	202,280	-	-	200,000	537,251
Transfers to Other Funds	(148,998)	(2,109,141)	-	(1,421,291)	-	-	(3,679,430)
Advances from General Fund	-	-	-	-	-	155,551	155,551
Repayment of Advances from General Fund	-	-	-	-	-	(511,162)	(511,162)
Advances to Other Funds	-	(91,527)	-	(45,763)	-	-	(137,290)
Grant Proceeds	-	-	-	16,373	-	-	16,373
Principal Payment of Long-Term Debt	-	-	(200,000)	-	-	-	(200,000)
Interest and Fiscal Charges Paid	-	-	(2,280)	-	-	-	(2,280)
Net Cash Provided (Used) by Non-Capital Financing Activities	(14,027)	(2,200,668)	-	2,081,598	-	(75,611)	(208,708)
Cash Flows from Capital and Related Financing Activities							
Additions to Capital Assets	-	(1,101,718)	-	(1,624,007)	(492,122)	-	(3,217,847)
Capital Contributions	-	10,191	-	-	-	-	10,191
Proceeds from Sale of Capital Assets	-	-	-	91,325	-	-	91,325
Repayment of Advances from Other Fund	-	-	-	-	-	(150,000)	(150,000)
Proceeds from Long-Term Debt	-	-	-	-	222,634	-	222,634
Principal Payments of Capital Lease	(288,101)	-	-	-	(22,263)	-	(310,364)
Principal Payments of Bonded Debt	-	(1,345,000)	-	(810,000)	-	-	(2,155,000)
Interest and Fiscal Charges Paid	(24,292)	(1,069,891)	-	(368,085)	-	(3,949)	(1,466,217)
Net Cash Used by Capital and Related Financing Activities	(312,393)	(3,506,418)	-	(2,710,767)	(291,751)	(153,949)	(6,975,278)
Cash Flows from Investing Activities							
Proceeds from Sale and Maturities of Investments	193,079	9,322,103	-	5,982,365	1,407,599	-	16,905,146
Purchases of Investments	-	(11,275,376)	-	(6,761,055)	(1,816,675)	-	(19,853,106)
Interest and Other Receipts	47	209,737	-	110,777	28,774	-	349,335
Net Cash Provided (Used) by Investing Activities	193,126	(1,743,536)	-	(667,913)	(380,302)	-	(2,598,625)
Net Increase in Cash and Cash Equivalents	197,355	201,359	2,869,854	146,576	37,365	-	3,452,509
Cash and Cash Equivalents - Beginning	37,341	3,467,701	2,535,485	396,283	74,539	-	6,511,349
Cash and Cash Equivalents - Ending	\$ 234,696	3,669,060	5,405,339	542,859	111,904	-	9,963,858

(Continued)

	Golf	Parking System	Pinnacle Bank Arena	Solid Waste Management	Emergency Medical Services	Broadband Enterprise	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities							
Operating Income (Loss)	\$ (51,642)	5,368,282	(176,209)	(2,257,114)	836,166	(64,216)	3,655,267
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation	455,266	2,153,223	25,735	2,312,500	256,589	347,646	5,550,959
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:							
Accounts Receivable and Unbilled Revenues	11,081	79,297	22,570	(127,488)	(396,840)	(55,443)	(466,823)
Due from Other Funds	-	(103,560)	30,745	(2,058)	(23,976)	-	(98,849)
Due from Other Governments	-	2,067	(24,549)	3,365	-	-	(19,117)
Inventories	(903)	-	(51,421)	-	1,987	-	(50,337)
Prepaid Expenses	-	-	(39,151)	-	-	-	(39,151)
Deferred Outflows for Pension	-	-	-	-	237,738	-	237,738
Deferred Outflows for OPEB	(5,103)	(928)	-	(12,995)	(32,397)	(1,392)	(52,815)
Accounts Payable	(59,988)	137,780	(75,926)	90,550	(757)	(2,755)	88,904
Accrued Liabilities	(7,174)	(1,544)	(24,578)	(36,636)	41,588	3,060	(25,284)
Accrued Compensated Absences	(18,745)	(4,512)	3,244	(22,646)	42,990	1,947	2,278
Due to Other Funds	(3,531)	3,809	19,000	44	16,059	454	35,835
Due to Other Governments	(349)	1,389	(169,755)	(11,776)	(763)	-	(181,254)
Unearned Revenue	10,790	16,506	3,330,149	-	-	-	3,357,445
Net Pension Liability	-	-	-	-	(201,859)	-	(201,859)
Total OPEB Liability	(3,518)	(640)	-	(8,959)	(18,199)	(959)	(32,275)
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	1,505,500	-	-	1,505,500
Deferred Inflows for Pension	-	-	-	-	(77,258)	-	(77,258)
Deferred Inflows for OPEB	4,465	812	-	11,371	28,350	1,218	46,216
Total Adjustments	382,291	2,283,699	3,046,063	3,700,772	(126,748)	293,776	9,579,853
Net Cash Provided by Operating Activities	<u>\$ 330,649</u>	<u>7,651,981</u>	<u>2,869,854</u>	<u>1,443,658</u>	<u>709,418</u>	<u>229,560</u>	<u>13,235,120</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:							
Contribution of Capital Assets	\$ 325,005	-	113,456	-	38,132	4,040,749	4,517,342
Purchase of Capital Assets on Account	-	66,662	-	278,440	-	-	345,102
Change in Fair Value of Investments	143	(34,468)	-	(20,377)	(5,623)	-	(60,325)



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, 2018

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 146,318	-	1,881,814	84,351
Investments	2,377,412	-	31,304,841	1,390,513
Accounts Receivable	16,599	151,649	3,251	11
Accrued Interest Receivable	13,676	-	194,242	6,976
Due from Other Funds	276,863	150,296	333,345	1,801
Due from Other Governments	14,158	241	-	7,051
Inventories	-	-	-	755,005
Prepaid Expenses	603,563	26,092	-	-
Total Current Assets	3,448,589	328,278	33,717,493	2,245,708
Noncurrent Assets:				
Investments	900,033	-	11,505,244	526,416
Capital Assets:				
Land	-	-	-	-
Buildings	26,486	-	-	-
Improvements Other Than Buildings	-	-	-	340,565
Machinery and Equipment	4,561,438	351,014	28,936	23,953,498
Construction in Progress	-	-	-	-
Less Accumulated Depreciation	(2,784,347)	(306,327)	(28,936)	(16,292,977)
Total Capital Assets, Net	1,803,577	44,687	-	8,001,086
Total Noncurrent Assets	2,703,610	44,687	11,505,244	8,527,502
Total Assets	6,152,199	372,965	45,222,737	10,773,210
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for OPEB	14,387	19,026	3,711	8,820
LIABILITIES				
Current Liabilities:				
Accounts Payable	237,633	130,950	874,058	234,190
Accrued Liabilities	93,117	173,443	10,993	34,215
Accrued Compensated Absences	256,331	498,897	29,670	103,073
Due to Other Funds	731	604,482	-	1,546
Due to Other Governments	24,671	136	286	-
Unearned Revenue	-	23,554	-	-
Claims	-	-	5,004,325	-
Accrued Interest	-	-	-	8,209
Current Portion of Capital Lease	-	-	-	540,215
Total Current Liabilities	612,483	1,431,462	5,919,332	921,448
Noncurrent Liabilities:				
Accrued Compensated Absences	186,314	664,175	54,939	157,951
Claims	-	-	6,328,048	-
Capital Lease Payable	-	-	-	549,097
Total OPEB Liability	240,698	318,313	62,092	147,560
Total Noncurrent Liabilities	427,012	982,488	6,445,079	854,608
Total Liabilities	1,039,495	2,413,950	12,364,411	1,776,056
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for OPEB	12,589	16,649	3,248	7,718
NET POSITION				
Net Investment in Capital Assets	1,803,577	44,687	-	6,911,774
Unrestricted	3,310,925	(2,083,295)	32,858,789	2,086,482
Total Net Position	\$ 5,114,502	(2,038,608)	32,858,789	8,998,256

Police Garage	Municipal Services Center	Communication Services	Total
146,205	58,922	195	2,317,805
2,353,976	937,425	-	38,364,167
48,678	6,536	-	226,724
14,680	6,367	-	235,941
676,378	-	-	1,438,683
52,550	-	-	74,000
123,052	-	-	878,057
-	-	-	629,655
3,415,519	1,009,250	195	44,165,032
891,161	354,887	-	14,177,741
335,751	1,258,700	-	1,594,451
1,157,290	16,682,088	-	17,865,864
45,500	373,485	-	759,550
11,413,253	106,025	16,800	40,430,964
37,955	-	-	37,955
(6,715,173)	(3,099,136)	(16,800)	(29,243,696)
6,274,576	15,321,162	-	31,445,088
7,165,737	15,676,049	-	45,622,829
10,581,256	16,685,299	195	89,787,861
6,964	-	-	52,908
91,671	350,660	195	1,919,357
24,645	7,740	-	344,153
48,277	23,636	-	959,884
-	4	-	606,763
-	-	-	25,093
-	-	-	23,554
-	-	-	5,004,325
-	100,037	-	108,246
-	1,045,000	-	1,585,215
164,593	1,527,077	195	10,576,590
87,793	-	-	1,151,172
-	-	-	6,328,048
-	10,063,640	-	10,612,737
116,514	-	-	885,177
204,307	10,063,640	-	18,977,134
368,900	11,590,717	195	29,553,724
6,094	-	-	46,298
6,274,576	4,126,096	-	19,160,710
3,938,650	968,486	-	41,080,037
10,213,226	5,094,582	-	60,240,747

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Operating Revenues				
Charges for Services	\$ 9,891,251	9,010,920	45,807,581	6,884,405
Operating Expenses				
Personal Services	4,409,685	7,258,246	872,377	1,868,534
Materials and Supplies	149,487	18,696	4,830	1,848,379
Other Services and Charges	4,316,655	2,997,482	40,070,042	1,468,741
Depreciation	382,882	6,701	-	1,197,228
Total Operating Expenses	9,258,709	10,281,125	40,947,249	6,382,882
Operating Income (Loss)	632,542	(1,270,205)	4,860,332	501,523
Nonoperating Revenues (Expenses)				
Investment Earnings	34,040	(123)	487,388	13,638
Gain on Disposal of Capital Assets	1,951	-	-	306,225
Interest Expense and Fiscal Charges	-	-	-	(22,645)
Total Nonoperating Revenues (Expenses)	35,991	(123)	487,388	297,218
Income (Loss) Before Contributions and Transfers	668,533	(1,270,328)	5,347,720	798,741
Capital Contributions	-	-	-	569,352
Transfers In	-	749,961	-	-
Transfers Out	(200,000)	-	-	(58,684)
Change in Net Position	468,533	(520,367)	5,347,720	1,309,409
Net Position - Beginning of Year, Before Restatement	4,738,375	(1,396,057)	27,534,891	7,745,519
Adjustment for Implementation of GASB 75	(92,406)	(122,184)	(23,822)	(56,672)
Net Position - Beginning of Year, After Restatement	4,645,969	(1,518,241)	27,511,069	7,688,847
Net Position - Ending	\$ 5,114,502	(2,038,608)	32,858,789	8,998,256

Police Garage	Municipal Services Center	Communication Services	Copy Services	Total
<u>5,172,875</u>	<u>2,736,785</u>	<u>80,311</u>	<u>131,705</u>	<u>79,715,833</u>
1,269,925	31,375	45,915	43,086	15,799,143
1,405,174	8,086	185	-	3,434,837
591,903	850,428	29,136	96,288	50,420,675
<u>1,285,333</u>	<u>515,152</u>	<u>-</u>	<u>-</u>	<u>3,387,296</u>
<u>4,552,335</u>	<u>1,405,041</u>	<u>75,236</u>	<u>139,374</u>	<u>73,041,951</u>
<u>620,540</u>	<u>1,331,744</u>	<u>5,075</u>	<u>(7,669)</u>	<u>6,673,882</u>
33,291	22,271	-	65	590,570
69,944	-	-	-	378,120
-	(296,594)	-	-	(319,239)
<u>103,235</u>	<u>(274,323)</u>	<u>-</u>	<u>65</u>	<u>649,451</u>
723,775	1,057,421	5,075	(7,604)	7,323,333
1,106,650	-	-	-	1,676,002
58,684	194,561	55,740	3,933	1,062,879
<u>(1,250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,508,684)</u>
<u>639,109</u>	<u>1,251,982</u>	<u>60,815</u>	<u>(3,671)</u>	<u>8,553,530</u>
9,618,878	3,842,600	(60,815)	3,671	52,027,062
<u>(44,761)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(339,845)</u>
<u>9,574,117</u>	<u>3,842,600</u>	<u>(60,815)</u>	<u>3,671</u>	<u>51,687,217</u>
<u>10,213,226</u>	<u>5,094,582</u>	<u>-</u>	<u>-</u>	<u>60,240,747</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,515,015	2,502,225	10,308,821	316,403
Receipts from Interfund Services Provided	7,122,259	6,733,548	35,511,642	6,503,888
Payments to Suppliers for Goods and Services	(4,069,364)	(280,867)	(38,773,523)	(2,583,811)
Payments to Employees	(4,433,418)	(7,184,003)	(863,484)	(1,934,482)
Payments for Interfund Services Provided	(205,089)	(2,459,113)	(543,384)	(768,300)
Net Cash Provided (Used) by Operating Activities	929,403	(688,210)	5,640,072	1,533,698
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	749,962	-	-
Transfers to Other Funds	(200,000)	-	-	(58,684)
Advance from General Fund	-	3,388,238	-	-
Repayment of Advances from General Fund	-	(3,427,568)	-	-
Advances to Other Funds	-	-	(91,527)	-
Repayments from Other Funds	-	-	58,473	-
Net Cash Provided (Used) by Noncapital Financing Activities	(200,000)	710,632	(33,054)	(58,684)
Cash Flows from Capital and Related Financing Activities				
Additions to Capital Assets	(325,791)	(22,422)	-	(885,542)
Proceeds from Sale of Capital Assets	1,951	-	-	355,089
Principal Payments of Capital Lease	-	-	-	(531,475)
Interest and Fiscal Charges Paid	-	-	-	(26,651)
Net Cash Used by Capital and Related Financing Activities	(323,840)	(22,422)	-	(1,088,579)
Cash Flows from Investing Activities				
Proceeds from Sale and Maturities of Investments	1,978,840	-	24,871,980	336,563
Purchases of Investments	(2,379,662)	-	(30,419,534)	(1,391,829)
Interest and Other Receipts	37,110	-	535,910	13,776
Net Cash Provided (Used) by Investing Activities	(363,712)	-	(5,011,644)	(1,041,490)
Net Increase (Decrease) in Cash and Cash Equivalents	41,851	-	595,374	(655,055)
Cash and Cash Equivalents - Beginning	104,467	-	1,286,440	739,406
Cash and Cash Equivalents - Ending	\$ 146,318	-	1,881,814	84,351
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 632,542	(1,270,205)	4,860,332	501,523
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	382,882	6,701	-	1,197,228
Changes in Assets and Liabilities:				
Accounts Receivable	(15,359)	243,139	(3,015)	70
Due from Other Funds	(268,443)	(17,264)	(292)	33
Due from Other Governments	29,826	609	16,189	(6,763)
Inventories	-	-	-	(39,681)
Prepaid Expenses	56,314	(4,733)	-	-
Deferred Outflows for OPEB	(14,387)	(19,026)	(3,711)	(8,820)
Accounts Payable	165,901	73,013	22,624	4,305
Accrued Liabilities	(4,499)	31,996	(4,837)	(33,101)
Accrued Compensated Absences	(7,517)	57,741	16,752	(25,665)
Due to Other Funds	69	207,781	(141)	789
Due to Other Governments	(30,596)	136	286	(404)
Unearned Revenue	-	(1,630)	-	(57,454)
Claims	-	-	735,196	-
Total OPEB Liability	(9,919)	(13,117)	(2,559)	(6,080)
Deferred Inflows for OPEB	12,589	16,649	3,248	7,718
Total Adjustments	296,861	581,995	779,740	1,032,175
Net Cash Provided (Used) by Operating Activities	\$ 929,403	(688,210)	5,640,072	1,533,698
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:				
Contribution of Capital Assets	\$ -	-	-	569,352
Purchase of Capital Assets on Account	-	-	-	-
Change in Fair Value of Investments	(7,266)	-	(93,300)	(4,858)

Police Garage	Municipal Services Center	Communication Services	Copy Services	Total
416,012	446,629	62,114	72,176	16,639,395
4,701,126	2,292,104	32,839	96,029	62,993,435
(1,199,857)	(944,969)	(31,328)	(122,114)	(48,005,833)
(1,296,081)	-	(76,187)	(45,626)	(15,833,281)
(688,484)	(492,794)	(762)	-	(5,157,926)
1,932,716	1,300,970	(13,324)	465	10,635,790
58,684	194,561	55,740	3,933	1,062,880
(1,250,000)	-	-	-	(1,508,684)
-	-	23,569	23,838	3,435,645
-	-	(65,790)	(28,301)	(3,521,659)
-	-	-	-	(91,527)
-	-	-	-	58,473
(1,191,316)	194,561	13,519	(530)	(564,872)
(1,738,749)	(1,849,476)	-	-	(4,821,980)
147,025	-	-	-	504,065
-	(1,015,000)	-	-	(1,546,475)
-	(341,633)	-	-	(368,284)
(1,591,724)	(3,206,109)	-	-	(6,232,674)
3,169,970	770,282	-	-	31,127,635
(2,356,204)	(938,311)	-	-	(37,485,540)
38,459	23,250	-	65	648,570
852,225	(144,779)	-	65	(5,709,335)
1,901	(1,855,357)	195	-	(1,871,091)
144,304	1,914,279	-	-	4,188,896
146,205	58,922	195	-	2,317,805
620,540	1,331,744	5,075	(7,669)	6,673,882
1,285,333	515,152	-	-	3,387,296
(2,564)	1,948	12,533	1,064	237,816
(16,379)	-	1,070	16,352	(284,923)
(36,794)	-	1,041	19,084	23,192
19,424	-	-	-	(20,257)
36,000	-	-	-	87,581
(6,964)	-	-	-	(52,908)
53,315	(558,943)	104	(25,826)	(265,507)
(14,432)	7,740	(1,202)	(872)	(19,207)
(6,053)	23,636	(29,072)	(1,668)	28,154
(3)	(20,307)	(2,873)	-	185,315
-	-	-	-	(30,578)
-	-	-	-	(59,084)
-	-	-	-	735,196
(4,801)	-	-	-	(36,476)
6,094	-	-	-	46,298
1,312,176	(30,774)	(18,399)	8,134	3,961,908
1,932,716	1,300,970	(13,324)	465	10,635,790
1,106,650	-	-	-	1,676,002
-	86,426	-	-	86,426
(6,299)	(2,871)	-	-	(114,594)



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 agreed to be the trustee for these reserve funds until such time as the bonds are fully retired, which occurred in fiscal year 2018.



CITY OF LINCOLN, NEBRASKA
COMBINING BALANCE SHEET
AGENCY FUNDS
AUGUST 31, 2018

	<u>Collections Due Other Governments</u>	<u>HILP Escrow Accounts</u>	<u>Contractor Deposits</u>	<u>Payroll Revolving</u>	<u>Outstanding Warrants</u>	<u>Telephone Bill Suspense</u>	<u>Unredeemed Bonds And Coupons</u>	<u>Total</u>
ASSETS								
Cash and Cash Equivalents	\$ 102,788	2,647	1,193,518	1,011,821	973,590	3,387	117,926	3,405,677
Receivables	57,776	-	-	-	-	-	-	57,776
Contractor Retainage	-	-	78,454	-	-	-	-	78,454
Total Assets	<u>160,564</u>	<u>2,647</u>	<u>1,271,972</u>	<u>1,011,821</u>	<u>973,590</u>	<u>3,387</u>	<u>117,926</u>	<u>3,541,907</u>
LIABILITIES								
Warrants Payable	-	-	-	-	973,590	-	-	973,590
Accounts Payable	-	-	-	293,360	-	3,387	-	296,747
Due to Other Governments	160,564	-	-	718,461	-	-	-	879,025
Due to Homeowners	-	2,647	-	-	-	-	-	2,647
Due to Contractors	-	-	1,271,972	-	-	-	-	1,271,972
Due to Bondholders	-	-	-	-	-	-	117,926	117,926
Total Liabilities	<u>\$ 160,564</u>	<u>2,647</u>	<u>1,271,972</u>	<u>1,011,821</u>	<u>973,590</u>	<u>3,387</u>	<u>117,926</u>	<u>3,541,907</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Balance September 1, 2017	Additions	Deductions	Balance August 31, 2018
COLLECTIONS DUE OTHER GOVERNMENTS:				
Assets:				
Cash and Cash Equivalents	\$ 92,068	1,199,087	1,188,367	102,788
Receivables	56,049	57,776	56,049	57,776
	<u>148,117</u>	<u>1,256,863</u>	<u>1,244,416</u>	<u>160,564</u>
Liabilities:				
Due to Other Governments	\$ 148,117	1,252,583	1,240,136	160,564
HILP ESCROW ACCOUNTS:				
Assets:				
Cash and Cash Equivalents	\$ 18,530	2	15,885	2,647
Liabilities:				
Due to Homeowners	\$ 18,530	-	15,883	2,647
CONTRACTOR DEPOSITS:				
Assets:				
Cash and Cash Equivalents	\$ 2,179,829	321,901	1,308,212	1,193,518
Contractor Retainage	78,454	-	-	78,454
	<u>2,258,283</u>	<u>321,901</u>	<u>1,308,212</u>	<u>1,271,972</u>
Liabilities:				
Due to Contractors	\$ 2,258,283	321,901	1,308,212	1,271,972
PAYROLL REVOLVING:				
Assets:				
Cash and Cash Equivalents	\$ 990,961	278,629,995	278,609,135	1,011,821
Liabilities:				
Accounts Payable	301,676	172,311,452	172,319,768	293,360
Due to Other Governments	689,285	37,761,258	37,732,082	718,461
	<u>\$ 990,961</u>	<u>210,072,710</u>	<u>210,051,850</u>	<u>1,011,821</u>
OUTSTANDING WARRANTS:				
Assets:				
Cash and Cash Equivalents	\$ 2,177,121	500,419,104	501,622,635	973,590
Liabilities:				
Warrants Payable	\$ 2,177,121	500,419,104	501,622,635	973,590
TELEPHONE BILL SUSPENSE:				
Assets:				
Cash and Cash Equivalents	\$ 3,775	45,090	45,478	3,387
Liabilities:				
Accounts Payable	\$ 3,775	45,090	45,478	3,387

(Continued)

(Agency Funds, Continued)

	Balance September 1, 2017	Additions	Deductions	Balance August 31, 2018
UNREDEEMED BONDS AND COUPONS:				
Assets:				
Cash and Cash Equivalents	\$ 117,926	-	-	117,926
Liabilities:				
Due to Bondholders	\$ 117,926	-	-	117,926
PUBLIC BUILDING COMMISSION BOND RESERVE:				
Assets:				
Cash and Cash Equivalents	\$ 336,178	925	337,103	-
Receivables	1,232	-	1,232	-
	337,410	925	338,335	-
Liabilities:				
Due to Other Governments	\$ 337,410	1,172	338,582	-
AGENCY FUND TOTALS:				
Total Assets	\$ 6,052,123	780,673,880	783,184,096	3,541,907
Total Liabilities	\$ 6,052,123	712,112,560	714,622,776	3,541,907



STATISTICAL SECTION

This part of the City of Lincoln’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Page</u>
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Financial Trends	159
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These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity	164
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These schedules contain information to help the reader assess the City’s three most significant local revenue sources; electrical sales, sales tax, and property tax.

Debt Capacity	173
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These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information	177
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information	179
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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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 846,442,664	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
Restricted	182,122,089	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
Unrestricted	<u>104,886,320</u>	<u>101,154,775</u>	<u>82,713,956</u>	<u>216,775,964</u>	<u>264,484,057</u>	<u>253,913,437</u>	<u>228,009,224</u>	<u>216,250,335</u>	<u>207,317,364</u>	<u>211,304,395</u>
Total Governmental Activities										
Net Position	<u>\$ 1,133,451,073</u>	<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>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 793,807,694	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
Restricted	28,846,167	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
Unrestricted	<u>153,286,143</u>	<u>193,344,188</u>	<u>217,843,287</u>	<u>152,834,566</u>	<u>143,784,800</u>	<u>179,766,596</u>	<u>153,480,358</u>	<u>107,063,389</u>	<u>100,903,096</u>	<u>93,873,028</u>
Total Business-Type Activities										
Net Position	<u>\$ 975,940,004</u>	<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>
Primary Government:										
Net Investment in Capital Assets	\$ 1,640,250,358	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
Restricted	210,968,256	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
Unrestricted	<u>258,172,463</u>	<u>294,498,963</u>	<u>300,557,243</u>	<u>369,610,530</u>	<u>408,268,857</u>	<u>433,680,033</u>	<u>381,489,582</u>	<u>323,313,724</u>	<u>308,220,460</u>	<u>305,177,423</u>
Total Primary Government										
Net Position	<u>\$ 2,109,391,077</u>	<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>

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General Government	\$ 47,260,387	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
Public Safety	102,979,449	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
Streets and Highways	66,223,821	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
Culture and Recreation	41,524,548	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
Economic Opportunity	24,018,579	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
Health and Welfare	20,885,234	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
Mass Transit	15,822,765	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
Equipment Management	508,118	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
Engineering Services	4,394,576	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
Interest on Long-Term Debt	19,721,240	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
Total Governmental Activities Expenses	343,338,717	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
Business-Type Activities:										
Golf	3,981,087	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
Parking System	10,302,430	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
Municipal Auditorium	-	-	-	33,652	1,538,108	2,632,482	2,468,566	2,202,234	2,243,518	1,937,132
Municipal Arena	11,587,968	11,783,010	8,630,522	8,353,078	11,462,603	1,712,916	18,851	-	-	-
Solid Waste Management	11,767,958	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
Emergency Medical Services	6,422,207	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
Broadband Enterprise	948,029	819,075	402,264	-	-	-	-	-	-	-
Wastewater System	25,728,896	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
Water System	28,275,160	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
Electric System	312,132,000	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
Total Business-Type Activities Expenses	411,145,735	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
Total	\$ 754,484,452	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
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 36,481,336	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
Public Safety	7,724,306	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
Streets and Highways	5,278,153	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
Culture and Recreation	4,549,413	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
Economic Opportunity	2,138,366	1,112,696	1,346,373	1,709,576	918,794	863,053	2,346,582	2,269,303	1,014,906	750,883
Health and Welfare	5,144,629	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
Other Activities	10,077,571	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
Operating Grants and Contributions	63,076,418	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
Capital Grants and Contributions	37,901,112	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
Total Governmental Activities	172,371,304	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
Business-Type Activities:										
Charges for Services:										
Wastewater System	31,323,851	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
Water System	38,914,946	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
Electric System	321,549,000	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
Other Activities	47,132,633	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
Operating Grants and Contributions	112,847	-	61,066	-	-	-	-	-	-	-
Capital Grants and Contributions	18,800,761	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
Total Business-Type Activities	457,834,038	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
Total	\$ 630,205,342	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
Net (Expense)/Revenue										
Governmental Activities	\$ (170,967,413)	(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)
Business-Type Activities	46,688,303	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
Total	\$ (124,279,110)	(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)

(Continued)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes										
In Net Position										
Governmental Activities:										
Taxes:										
Property Tax	\$ 74,308,924	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
Motor Vehicle Tax	5,956,910	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
Wheel Tax	18,647,301	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
Sales and Use Tax	89,978,538	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
Sundry and In Lieu Tax	2,153,276	1,659,560	1,618,479	1,543,657	62,239	65,882	68,405	63,118	54,431	46,078
Occupation Tax	27,438,041	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
Unrestricted Grants and Contributions	60,620	71,620	67,640	65,051	80,178	79,177	93,633	1,927,588	2,006,071	1,542,816
Unrestricted Investment Earnings (Loss)	3,022,679	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
Miscellaneous General Revenues	919,184	489,198	708,314	1,251,922	890,450	1,925,791	2,623,024	2,309,497	793,365	844,591
Transfers	11,533,601	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
Total Governmental Activities	234,019,074	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
Business-Type Activities:										
Occupation Tax	3,622,544	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
Unrestricted Investment Earnings (Loss)	2,197,770	2,339,375	1,517,819	961,154	1,757,946	(713,969)	983,824	1,564,708	1,673,103	4,680,958
Miscellaneous General Revenues	192,670	233,578	89,483	329,954	136,403	874,807	380,531	343,835	893,109	152,522
Transfers	(11,431,370)	(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)
Total Business-Type Activities	(5,418,386)	(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
Total	\$ 228,600,688	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
Change in Net Position										
Governmental Activities	\$ 63,051,661	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
Business-Type Activities	41,269,917	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
Total	\$ 104,321,578	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

Table 3

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011 ¹	2010	2009
General Fund										
Reserved	\$ -	-	-	-	-	-	-	-	4,723,651	4,668,702
Unreserved	-	-	-	-	-	-	-	-	25,701,931	27,586,521
Nonspendable	571,722	440,254	470,421	658,674	1,711,883	3,313,783	4,833,496	6,891,170	-	-
Restricted	6,817,137	4,278,240	7,432,974	6,674,867	13,605,640	6,281,230	5,277,054	5,525,739	-	-
Assigned	16,389,131	15,038,279	17,888,953	16,266,623	14,859,083	14,425,933	13,359,297	13,750,394	-	-
Unassigned	46,062,651	47,898,455	39,910,750	37,916,609	27,287,777	31,198,290	25,631,426	15,586,533	-	-
Total General Fund	\$ 69,840,641	67,655,228	65,703,098	61,516,773	57,464,383	55,219,236	49,101,273	41,753,836	30,425,582	32,255,223
Other Governmental Funds										
Reserved	\$ -	-	-	-	-	-	-	-	73,769,526	74,955,098
Unreserved, Reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	57,417,341	59,557,240
Nonspendable	1,355,050	1,390,659	1,272,150	1,473,802	1,449,797	740,047	952,070	971,115	-	-
Restricted	76,311,564	73,522,250	64,216,765	90,127,670	80,627,691	81,155,945	193,309,126	275,451,124	-	-
Committed	1,024,874	1,592,063	1,367,357	2,011,552	1,002,975	821,517	805,612	633,206	-	-
Assigned	83,470,334	81,800,834	75,624,539	48,431,382	58,046,223	48,189,249	21,386,596	21,097,190	-	-
Unassigned	(77,349)	(85,684)	(111,254)	(130,824)	(144,837)	(133,773)	(191,814)	(140,056)	-	-
Debt Service										
Restricted	9,261,327	9,086,748	11,259,554	12,026,455	12,305,606	18,524,649	17,964,189	16,060,411	-	-
Committed	1,967,704	1,600,425	1,256,039	1,021,894	797,894	-	-	-	-	-
Capital Projects Funds										
Nonspendable	-	-	-	-	-	-	-	-	8,764,922	9,853,337
Restricted	30,637,636	27,307,586	21,989,096	9,458,562	14,395,343	16,818,180	11,783,064	13,748,458	-	-
Assigned	14,583	15,467	29,271	42,922	42,649	54,154	207,968	207,940	-	-
Unassigned	-	-	-	(178,013)	-	-	-	-	-	-
Permanent Funds										
Nonspendable	37,160,000	37,160,000	37,160,000	37,160,000	37,160,000	37,160,000	37,160,000	37,160,000	16,511,201	14,146,177
Restricted	29,225,321	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	\$ 270,351,044	262,336,699	241,180,577	227,204,024	233,858,510	225,409,976	304,669,084	384,742,506	156,462,990	158,511,852

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

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes:										
Property	\$ 74,310,035	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
Motor Vehicle	5,956,910	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
Wheel	18,647,301	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
Sales and Use	89,978,538	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
Sundry and In Lieu	2,169,669	1,662,544	1,605,175	1,541,109	62,443	62,155	68,845	61,251	57,195	44,479
Occupation	27,454,221	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
Special Assessment	1,627,311	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
Intergovernmental	72,965,698	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
Permits and Fees	25,157,171	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
Reimbursement for Services	18,348,789	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
Court Settlements	-	-	75,000	-	265,120	856,188	1,931,804	1,700,000	-	-
Program Income	172,718	267,705	22,726	13,858	51,071	442,313	122,767	1,217,936	207,978	57,535
Investment Earnings	5,859,234	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
Donations	3,689,161	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
Keno Proceeds	5,220,645	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
Miscellaneous	3,870,499	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
Total Revenues	<u>355,427,900</u>	<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>
Expenditures										
General Government	59,728,570	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
Public Safety	86,243,206	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
Streets and Highways	21,746,886	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
Culture and Recreation	27,301,223	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
Economic Opportunity	14,563,832	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
Health and Welfare	21,863,274	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
Mass Transit	18,315,179	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
Debt Service										
Principal Retirement	14,487,368	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
Interest and Fiscal Charges	20,414,414	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
Miscellaneous	9,786,777	9,207,578	5,543,071	3,350,198	2,545,313	735,215	1,020,997	4,156,516	658,871	129,417
Capital Outlay ¹	70,547,020	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
Total Expenditures	<u>364,997,749</u>	<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>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,569,849)</u>	<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>
Other Financing Sources (Uses)										
Transfers In	68,618,530	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
Transfers Out	(55,385,315)	(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)
Issuance of Debt ¹	8,784,375	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
Issuance of Refunding Debt	-	14,735,000	-	9,010,000	-	-	36,185,000	22,415,000	-	-
Premium on Debt Issued	892,807	1,523,051	622,829	435,077	682,653	980,327	4,182,049	5,761,647	-	25,473
Discounts on Debt Issued	-	-	-	-	-	-	-	(6,427)	-	-
Transfer to Bond Refunding Agent	(5,706,591)	(16,091,516)	-	(9,280,206)	-	-	(39,840,997)	(28,822,296)	-	-
Sale of Capital Assets	2,565,801	690,794	1,153,276	2,186,283	598,616	28,367,245	286,095	288,874	1,405,357	727,671
Total Other Financing Sources (Uses)	<u>19,769,607</u>	<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>
Net Change in Fund Balances	<u>\$ 10,199,758</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	11.3%	12.6%	13.8%	13.8%	12.9%	12.0%	12.7%	9.8%	7.7%	7.7%

Note: ¹ 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	
2017	1,196,667	1,477,742	470,520	21,159	28,594	1,380,272	4,574,954	\$ 0.0838
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

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	2017			2008		
	Revenue From Electric Sales	Rank	Percentage of Revenue From Electric Sales	Revenue From Electric Sales	Rank	Percentage of Revenue From Electric Sales
Residential	\$ 117,303	1	38.24 %	\$ 85,932	1	35.41 %
Commercial	113,751	2	37.08	72,099	2	29.71
Industrial	32,154	3	10.48	27,986	3	11.53
Other	43,557	-	14.20	56,682	-	23.35
Total	\$ <u>306,765</u>		<u>100.00 %</u>	\$ <u>242,699</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
2018	\$	6,255,529,425	0.0175
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

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 ¹	Overlapping ²	Total Tax Rate
	City of Lincoln	State of Nebraska	
2018	0.0175	0.0550	0.0725
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

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

² 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	2017			2008		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 1,837,405,409	1	48.80 %	\$ 1,705,586,174	1	52.56 %
Accommodation & Food Services	645,683,715	2	17.15	450,833,348	2	13.89
Utilities	268,643,249	3	7.13	267,843,411	3	8.25
Other	1,013,548,456	-	26.92	821,220,261	-	25.30
Total	\$ <u>3,765,280,829</u>		<u>100.00 %</u>	\$ <u>3,245,483,194</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. 2018 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		
2018	\$ 13,997,042,582	\$ 5,582,574,159	\$ 686,085,810	\$ 251,232,302	\$ 20,516,934,853	0.3165
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

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

Source: Lancaster County Assessor's Office

Table 11

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City of Lincoln										
General	0.1930	0.1990	0.1957	0.1859	0.1889	0.1854	0.1876	0.1739	0.1772	0.1806
Library	0.0413	0.0444	0.0421	0.0438	0.0417	0.0423	0.0400	0.0398	0.0398	0.0396
Social Security	0.0146	0.0158	0.0144	0.0163	0.0155	0.0157	0.0163	0.0141	0.0097	0.0129
Police and Fire Pension	0.0367	0.0402	0.0352	0.0374	0.0378	0.0382	0.0348	0.0261	0.0251	0.0201
Unemployment Compensation	0.0003	0.0003	0.0003	-	-	-	-	-	-	-
Bond Interest and Redemption	0.0306	0.0340	0.0319	0.0362	0.0319	0.0342	0.0371	0.0340	0.0361	0.0347
Total City of Lincoln	<u>0.3165</u>	<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>
Overlapping Rates ¹										
School District No. 1	1.2389	1.2397	1.2429	1.2434	1.2441	1.2447	1.2461	1.2462	1.2537	1.2668
Lancaster County	0.2666	0.2753	0.2783	0.2813	0.2813	0.2843	0.2683	0.2683	0.2683	0.2683
Educational Service Unit #18	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0145	0.0150	0.0150
Community Technical College	0.0907	0.0752	0.0757	0.0598	0.0667	0.0627	0.0627	0.0600	0.0676	0.0722
Lower Platte South N.R.D.	0.0321	0.0335	0.0345	0.0358	0.0361	0.0378	0.0398	0.0406	0.0410	0.0410
Lancaster County Correctional JPA City	0.0141	0.0153	0.0156	0.0168	0.0172	0.0177	0.0185	0.0189	0.0194	0.0195
Lancaster County Correctional JPA County	0.0079	0.0085	0.0088	0.0094	0.0096	0.0099	0.0105	0.0106	0.0107	0.0106
Railroad Transportation Safety District	0.0222	0.0190	0.0160	0.0130	0.0130	0.0100	0.0260	0.0260	0.0260	0.0260
Agricultural Society of Lancaster County	0.0014	0.0015	0.0015	0.0015	0.0015	0.0015	0.0016	0.0017	0.0016	0.0015
Lancaster County Fairgrounds	0.0028	0.0030	0.0031	0.0033	0.0034	0.0037	0.0037	0.0038	0.0038	0.0038
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0170	0.0167	0.0170	0.0170	0.0170	0.0170
Total Overlapping Rates	<u>1.7087</u>	<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>

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

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

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

Table 12

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

Taxpayer	Type of Business	2018			2009		
		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	\$ 144,121,000	1	0.70 %	\$ 75,543,266	2	0.47 %
Burlington Northern	Railroad	108,165,612	2	0.53	90,073,928	1	0.57
Kawasaki	Manufacturing	71,026,815	3	0.35	69,661,956	3	0.44
Nebco	Construction / Development	70,179,982	4	0.34	46,352,883	9	0.29
Ameritas Life Insurance Corp.	Insurance	60,702,594	5	0.30	54,189,717	7	0.34
WEA Gateway LLC	Retail Management	53,234,300	6	0.26	59,352,318	4	0.37
Windstream	Telecommunications	49,017,210	7	0.24	56,779,077	6	0.36
Bryan LGH	Hospital	40,519,500	8	0.20	-	-	-
Assurity Life Insurance Co.	Insurance	39,159,979	9	0.19	-	-	-
Wal-Mart Real Estate Trust	Retail Management	39,070,700	10	0.19	-	-	-
Chateau Van Dorn LLC	Real Estate Development	-	-	-	50,457,704	8	0.32
Pfizer	Animal Health	-	-	-	57,320,332	5	0.36
Molex Inc.	Manufacturing	-	-	-	46,194,962	10	0.29
Total		<u>\$ 675,197,692</u>		<u>3.30 %</u>	<u>\$ 605,926,143</u>		<u>3.81 %</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
2018	\$ 64,910,918	\$ 63,903,976	98.45 %	\$ -	\$ 63,903,976	98.45 %
2017	63,002,583	61,735,542	97.99	1,259,966	62,995,508	99.99
2016	58,972,198	57,685,951	97.82	1,258,748	58,944,699	99.95
2015	55,476,049	54,235,009	97.76	1,215,514	55,450,523	99.95
2014	53,880,835	52,616,370	97.65	1,248,886	53,865,256	99.97
2013	52,460,687	51,226,109	97.65	1,206,472	52,432,581	99.95
2012	50,168,325	48,788,943	97.25	1,334,828	50,123,771	99.91
2011	45,597,934	44,206,917	96.95	1,351,231	45,558,148	99.91
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

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.

Table 14

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

		Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities											
General Bonds	\$	35,275	40,780	45,370	43,800	48,775	53,015	49,340	51,600	48,330	52,440
Tax Supported Bonds		52,005	56,565	62,385	66,700	69,975	73,165	50,250	55,205	57,655	59,385
Tax Allocation Bonds		3,738	4,911	4,966	6,461	7,976	9,254	10,358	11,658	12,398	13,356
Special Assessment Bonds		2,955	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
West Haymarket JPA Bonds		325,980	326,545	327,095	327,635	328,175	300,000	300,000	300,000	-	-
Capital Leases		37,490	39,370	43,320	40,989	43,731	39,043	33,371	33,525	28,989	28,094
Unamortized Premiums/Discounts		12,217	12,328	11,690	11,640	11,782	11,610	10,444	8,197	2,577	2,675
Business-Type Activities											
Revenue Bonds		677,650	705,720	755,635	718,790	743,660	750,500	701,560	732,650	745,660	773,390
Project Loans		31,972	33,739	35,469	37,119	35,881	27,429	16,532	6,991	3,049	-
Notes Payable		1,000	1,200	1,400	1,600	1,800	1,575	-	-	-	-
Capital Leases		1,290	1,241	1,677	1,540	1,939	2,389	2,271	1,009	1,328	338
Unamortized Premiums/Discounts		60,739	65,823	57,341	46,242	50,155	49,240	7,768	4,754	5,410	6,230
Total Primary Government	\$	<u>1,242,311</u>	<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>
Net Debt Per Capita ¹	\$	4,363	4,606	4,874	4,795	5,028	4,994	4,540	4,694	3,591	3,748
Percentage of Personal Income ¹	%	-	8.30	9.08	9.17	9.76	9.87	9.23	9.89	7.95	8.34

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

¹ See Table 18, Demographic and Economic Statistics, for income and population data.

Table 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 ¹	Ratio of Net Debt To Estimated Valuation of Taxable Real Property ²
2018	\$ 35,275	\$ 52,005	\$ 3,738	\$ 2,955	\$ 325,980	\$ 12,217	\$432,170	\$ 9,261	\$422,909	\$ 1,485.27	2.16 %
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

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

¹ Population data can be found in Table 18, Demographic and Economic Statistics.

² Property value information can be found in Table 10, Assessed Value and Actual Value of Taxable Property.

CITY OF LINCOLN, NEBRASKA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2018

<u>Governmental Units</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Direct And Overlapping Debt To The City</u>
Direct:			
City	\$ <u>469,660,000</u>	100.0 %	\$ <u>469,660,000</u>
Overlapping:			
School District #1	382,467,134	99.5	380,555,000
Public Building Commission	33,060,000	85.4	28,233,000
Lancaster County Correctional Facility	36,275,000	85.4	30,979,000
Lancaster County Fairgrounds	<u>8,340,000</u>	85.4	<u>7,122,000</u>
	<u>460,142,134</u>		<u>446,889,000</u>
Total	\$ <u><u>929,802,134</u></u>		\$ <u><u>916,549,000</u></u>

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

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

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

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

Table 17

		Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Wastewater System											
Gross Revenues	\$	32,381,312	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
Direct Operating Expenses		14,863,221	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
Net Available Revenue		17,518,091	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
Debt Service Requirements											
Principal		4,599,602	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
Interest		2,361,501	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
Total		6,961,103	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
Coverage		2.52	2.14	2.03	2.11	1.92	1.90	1.82	1.69	1.68	1.69
Water System											
Gross Revenues	\$	41,473,196	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
Direct Operating Expenses		17,768,444	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
Net Available Revenue		23,704,752	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
Debt Service Requirements											
Principal		4,517,445	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
Interest		1,877,042	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
Total		6,394,487	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
Coverage		3.71	3.20	3.25	2.74	3.12	4.32	2.44	1.60	1.31	1.44
Lincoln Electric System											
Gross Revenues	\$	322,763,000	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
Direct Operating Expenses		216,520,000	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
Net Available Revenue		106,243,000	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
Debt Service Requirements											
Principal		17,873,000	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
Interest		24,816,000	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
Total		42,689,000	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
Coverage		2.49	2.05	2.01	2.00	2.00	1.95	2.00	2.01	1.90	1.93
Parking Facilities ¹											
Gross Revenues	\$	12,691,925	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
Direct Operating Expenses		5,152,321	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
Net Available Revenue		7,539,604	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
Debt Service Requirements											
Principal		1,345,000	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
Interest		1,066,890	1,095,315	1,130,215	1,148,265	1,172,465	1,091,614	1,078,688	689,717	558,519	624,394
Total		2,411,890	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
Coverage		3.13	3.22	2.53	2.43	2.26	1.92	1.84	3.22	1.77	2.09
Solid Waste Management											
Gross Revenues	\$	12,863,464	12,697,221	12,371,412	10,074,541	9,132,756	7,933,037	7,745,565	7,615,130	7,377,385	7,664,336
Direct Operating Expenses		9,083,674	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
Net Available Revenue		3,779,790	3,236,931	4,474,932	2,555,018	1,813,541	845,102	1,369,445	1,361,997	1,609,308	2,172,547
Debt Service Requirements											
Principal		810,000	795,000	775,000	550,000	550,000	475,000	220,000	210,000	200,000	195,000
Interest		366,796	382,096	396,521	196,202	198,128	133,463	124,025	132,425	140,425	148,225
Total		1,176,796	1,177,096	1,171,521	746,202	748,128	608,463	344,025	342,425	340,425	343,225
Coverage		3.21	2.75	3.82	3.42	2.42	1.39	3.98	3.98	4.73	6.33

Note: The Wastewater System, Water System, and Lincoln Electric System bonds are secured by revenues are 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.

¹ Information in this schedule does not agree with information in the transmittal letter which is calculated in accordance with specific requirements of the bond covenants.

Table 18

CITY OF LINCOLN, NEBRASKA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ¹	Personal Income (thousands of dollars) ²	Per Capita Personal Income ²	School Enrollment ³	Unemployment Rate ⁴
2018	284,736	\$ -	\$ -	42,020	2.6 %
2017	280,364	15,556,200	46,924	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

Sources: ¹ U.S. Bureau of the Census, population estimates.

² U.S. Department of Commerce Bureau of Economic Analysis. Personal Income and Per Capita Income are based on Lincoln Metropolitan Statistical Area, which includes all of Lancaster and Seward Counties. 2017 numbers are unavailable.

³ Lincoln Public Schools.

⁴ 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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Nebraska	8,795	1	4.54 %	9,543	1	5.61 %
Lincoln Public Schools	8,557	2	4.41	7,453	2	4.38
University of Nebraska-Lincoln	6,513	3	3.36	5,847	3	3.44
Bryan Health	3,500	4	1.80	3,770	4	2.22
US Government	3,454	5	1.78	3,008	5	1.77
City of Lincoln	2,653	6	1.37	2,573	6	1.51
Saint Elizabeth Regional Medical Center	2,300	7	1.19	2,388	7	1.40
Burlington Northern Railroad	2,000	8	1.03	1,700	8	1.00
Madonna Rehabilitation Hospital	1,500	9	0.77	-	-	-
Duncan Aviation	1,200	10	0.62	-	-	-
State Farm Insurance	-	-	-	1,442	9	0.85
B&R Stores, Inc.	-	-	-	1,352	10	0.79
Total	<u>40,472</u>		<u>20.87 %</u>	<u>39,076</u>		<u>22.97 %</u>

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

CITY OF LINCOLN, NEBRASKA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full-Time Equivalent Employees as of August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Legislative	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Executive	17.70	17.95	17.25	17.25	18.25	19.08	19.70	20.75	21.15	21.25
Financial Administration	70.20	69.95	69.20	69.20	69.20	69.20	71.30	70.58	66.20	66.20
Law	32.25	32.00	32.50	32.50	31.75	31.75	30.00	29.00	27.00	27.00
Human Resources	22.80	22.80	22.80	22.80	22.80	22.80	22.42	23.47	22.80	22.80
Planning and Zoning	21.00	20.75	20.00	20.00	21.00	21.00	21.00	22.00	21.50	22.19
Urban Development	9.22	9.22	9.50	9.50	9.58	9.28	9.06	9.28	9.44	9.91
Public Safety										
Police	397.63	396.63	388.03	388.03	400.79	400.79	402.38	402.51	406.43	406.15
Fire	270.46	270.06	268.97	268.97	273.69	273.69	272.71	272.76	267.76	266.41
Building and Safety	53.15	53.13	50.85	50.85	50.38	50.38	51.00	54.58	54.62	58.00
Transportation	14.25	14.25	16.00	16.00	15.00	15.00	16.25	17.25	17.25	18.50
911 Communication	56.25	56.25	56.00	56.00	41.50	41.50	41.50	41.50	41.50	41.02
Streets and Highways	112.02	111.95	108.32	108.20	104.99	105.49	106.84	108.84	106.85	105.92
Culture and Recreation										
Parks and Recreation	242.83	243.79	239.99	238.89	229.60	228.95	230.28	232.43	226.26	231.17
Library	105.54	105.54	105.54	105.54	105.79	106.59	107.09	107.47	107.47	111.47
Economic Opportunity										
Lincoln Area Agency on Aging	48.04	48.04	48.05	48.05	48.24	48.24	50.84	51.03	51.33	52.50
Urban Development	8.81	8.81	9.15	9.15	9.80	9.80	10.22	10.43	10.31	11.23
Workforce Investment Act	13.80	13.65	12.85	12.85	13.19	13.19	13.11	12.02	8.98	9.01
Health and Welfare	112.25	112.00	111.52	111.52	110.02	109.77	112.97	112.25	112.03	112.78
Mass Transit	133.52	133.52	120.52	120.52	119.52	118.01	109.52	111.52	112.38	109.38
Equipment Management										
Police Garage	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Fleet Services	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Radio Maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Engineering Services	71.55	70.51	69.55	69.55	64.45	65.45	66.02	68.45	68.65	69.53
Broadband	4.90	4.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Golf	31.04	30.49	28.78	29.02	27.99	28.23	29.50	27.86	28.00	29.95
Parking Facilities	2.98	2.98	2.98	2.98	2.95	2.95	2.80	2.80	1.72	2.40
Sanitary Landfill	35.22	36.19	36.47	35.47	33.17	33.17	31.70	31.70	30.80	30.75
Emergency Medical Services	37.83	36.68	33.28	33.28	28.56	28.56	28.54	28.49	28.49	28.09
Wastewater System	87.68	87.60	87.18	87.20	89.87	89.87	90.23	92.43	93.65	96.72
Water System	105.66	102.60	100.26	100.28	104.80	104.30	106.81	108.56	107.43	112.60
Electric System	490.00	492.00	491.00	494.00	498.00	486.00	478.00	456.00	456.00	445.00
Total	2,652.58	2,648.24	2,600.54	2,601.60	2,588.88	2,577.04	2,575.79	2,569.96	2,550.00	2,561.93

Source: City of Lincoln Budget Office

Table 21

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

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police:										
Arrests	22,390	22,811	23,076	23,543	25,424	24,035	24,868	25,637	26,796	28,183
Parking Violations	99,263	100,560	82,276	71,433	73,141	70,338	72,670	78,405	61,493	75,234
Traffic Violations	38,968	41,214	42,888	44,064	51,854	49,515	50,059	50,872	48,580	48,290
Fire:										
Number of Calls Answered	26,166	25,310	24,663	23,878	22,760	21,357	21,179	20,770	19,602	19,536
Building and Safety:										
Number of Commercial Building Permits	1,036	1,007	1,038	1,321	1,197	1,341	1,372	1,320	1,234	1,196
Number of Residential Building Permits	3,014	3,036	2,891	2,346	2,300	2,323	2,319	2,336	2,225	1,794
Culture and Recreation										
Library:										
Total Circulation (thousands)	3,072	3,100	3,089	3,074	3,176	3,293	3,294	3,417	3,343	3,348
Golf:										
Rounds of Golf	158,080	164,307	168,272	162,359	164,089	169,170	191,997	171,518	175,940	199,567
Mass Transit										
StarTran Ridership (thousands)	2,464	2,379	2,275	2,415	2,495	1,810	2,067	1,935	1,810	1,790
Wastewater										
Number of Consumers	84,300	83,479	82,511	80,704	80,851	80,066	79,346	78,811	78,376	77,613
Water										
Number of Consumers	84,636	83,797	82,853	82,058	81,196	80,418	79,698	79,184	78,740	77,973
Average Daily Consumption (thousand gallons)	34,734	34,242	34,858	31,766	34,584	35,873	38,445	32,017	31,064	32,716
Electric System										
Number of Consumers	138,489	136,641	134,417	132,672	131,915	130,537	129,163	128,373	129,322	128,115

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

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
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	13	12	12	11	11	11	10	11
Streets and Highways										
Lane Miles of Streets	2,909	2,899	2,820	2,891	2,823	2,766	2,760	2,757	2,732	2,713
Streetlights	31,236	31,010	30,740	30,516	29,997	29,759	29,393	29,040	28,928	28,412
Culture and Recreation										
Parks Acreage	7,511	7,303	6,814	6,808	6,557	6,503	6,503	6,503	6,503	6,503
Parks	160	158	161	159	135	141	141	141	141	141
Playgrounds	89	90	90	89	86	85	85	84	84	85
Swimming Pools (Public)	9	9	9	9	9	9	9	9	9	9
Golf Courses (Public)	5	5	5	5	5	5	5	5	5	5
Trail Miles	166	165	161	158	133	131	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
Mass Transit										
Buses and Handivans	80	80	80	80	74	70	71	71	70	70
Wastewater										
Miles of Wastewater Mains	1,140	1,107	1,070	1,044	1,033	1,024	1,022	1,017	1,015	1,010
Water										
Miles of Water Mains	1,249	1,234	1,216	1,211	1,194	1,259	1,250	1,243	1,237	1,230

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, 2018

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	
U.S. DEPARTMENT OF AGRICULTURE						
Pass-Through State Department Of Education:						
Child Nutrition Cluster:						
Summer Food Service Program for Children	10.559	20121N109943	\$	107,894		
Summer Food Service Program for Children	10.559	FY 2018		<u>154,411</u>	262,305	-
Pass-Through State Department Of Health And Human Services:						
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	39839-Y3		815,142		
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	34102-Y3		<u>142,472</u>	957,614	-
Nutrition Program for the Elderly (Commodities)	10.570	NGA 39797-Y3			<u>118,948</u>	-
Total U.S. Department Of Agriculture				\$	<u>1,338,867</u>	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Direct Programs:						
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$	73,619		
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002		<u>43,581</u>	117,200	-
CDBG - Entitlement Grant Cluster:						
Community Development Block Grant	14.218	* B-16-MC-31-0001		1,485,611		223,999
Community Development Block Grant	14.218	* B-17-MC-31-0001		645,542		
Community Development Block Grant	14.218	*		<u>11,401,935</u>	13,533,088	
Emergency Solutions Grant Program	14.231	E16-MC-31-0002		57,056		57,056
Emergency Solutions Grant Program	14.231	E17-MC-31-0002		<u>68,099</u>	125,155	<u>68,099</u> 125,155
HOME Investment Partnerships Program	14.239	M-14-MC-31-0202		200		
HOME Investment Partnerships Program	14.239	M-15-MC-31-0202		70,537		
HOME Investment Partnerships Program	14.239	M-16-MC-31-0202		712,493		
HOME Investment Partnerships Program	14.239	M-17-MC-31-0202		578,941		
HOME Investment Partnerships Program	14.239			<u>10,838,988</u>	12,201,159	33,372
Continuum of Care Program	14.267	NE0073L7D021502		29,081		29,081
Continuum of Care Program	14.267	NE0088L7D021500		32,159		32,159
Continuum of Care Program	14.267	NE0059L7D021605		35,397		35,397
Continuum of Care Program	14.267	NE0073L7D021603		<u>35,437</u>	132,074	<u>35,437</u> 132,074
Fair Housing Assistance Program - State and Local	14.401	FF207K177017			85,695	- -
Pass-Through State Department of Economic Development:						
Community Development Block Grant (Neighborhood Stabilization Program)	14.228	092N40			<u>311,928</u>	-
Total U.S. Department Of Housing And Urban Development				\$	<u>26,506,299</u>	\$ <u>514,600</u>
U.S. DEPARTMENT OF INTERIOR						
Pass-Through State Historical Society:						
Historic Preservation Fund Grants-in-Aid	15.904	17/18	\$	20,000		
Historic Preservation Fund Grants-in-Aid	15.904	18/19		<u>6,637</u>	<u>\$ 26,637</u>	<u>\$ -</u>
U.S. DEPARTMENT OF JUSTICE						
Direct Programs:						
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2016-WE-AX-0043	\$		100,295	98,419
Public Safety Partnership and Community Policing Grant (COPS Hiring)	16.710	2014ULWX0042			77,894	-
Equitable Sharing Program	16.922	NB0550100			39,578	-
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	2015DJBX0456			148,132	98,584
Pass-Through State Commission On Law Enforcement And Criminal Justice:						
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	16DA0301		4,402		45,852
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	15DA0303		<u>114,594</u>	118,996	<u>114,594</u> 160,446
Pass-Through Lancaster County:						
Violence Against Women Formula Grants (DV Specialist)	16.588	17-VW-709		15,425		
Violence Against Women Formula Grants (DV Specialist)	16.588	17-VW-714		<u>29,315</u>	44,740	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0007			18,256	-
Pass-Through State Commission On Law Enforcement And Criminal Justice:						
Crime Victim Assistance	16.575	16-VA-0255		22,273		
Crime Victim Assistance	16.575	17-VA-0203		<u>73,965</u>	<u>96,238</u>	-
Total U.S. Department Of Justice				\$	644,129	\$ 357,449

(Continued)

See Accompanying Notes to Schedule of Federal Awards

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
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Labor:				
WIA/WIOA Cluster:				
WIOA Adult Program	17.258	2017	\$ 98,889	
WIOA Adult Program	17.258	2018	217,553	
WIOA Dislocated Workers Formula Grants	17.278	2017	82,314	
WIOA Dislocated Workers Formula Grants	17.278	2018	106,195	
WIOA In School Youth Activities	17.259	2018	4,361	
WIOA In School Youth Activities	17.259	2016	99,782	
WIOA In School Youth Activities	17.259	2017	248,598	\$ 857,692
				\$ -
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Grants for Rural Areas (Ladders Grant)	20.509	* NE--03-0042	\$ 1,326,537	-
Federal Transit Cluster:				
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0098	183,792	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0100	325,914	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0103	253,875	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-2017-005	1,715,000	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-2017-005	56,865	
Federal Transit: Formula Grants (Transit Planning)	20.507	NE-2017-005	120,145	
Bus and Bus Facilities Program (Sec. 9 Capital)	20.526	NE-34-0005	170,031	
Pass-Through Nebraska Department Of Roads:				
Federal Transit: Formula Grants (Transit Planning)	20.507	RTP-C990 (017)	86,508	2,912,130
				-
Pass-Through Nebraska Department Of Roads:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CMAQ-55(181)	550,769	
Highway Planning and Construction (Planning)	20.205	SPR-PL1(55)	256,532	
Highway Planning and Construction (Planning)	20.205	SPR-PL1(56)	107,157	
Highway Planning and Construction (10th & Military/Salt Creek)	20.205	LCLC-5215(3)	18,768	
Highway Planning and Construction (70th/VanDorn/Eastborough)	20.205	LCLC-5247(13)	17,111	
Highway Planning and Construction (27th, Holdrege - Fletcher)	20.205	LCLC-5231(16)	14,738	
Highway Planning and Construction (Old Cheney, 40th - Hwy 2)	20.205	LCLC-5202(9)	7,550	
Highway Planning and Construction (Lincoln Bike Share Program)	20.205	CMAQ-55(181)	6,696	979,321
				-
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	* RPT-C551(219)	7,632	
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	* RPT-C551(218)	35,876	43,508
				-
Highway Safety Cluster:				
State and Community Highway Safety (Speed Enforcement)	20.600	402-17-33-06	6,044	
State and Community Highway Safety	20.600	402-17-33	2,825	
State and Community Highway Safety	20.600	402-17-12-77	6,267	
State and Community Highway Safety	20.600	402-18-27-64	4,629	
State and Community Highway Safety	20.600	402-18-12	6,898	
State and Community Highway Safety	20.600	402-18-33-2	9,274	
State and Community Highway Safety	20.600	402-18-12-1-08	3,498	
State and Community Highway Safety	20.600	402-17-75-12	4,463	
State and Community Highway Safety	20.600	402-17-25-12	1,480	
National Priority Safety Programs (Alcohol)	20.616	405B-18-14	5,000	
National Priority Safety Programs (Compliance)	20.616	405D-18-05-1-2	3,600	
National Priority Safety Programs (Alcohol)	20.616	405D-18-05-1-15	5,950	
National Priority Safety Programs (Underage)	20.616	405D-17-05	6,537	
National Priority Safety Programs (Child Restraint Systems)	20.616	405B-14-12-03	2,500	68,965
				-
Total U.S. Department Of Transportation			\$ 5,330,461	\$ -
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices				
Agency Contracts	30.002	EEC45015C0057	\$ 24,881	-
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission:				
Grants to States (Net Lender Contract)	45.310	LS-00-160028-16	\$ 3,810	\$ -
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through State Department Of Environmental Quality:				
Performance Partnership Grants	66.605	RES 89882	\$ 13,301	
Performance Partnership Grants	66.605	A 91016	103,326	116,627
				-
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose				
Activities Relating to the Clean Air Act	66.034	EO 090548	20,021	
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose				
Activities Relating to the Clean Air Act	66.034	DO 019412	7,324	27,345
				-
Total U.S. Environmental Protection Agency			\$ 143,972	\$ -

(Continued)

See Accompanying Notes to Schedule of Federal Awards

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
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program:				
Food and Drug Administration General Grant Funding Program (Retail Food Safety)	93.103	FY 2018	\$ 16,487	
Food and Drug Administration General Grant Funding Program (Retail Food Safety)	93.103	FY 2018	86,736	
Food and Drug Administration General Grant Funding Program (Retail Food Safety)	93.103	FY 2019	<u>17,008</u>	120,231 -
Pass-Through State Department Of Health And Human Services:				
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 34335-Y3-III-D	7,752	
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 39669-Y3-III-D	<u>8,062</u>	15,814 -
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	112,346	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 39699-Y3-III-B	209,008	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 34335-Y3-III-C1	137,544	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 39699-Y3-III-C1	295,717	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 34335-Y3-III-C2	82,236	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 39699-Y3-III-C2	<u>131,930</u>	968,781 -
National Family Caregiver Support, Title III, Part E	93.052	NGA 34335-Y3-III-E	26,843	
National Family Caregiver Support, Title III, Part E	93.052	NGA 39699-Y3-III-E	<u>163,766</u>	190,609 -
Public Health Emergency Preparedness	93.069	34338-Y3	232,124	
Public Health Emergency Preparedness	93.069	27577Y3	10,642	
Public Health Emergency Preparedness	93.069	FY 2019	<u>27,641</u>	270,407 -
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	34154-Y3	11,039	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DO 18704	<u>4,108</u>	15,147 -
Childhood Lead Poisoning Prevention Projects	93.197			3,925 -
Grants to States to Support Oral Health Workforce Activities	93.236	T12HP14997		2,043 -
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	40510-Y3	52,584	
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	6NH231P00756-04-05	32,936	
Immunization Cooperative Agreements (Hepatitis B)	93.268	H231P00756	4,929	
Immunization Cooperative Agreements (Hepatitis B)	93.268	B04MC30625 / 2018	<u>6,695</u>	97,144 -
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	2018	8,696	
Centers for Disease Control and Prevention: Investigations and Tech Assistance	93.283	EO 91245/92048	<u>70,403</u>	79,099 -
National State Based Tobacco Control Programs	93.305	36079-Y3	23,366	
National State Based Tobacco Control Programs	93.305	42270-Y3	<u>7,640</u>	31,006 -
Epidemiology and Laboratory Capacity for Infectious Diseases (West Nile Virus)	93.323	DO 19692	11,815	
Epidemiology and Laboratory Capacity for Infectious Diseases (West Nile Virus)	93.323	36152-Y3	<u>219</u>	12,034 -
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 90217	59,524	
Refugee and Entrant Assistance Program (Health Screening)	93.566	FY 2018	<u>61,178</u>	120,702 -
Refugee and Entrant Assistance Program - Discretionary Grants	93.576	33596-Y3		6,719 -
Social Services Block Grant (SSBG)	93.667	2017/2018		32,980 -
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds	93.758	34833-Y3	20,404	
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds	93.758	34714-Y3	856	
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds	93.758	40060-Y3	170	
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds	93.758		5,632	
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds	93.758		<u>8,330</u>	35,392 -
Maternal, Infant, and Early Childhood Home Visiting Cluster:				
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	Jul-09	46,975	
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	X10MC29488	<u>287,626</u>	334,601 -
HIV Care Formula Grants (HIV-Linkage to Care)	93.917	36214-Y3	19,561	
HIV Care Formula Grants (HIV-Linkage to Care)	93.917	FY 2019	<u>5,724</u>	25,285 -
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	FY 2018	15,920	
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	35011-Y3	<u>12,732</u>	28,652 -
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	34429-Y3	5,988	
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	DO 18657	<u>10,025</u>	16,013 -

(Continued)

See Accompanying Notes to Schedule of Federal Awards

(Expenditures of Federal Awards, Continued)

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
Preventive Health and Health Services Block Grant (GIS-Walkability)	93.991	2B01DP009036-10	4,106	-
Total U.S. Department Of Health And Human Services			\$ 2,410,690	\$ -
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-Through Nebraska Volunteer Service Commission: AmeriCorps (Youth on the Move)	94.006	17AC193230108	\$ 45,190	\$ -
EXECUTIVE OFFICE OF THE PRESIDENT				
Pass-Through Nebraska State Patrol:				
High Intensity Drug Trafficking Areas Program	95.001	18HD02	\$ 7,327	
High Intensity Drug Trafficking Areas Program	95.001	17HD02	58,087 \$ 65,414	\$ -
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2015-CA-00034	\$ 72,596	
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2016-CA-00022	229,227	
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2017-CA-00081	768,837	
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2013-CA-USR-0017	2,384,093 3,454,753	-
Assistance to Firefighters Grant	97.044	EMW-2016-FO-03430	53,626	-
Pass-Through Nebraska Emergency Management:				
Hazard Mitigation Grant	97.039	* 4013-0050	998,975	-
Homeland Security Grant Program (SENHCC-PET)	97.067	EMW-2015-SS-00079-S01	4,738	
Homeland Security Grant Program	97.067	2015	85,376	
Homeland Security Grant Program	97.067	2016	24,015 114,129	-
Total Department of Homeland Security			\$ 4,621,483	\$ -
Total Federal Expenditures			\$ 42,019,525	\$ 872,049

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, 2018

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, 2018. 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, 2018, basic financial statements for LES are audited amounts as of and for the year ended December 31, 2017. 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, 2018, consist of:

CFDA#	Program Name	Outstanding Balance as of August 31, 2018
14.218	Community Development Block Grant	\$11,490,000
14.228	Community Development Block Grant - Neighborhood Stabilization Program	116,000
14.239	HOME Investment Partnership Program	10,319,000

New loans included in the Schedule totaled \$921,000, \$0, and \$1,100,000, for CFDA# 14.218, 14.228, and 14.239, respectively.

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

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, 2018, 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, 2019, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle. 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

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (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 from 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.

Handwritten signature of BKD, LLP in black ink.

Lincoln, Nebraska
February 15, 2019

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, 2018. 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 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, 2018.

Report on Internal Control over Compliance

Management of the 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 an 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, 2019

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2018

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, 2018

Summary of Auditor's Results - Continued

7. The City's major programs were:

Cluster/Program	CFDA Number
CDBG – Entitlement Grants Cluster	14.218
Federal Grants for Rural Areas	20.509
National Urban Search and Rescue (US&R) Response System	97.025
Hazard Mitigation Grant	97.039

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, 2018

Reference Number	Summary of Finding	Status
No matters are reportable.		