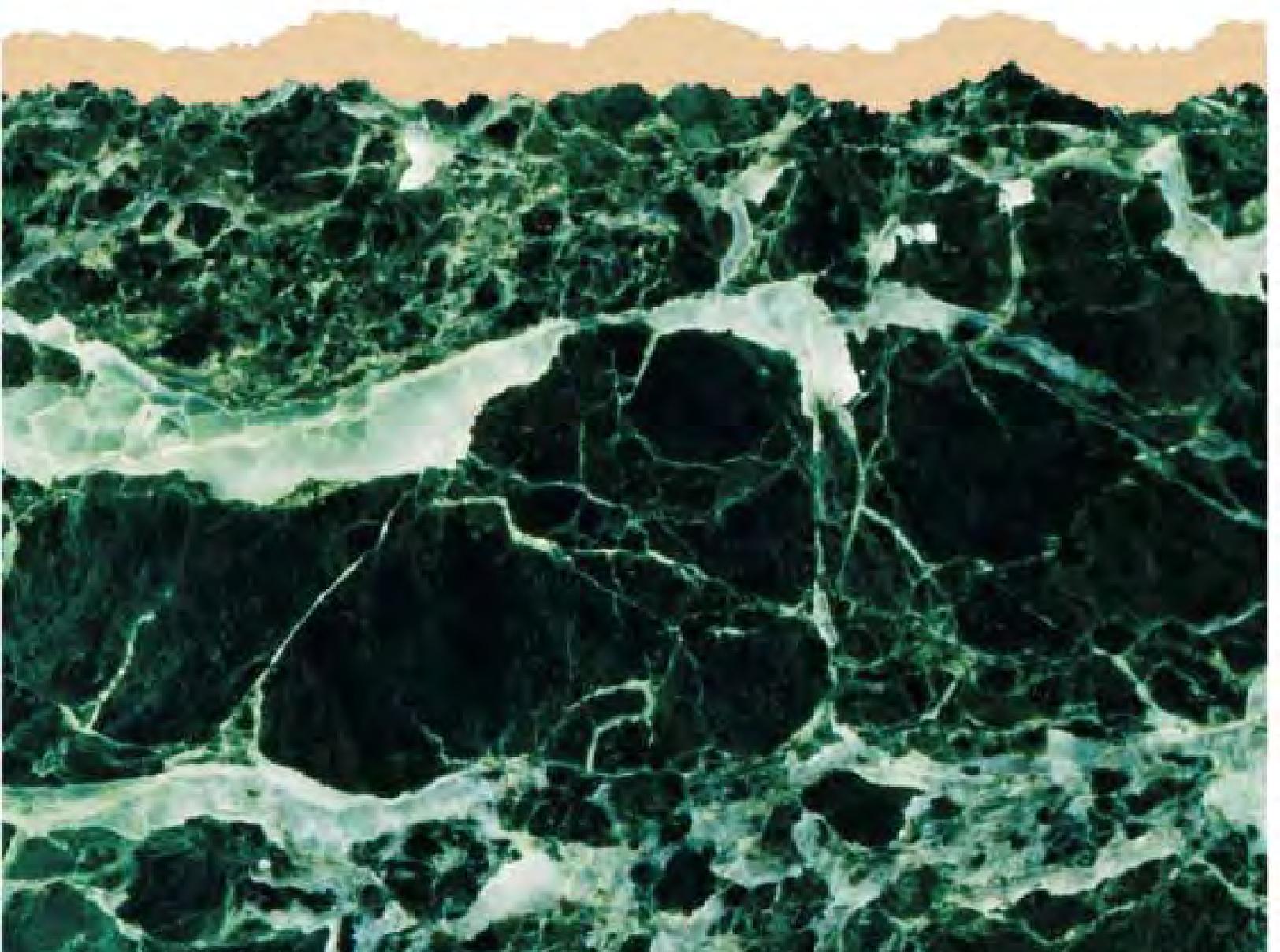


FISCAL YEAR ENDED AUGUST 31, 2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF LINCOLN
NEBRASKA
MAYOR COLEEN J. SENG



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**OF THE
CITY OF LINCOLN, NEBRASKA**

FOR THE FISCAL YEAR ENDED AUGUST 31, 2006

Prepared by:

The Accounting Division of the Finance Department

INTRODUCTORY SECTION

OFFICIALS OF THE CITY OF LINCOLN

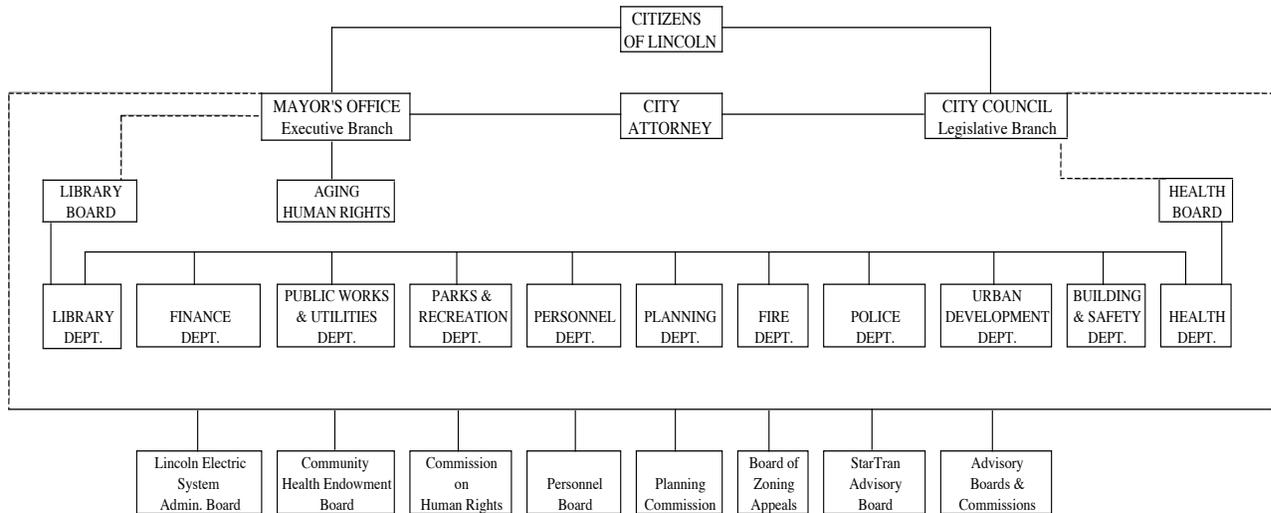
Coleen Seng.....Mayor
 Patte Newman.....Chair, City Council
 Dan Marvin.....Vice Chair, City Council
 Jon Camp.....Council Member
 Jonathan Cook.....Council Member
 Robin Eschliman.....Council Member
 Annette McRoy.....Council Member
 Ken Svoboda.....Council Member

* * * * *

Don Herz.....Finance Director
 Marvin Krout.....Planning Director
 Lynn Johnson.....Parks and Recreation Director
 Terry Bundy.....Lincoln Electric System Administrator
 Marc Wullschleger.....Urban Development Director
 Carol Connor.....Library Director
 Karl Fredrickson.....Public Works/Utilities Director
 Mike Merwick.....Building and Safety Director
 Bruce Dart.....Health Director
 Don Taute.....Personnel Director
 Dana Roper.....City Attorney
 Thomas Casady.....Police Chief
 Danny Wright.....Acting Fire Chief

* * * * *

CITY OF LINCOLN ORGANIZATION CHART



**CITY OF LINCOLN, NEBRASKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED AUGUST 31, 2006
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STATISTICAL SECTION

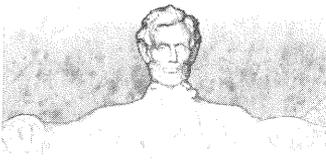
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CITY OF LINCOLN
NEBRASKA



CITY OF LINCOLN
NEBRASKA

MAYOR COLEEN J. SENG

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December 30, 2006

Dear Citizens and Public Officials:

I am pleased to provide the City of Lincoln's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2006.

Fiscal discipline and austerity are the rule for the City of Lincoln finances. We enforce fiscal responsibility to stay within the operating budget. Our stable city government is an asset to Lincoln's overall economy.

Lincoln residents are proud of our growing and prospering City. The City's good financial condition is reflected by the City's excellent bond ratings.

City Departments do an excellent job of meeting the high demand for city services with limited resources. City government is prudent in its use of taxpayers' funds, as evidenced by the significant reduction in the city property tax rate in 2006 and as well as the past ten years.

Our ability to manage the City's fiscal affairs and ensure a full disclosure of the City's fiscal condition is exhibited by the unqualified audit opinion. I am proud to report that for the twenty-third consecutive year the Government Finance Officers Association has again recognized the City with the prestigious Certificate of Achievement for Excellence in Financial Reporting for last year's report. This is a complement to the City Finance Department staff for dealing with these complex accounting issues. We express thanks to the Finance Department staff and to all city departments for their cooperation in preparing this document.

Sincerely,

Coleen J. Seng
Mayor of Lincoln

December 29, 2006

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, 2006, is hereby submitted.

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

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. The federal government, under the revised OMB Circular A-133, requires local governments that expend \$500,000 or more in federal funds in any fiscal year to have a financial and compliance audit performed. As part of the City's Single Audit, tests were made of the City's internal control structure over compliance and its compliance with applicable laws and regulations, including those related to major federal financial assistance programs. The Single Audit for the year ended August 31, 2006, disclosed no material internal control weaknesses. The independent accountants' reports are included in the Single Audit section found at the end of the CAFR.

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

A firm of licensed certified public accountants has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's financial statements for the fiscal year ended August 31, 2006, are fairly presented in conformity with GAAP.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found in the Financial Section immediately following the report of the independent accountants.

Profile of the City

The City of Lincoln, capital city of Nebraska, was originally incorporated on April 7, 1869. Lincoln is located in the southeastern corner of the state, is midway between Chicago and Denver, and is currently one of the fastest growing metro areas in the Midwest. It occupies a land area of approximately 80 square miles, serves a population of over 239,000, and in its growth and development has annexed five other municipalities so that the City includes most of the urban area of Lancaster County. It enjoys a unique position in Nebraska as the center of the state's governmental and educational activities.

The City operates under a Home Rule Charter and has a Mayor-Council form of government with an elected full-time chief executive, the Mayor, and an elected legislative body, the Council, composed of seven members. Three Council members are elected at large and four by district on a nonpartisan basis for a term of four years. All legislative powers of the City are exclusively vested in the Council, as well as the power to adopt the budget, set the tax levy, and equalize taxes and assessments. The Mayor is responsible for the proper conduct of the affairs of the City, with the administration of City government performed under the direction of the Mayor through administrative departments.

The City of Lincoln provides a full range of services, including public safety (police and fire); the construction and maintenance of highways, streets, and other infrastructure; health; planning and zoning; golf courses, parks and recreation; urban development; mass transportation; ambulance transport; electric, water, and wastewater utilities; solid waste management; auditorium; parking facilities; and general administrative services.

The City Council exercises budgetary and/or rate setting authority over the City Library and Lincoln Electric System (LES), neither of which are legally separate from the City and are thus included as part of the primary government. The Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, Parking Lots, Parking Facilities, Golf Courses and Pershing Municipal Auditorium are all part of administrative departments under the direction of the Mayor and are included as part of the primary government. Separately audited financial statements are available for LES, Lincoln Water System, Lincoln Wastewater System, Emergency Medical Services, Solid Waste Management, and the Community Health Permanent Endowment Trust.

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

Economic Condition And Outlook

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

The Lincoln metropolitan area population base (Lancaster County) continues to demonstrate a pattern of sustained growth. According to the U. S. Census figures, the Lincoln metropolitan area population grew over 17% between 1990 and 2000, adding over 3,350 people to the community each year. The 1990

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

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

Despite a slow national and regional economy, Lincoln's growth has continued. Lincoln's unemployment rate at August 31, 2006 was 2.8%, well below the national average of 4.7%, with employment strongest in the categories of government, educational & health services, and retail trade. Lincoln's current construction permit activity is comparable to levels 5 years ago, with an increase in the value of construction permits of over \$11.6 million.

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

Current net sales and use tax revenue increased 1.1% over the previous fiscal year. Tax collections have been impacted by a slowed local economy and exemptions to the sales tax base related to manufacturing equipment.

Long-Term Planning And Major Initiatives

Urban Development

The City anticipates approximately \$24 million of public expenditures funded through various urban development projects and programs over the next three years. These projects are varied in type and size and are located in the Downtown and Haymarket areas, North 27th Street area, Havelock and University Place business areas, Focus Area neighborhoods, the Antelope Valley project area, 48th and O, West O Street, North 56th and Arbor Road, West Cornhusker Highway, and in low - moderate income areas throughout the City.

Financing will be provided by a variety of sources, including CDBG, HOME, and Nebraska Affordable Housing Trust Fund grants, Tax Increment Financing, Advanced Land Acquisition funds, Special Assessments, and General Fund. Funding is often combined with developer, grant or other private sector funds.

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

Ongoing and anticipated projects include:

- ◆ Downtown Redevelopment Projects:
 - 1) Downtown I-180 entryway improvements.
 - 2) Redevelopment of Douglas III theater.
 - 3) Assist the Planning Department and Downtown Lincoln Association to implement the Downtown Master Plan catalyst projects.
- ◆ The North 27th Street Corridor redevelopment projects include:
 - 1) Construction of the pedestrian trail bridge at X Street.
- ◆ Implementation of selected Antelope Valley community revitalization catalyst projects as identified in the Antelope Valley Redevelopment Plan.
- ◆ Havelock Redevelopment on-going projects include streetscape improvements, pedestrian walkway and public parking lot redevelopment and beautification, alley resurfacing and/or repair.

- ◆ University Place Redevelopment includes streetscape improvements, the North 48th/University Place Concept Plan implementation, and redevelopment of the former Green’s Plumbing site.
- ◆ 48th and O North side redevelopment.
- ◆ West O Street redevelopment.
- ◆ North 56th and Arbor Road redevelopment.
- ◆ NW Corridor redevelopment (West Cornhusker Highway).
- ◆ Housing rehabilitation and development programs:
 - 1) Continuation of First-time Homebuyer, Housing Development, and Owner-Occupied housing rehabilitation loan programs.
 - 2) Development of residential housing in Antelope Valley with the neighborhood “champion” for Antelope Valley, NeighborWorks of Lincoln.
 - 3) Continue development of future phases of the affordable housing project, Old Mill Village, with Nebraska Housing Resource and plan the development of the next affordable housing project.
 - 4) Sustain the existing affordable rental housing stock by assisting on-going non-profit and tax credit projects.
- ◆ Housing Rehabilitation and Real Estate Division projects also include:
 - 1) Planning and negotiation for acquisition of park sites.
 - 2) Acquisition and negotiation projects –

<ul style="list-style-type: none"> ✓ 14th and Warlick intersection improvements. ✓ Antelope Valley storm water management and transportation projects. ✓ Upper Beal Sough relief trunk sewer. ✓ SE Upper Salt Creek storm sewer. ✓ South 27th Street, Porter Ridge Road to Yankee Hill Road. ✓ Stevens Creek sanitary sewer. ✓ Special assessment, executive order, and arterial rehab projects. ✓ Salt Valley trunk sewer phase V. ✓ Harris Overpass. ✓ Fletcher Avenue, 14th to 27th. 	<ul style="list-style-type: none"> ✓ Pine Lake Road, 84th to 98th. ✓ LWS, Greenwood transmission main. ✓ 98th Street, Highway 2 to Pine Lake Road. ✓ West Denton, Folsom to Amaranth. ✓ Alvo Road, NW 20th to 1st Street. ✓ West Adams, NW 56th to 48th Street. ✓ Adams, 75th to 84th Street. ✓ Various projects in Public Works/Utilities 6-year program. ✓ Other Parks and Recreation projects city-wide. ✓ Antelope Valley redevelopment plan catalyst projects.
---	--
 - 3) Acquisition and disposition of surplus properties including tax sale lots, street and alley vacation, surplus park sites, surplus right-of-way, and other miscellaneous properties.
 - 4) Relocation projects including Antelope Valley Storm Management, Transportation, and Community Revitalization.
- ◆ Neighborhood Revitalization projects include: Focus Areas – Implementation of focus area public improvements. The focus areas are located in the Woods Park, Near South, Malone, Everett, Clinton, Downtown, North Bottoms, South Salt Creek and Hartley neighborhoods.
- ◆ The Workforce Investment Act (WIA) is federal legislation which took effect on July 1, 2000. Under this legislation, the Mayor of Lincoln is the designated Chief Elected Official working in conjunction with a 47 member Workforce Investment Board. This Board is constituted by law with a business majority. Other members represent community based organizations, education, economic development, organized labor, and program partner agencies. The Board and the Mayor developed a local plan to implement WIA that was approved by the State of Nebraska.

WIA services are provided from the One Stop Career Center, located in downtown Lincoln. During the year, over 23,000 customer visits are made to the Center. Dislocated worker services are made available to individuals laid off from area employers. Recent examples are: TGI Fridays, Experian, Square D, and Alltel. Efforts are underway to further align WIA services with local economic development plans and to increase the level of services to businesses in the workforce area.

Antelope Valley Project

The City of Lincoln, Lower Platte South Natural Resource District and the University of Nebraska-Lincoln have joined together through an interlocal agreement to form the Joint Antelope Valley Authority (JAVA). JAVA is in the process of implementing the Antelope Valley project, which consists of stormwater, transportation and community revitalization strategies.

The stormwater and transportation portions of the project are scheduled for completion in 2012. Redevelopment projects have begun and will progress as flood control work is completed. The entire project is projected to cost \$238 million of which nearly 52 percent has been spent or is under contract.

Projects completed include Fleming Field; Military, Y Street, and Vine Street Bridges and Roadways; the BNSF overpass near Devaney Center; and channel work between Salt Creek and Y Street. The BNSF also completed a railroad bridge project over Antelope Creek in 2005. Landscaping work was completed on the Military, Y Street and Vine Street Roadway projects in 2006. Landscaping work will be done on the BNSF overpass project in 2007.

Work on the P and Q Street Bridges and Roadways began in the fall of 2006 and will be completed by the fall of 2007. Work on the East Leg Bridge and Roadway project, which is a BNSF railroad overpass on the east-west roadway along the south side of State Fair Park, and the O Street Bridge and Roadway are planned to start in the fall of 2007.

The Corps of Engineers is also planning to continue channel work south of Y Street in 2007.

By the end of 2007, it is expected that nearly 75 percent of the cost of the Antelope Valley project will have been spent or be under contract.

Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately \$78,234,000 over the 6-year period of fiscal year 2006-07 through fiscal year 2011-12. Of that total, approximately \$65,367,000 will be financed by revenue bonds, approximately \$3,020,000 will be financed by impact fees, \$2,780,000 from TIF funding, with the remaining \$7,067,000 to come from utility revenue fees. The majority of these dollars are needed for replacement and maintenance of existing infrastructure, new infrastructure to serve development in various basins throughout the City, and improvements to both the Theresa Street and Northeast treatment plants.

Water System

The Lincoln Water System is projecting a capital improvements program in the amount of approximately \$107,839,000 over the 6-year period of fiscal year 2006-07 through 2011-12. Of these dollars, approximately \$85,185,000 will be financed through revenue bonds, approximately \$159,000 will be financed through developer contributions, approximately \$6,960,000 will be financed through impact fees, with the balance of \$15,535,000 coming from utility revenue fees. The major projects contributing to these total dollars include the installation of transmission lines, replacement mains, replacement and new wells, and additional storage reservoirs.

Streets And Highways

The 2007-2012 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of over \$31.8 million for the next six years. Funding for these projects includes \$105 million in City revenues, \$64 million in federal aid, and \$27 million in other funds.

Infrastructure Impact Fees

The City's growth in both population and employment have created demands for new residential and nonresidential development, which in turn creates the need for additional public facilities, including water and wastewater systems, arterial streets, and neighborhood parks and trails. The City's laws, taxes, fees, utility

charges, and other forms of revenue generated from new development do not provide sufficient funds to finance these new facilities.

In response to these funding needs the City of Lincoln passed an ordinance to provide for the imposition of impact fees to ensure that facilities are available to serve new growth and that new development bears its proportionate share of the cost of improvements to the City's facilities. Impact fees for all types of new construction have been set and adopted by the City Council and began June, 2003.

Property Tax Collections

As of August 31, 2006, current tax collections by the County Treasurer were 96.83% of the tax levy, an increase of .03% from last year. Allocations of property tax levy by purpose are as follows:

<u>City Tax Levy By Purpose</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>
General Fund	.1955	.1706	.1692
Library	.0488	.0490	.0485
Social Security	.0139	.0149	.0143
Police and Fire Pension	.0219	.0182	.0149
General Obligation Debt	<u>.0208</u>	<u>.0423</u>	<u>.0434</u>
	.3009	.2950	.2903

Parking Facilities

The City of Lincoln operates the following parking garages:

	<u>Number of Stalls</u>	<u>Date Opened</u>
Center Park	1,048	November, 1978
Cornhusker Square	405	December, 1983
University Square	436	April, 1990
Que Place	773	October, 1994
Carriage Park	710	February, 1995
Market Place	433	August, 2000
Haymarket	420	August, 2002

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

Revenue generated by the parking facilities and on-street parking meters, as well as unappropriated street construction funds, are pledged for debt service of both the 2001 Parking Revenue Bonds and the 1999 Parking Revenue and Refunding Bonds. Comparative data for the past two fiscal years are presented in the following table:

	<u>2005-2006</u>	<u>2004-2005</u>
Operating Revenue	\$ 5,697,352	5,214,542
Operating Income Before Depreciation	2,922,230	2,241,833
On-Street Parking Meter Revenue	835,000	835,000
Street Construction Funds	-	164,142
Revenue Available For Debt Service	3,757,230	3,240,975
Debt Service	2,160,650	2,160,650
Debt Service Coverage Ratio	1.74	1.50

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, 2006, the City estimates that it will incur costs approximating \$15 million to adhere to such requirements (see Note 17 of Notes to the Financial Statements).

Water And Wastewater System

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

<u>Water System</u>	<u>2005-2006</u>	<u>2004-2005</u>
Operating Revenue	\$25,599,610	24,362,174
Operating Income	5,392,459	5,196,025
Revenue Available For Debt Service	13,489,164	12,455,075
Debt Service	8,964,301	8,412,932
Debt Service Coverage Ratio	1.50	1.48

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

<u>Wastewater System</u>	<u>2005-2006</u>	<u>2004-2005</u>
Operating Revenue	\$17,997,650	16,985,552
Operating Income	1,030,996	1,559,979
Revenue Available For Debt Service	8,179,646	8,043,861
Debt Service	5,108,500	3,903,519
Debt Service Coverage Ratio	1.60	2.06

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, 2005, is included in the City's August 31, 2006, 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, 2005. This was the twenty-third consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,

Don Herz
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lincoln
Nebraska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



CITY OF LINCOLN
NEBRASKA

FINANCIAL SECTION



Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska as of and for the year ended August 31, 2006, which collectively comprise the City of Lincoln's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lincoln's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lincoln Electric System which represent 57%, 31% and 75%, respectively, of the total assets, net assets and revenues of the business-type activities. Those financial statements were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Electric System is based solely on the report of the other accountants. The prior-year summarized comparative financial information in these statements, before restatement for the matter described in Note 23, has been derived from the City's basic financial statements as of and for the year ended August 31, 2005, and in our report dated December 30, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other accountants provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other accountants, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Nebraska as of August 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, street construction fund and federal grants fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 23, in 2006 the City changed its method of accounting for rehabilitation and redevelopment loans by retroactively restating prior years' financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2006, on our consideration of the City of Lincoln's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lincoln's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other accountants in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other accountants, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



December 29, 2006



CITY OF LINCOLN
NEBRASKA

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, 2006. 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 18).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at August 31, 2006, by \$1,320,073,572 (net assets). Of this amount, \$147,880,201 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$38,142,176. Of this amount, \$27,590,731, or 72 percent, was an increase in governmental activities and \$10,551,445, or 28 percent, related to business-type activities.
- As of August 31, 2006, the City's governmental funds reported combined ending fund balances of \$172,772,372, a decrease of \$20,767,173 in comparison with the prior year. Of this total fund balance, 60 percent, or \$103,520,893, is available for spending at the City's discretion (unreserved fund balance).
- As of August 31, 2006, unreserved fund balance for the general fund was \$27,463,451, or 29 percent of total general fund expenditures.
- The City's total bonded debt increased by \$93,999,000 (13 percent) during the current fiscal year. The key factor in this increase was the issuance of \$115,000,000 in revenue bonds by Lincoln Electric System.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The statement of activities presents information showing how the City's net assets changed during the year ended August 31, 2006. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 18-19 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-nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street Construction fund, and the Federal Grants fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and most other governmental funds. A budgetary comparison statement has been provided for the General, Street Construction, and Federal Grants major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-27 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 28-30 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 31-32 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 33-68 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its police and fire employees. Required supplementary information can be found on page 69 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$1,320,073,572 at August 31, 2006.

By far the largest portion of the City’s net assets (72 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City Of Lincoln
Condensed Statements of Net Assets
August 31, 2006 and 2005**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 295,093,325	310,881,420	289,911,082	269,056,883	585,004,407	579,938,303
Capital Assets	541,860,899	498,355,444	1,226,525,652	1,127,231,363	1,768,386,551	1,625,586,807
Total Assets	<u>836,954,224</u>	<u>809,236,864</u>	<u>1,516,436,734</u>	<u>1,396,288,246</u>	<u>2,353,390,958</u>	<u>2,205,525,110</u>
Long-Term Liabilities Outstanding	147,861,604	142,349,895	809,509,376	707,732,364	957,370,980	850,082,259
Other Liabilities	17,206,826	22,591,906	58,739,580	50,919,549	75,946,406	73,511,455
Total Liabilities	<u>165,068,430</u>	<u>164,941,801</u>	<u>868,248,956</u>	<u>758,651,913</u>	<u>1,033,317,386</u>	<u>923,593,714</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	417,745,982	399,561,548	536,166,169	509,989,903	953,912,151	909,551,451
Restricted	194,881,737	184,367,499	23,399,483	16,626,836	218,281,220	200,994,335
Unrestricted	59,258,075	60,366,016	88,622,126	111,019,594	147,880,201	171,385,610
Total Net Assets, as restated	<u>\$ 671,885,794</u>	<u>644,295,063</u>	<u>648,187,778</u>	<u>637,636,333</u>	<u>1,320,073,572</u>	<u>1,281,931,396</u>

An additional portion of the City’s net assets (17 percent) represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net assets (11 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

At August 31, 2006, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

City Of Lincoln
Condensed Statements of Activities
For the Years Ended August 31, 2006 and 2005

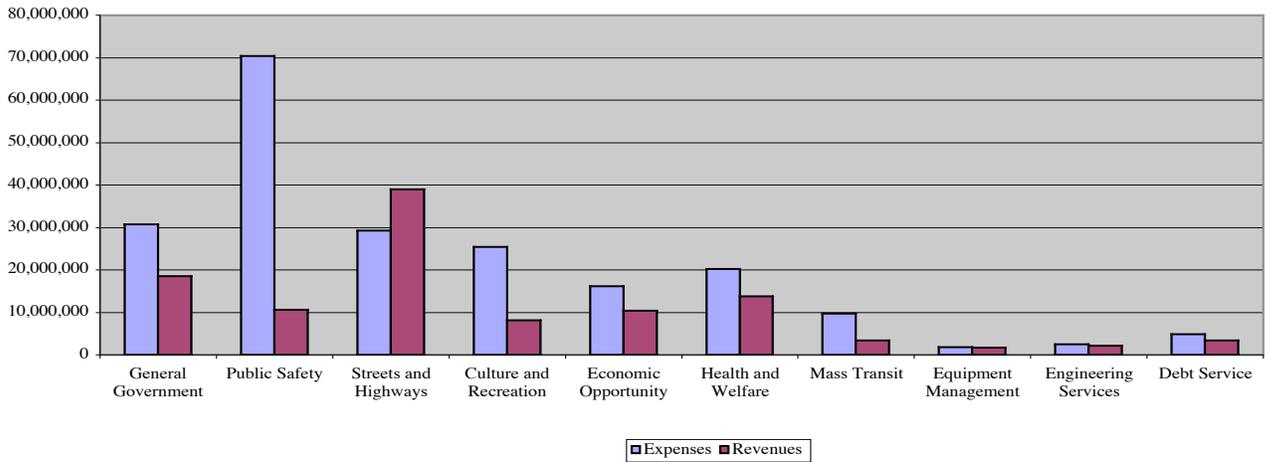
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 41,550,491	38,715,953	250,009,120	227,024,882	291,559,611	265,740,835
Operating Grants and Contributions	45,068,631	36,666,428	-	650,300	45,068,631	37,316,728
Capital Grants and Contributions	24,519,249	48,270,586	11,092,348	9,703,652	35,611,597	57,974,238
General Revenues:						
Property Tax	43,081,366	40,877,070	-	-	43,081,366	40,877,070
Sales and Use Tax	54,348,587	53,741,266	-	-	54,348,587	53,741,266
Other Taxes	22,760,713	22,893,674	2,232,680	2,111,731	24,993,393	25,005,405
Unrestricted Grants and Contributions	1,589,033	1,577,852	-	-	1,589,033	1,577,852
Unrestricted Investment Earnings	3,650,661	2,800,970	6,187,797	3,986,941	9,838,458	6,787,911
Other	1,671,705	3,899,801	277,850	210,321	1,949,555	4,110,122
Total Revenues	238,240,436	249,443,600	269,799,795	243,687,827	508,040,231	493,131,427
Expenses:						
General Government	30,781,582	27,955,407	-	-	30,781,582	27,955,407
Public Safety	70,390,835	70,432,578	-	-	70,390,835	70,432,578
Streets and Highways	29,293,980	20,620,140	-	-	29,293,980	20,620,140
Culture and Recreation	25,379,286	23,827,670	-	-	25,379,286	23,827,670
Economic Opportunity	16,165,310	15,522,471	-	-	16,165,310	15,522,471
Health and Welfare	20,215,258	18,873,394	-	-	20,215,258	18,873,394
Mass Transit	9,706,032	9,511,096	-	-	9,706,032	9,511,096
Equipment Management	1,789,593	2,012,107	-	-	1,789,593	2,012,107
Engineering Services	2,499,482	2,073,123	-	-	2,499,482	2,073,123
Interest on Long-Term Debt	4,853,854	4,859,767	-	-	4,853,854	4,859,767
Parking	-	-	4,857,024	5,186,283	4,857,024	5,186,283
Golf Courses	-	-	3,169,578	3,295,680	3,169,578	3,295,680
Auditorium	-	-	2,403,906	2,211,685	2,403,906	2,211,685
Solid Waste Management	-	-	6,146,612	6,767,689	6,146,612	6,767,689
Ambulance Transport	-	-	3,793,035	3,828,891	3,793,035	3,828,891
Wastewater	-	-	17,563,692	16,461,078	17,563,692	16,461,078
Water	-	-	23,137,996	22,249,027	23,137,996	22,249,027
Electric	-	-	197,751,000	171,812,000	197,751,000	171,812,000
Total Expenses	211,075,212	195,687,753	258,822,843	231,812,333	469,898,055	427,500,086
Increase in Net Assets Before Transfers	27,165,224	53,755,847	10,976,952	11,875,494	38,142,176	65,631,341
Transfers	425,507	1,290,018	(425,507)	(1,289,760)	-	258
Increase in Net Assets	27,590,731	55,045,865	10,551,445	10,585,734	38,142,176	65,631,599
Net Assets - Beginning, as restated	644,295,063	589,249,198	637,636,333	627,050,599	1,281,931,396	1,216,299,797
Net Assets - Ending, as restated	\$ 671,885,794	644,295,063	648,187,778	637,636,333	1,320,073,572	1,281,931,396

GOVERNMENTAL ACTIVITIES

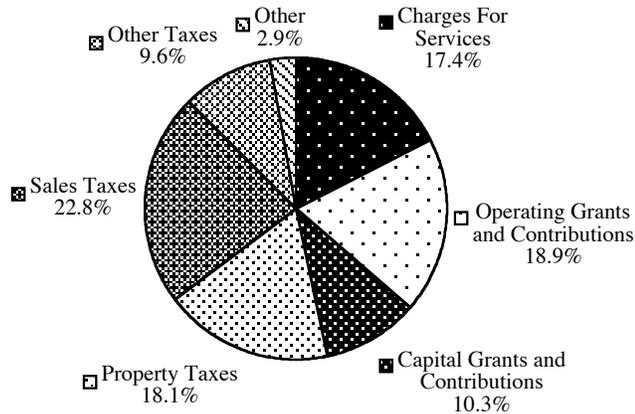
Governmental activities increased the City's net assets by \$27,590,731, accounting for 72 percent of the total growth in the net assets of the City of Lincoln. Key elements of this increase are as follows:

- The City's current year contribution to the Joint Antelope Valley Authority amounted to \$14,646,419.
- Property taxes increased by approximately \$2.2 million (5.4 percent) during 2006. Total growth in the tax base, which includes revaluations, annexations and other adjustments, was 3.8 percent.
- Net sales and use tax increased only by approximately \$600,000 (1.1 percent) during 2006. Legislation passed in 2005 by the Nebraska Legislature exempted manufacturing equipment from both the state and local option sales tax. For the six month period this exemption was in place during the 2006 fiscal year, it is estimated that it reduced Lincoln's sales tax by \$275,000 or .5 percent.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net assets by \$10,551,445, accounting for 28 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

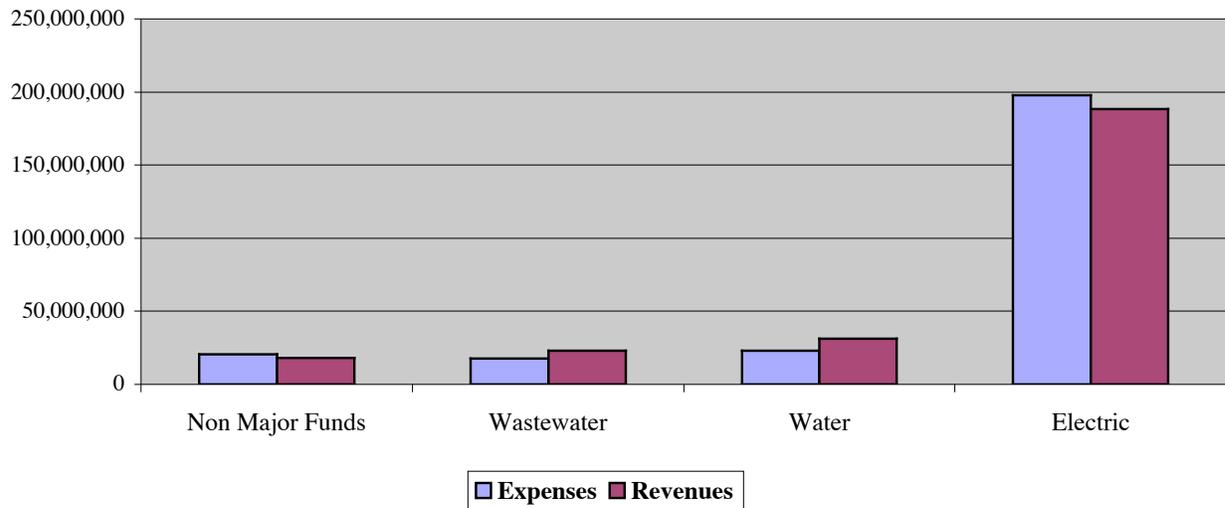
- Charges for services increased by approximately \$23 million, or 10 percent. The Water System revenues increased by \$1.2 million (5 percent) due to a user fee increase of 7 percent implemented with the water billings beginning in February of 2006. Total water pumpage for 2006 exceeded 2005 usage by 1.5 percent. Water pumpage for fiscal year 2006 was the highest of the top five water-use years.

Wastewater revenues are also based on water usage. Increased usage plus an increase of 9 percent in user fees implemented in February 2006 resulted in an operating revenue increase of over \$1 million (6 percent).

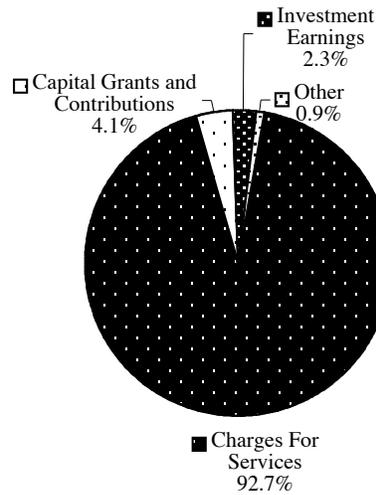
Operating revenues increased 11.8 percent for the Electric System in 2005 primarily due to a 3 percent rate increase effective October 2004 and a 9 percent rate increase effective August 2005. The increased revenues were more than offset by increased operating expenses due to sharply higher natural gas costs,

higher wholesale power prices and a doubling of rail delivery costs to Laramie River Station. The cost increases caused power costs in 2005 to increase \$24.7 million over the prior year.

Expenses And Program Revenues - Business-type Activities



Revenues By Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of August 31, 2006, the City's governmental funds reported combined ending fund balances of \$172,772,372, a decrease of \$20,767,173 in comparison with the prior year. Of this total amount, 60 percent constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

- long-term loans receivable (\$17,497,000),
- pay debt service (\$11,863,224),
- generate income for the purpose of funding health and health-related programs for the citizens of Lincoln (\$37,000,000), and
- a variety of other restricted purposes (\$2,891,255).

The General Fund is the chief operating fund of the City. At August 31, 2006, the unreserved fund balance of the General Fund was \$27,463,451, while total fund balance reached \$29,292,038. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 29 percent of total general fund expenditures, while total fund balance represents 30 percent of that same amount.

The fund balance of the City's General Fund decreased by \$2,111,236 during 2006. The reduction in the fund balance of the General Fund is in compliance with City policy to appropriate balances that are in excess of 20 percent of the ensuing fiscal year's General Fund budget. This is accomplished by appropriating any excess over a 5-year period.

The Street Construction Fund had a total fund balance of \$17,664,311, which is to be used in the construction and maintenance of street and highways. The net decrease in fund balance during 2006 in the Street Construction Fund was \$11,137,072. This decrease was a result of the spend down of bond proceeds received from the issue of \$35,000,000 of general obligation highway allocation bonds. An additional factor is the City's involvement in the Joint Antelope Valley projects and the related capital contributions made.

The Federal Grants Fund had a fund balance of \$17,575,827. Expenditures in the fund decreased by \$681,982 (3 percent), while revenues increased by \$3,489,094 (18 percent). Acceleration in expenditure reimbursements resulted in an approximate \$3 million decrease in borrowing to cover an overdraw of pooled cash.

PROPRIETARY FUNDS

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

Unrestricted net assets of the Wastewater System, Water System, Electric System, and other enterprise funds amounted to \$12,150,833, \$24,090,843, \$49,027,000 and \$3,353,450, respectively, at August 31, 2006. 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 \$25,102 in appropriations) and can be briefly summarized as follows:

- \$(748,343) in miscellaneous decreases in general government activities.
- \$(191,529) in decreases allocated to public safety.
- \$(36,082) in decreases allocated to street maintenance.
- \$(154,824) in decreases allocated to parks and recreation.
- \$1,105,676 in increases allocated for General Fund transfers to other City funds.

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

- \$(1,134,583) negative variance in taxes collected by others. Actual sales tax collections were down 2 percent, attributed to a slow down in both motor vehicle sales and home construction material sales, increased internet sales, and higher gas prices resulting in less disposable income.
- \$1,418,681 positive variance in general government/miscellaneous function expenditures. This variance was the result of better than anticipated insurance and contractual services costs, and contingency funds left unspent.
- \$(1,862,281) negative variance in street lighting function expenditures. This variance was the result of additions related to both normal construction as well as Antelope Valley Project construction.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of August 31, 2006, amounts to \$1,768,386,551 (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 2006 was 9 percent (a 9 percent increase for both governmental activities and business-type activities).

Major capital asset events during 2006 included the following:

- A variety of street construction widening and expansion projects for existing streets and bridges continued. Along with new construction of streets and drainage projects, construction-in-progress as of August 31, 2006, reached \$97,704,282.
- Major electric plant construction including generation (Salt Valley Generating Station and Council Bluffs #4) transmission, substation and distribution system which totaled over \$81 million in 2005, up \$27 million over 2004.
- An agreement with MidAmerican Energy Company is in place for a 100-mega-watt share of the 790 megawatt Council Bluffs #4 Unit slated to start commercial operation in 2007. Construction costs added \$59 million to the construction work in progress in 2005. LES's estimated cost is \$155 million.
- Wastewater System capital assets increased by approximately \$31,332,000 (16 percent) due to major project additions such as:
 - ✓ Northeast treatment plant - \$5,234,000
 - ✓ Theresa Street treatment plant - \$11,039,000
 - ✓ Transmission mains - \$14,767,000

- Water System capital assets increased by approximately \$11,376,000 (5 percent) due to major project additions such as:
 - ✓ Pumping stations - \$1,789,000
 - ✓ Water distribution mains - \$4,960,000
 - ✓ Water transmission pump station and mains - \$472,000
 - ✓ Selected main replacements - \$2,355,000
 - ✓ Wellfield and water treatment plant - \$1,796,000

City Of Lincoln
Capital Assets (net of depreciation)
August 31, 2006 and 2005

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 57,733,188	50,137,989	17,682,928	15,150,478	75,416,116	65,288,467
Buildings	48,432,468	43,793,767	138,885,792	139,685,303	187,318,260	183,479,070
Improvements Other Than Buildings	32,533,330	32,677,569	329,839,791	290,107,032	362,373,121	322,784,601
Machinery and Equipment	31,524,881	31,090,952	9,265,841	9,956,049	40,790,722	41,047,001
Utility Plant	-	-	555,515,000	552,677,000	555,515,000	552,677,000
Infrastructure	267,683,934	244,451,695	-	-	267,683,934	244,451,695
Construction-in-progress	103,953,098	96,203,472	175,336,300	119,655,501	279,289,398	215,858,973
Total	<u>\$ 541,860,899</u>	<u>498,355,444</u>	<u>1,226,525,652</u>	<u>1,127,231,363</u>	<u>1,768,386,551</u>	<u>1,625,586,807</u>

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 49-51 of this report.

LONG-TERM DEBT

At August 31, 2006, the City of Lincoln had total bonded debt outstanding of \$817,777,000. Of this amount, \$99,347,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City Of Lincoln
Outstanding Bonded Debt
(dollar amounts in thousands)
August 31, 2006 and 2005

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$ 99,347	104,538	-	-	99,347	104,538
Tax Supported Bonds	9,110	9,690	-	-	9,110	9,690
Revenue Bonds	-	-	709,320	609,550	709,320	609,550
Total	<u>\$ 108,457</u>	<u>114,228</u>	<u>709,320</u>	<u>609,550</u>	<u>817,777</u>	<u>723,778</u>

The City's total bonded debt increased by \$93,999,000 (13 percent) during 2006. The key factor in this increase was the issuance of \$115,000,000 in revenue bonds by Lincoln Electric System to provide funds for improvements to plant.

The City maintains the following credit ratings:

	Moody's Investors <u>Service</u>	Standard And <u>Poor's</u>	Fitch Investors <u>Service</u>
General Obligation Bonds	Aaa	AAA	-
Municipal Infrastructure			
Redevelopment Fund Bonds	Aa2	AAA	-
Antelope Valley Project Bonds	Aa2	AA	-
Water Revenue Bonds	Aa2	AA-	-
Wastewater Revenue Bonds			
MBIA insured	Aaa	AAA	-
Underlying	Aa2	AA+	-
Parking Revenue Bonds	A2	A	-
Lincoln Electric System			
Revenue Bonds	Aa2	AA	AA
2005 Revenue Bonds			
FSA insured	-	AAA	AAA
Commercial Paper – tax exempt	-	A1+	F1+

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

Additional information on the City's long-term debt can be found in Note 9 of the notes to the financial statements on pages 52-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property tax revenue required to fund the 2007 budget increased \$2,341,560 or 6.36 percent over the prior year. Total growth in the tax base is estimated at 12.95 percent of which 2.80 percent is from additions to the tax base and 10.15 percent from revaluation of existing property by the County Assessor.
- Sales tax collections for 2006 were below projections. 2007 projections reflect a 2.5 percent increase over 2006 actual collections. The 2006 Legislature passed a tax reduction package that narrowed the sales tax base by eliminating some services from the tax base. It is estimated this action will reduce 2007 fiscal year collections by \$1,075,000.
- Permits and fees are projected to increase \$979,005 (33.5 percent) because of \$912,000 expected from prior years under collection of the natural gas franchise fee. The revenue from the natural gas franchise fee is a one time funding source that will only be available for 2007.
- Fuel and utility charges are significant cost items within all City operations and have been increasing at a rapid rate. Increases for 2007 are expected as follows: fuel, oil and diesel \$965,228; electricity \$404,464; natural gas \$140,639; and propane \$14,725.
- A 6 percent water rate increase and a 8 percent wastewater rate increase were adopted by the City Council and become effective February 2007. A \$4 per ton Landfill gate fee increase is effective January 1, 2007 and is expected to generate \$1,000,000 annually.
- As part of employment turnover, there is often a time lag in filling positions or starting new employees at a lower rate of pay. The 2007 budget proposes capturing this savings by under-budgeting projected salary amounts by 1 percent in the tax and tax-subsidized funds as well as the Water, Wastewater, Engineering, and Solid Waste Management funds. This action is used to avoid further program and service cuts, reduce property tax requirements, and reduce the amount of utility rate increases.

All of these factors were considered in preparing the City's budget for the 2007 fiscal year.

At August 31, 2006, unreserved fund balance in the general fund amounted to \$27,463,451. The City of Lincoln has appropriated \$2,028,513 of this amount for spending in the 2007 fiscal year budget. The use of available fund balance aids the City in avoiding the need to raise additional property taxes during 2007.

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.



CITY OF LINCOLN
NEBRASKA

BASIC FINANCIAL STATEMENTS

CITY OF LINCOLN, NEBRASKA

STATEMENT OF NET ASSETS

AUGUST 31, 2006

With Summarized Financial Information as of August 31, 2005

	Governmental Activities	Business-Type Activities	Totals	
			2006	2005 as restated
ASSETS				
Cash and Cash Equivalents	\$ 24,050,053	11,068,888	35,118,941	63,777,456
Investments	86,573,285	48,375,662	134,948,947	154,426,972
Invested Securities Lending Collateral	3,870,941	-	3,870,941	3,674,279
Receivables, (Net of Allowance for Uncollectibles)	31,401,960	30,387,336	61,789,296	58,033,382
Internal Balances	(5,999,396)	5,999,396	-	-
Due from Other Governments	27,363,232	2,812	27,366,044	35,045,066
Inventories	1,887,039	10,326,922	12,213,961	10,892,354
Plant Operation Assets	-	4,886,000	4,886,000	5,093,000
Prepaid Items	703,456	1,601,045	2,304,501	1,643,265
Deferred Charges and Other Assets	940,999	12,431,968	13,372,967	14,765,590
Restricted Assets:				
Cash and Cash Equivalents	-	1,107,660	1,107,660	835,586
Investments	37,160,000	163,118,948	200,278,948	158,619,329
Receivables	-	604,445	604,445	636,687
Investment in Joint Venture	87,141,756	-	87,141,756	72,495,337
Capital Assets:				
Non-depreciable	161,686,286	193,019,228	354,705,514	281,147,440
Depreciable (Net)	380,174,613	1,033,506,424	1,413,681,037	1,344,439,367
 Total Assets	 836,954,224	 1,516,436,734	 2,353,390,958	 2,205,525,110
LIABILITIES				
Accounts Payable	6,294,062	32,211,735	38,505,797	36,430,971
Accrued Liabilities	3,064,430	9,881,748	12,946,178	15,784,922
Due to Other Governments	291,437	118,039	409,476	560,413
Unearned Revenue	2,424,643	222,850	2,647,493	1,278,969
Obligations under Securities Lending	3,870,941	-	3,870,941	3,674,279
Other Liabilities	-	6,714,000	6,714,000	6,349,000
Matured Bonds and Interest Payable	104,249	-	104,249	104,250
Accrued Interest Payable	1,157,064	9,591,208	10,748,272	9,328,651
Noncurrent Liabilities:				
Compensated Absences:				
Payable within One Year	5,907,220	818,761	6,725,981	6,165,218
Payable in More Than One Year	3,445,713	452,984	3,898,697	3,797,323
Claims and Judgements:				
Payable within One Year	2,746,099	-	2,746,099	2,377,583
Payable in More Than One Year	3,165,285	-	3,165,285	2,748,848
Bonds, Notes and Leases Payable:				
Due within One Year	6,537,484	20,457,891	26,995,375	26,186,777
Due in More Than One Year	122,489,420	779,388,740	901,878,160	798,316,930
Net Pension Obligation	3,570,383	-	3,570,383	2,491,580
Accrued Landfill Closure/Postclosure Care Costs	-	8,391,000	8,391,000	7,998,000
 Total Liabilities	 165,068,430	 868,248,956	 1,033,317,386	 923,593,714
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	417,745,982	536,166,169	953,912,151	909,551,451
Restricted for:				
Debt Service, Net of Related Debt	8,134,892	19,745,098	27,879,990	25,007,734
Capital Projects	120,790,850	3,508,901	124,299,751	111,098,636
Long-term Loans Receivable	17,497,000	-	17,497,000	16,669,000
Other	587,171	145,484	732,655	528,777
Trust Donations:				
Expendable	1,749,588	-	1,749,588	1,696,118
Nonexpendable	160,000	-	160,000	160,000
Health Care:				
Expendable	8,962,236	-	8,962,236	8,834,070
Nonexpendable	37,000,000	-	37,000,000	37,000,000
Unrestricted	59,258,075	88,622,126	147,880,201	171,385,610
 Total Net Assets, as restated for 2005	 \$ 671,885,794	 648,187,778	 1,320,073,572	 1,281,931,396

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, 2006
 With Summarized Financial Information for the Year Ended August 31, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Totals	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
							2006	2005 as restated
Functions/Programs								
Governmental Activities:								
General Government	\$ (30,781,582)	16,478,439	1,515,095	560,365	(12,227,683)	-	(12,227,683)	(11,505,455)
Public Safety	(70,390,835)	5,862,622	4,078,519	630,871	(59,818,823)	-	(59,818,823)	(61,110,995)
Streets and Highways	(29,293,980)	5,774,740	14,794,402	18,394,495	9,669,657	-	9,669,657	36,687,476
Culture and Recreation	(25,379,286)	4,207,617	949,407	3,034,117	(17,188,145)	-	(17,188,145)	(16,844,483)
Economic Opportunity	(16,165,310)	754,096	9,637,659	-	(5,773,555)	-	(5,773,555)	(5,846,746)
Health and Welfare	(20,215,258)	3,133,880	10,665,428	12,935	(6,403,015)	-	(6,403,015)	(4,361,224)
Mass Transit	(9,706,032)	1,469,506	1,908,121	-	(6,328,405)	-	(6,328,405)	(6,399,956)
Equipment Management	(1,789,593)	1,696,937	-	-	(92,656)	-	(92,656)	(606,628)
Engineering Services	(2,499,482)	1,973,997	-	197,033	(328,452)	-	(328,452)	(147,635)
Interest on Long-Term Debt	(4,853,854)	198,657	1,520,000	1,689,433	(1,445,764)	-	(1,445,764)	(1,899,140)
Total Governmental Activities	(211,075,212)	41,550,491	45,068,631	24,519,249	(99,936,841)	-	(99,936,841)	(72,034,786)
Business-Type Activities:								
Parking Lots	(204,531)	218,759	-	-	-	14,228	14,228	(73,070)
Golf	(3,169,578)	2,980,546	-	7,526	-	(181,506)	(181,506)	(85,747)
Parking Facilities	(4,652,493)	5,695,710	-	-	-	1,043,217	1,043,217	306,155
Municipal Auditorium	(2,403,906)	1,884,342	-	50,000	-	(469,564)	(469,564)	(729,517)
Solid Waste Management	(6,146,612)	4,128,830	-	-	-	(2,017,782)	(2,017,782)	(2,753,197)
Emergency Medical Services	(3,793,035)	3,289,202	-	-	-	(503,833)	(503,833)	(496,537)
Wastewater System	(17,563,692)	17,955,248	-	5,102,101	-	5,493,657	5,493,657	5,474,540
Water System	(23,137,996)	25,487,483	-	5,932,721	-	8,282,208	8,282,208	7,248,874
Electric System	(197,751,000)	188,369,000	-	-	-	(9,382,000)	(9,382,000)	(3,325,000)
Total Business-Type Activities	(258,822,843)	250,009,120	-	11,092,348	-	2,278,625	2,278,625	5,566,501
Total Primary Government	\$ (469,898,055)	291,559,611	45,068,631	35,611,597	(99,936,841)	2,278,625	(97,658,216)	(66,468,285)
General Revenues:								
Property Tax					43,081,366	-	43,081,366	40,877,070
Motor Vehicle Tax					4,249,847	-	4,249,847	4,256,521
Wheel Tax					9,250,300	-	9,250,300	9,153,599
Sales and Use Tax					54,348,587	-	54,348,587	53,741,266
Sundry and In Lieu Tax					35,020	-	35,020	31,765
Occupation Tax					9,225,546	2,232,680	11,458,226	11,563,520
Unrestricted Grants and Contributions					1,589,033	-	1,589,033	1,577,852
Unrestricted Investment Earnings					3,650,661	6,187,797	9,838,458	6,787,911
Miscellaneous General Revenues					1,107,132	170,825	1,277,957	1,208,250
Gain on Sale of Capital Assets					564,573	107,025	671,598	2,901,872
Transfers					425,507	(425,507)	-	258
Total General Revenues and Transfers					127,527,572	8,272,820	135,800,392	132,099,884
Change in Net Assets					27,590,731	10,551,445	38,142,176	65,631,599
Net Assets - Beginning, as restated for 2005					644,295,063	637,636,333	1,281,931,396	1,216,299,797
Net Assets - Ending, as restated for 2005					\$ 671,885,794	648,187,778	1,320,073,572	1,281,931,396

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

CITY OF LINCOLN, NEBRASKA
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2006

	General Fund	Street Construction Fund	Federal Grants Fund	Other Governmental Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 2,795,099	1,892,172	-	16,580,409	21,267,680
Investments	9,335,039	6,648,997	-	94,125,770	110,109,806
Invested Securities Lending Collateral	-	-	-	3,870,941	3,870,941
Receivables, (Net of Allowance for Uncollectibles)	6,906,403	116,749	17,504,721	6,647,761	31,175,634
Due from Other Funds	2,550,403	7,421,871	-	6,517,177	16,489,451
Due from Other Governments	9,674,794	13,710,220	2,006,990	1,545,910	26,937,914
Inventories	410,802	77,770	-	816,173	1,304,745
Prepaid Items	15,082,252	-	-	-	15,082,252
Total Assets	<u>46,754,792</u>	<u>29,867,779</u>	<u>19,511,711</u>	<u>130,104,141</u>	<u>226,238,423</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	829,478	1,708,441	574,302	1,445,619	4,557,840
Contracts Payable	-	867,997	-	82,691	950,688
Accrued Liabilities	1,312,736	64,298	195,154	1,180,796	2,752,984
Due to Other Funds	14,245,656	24,380	379,230	9,760,349	24,409,615
Due to Other Governments	187,941	33	31,676	70,721	290,371
Unearned Revenue	-	-	-	1,865,121	1,865,121
Obligations under Securities Lending	-	-	-	3,870,941	3,870,941
Deferred Revenue	886,943	9,538,319	755,522	3,483,458	14,664,242
Matured Bonds and Interest Payable	-	-	-	104,249	104,249
Total Liabilities	<u>17,462,754</u>	<u>12,203,468</u>	<u>1,935,884</u>	<u>21,863,945</u>	<u>53,466,051</u>
Fund Balances:					
Reserved for:					
Inventories	410,802	77,770	-	816,173	1,304,745
Prepaid Items	354,735	-	-	-	354,735
Improvements	475,879	-	-	8,725	484,604
Long-term Loans Receivable	-	-	17,497,000	-	17,497,000
Restricted Funds	587,171	-	-	-	587,171
Debt Service	-	-	-	11,863,224	11,863,224
Trust Donations (non-expendable)	-	-	-	160,000	160,000
Health Care (non-expendable)	-	-	-	37,000,000	37,000,000
Unreserved, Reported in:					
General Fund:					
Designated for Debt Service	380,060	-	-	-	380,060
Designated for Subsequent Years Expenditures	4,590,398	-	-	-	4,590,398
Designated for Encumbrances	604,388	-	-	-	604,388
Undesignated	21,888,605	-	-	-	21,888,605
Special Revenue Funds:					
Designated for Subsequent Years Expenditures	-	-	-	1,204,394	1,204,394
Designated for Encumbrances	-	10,257,896	78,827	214,689	10,551,412
Undesignated	-	7,328,645	-	19,505,538	26,834,183
Debt Service Funds	-	-	-	8,491,735	8,491,735
Capital Projects Funds:					
Designated for Encumbrances	-	-	-	1,863,162	1,863,162
Undesignated	-	-	-	17,670,985	17,670,985
Permanent Funds	-	-	-	9,441,571	9,441,571
Total Fund Balances, as restated	<u>29,292,038</u>	<u>17,664,311</u>	<u>17,575,827</u>	<u>108,240,196</u>	<u>172,772,372</u>
Total Liabilities and Fund Balances	<u>\$ 46,754,792</u>	<u>29,867,779</u>	<u>19,511,711</u>	<u>130,104,141</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	516,765,675
Investment in joint venture is not a financial resource and, therefore, not reported in the funds.	87,141,756
Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds.	14,664,242
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	21,613,194
Accrued pension contribution liability requires the use of unavailable financial resources and, therefore, is not reported in the funds.	(82,340)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	(140,989,105)
Net assets of governmental activities	<u>\$ 671,885,794</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, 2006

	General Fund	Street Construction Fund	Federal Grants Fund	Other Governmental Funds	Total
REVENUES					
Taxes:					
Property	\$ 27,123,146	-	-	15,928,319	43,051,465
Motor Vehicle	4,249,847	-	-	-	4,249,847
Wheel	-	-	-	9,250,300	9,250,300
Sales and Use	54,348,587	-	-	-	54,348,587
Sundry and In Lieu	25,427	-	-	8,663	34,090
Occupation	9,232,431	-	-	-	9,232,431
Special Assessment	85	-	-	1,691,181	1,691,266
Intergovernmental	3,495,804	27,561,761	21,660,870	8,039,066	60,757,501
Permits and Fees	3,265,442	4,097,209	558,879	10,501,549	18,423,079
Reimbursement for Services	5,700,748	18,687	549,715	794,042	7,063,192
Program Income	-	-	26,614	-	26,614
Investment Earnings	510,346	458,585	18,226	3,095,039	4,082,196
Donations	695,347	-	101,457	265,393	1,062,197
Keno Proceeds	-	-	-	2,745,869	2,745,869
Miscellaneous	741,593	2,077,764	5,286	1,227,054	4,051,697
Total Revenues	<u>109,388,803</u>	<u>34,214,006</u>	<u>22,921,047</u>	<u>53,546,475</u>	<u>220,070,331</u>
EXPENDITURES					
Current:					
General Government	26,521,402	-	276,948	7,868,291	34,666,641
Public Safety	48,444,530	-	3,219,189	8,400,885	60,064,604
Streets and Highways	8,806,773	5,990,184	-	2,131,618	16,928,575
Culture and Recreation	11,624,341	-	1,130,954	8,182,917	20,938,212
Economic Opportunity	321,743	-	7,827,764	4,473,800	12,623,307
Health and Welfare	465,936	-	7,934,047	17,166,284	25,566,267
Mass Transit	-	-	139,578	8,761,749	8,901,327
Debt Service	-	-	-	11,016,269	11,016,269
Capital Outlay	-	44,959,001	-	20,270,369	65,229,370
Total Expenditures	<u>96,184,725</u>	<u>50,949,185</u>	<u>20,528,480</u>	<u>88,272,182</u>	<u>255,934,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,204,078</u>	<u>(16,735,179)</u>	<u>2,392,567</u>	<u>(34,725,707)</u>	<u>(35,864,241)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	1,688,599	9,327,405	724,659	27,975,938	39,716,601
Transfers Out	(20,973,005)	(3,729,298)	(88,931)	(13,516,636)	(38,307,870)
Issuance of Debt	3,910,000	-	-	5,690,000	9,600,000
Premium on Debt Issued	7,397	-	-	-	7,397
Sale of Capital Assets	51,695	-	-	4,029,245	4,080,940
Total Other Financing Sources (Uses)	<u>(15,315,314)</u>	<u>5,598,107</u>	<u>635,728</u>	<u>24,178,547</u>	<u>15,097,068</u>
Net Change in Fund Balances	(2,111,236)	(11,137,072)	3,028,295	(10,547,160)	(20,767,173)
Fund Balances - Beginning, as restated	<u>31,403,274</u>	<u>28,801,383</u>	<u>14,547,532</u>	<u>118,787,356</u>	<u>193,539,545</u>
Fund Balances - Ending	<u>\$ 29,292,038</u>	<u>17,664,311</u>	<u>17,575,827</u>	<u>108,240,196</u>	<u>172,772,372</u>

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, 2006

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

Net change in fund balances - total governmental funds	\$ (20,767,173)
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.	32,907,375
The net effect of various miscellaneous transactions involving capital contributions is to increase net assets.	12,768,045
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,747,789)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,116,609)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,186,678)
Changes in the net pension asset/obligation do not represent financial activity in governmental funds.	(1,078,803)
Changes in the interest in the underlying net assets of the joint venture do not represent financial activity in governmental funds.	14,646,419
Some pension contribution expenses require the use of unavailable financial resources and, therefore, are not reported as expenditures in governmental funds.	(11,964)
Internal service funds are used by management to charge the costs of certain services to individual funds.	<u>1,177,908</u>
Change in net assets of governmental activities	<u>\$ 27,590,731</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Real Estate and Personal Property Tax	\$ 29,331,695	29,331,695	29,231,681	(100,014)
Taxes Collected by Others	55,404,929	55,404,929	54,270,346	(1,134,583)
Sundry Taxes and In Lieu	25,520	25,520	25,564	44
Occupation Taxes	9,795,376	9,795,376	9,202,819	(592,557)
Special Assessment	650	650	250	(400)
Intergovernmental	2,975,676	2,975,676	3,411,902	436,226
Permits and Fees	2,592,195	2,592,195	2,799,791	207,596
Reimbursement for Services	2,165,793	2,165,793	2,241,993	76,200
Court Fees	491,300	491,300	357,054	(134,246)
Recreation Receipts	2,233,870	2,233,870	2,084,987	(148,883)
Investment Earnings	558,667	558,667	541,149	(17,518)
Donations	708,557	708,557	709,461	904
Rental Income	549,699	549,699	548,990	(709)
Parking Revenue	835,000	835,000	835,000	-
Miscellaneous	428,482	428,482	496,807	68,325
Total Revenues	<u>108,097,409</u>	<u>108,097,409</u>	<u>106,757,794</u>	<u>(1,339,615)</u>
Expenditures:				
General Government:				
Legislative	373,376	373,376	276,275	97,101
Executive	1,441,467	1,441,467	1,293,576	147,891
Financial Administration	2,459,907	2,459,907	2,231,522	228,385
Law	2,208,613	2,208,613	2,077,804	130,809
Personnel Administration	915,099	915,099	909,537	5,562
Planning and Zoning	1,680,544	1,680,544	1,601,642	78,902
Building and Plant	-	-	850,000	(850,000)
Urban Development	837,323	837,323	848,826	(11,503)
Miscellaneous	<u>18,898,101</u>	<u>18,149,758</u>	<u>16,731,077</u>	<u>1,418,681</u>
Total General Government	<u>28,814,430</u>	<u>28,066,087</u>	<u>26,820,259</u>	<u>1,245,828</u>
Public Safety:				
Police	29,235,370	28,988,515	28,355,405	633,110
Fire	19,491,056	19,491,056	19,769,121	(278,065)
Building and Safety	7,465	7,465	7,465	-
Traffic Engineering	<u>1,644,627</u>	<u>1,699,953</u>	<u>1,586,995</u>	<u>112,958</u>
Total Public Safety	<u>50,378,518</u>	<u>50,186,989</u>	<u>49,718,986</u>	<u>468,003</u>
Streets and Highways:				
Street Maintenance	2,676,155	2,640,073	3,205,664	(565,591)
Street Lighting	<u>3,651,386</u>	<u>3,651,386</u>	<u>5,513,667</u>	<u>(1,862,281)</u>
Total Streets and Highways	<u>6,327,541</u>	<u>6,291,459</u>	<u>8,719,331</u>	<u>(2,427,872)</u>
Culture and Recreation:				
Parks and Recreation	12,032,203	11,877,379	11,610,372	267,007
Libraries	<u>132,404</u>	<u>132,404</u>	<u>132,404</u>	<u>-</u>
Total Culture and Recreation	<u>12,164,607</u>	<u>12,009,783</u>	<u>11,742,776</u>	<u>267,007</u>
Economic Opportunity:				
Lincoln Area Agency on Aging	<u>327,359</u>	<u>327,359</u>	<u>326,759</u>	<u>600</u>
Health and Welfare:				
Lincoln/Lancaster County Health	<u>477,205</u>	<u>477,205</u>	<u>475,935</u>	<u>1,270</u>
Total Expenditures	<u>98,489,660</u>	<u>97,358,882</u>	<u>97,804,046</u>	<u>(445,164)</u>
Excess of Revenues Over Expenditures	<u>9,607,749</u>	<u>10,738,527</u>	<u>8,953,748</u>	<u>(1,784,779)</u>
Other Financing Sources (Uses):				
Transfers In	1,576,674	1,576,674	1,706,763	130,089
Transfers Out	(20,413,879)	(21,519,555)	(20,973,005)	546,550
Proceeds from Issuance of Debt	-	-	3,910,000	3,910,000
Premium on Debt Issued	-	-	7,397	7,397
Sale of Capital Assets	<u>47,302</u>	<u>47,302</u>	<u>51,694</u>	<u>4,392</u>
Total Other Financing Sources (Uses)	<u>(18,789,903)</u>	<u>(19,895,579)</u>	<u>(15,297,151)</u>	<u>4,598,428</u>
Net Change in Fund Balances	(9,182,154)	(9,157,052)	(6,343,403)	2,813,649
Fund Balances - Beginning	<u>22,946,411</u>	<u>22,946,411</u>	<u>22,946,411</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 13,764,257</u>	<u>13,789,359</u>	<u>16,603,008</u>	<u>2,813,649</u>

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



CITY OF LINCOLN
NEBRASKA

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 16,137,085	16,137,085	14,950,975	(1,186,110)
Permits and Fees	-	-	3,144,487	3,144,487
Reimbursement for Services	400,000	400,000	18,597	(381,403)
Investment Earnings	150,000	150,000	169,026	19,026
Miscellaneous	-	-	1,662	1,662
Total Revenues	<u>16,687,085</u>	<u>16,687,085</u>	<u>18,284,747</u>	<u>1,597,662</u>
Expenditures -- Streets and Highways:				
Personal Services	3,230,236	3,230,236	3,367,421	(137,185)
Materials and Supplies	473,300	523,300	489,327	33,973
Other Services and Charges	2,828,354	2,727,354	1,814,849	912,505
Capital Outlay	86,885	137,885	85,070	52,815
Total Expenditures	<u>6,618,775</u>	<u>6,618,775</u>	<u>5,756,667</u>	<u>862,108</u>
Excess of Revenues Over Expenditures	<u>10,068,310</u>	<u>10,068,310</u>	<u>12,528,080</u>	<u>2,459,770</u>
Other Financing Sources (Uses):				
Transfers In	9,327,405	9,327,405	9,327,405	-
Transfers Out	<u>(3,729,299)</u>	<u>(3,729,299)</u>	<u>(3,729,299)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>5,598,106</u>	<u>5,598,106</u>	<u>5,598,106</u>	<u>-</u>
Net Change in Fund Balances	15,666,416	15,666,416	18,126,186	2,459,770
Amount Not Required to be Budgeted	(29,740,271)	(29,740,271)	(29,740,271)	-
Fund Balances - Beginning	<u>25,017,639</u>	<u>25,017,639</u>	<u>25,017,639</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 10,943,784</u>	<u>10,943,784</u>	<u>13,403,554</u>	<u>2,459,770</u>

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

CITY OF LINCOLN, NEBRASKA
FEDERAL GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 21,926,347	21,926,347	22,838,469	912,122
Permits and Fees	556,371	556,371	556,371	-
Reimbursement for Services	250,123	250,123	255,123	5,000
Client Contributions	243	243	243	-
Program Income	1,084,223	1,084,223	1,258,614	174,391
Recreation Receipts	176,375	176,375	176,375	-
Investment Earnings	16,393	16,393	16,546	153
Donations	103,457	103,457	103,457	-
Rental Income	114,579	114,579	114,857	278
Private Sector Share of Project	1,500	1,500	1,500	-
Miscellaneous	6,047	6,047	6,127	80
Total Revenues	<u>24,235,658</u>	<u>24,235,658</u>	<u>25,327,682</u>	<u>1,092,024</u>
Expenditures:				
General Government:				
Materials and Supplies	648	648	648	-
Other Services and Charges	241,122	241,122	241,122	-
Total General Government	<u>241,770</u>	<u>241,770</u>	<u>241,770</u>	<u>-</u>
Public Safety:				
Personal Services	1,768,988	1,768,988	1,768,988	-
Materials and Supplies	163,115	163,115	163,115	-
Other Services and Charges	1,128,762	1,128,762	1,128,762	-
Capital Outlay	354,967	354,967	354,967	-
Total Public Safety	<u>3,415,832</u>	<u>3,415,832</u>	<u>3,415,832</u>	<u>-</u>
Culture and Recreation:				
Personal Services	637,151	637,151	637,151	-
Materials and Supplies	28,118	28,118	28,118	-
Other Services and Charges	256,983	256,983	256,983	-
Capital Outlay	129,723	129,723	129,723	-
Total Culture and Recreation	<u>1,051,975</u>	<u>1,051,975</u>	<u>1,051,975</u>	<u>-</u>
Economic Opportunity:				
Personal Services	4,021,544	4,021,544	4,012,379	9,165
Materials and Supplies	92,989	92,989	91,922	1,067
Other Services and Charges	1,850,690	1,850,690	1,904,476	(53,786)
Capital Outlay	23,954	23,954	206,969	(183,015)
Loans and Grants	3,776,752	3,776,752	4,053,154	(276,402)
Total Economic Opportunity	<u>9,765,929</u>	<u>9,765,929</u>	<u>10,268,900</u>	<u>(502,971)</u>

(Continued)

(Federal Grants Fund, Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Personal Services	4,128,413	4,128,413	4,128,413	-
Materials and Supplies	142,302	142,302	142,302	-
Other Services and Charges	3,456,785	3,456,785	3,456,785	-
Capital Outlay	325,273	325,273	325,273	-
Loans and Grants	86,325	86,325	86,325	-
Total Health and Welfare	<u>8,139,098</u>	<u>8,139,098</u>	<u>8,139,098</u>	<u>-</u>
Mass Transit:				
Personal Services	140,000	140,000	140,000	-
Other Services and Charges	3,445	3,445	3,445	-
Total Mass Transit	<u>143,445</u>	<u>143,445</u>	<u>143,445</u>	<u>-</u>
Total Expenditures	<u>22,758,049</u>	<u>22,758,049</u>	<u>23,261,020</u>	<u>(502,971)</u>
Excess of Revenues Over Expenditures	<u>1,477,609</u>	<u>1,477,609</u>	<u>2,066,662</u>	<u>589,053</u>
Other Financing Sources (Uses):				
Transfers In	683,035	683,035	724,659	41,624
Transfers Out	<u>(13,572)</u>	<u>(13,572)</u>	<u>(88,932)</u>	<u>(75,360)</u>
Total Other Financing Sources (Uses)	<u>669,463</u>	<u>669,463</u>	<u>635,727</u>	<u>(33,736)</u>
Net Change in Fund Balances	2,147,072	2,147,072	2,702,389	555,317
Fund Deficits - Beginning	<u>(4,062,667)</u>	<u>(4,062,667)</u>	<u>(4,062,667)</u>	<u>-</u>
Fund Deficits - Ending	<u><u>\$ (1,915,595)</u></u>	<u><u>(1,915,595)</u></u>	<u><u>(1,360,278)</u></u>	<u><u>555,317</u></u>

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

CITY OF LINCOLN, NEBRASKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2006

	Business-Type Activities -- Enterprise Funds				Total	Governmental
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds		Internal Service Funds
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 2,304,158	6,352,912	30,000	2,381,818	11,068,888	2,782,373
Investments	-	-	37,632,000	10,743,662	48,375,662	13,623,479
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	754,102	754,102	-
Investments	-	-	12,457,000	502,602	12,959,602	-
Accounts Receivable, (Net of Allowance for Uncollectibles)	1,557,579	2,893,615	9,607,000	1,749,212	15,807,406	103,217
Accrued Interest Receivable	-	-	783,000	95,490	878,490	123,109
Unbilled Revenues	1,863,030	3,261,410	8,577,000	-	13,701,440	-
Due from Other Funds	1,684,869	4,920,720	-	1,055,871	7,661,460	1,955,475
Due from Other Governments	-	-	-	2,812	2,812	425,318
Inventories	151,657	860,668	9,136,000	178,597	10,326,922	582,294
Plant Operation Assets	-	-	4,886,000	-	4,886,000	-
Prepaid Expenses	-	-	1,575,000	26,045	1,601,045	348,721
Total Current Assets	<u>7,561,293</u>	<u>18,289,325</u>	<u>84,683,000</u>	<u>17,490,211</u>	<u>128,023,829</u>	<u>19,943,986</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	353,558	353,558	-
Investments	17,307,563	39,135,395	89,710,000	4,006,388	150,159,346	-
Accounts Receivable	-	-	-	506	506	-
Accrued Interest Receivable	223,259	338,732	-	41,948	603,939	-
Due from Other Funds	-	-	-	409,128	409,128	-
Total Restricted Assets	<u>17,530,822</u>	<u>39,474,127</u>	<u>89,710,000</u>	<u>4,811,528</u>	<u>151,526,477</u>	<u>-</u>
Deferred Charges	647,175	780,091	10,461,000	543,702	12,431,968	-
Capital Assets:						
Land	2,861,569	4,712,330	-	10,109,029	17,682,928	48,250
Buildings	51,969,327	94,771,662	-	49,269,005	196,009,994	373,146
Improvements Other Than Buildings	193,165,147	219,401,356	-	26,381,924	438,948,427	1,163,159
Machinery and Equipment	7,329,068	5,521,580	-	9,955,295	22,805,943	22,448,009
Utility Plant	-	-	867,075,000	-	867,075,000	-
Construction in Progress	34,995,029	4,573,634	132,770,000	2,997,637	175,336,300	-
Less Accumulated Depreciation	(64,241,546)	(78,954,794)	(311,560,000)	(36,576,600)	(491,332,940)	(13,664,857)
Total Capital Assets, Net	<u>226,078,594</u>	<u>250,025,768</u>	<u>688,285,000</u>	<u>62,136,290</u>	<u>1,226,525,652</u>	<u>10,367,707</u>
Total Noncurrent Assets	<u>244,256,591</u>	<u>290,279,986</u>	<u>788,456,000</u>	<u>67,491,520</u>	<u>1,390,484,097</u>	<u>10,367,707</u>
Total Assets	<u>251,817,884</u>	<u>308,569,311</u>	<u>873,139,000</u>	<u>84,981,731</u>	<u>1,518,507,926</u>	<u>30,311,693</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	320,756	661,384	15,234,000	2,711,300	18,927,440	785,534
Construction Contracts	5,056,926	1,386,369	6,841,000	-	13,284,295	-
Accrued Liabilities	346,829	665,053	8,669,000	200,866	9,881,748	229,106
Accrued Compensated Absences	277,917	306,575	-	234,269	818,761	592,442
Due to Other Funds	-	-	-	319,350	319,350	34,707
Due to Other Governments	-	-	-	118,039	118,039	1,066
Unearned Revenue	-	-	-	222,850	222,850	559,522
Claims	-	-	-	-	-	2,746,099
Accrued Interest	643,280	152,148	8,753,000	42,780	9,591,208	624
Current Portion of Capital Lease	-	-	-	322,891	322,891	56,954
Current Portion of Long-Term Debt	2,005,000	5,340,000	11,050,000	1,740,000	20,135,000	-
Other	-	-	6,714,000	-	6,714,000	-
Total Current Liabilities	<u>8,650,708</u>	<u>8,511,529</u>	<u>57,261,000</u>	<u>5,912,345</u>	<u>80,335,582</u>	<u>5,006,054</u>
Noncurrent Liabilities:						
Due to Other Funds	-	-	-	1,751,842	1,751,842	-
Accrued Compensated Absences	155,364	243,585	-	54,035	452,984	360,376
Claims	-	-	-	-	-	3,165,285
Long-Term Debt, Net	67,755,231	74,590,829	528,011,000	18,651,063	689,008,123	-
Capital Lease Payable	-	-	-	380,617	380,617	166,784
Commercial Paper Notes Payable	-	-	90,000,000	-	90,000,000	-
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	8,391,000	8,391,000	-
Total Noncurrent Liabilities	<u>67,910,595</u>	<u>74,834,414</u>	<u>618,011,000</u>	<u>29,228,557</u>	<u>789,984,566</u>	<u>3,692,445</u>
Total Liabilities	<u>76,561,303</u>	<u>83,345,943</u>	<u>675,272,000</u>	<u>35,140,902</u>	<u>870,320,148</u>	<u>8,698,499</u>
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	160,423,939	199,305,347	134,191,000	42,245,883	536,166,169	10,143,969
Restricted for:						
Debt Service	2,210,193	253,434	14,649,000	2,632,471	19,745,098	-
Capital Projects	471,616	1,573,744	-	1,463,541	3,508,901	-
Other	-	-	-	145,484	145,484	-
Unrestricted	12,150,833	24,090,843	49,027,000	3,353,450	88,622,126	11,469,225
Total Net Assets	<u>\$ 175,256,581</u>	<u>225,223,368</u>	<u>197,867,000</u>	<u>49,840,829</u>	<u>648,187,778</u>	<u>21,613,194</u>

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

CITY OF LINCOLN, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Business-Type Activities -- Enterprise Funds				Total	Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds		
Operating Revenues						
Charges for Services	\$ 17,997,650	25,599,610	188,369,000	3,289,202	235,255,462	30,856,043
Fees	-	-	-	6,816,537	6,816,537	-
Parking Facility Revenue	-	-	-	5,908,352	5,908,352	-
Performance Revenue	-	-	-	1,793,166	1,793,166	-
Other Operating Revenue	-	-	-	413,954	413,954	-
Total Operating Revenues	<u>17,997,650</u>	<u>25,599,610</u>	<u>188,369,000</u>	<u>18,221,211</u>	<u>250,187,471</u>	<u>30,856,043</u>
Operating Expenses						
Personal Services	-	-	-	6,721,906	6,721,906	12,014,102
Contractual Services	-	-	-	3,610,357	3,610,357	-
Operation and Maintenance	9,561,384	11,897,461	10,989,000	5,559,474	38,007,319	17,076,043
Purchased Power	-	-	105,810,000	-	105,810,000	-
Depreciation	5,840,835	6,398,937	28,502,000	3,441,290	44,183,062	2,251,379
Payments in Lieu of Taxes	-	-	7,050,000	-	7,050,000	-
Administrative Costs	1,564,435	1,910,753	22,295,000	-	25,770,188	-
Total Operating Expenses	<u>16,966,654</u>	<u>20,207,151</u>	<u>174,646,000</u>	<u>19,333,027</u>	<u>231,152,832</u>	<u>31,341,524</u>
Operating Income (Loss)	<u>1,030,996</u>	<u>5,392,459</u>	<u>13,723,000</u>	<u>(1,111,816)</u>	<u>19,034,639</u>	<u>(485,481)</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	1,307,815	1,697,768	2,705,000	477,214	6,187,797	527,418
Gain on Disposal of Capital Assets	-	-	-	107,025	107,025	205,614
Occupation Tax	-	-	-	2,232,680	2,232,680	-
Grants	-	-	-	-	-	183,740
Amortization of Deferred Charges	(29,154)	(70,033)	(981,000)	(50,910)	(1,131,097)	-
Interest Expense and Fiscal Charges	(567,884)	(2,860,812)	(22,124,000)	(986,218)	(26,538,914)	(8,524)
Total Nonoperating Revenues (Expenses)	<u>710,777</u>	<u>(1,233,077)</u>	<u>(20,400,000)</u>	<u>1,779,791</u>	<u>(19,142,509)</u>	<u>908,248</u>
Income (Loss) Before Contributions and Transfers	1,741,773	4,159,382	(6,677,000)	667,975	(107,870)	422,767
Capital Contributions	5,102,101	5,932,721	-	1,149,282	12,184,104	639,083
Transfers In	-	-	-	525,000	525,000	116,058
Transfers Out	-	-	(1,299,000)	(750,789)	(2,049,789)	-
Change in Net Assets	<u>6,843,874</u>	<u>10,092,103</u>	<u>(7,976,000)</u>	<u>1,591,468</u>	<u>10,551,445</u>	<u>1,177,908</u>
Net Assets - Beginning	<u>168,412,707</u>	<u>215,131,265</u>	<u>205,843,000</u>	<u>48,249,361</u>	<u>637,636,333</u>	<u>20,435,286</u>
Net Assets - Ending	<u>\$ 175,256,581</u>	<u>225,223,368</u>	<u>197,867,000</u>	<u>49,840,829</u>	<u>648,187,778</u>	<u>21,613,194</u>

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, 2006

	Business-Type Activities -- Enterprise Funds				Total	Governmental Activities -- Internal Service Funds
	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Other Enterprise Funds		
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ 17,782,996	24,992,562	196,247,000	17,870,936	256,893,494	8,735,292
Receipts from Interfund Services Provided	151,497	614,542	4,200,000	251,806	5,217,845	22,098,603
Payments to Suppliers for Goods and Services	(2,956,312)	(4,284,002)	(126,667,000)	(7,165,753)	(141,073,067)	(14,744,107)
Payments to Employees	(6,578,300)	(7,269,902)	(20,725,000)	(6,816,277)	(41,389,479)	(12,256,098)
Payments for Interfund Services Provided	(1,630,612)	(2,718,624)	(1,707,000)	(1,482,839)	(7,539,075)	(1,916,841)
Payments in Lieu of Taxes	-	-	(6,207,000)	-	(6,207,000)	-
Other Receipts	-	-	-	413,954	413,954	-
Net Cash Provided by Operating Activities	<u>6,769,269</u>	<u>11,334,576</u>	<u>45,141,000</u>	<u>3,071,827</u>	<u>66,316,672</u>	<u>1,916,849</u>
Cash Flows from Noncapital Financing Activities						
Occupation Tax	-	-	-	2,290,410	2,290,410	-
Transfers from Other Funds	-	-	-	525,000	525,000	116,058
Transfers to Other Funds	-	-	(1,299,000)	(750,789)	(2,049,789)	-
Advances from General Fund	-	-	-	696,630	696,630	-
Repayment of Advances from General Fund	-	-	-	(199,468)	(199,468)	-
Advances to Other Funds	-	(81,242)	-	(512,181)	(593,423)	(181,554)
Payments from Other Funds	1,621,675	-	-	2,794	1,624,469	9,013
Capital Contributions	-	-	-	50,000	50,000	-
Interest Paid	-	-	-	(60,321)	(60,321)	-
Federal Grant Revenue	-	-	-	-	-	292,567
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,621,675</u>	<u>(81,242)</u>	<u>(1,299,000)</u>	<u>2,042,075</u>	<u>2,283,508</u>	<u>236,084</u>
Cash Flows from Capital and Related Financing Activities						
Additions to Capital Assets	(30,723,068)	(11,245,000)	(80,719,000)	(3,121,668)	(125,808,736)	(2,502,635)
Proceeds from Sale of Capital Assets	-	-	-	107,025	107,025	352,200
Proceeds from Long-Term Debt	-	-	136,804,000	4,012,575	140,816,575	-
Cost of Debt Issuance	-	-	-	(75,504)	(75,504)	-
Net Cost of Retiring Plant	-	-	(360,000)	-	(360,000)	-
Principal Payments of Capital Lease	-	-	-	(432,439)	(432,439)	(55,085)
Principal Payments of Long-Term Debt	(2,065,000)	(5,130,000)	(30,718,000)	(1,490,000)	(39,403,000)	-
Interest and Fiscal Charges Paid	(575,246)	(3,070,863)	(23,437,000)	(924,869)	(28,007,978)	(8,663)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(33,363,314)</u>	<u>(19,445,863)</u>	<u>1,570,000</u>	<u>(1,924,880)</u>	<u>(53,164,057)</u>	<u>(2,214,183)</u>
Cash Flows from Investing Activities						
Proceeds from Sale and Maturities of Investments	17,930,426	3,393,784	381,843,000	1,363,091	404,530,301	182,499
Purchases of Investments	(2,216,414)	(2,721,141)	(427,436,000)	(5,769,358)	(438,142,913)	(2,206,854)
Interest and Other Receipts	1,275,972	2,021,705	15,000	590,037	3,902,714	621,471
Net Cash Provided (Used) by Investing Activities	<u>16,989,984</u>	<u>2,694,348</u>	<u>(45,578,000)</u>	<u>(3,816,230)</u>	<u>(29,709,898)</u>	<u>(1,402,884)</u>
Net Decrease in Cash and Cash Equivalents	(7,982,386)	(5,498,181)	(166,000)	(627,208)	(14,273,775)	(1,464,134)
Cash and Cash Equivalents - Beginning	10,286,544	11,851,093	196,000	4,116,686	26,450,323	4,246,507
Cash and Cash Equivalents - Ending	<u>\$ 2,304,158</u>	<u>6,352,912</u>	<u>30,000</u>	<u>3,489,478</u>	<u>12,176,548</u>	<u>2,782,373</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating Income (Loss)	\$ 1,030,996	5,392,459	13,723,000	(1,111,816)	19,034,639	(485,481)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	5,840,835	6,398,937	28,502,000	3,441,290	44,183,062	2,251,379
Changes in Assets and Liabilities:						
Accounts Receivable and Unbilled Revenues	(65,907)	(156)	(1,112,000)	343,606	(834,457)	194,042
Due from Other Funds	-	-	-	12,287	12,287	12,078
Due from Other Governments	-	-	-	2,527	2,527	(82,064)
Inventories	(10,209)	(124,233)	(961,000)	(12,438)	(1,107,880)	(123,490)
Plant Operation Assets	-	-	207,000	-	207,000	-
Prepaid Expenses	-	-	(467,000)	19,154	(447,846)	(177,618)
Other Assets	-	-	521,000	-	521,000	-
Accounts Payable	67,961	(178,713)	3,520,000	131,862	3,541,110	(56,606)
Accrued Liabilities	(117,406)	(182,350)	-	(94,335)	(394,091)	(298,634)
Accrued Compensated Absences	22,999	28,632	-	15,778	67,409	49,700
Due to Other Funds	-	-	-	(33,443)	(33,443)	(4,458)
Due to Other Governments	-	-	-	7,290	7,290	(748)
Unearned Revenue	-	-	-	(42,935)	(42,935)	(146,204)
Claims	-	-	-	-	-	784,953
In Lieu of Taxes	-	-	843,000	-	843,000	-
Deferred Credits and Other Liabilities	-	-	365,000	-	365,000	-
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	393,000	393,000	-
Total Adjustments	<u>5,738,273</u>	<u>5,942,117</u>	<u>31,418,000</u>	<u>4,183,643</u>	<u>47,282,033</u>	<u>2,402,330</u>
Net Cash Provided by Operating Activities	<u>\$ 6,769,269</u>	<u>11,334,576</u>	<u>45,141,000</u>	<u>3,071,827</u>	<u>66,316,672</u>	<u>1,916,849</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:						
Contribution of Capital Assets	\$ 4,580,372	4,215,100	-	1,099,282	9,894,754	639,083
Capital Asset Trade-Ins	-	-	-	-	-	7,537
Purchase of Capital Assets on Account	5,056,926	1,386,369	-	1,931,115	8,374,410	234,822
Change in Fair Value of Investments	<u>78,062</u>	<u>(323,112)</u>	<u>2,499,000</u>	<u>(133,739)</u>	<u>2,120,211</u>	<u>(113,979)</u>

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

CITY OF LINCOLN, NEBRASKA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2006

	Police & Fire Pension Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 585,380	6,821,827
Investments:		
Pooled Investment Funds	1,106,097	-
U.S. Agency Obligations	-	2,821,472
Corporate Bonds	4,785,000	-
Municipal Bonds	1,053,500	-
Mutual Funds	145,782,884	-
Real Estate Limited Partnership	22,789,813	-
Debt Private Placement	2,000,000	-
Total Investments	177,517,294	2,821,472
Receivables:		
Contributions	588,296	-
Accrued Interest	697,413	40,156
Other	-	30,238
Due from Other Governments	197	-
Contractor Retainage	-	790,624
Total Assets	179,388,580	10,504,317
LIABILITIES		
Warrants Payable	-	4,953,375
Accounts Payable	115,134	175,845
Accrued Liabilities	1,957	-
Accrued Compensated Absences	13,124	-
Due to Other Governments	-	3,863,352
Due to Contractors	-	1,322,215
Due to Joint Venture	-	177,157
Due to Bondholders	-	12,373
Total Liabilities	130,215	10,504,317
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	\$ 179,258,365	-

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

CITY OF LINCOLN, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED AUGUST 31, 2006

	Police & Fire Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 3,276,234
Employee	2,085,588
Total Contributions	5,361,822
Investment Earnings:	
Interest	804,676
Dividends	2,546,782
Net Increase in Fair Value of Investments	14,438,019
Net Investment Earnings	17,789,477
Total Additions	23,151,299
Deductions:	
Benefit Payments	7,826,968
Refunds of Contributions	83,948
Administrative Costs	261,300
Total Deductions	8,172,216
Change in Net Assets	14,979,083
Net Assets Held in Trust for Pension Benefits and Other Purposes - Beginning	164,279,282
Net Assets Held in Trust for Pension Benefits - and Other Purposes - Ending	\$ 179,258,365

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, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The accompanying financial statements present the government of the City of Lincoln, Nebraska (City). Based upon the criteria identified in Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, and Statement 39, *Determining Whether Certain Organizations are Component Units*, none of the City's significant potential component units are required to be included as part of the reporting entity. Regarding related organizations, the City's Mayor appoints and the City Council approves all of the board appointments of the Housing Authority of the City of Lincoln. However, the City has no further accountability for this organization.

FISCAL YEAR-END

All funds of the City, with the exception of Lincoln Electric System (LES), are reported as of and for the year ended August 31, 2006. 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, 2005. The amounts included in the City's 2006 financial statements for LES are figures as of and for the year ended December 31, 2005.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

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

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

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

The City reports the following major governmental funds:

The General Fund finances the day-to-day operation of the basic governmental activities, such as legislative, judicial, administration, police and fire protection, legal services, planning, and parks and recreation.

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

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

The City reports the following major enterprise funds:

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

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

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

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

Additionally, the City reports the following fund types:

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

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

The Agency Funds account for the collection of various taxes, fines, fees, and loan programs due to other government entities; good faith money due to contractors upon project completion; funds held to pay outstanding warrants; funds to pay phone system charges; defeased bond proceeds to pay called bonds for which the City Treasurer is trustee; funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project; funds deposited by Gateway Shopping Center in fulfillment of a condition of the use permit for expansion; and reserve funds held for the Public Building Commission Bonds.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict pronouncements of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Only the City's Lincoln Wastewater System and Lincoln Water System funds have elected to follow subsequent private-sector guidance.

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

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

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

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

ASSETS, LIABILITIES, AND NET ASSETS OR FUND EQUITY

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. These investments are not specifically identified with any one fund. Interest is allocated to the individual funds on the basis of average cash balances.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

The City may invest in certificates of deposit, in time deposits, and in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made.

Investments in the Pension Trust Fund are carried at fair value. Investments in other funds are carried at fair value, except for short-term investments which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Income from investments held by the individual funds is recorded in the respective funds as it is earned.

Receivables and Payables

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

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent current assets. Recognition of governmental fund type revenues represented by noncurrent receivables generally is deferred until they become current receivables.

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

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. When certain payments are made that have benefit to future accounting periods and are funded by interfund borrowings, they are recorded as prepayments, with a like amount of interfund liability reflected. The prepayments are charged to expenditures on the governmental fund financial statements over the period of their economic benefit.

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

Deferred Charges

Advances for mine development are payments made for the construction of the Dry Fork Coal Mine and are included in deferred charges on the statement of net assets. The mine is expected to provide fuel for Laramie River Station over the estimated 25 year life of the mine. The advances will be returned to LES over the estimated life of the mine.

Restricted Assets

Certain proceeds of the enterprise funds revenue bonds and resources set aside for their repayment are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Assets included in the Bond Principal and Interest Account and the Bond Reserve Account are restricted for the payment of bond principal and interest. Assets included in the Surplus Account and the Depreciation and Replacement Account are restricted for purposes including improvements, repairs and replacements, acquisition of equipment, and the payment of bond principal and interest. Assets included in the Construction Account are restricted for paying the cost of the capital projects.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

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

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

A recap of restrictions and related balances at August 31, 2006 are as follows:

Fund Account	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Lincoln Wastewater System	Lincoln Water System	Lincoln Electric System	Totals
Principal and Interest	\$ -	130,975	-	-	-	-	12,457,000	12,587,975
Reserve	316,500	1,815,575	-	400,000	5,023,838	8,044,681	17,786,000	33,386,594
Surplus	-	-	-	-	1,013,117	-	-	1,013,117
Depreciation and Replacement	100,000	682,850	-	-	-	-	-	782,850
Construction	-	-	-	2,464,105	11,493,867	31,429,446	71,924,000	117,311,418
Capital Improvements	3,990	-	8,753	-	-	-	-	12,743
Marketing	-	-	145,484	-	-	-	-	145,484
	<u>\$ 420,490</u>	<u>2,629,400</u>	<u>154,237</u>	<u>2,864,105</u>	<u>17,530,822</u>	<u>39,474,127</u>	<u>102,167,000</u>	<u>165,240,181</u>

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

Investment in Joint Venture

Investment in joint venture consists of the City's interest in the Joint Antelope Valley Authority (see Note 19), a joint administrative entity reported in the City's financial statements using the equity method of accounting.

Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Improvements	5 - 40
Infrastructure	20 - 100
Equipment	2 - 20
Utility Plant	30 - 40

The exception to this rule is library media, which is depreciated using a composite depreciation method.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

Compensated Absences

City employees generally earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation which is in no case longer than 35 days.

Employees earn sick leave at the rate of one day per month with total accumulation limits established by the employees' bargaining unit. Upon retirement, an employee is reimbursed for accumulated sick leave with maximums depending on the employees' bargaining unit contract. In some cases payment may be placed directly in a medical spending account rather than reimbursing the employee directly. Police union employees who leave the City's service in good standing after giving two weeks notice of termination of employment are also compensated for sick leave. LES is covered by a separate personnel plan regarding vacation and sick leave with the liability for these benefits recorded in accrued liabilities.

Vacation leave and other compensated absences with similar characteristics are accrued as the benefits are earned if the leave is attributable to past service and it is probable that the City will compensate the employees for such benefits. Sick leave and other compensated absences with similar characteristics are accrued as the benefits are earned only to the extent it is probable that the City will compensate the employees for such benefits through cash payments conditioned on the employee's termination or retirement. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the bonds-outstanding method.

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

Fund Equity

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

The City has established a policy providing for an unreserved fund balance in the City's General Fund. To meet excess cash flow needs, no less than twenty percent of the ensuing year's General Fund budget is to be set aside as an unrestricted reserve. Currently \$22,206,022 of the General Fund's unreserved fund balance of \$27,463,451 meets the requirements of this policy, leaving an additional unreserved balance of \$5,257,429.

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Net Assets Classification

Net assets are required to be classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, and unamortized bond issuance costs reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

Restricted – This component of net assets consists of restrictions placed on net assets use through external constraints imposed by creditors (such as debt covenants), contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$218,281,220 of restricted net assets, of which \$15,084,992 is restricted by enabling legislation.

Unrestricted – This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

BUDGETARY DATA

The City Council follows these procedures, set out in the City Charter, in establishing the budgetary data reflected in the financial statements:

- 1) At least 40 days prior to the end of the budget and fiscal year, the Mayor submits to the City Council a proposed annual budget for the ensuing year. The annual budget is a complete financial plan for the ensuing budget year and consists of an operating budget and a capital budget.
- 2) Public hearing on the proposed budget is scheduled for not later than 10 days prior to the budget adoption date.
- 3) Not later than 5 days prior to the end of the fiscal year, the budget is legally adopted by resolution of the City Council.
- 4) The Mayor is authorized to transfer unencumbered balances between appropriations of the same department or agency. The Mayor also has authority to lower appropriations in any fund where actual revenues are less than appropriated in order to avoid incurring a budget deficit for the year.

Appropriation transfers between departments or agencies may only be authorized by resolution of the City Council. The Council may not make any appropriations in addition to those authorized in the annual budget, except that it may authorize emergency appropriations in the event of an emergency threatening serious loss of life, health, or property in the community.

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

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

- 6) Appropriation controls are required at the departmental level. However, as a matter of policy and practice, appropriations generally are controlled at the next level of organization (division) or by fund within a department.

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- 7) Operating appropriations lapse at the end of the fiscal year except for capital improvement appropriations and year-end encumbrances against operating budgets. Capital improvement appropriations are continuing appropriations through completion of the project.
- 8) Budgets are adopted by resolution for the following fund types: general, special revenue, debt service, capital projects, permanent, enterprise, internal service, and pension trust. Legally adopted annual budgets are not established for certain special revenue (Advance Acquisition, Tax Sales Revolving, Police & Fire Pension Contributions, Special Assessment, Property Tax Refunds, Impact Fees, Parks & Recreation Special Projects, and Commission on Aging Gift Trust), debt service (Special Assessment), permanent (J.J. Hompes), and agency funds. In addition, capital project funds are budgeted on a project rather than an annual basis.

ENDOWMENTS

The Community Health Permanent Endowment Fund was established in 1997 with the \$37,000,000 cash proceeds realized by the City from the sale of Lincoln General Hospital, and may be increased by donations, bequests, or appropriations to the fund. Investment earnings of the fund are used for funding health and health-related programs that further the health, safety, or welfare of the citizens of Lincoln. The initial endowment principal is reported as restricted net assets in the statement of net assets.

PRIOR-YEAR SUMMARIZED FINANCIAL INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements as of and for the year ended August 31, 2005, from which the summarized information, before restatement for the matter described in Note 23, was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

ESTIMATES

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

NEW ACCOUNTING PRONOUNCEMENTS

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

GASB has also issued its Statement 47, *Accounting for Termination Benefits*. Statement 47 provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. The City expects to first apply GASB No. 47 during the year ending August 31, 2007.

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

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

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide

CITY OF LINCOLN, NEBRASKA
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statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.” The details of the \$140,989,105 difference are as follows:

Bonds Payable	\$ 108,457,555
Less deferred charge for issuance costs	(940,999)
Less issuance discounts	(22,967)
Plus issuance premiums	2,271,165
Capital Leases Payable	18,097,413
Accrued Interest Payable	1,156,440
Net Pension Obligation	3,570,383
Compensated Absences	<u>8,400,115</u>
Net difference	<u>\$ 140,989,105</u>

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$32,907,375 difference are as follows:

Capital outlay	\$ 51,751,348
Depreciation expense	<u>(18,843,973)</u>
Net difference	<u>\$ 32,907,375</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(3,116,609) difference are as follows:

Debt issued or incurred:	
Issuance of capital leases	\$ (6,540,000)
Issuance of certificates of participation	(3,060,000)
Deferred charge for issuance costs	43,657
Issuance premiums	(7,397)
Amortization of deferred items	(22,121)
Principal repayments	<u>6,469,252</u>
Net difference	<u>\$ (3,116,609)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$(2,186,678) difference are as follows:

Loss on disposal of capital assets	\$ (1,625,392)
Accrued interest	(16,258)
Compensated absences	<u>(545,028)</u>
Net difference	<u>\$ (2,186,678)</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
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(3) RECONCILIATION OF BUDGET BASIS TO GAAP

Amounts presented on a non-GAAP budget basis of accounting differ from those presented in accordance with GAAP due to the treatment afforded accruals, encumbrances, and funds for which legally adopted annual budgets are not established. A reconciliation for the year ended August 31, 2006, which discloses the nature and amount of the adjustments necessary to convert the actual GAAP data to the budgetary basis, is presented below:

	<u>General Fund</u>	<u>Street Construction Fund</u>	<u>Federal Grants Fund</u>
Net Change in Fund Balances:			
Balance on a GAAP basis	\$(2,111,236)	(11,137,072)	3,028,295
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.	(4,232,167)	(477,013)	(325,906)
Entity differences occur when the budget excludes programs or entities that fall within the financial reporting entity as defined by GAAP.	<u>-</u>	<u>29,740,271</u>	<u>-</u>
Balance on a budget basis	<u>\$(6,343,403)</u>	<u>18,126,186</u>	<u>2,702,389</u>

(4) DEPOSITS AND INVESTMENTS

DEPOSITS

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

State Statutes 15-846 and 15-847 R.R.S., 1943 require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the City Treasurer in the amount of the City's deposits. The Statutes allow pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC).

At August 31, 2006, the City's cash deposits or certificates of deposit, in excess of the \$100,000 FDIC limits, are covered by collateral held in a Federal Reserve pledge account or by an agent for the City and thus no custodial credit risk exists.

INVESTMENTS

For an investment, *custodial credit risk* is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. None of the underlying securities for the City's investments at August 31, 2006 are subject to custodial credit risk, as they are held in an account in the City's name, and by an agent who is not the counterparty to the investment transactions.

CITY OF LINCOLN, NEBRASKA
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August 31, 2006

At August 31, 2006, the City had the following investments, maturities and credit ratings:

Type	August 31, 2006					Credit Rating Moody / S&P
	Carrying Value	Maturities in Years				
		Less than 1	1-5	6-10	More than 10	
General City:						
U.S. Treasury Obligations	\$ 74,098,928	61,402,997	9,581,250	3,114,681	-	N/A
U.S. Sponsored Agency Obligations	151,761,653	64,438,161	83,441,007	3,882,485	-	Aaa / AAA
Collateralized Repurchase Agreements	1,820,768	1,820,768	-	-	-	N/A
Collateralized Investment Agreements	1,120,000	-	-	1,120,000	-	Aaa / A
Collateralized Investment Agreements	8,069,981	-	-	-	8,069,981	Aa/AA
Money Market Mutual Funds - U.S. Treasury	1,044,807	1,044,807	-	-	-	N/A
Money Market Mutual Funds - U.S. Agencies	49,924,483	49,924,483	-	-	-	Aaa / AAA
Money Market Mutual Funds	8,017,360	8,017,360	-	-	-	Not rated
Corporate Bonds	20,162	20,162	-	-	-	AA/AA
Corporate Bonds	44,066	-	-	44,066	-	A / A
External Investment Trust	2,565,000	2,565,000	-	-	-	Not rated
Tax Increment Financing Investments	482,555	-	139,500	-	343,055	Not rated
Total General City	298,969,763	189,233,738	93,161,757	8,161,232	8,413,036	
Community Health Endowment:						
U.S. Treasury Obligations	3,548,801	-	1,810,402	667,375	1,071,024	N/A
U.S. Sponsored Agency Obligations	179,545	-	179,545	-	-	Aaa / AAA
U.S. Sponsored Agency Obligations	5,795,981	-	501,278	736,481	4,558,222	Not rated
Money Market Mutual Funds	5,821,899	5,821,899	-	-	-	Not rated
Mortgage-backed Securities	1,817,844	-	139,491	-	1,678,353	Aaa / AAA
Corporate Bonds	1,971,238	-	350,943	377,162	1,243,133	Aaa / AAA
Corporate Bonds	496,125	-	421,667	74,458	-	Aa / AA
Corporate Bonds	90,059	-	-	68,377	21,682	Aa / A
Corporate Bonds	1,346,349	313,145	294,964	337,598	400,642	A / A
Corporate Bonds	152,079	60,032	48,356	43,691	-	A / BBB
Corporate Bonds	262,106	-	105,625	156,481	-	Baa / A
Corporate Bonds	1,861,627	197,174	455,830	738,296	470,327	Baa / BBB
Foreign Obligations	37,067	-	37,067	-	-	A / A
Foreign Obligations	11,671	-	-	11,671	-	Baa / BBB
Mutual Funds - Fixed Income	21,687,934	21,687,934	-	-	-	Not rated
Securities Lending Collateral	3,870,941	3,870,941	-	-	-	Not rated
Total Community Health Endowment	48,951,266	31,951,125	4,345,168	3,211,590	9,443,383	
Police & Fire Pension Trust:						
Corporate Bonds	1,932,500	-	-	-	1,932,500	A/A
Corporate Bonds	2,852,500	-	1,912,500	940,000	-	Aa/AA
Money Market Mutual Funds	239,700	239,700	-	-	-	Not rated
Tax Exempt Bonds	1,053,500	-	1,053,500	-	-	Not rated
Mutual Funds - Fixed Income	25,486,607	25,486,607	-	-	-	Not rated
Private Placement Debt Obligations	2,000,000	-	2,000,000	-	-	Not rated
	33,564,807	25,726,307	4,966,000	940,000	1,932,500	
Mutual Funds	120,296,277					
Real Estate Limited Partnerships	22,789,813					
Total Police & Fire Pension Trust	176,650,897					
Total Primary Government	\$ 524,571,926					

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INVESTMENT POLICIES

General City Policy

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

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

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

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

The \$8,017,360 non-rated money market funds are held in the LES and J.J. Hompes funds. The money market funds are comprised of highly rated securities. The external investment funds are held in the City's idle fund pool and is comprised of Nebraska Public Agency Investment Trust (NPAIT) and Short-Term Federal Investment Trust (STFIT). NPAIT and STFIT invest in only the highest quality securities, including U.S. government, rated U.S. sponsored agencies, and guaranteed student loans.

Concentration of Credit Risk. The City's investment policy places various limits on the amount that may be invested in any one issuer. Per the policy, allocation limits do not apply to the investment of proceeds from issuance of debt. These investments shall be governed by the debt covenant included in the debt instrument. Non-compliance due to a decrease in investment balance does not require corrective action.

<u>Type</u>	<u>Portfolio Composition</u>	<u>Policy Limits on Issuer</u>
U.S. agency obligations:		
Federal Home Loan Bank	38.08% %	40.00 %
Federal Home Loan Mortgage Corporation	7.07%	40.00

Community Health Endowment (CHE) Policy

CHE may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury, U.S. agencies, instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, bankers' acceptance, mutual funds, and investment agreements.

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Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, CHE's investment policy limits all bond investments to a maximum maturity of 30 years. Mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is CHE's policy to limit its investments in U.S. treasury and U.S. agency obligations to issues with at least Baa / BBB ratings. Short-term fixed income issues should have a minimum A-1 / P-1 rating. Investments in corporate debt, bank loan portfolios, and associated high yield fixed income mutual funds must have a minimum average credit rating of B-.

Concentration of Credit Risk. CHE limits the percentage of cost that may be invested in any one industry, company and issuer by an investment manager. The limits vary depending on the type of investment. Investments by an investment manager in any one company are limited to 5% of portfolio cost. Except for U.S. treasury and U.S. agency obligations, investments in any one issuer are also limited to 5% of portfolio cost. Industry limits are 15% or 35% of portfolio cost depending on the investment type. Investments in Distressed/Mezzanine corporate debt or related mutual funds should have a minimum diversification of at least twenty different company investments. At August 31, 2006, CHE's investment in Federal National Mortgage Association bonds constituted 6% of its total investments.

Foreign Currency Risk. This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. CHE's investment policy states investments in developed country and corporate foreign debt may not exceed 25% of total investment portfolio. CHE had no investment denominated in foreign currency at August 31, 2006.

Police & Fire Pension Trust Policy

The Police & Fire Pension Trust Investment Board, established by the City Council in accordance with the Lincoln Municipal Code chapter 4.62, directs and oversees the trust's investments for the sole benefit of plan participants and beneficiaries. The board also provides oversight and directions to the plan administrator with regard to the investments of the trust's funds. The daily management responsibility of the trust and routine investment transactions are delegated to the plan administrator.

The Police & Fire Pension Trust is allowed to invest in domestic and international equity funds, domestic and foreign bonds, real estate, mortgage-backed securities, and other alternative investments.

Interest Rate Risk. The Investment Board for the Police & Fire Pension Trust compares the risk and return characteristics derived from the actual performance of the Fund, separate asset classes and specific securities to appropriate benchmarks, financial indices and/or funds at least annually. Asset allocation, investments, and/or investment managers are adjusted as necessary by this monitoring.

Credit Risk. The policy states that the plan will select appropriate investments, or investment manager(s), to fill each asset class allocation. The individual investment, or investment managers, chosen shall be those determined to meet the board's objectives in terms of their overall combination of risk, return, and liquidity.

Concentration of Credit Risk. It is the desire of the board that no more than 5% of assets may be from a single corporate or sovereign issuer exclusive of the U.S. government. The board reviews assets to monitor the concentration of overlapping securities held by multiple mutual funds.

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Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of August 31, 2006:

	Totals		
Investments	\$	524,571,926	
Deposits and Cash on Hand		38,499,484	
	\$	563,071,410	
		Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets
		Totals	
Cash and Cash Equivalents	\$	35,118,941	7,407,207
Investments		134,948,947	180,338,766
Invested Securities Lending		3,870,941	-
Restricted Assets:			
Cash and Cash Equivalents		1,107,660	-
Investments		200,278,948	-
	\$	375,325,437	187,745,973
		563,071,410	

Securities Lending Transactions

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

Either CHE or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had an average duration of 71 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. Loss indemnification is provided to CHE by the contract with the custodian.

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(5) RECEIVABLES

Receivables at August 31, 2006, consist of the following (in thousands):

Fund	Taxes	Accounts	Loans	Contributions	Special Assessment		Accrued Interest	Gross Receivables	Allowance For Uncollectibles	Net
					Current	Deferred				
General	\$ 5,554	1,276	-	-	-	-	76	6,906	-	6,906
Street Construction	-	54	-	-	-	-	63	117	-	117
Federal Grants	-	5	22,054	-	-	-	3	22,062	4,557	17,505
Wastewater System	-	3,421	-	-	-	-	223	3,644	-	3,644
Water System	-	6,155	-	-	-	-	339	6,494	-	6,494
Electric System	-	18,184	-	-	-	-	783	18,967	-	18,967
Nonmajor -										
Special Revenue	2,316	346	-	-	-	-	205	2,867	-	2,867
Debt Service	753	-	-	-	357	2,361	154	3,625	204	3,421
Capital Projects	-	14	-	-	-	-	178	192	-	192
Permanent	-	-	-	-	-	-	167	167	-	167
Enterprise	-	2,501	-	-	-	-	137	2,638	751	1,887
Internal Service	-	103	-	-	-	-	123	226	-	226
Fiduciary	-	30	-	588	-	-	738	1,356	-	1,356
	\$ 8,623	32,089	22,054	588	357	2,361	3,189	69,261	5,512	63,749

Enterprise funds customer accounts receivable include unbilled charges for services.
Delinquent special assessment receivables at August 31, 2006, were \$158,043.

(6) DUE FROM OTHER GOVERNMENTS

The total of Due From Other Governments of \$27,366,044 includes the following significant items:

Fund/Fund Type	Amount	Service
General/General	\$ 9,126,076	State of Nebraska, July/August Sales and Use Tax
	401,035	August Motor Vehicle Taxes Collected by Lancaster County
	41,376	Federal Government, Cost Reimbursements
	106,307	Lancaster County, Cost Reimbursements
Street Construction/Special Revenue	2,595,729	State of Nebraska, July/August Highway User Fees
	2,000,000	State of Nebraska, Cost Reimbursements
	9,114,491	Federal Government, Cost Reimbursements
Federal Grants/Special Revenue	2,006,990	Federal Government, Cost Reimbursements
Lincoln Area Agency on Aging/Special Revenue	111,551	Federal Government, Cost Reimbursements
Lincoln/Lancaster Co. Health/Special Revenue	373,112	Lancaster County, Cost Reimbursements
Snow Removal/Special Revenue	97,447	August Motor Vehicle Taxes Collected by Lancaster County
StarTran/Special Revenue	36,019	Federal Government, Cost Reimbursements
Antelope Valley/Tax Supported Bonds/Debt Service	166,667	State of Nebraska, July/August Development Fund Disbursements
Vehicle Tax/Capital Projects	760,363	August Motor Vehicle Taxes Collected by Lancaster County
Information Services/Internal Service	250,742	Lancaster County Billings
Engineering Revolving/Internal Service	96,766	State of Nebraska, Cost Reimbursements
Fleet Services/Internal Services	42,910	Lancaster County Billings
Copy Services/Internal Service	26,843	Lancaster County Billings
Subtotal	27,354,424	
All other	11,620	
Total Due From Other Governments	\$ 27,366,044	

CITY OF LINCOLN, NEBRASKA
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August 31, 2006

(7) CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2006, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 50,137,989	9,152,427	1,557,228	57,733,188
Construction in Progress	96,203,472	30,377,584	22,627,958	103,953,098
Total Capital Assets, not being Depreciated	<u>146,341,461</u>	<u>39,530,011</u>	<u>24,185,186</u>	<u>161,686,286</u>
Capital Assets, being Depreciated:				
Buildings	67,525,833	6,402,305	6,261	73,921,877
Improvements Other Than Buildings	51,483,017	1,465,240	267,849	52,680,408
Machinery and Equipment	64,849,364	6,431,073	3,762,577	67,517,860
Infrastructure	356,092,804	35,199,250	61,598	391,230,456
Total Capital Assets, being Depreciated	<u>539,951,018</u>	<u>49,497,868</u>	<u>4,098,285</u>	<u>585,350,601</u>
Less Accumulated Depreciation for:				
Buildings	23,732,066	1,762,623	5,280	25,489,409
Improvements Other Than Buildings	18,805,448	1,585,040	243,410	20,147,078
Machinery and Equipment	33,758,412	5,835,488	3,600,921	35,992,979
Infrastructure	111,641,109	11,912,201	6,788	123,546,522
Total Accumulated Depreciation	<u>187,937,035</u>	<u>21,095,352</u>	<u>3,856,399</u>	<u>205,175,988</u>
Total Capital Assets, being Depreciated, Net	<u>352,013,983</u>	<u>28,402,516</u>	<u>241,886</u>	<u>380,174,613</u>
Governmental Activities Capital Assets, Net	<u>\$ 498,355,444</u>	<u>67,932,527</u>	<u>24,427,072</u>	<u>541,860,899</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 15,150,478	2,532,450	-	17,682,928
Construction in Progress	119,655,501	132,902,324	77,221,525	175,336,300
Total Capital Assets, not being Depreciated	<u>134,805,979</u>	<u>135,434,774</u>	<u>77,221,525</u>	<u>193,019,228</u>
Capital Assets, being Depreciated:				
Buildings	194,929,831	3,687,317	2,607,154	196,009,994
Improvements Other Than Buildings	389,878,839	49,140,260	70,672	438,948,427
Machinery and Equipment	22,152,439	1,105,847	452,343	22,805,943
Utility Plant	838,823,000	30,545,000	2,293,000	867,075,000
Total Capital Assets, being Depreciated	<u>1,445,784,109</u>	<u>84,478,424</u>	<u>5,423,169</u>	<u>1,524,839,364</u>
Less Accumulated Depreciation for:				
Buildings	55,244,528	4,486,828	2,607,154	57,124,202
Improvements Other Than Buildings	99,771,807	9,407,501	70,672	109,108,636
Machinery and Equipment	12,196,390	1,786,733	443,021	13,540,102
Utility Plant	286,146,000	28,502,000	3,088,000	311,560,000
Total Accumulated Depreciation	<u>453,358,725</u>	<u>44,183,062</u>	<u>6,208,847</u>	<u>491,332,940</u>
Total Capital Assets, being Depreciated, Net	<u>992,425,384</u>	<u>40,295,362</u>	<u>(785,678)</u>	<u>1,033,506,424</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,127,231,363</u>	<u>175,730,136</u>	<u>76,435,847</u>	<u>1,226,525,652</u>

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

Governmental Activities:	
General Government	\$ 946,219
Public Safety	1,699,299
Streets and Highways, including Infrastructure	11,438,478
Culture and Recreation	3,344,450
Economic Opportunity	60,261
Health and Welfare	187,301
Mass Transit	1,167,965
Internal Service Funds Capital Assets	
Depreciation is charged to the various functions based on usage of the assets.	<u>2,251,379</u>
Total Depreciation Expense - Governmental	<u>\$ 21,095,352</u>
Business-type Activities:	
Parking Lots	\$ 28,573
Golf	605,241
Parking Facilities	1,040,337
Pershing Municipal Auditorium	80,860
Solid Waste Management	1,524,601
Emergency Medical Services	161,678
Wastewater System	5,840,835
Water System	6,398,937
Lincoln Electric System	<u>28,502,000</u>
Total Depreciation Expense - Business-type	<u>\$ 44,183,062</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Wastewater System:				
Capital Assets, not being Depreciated:				
Land	\$ 2,778,024	83,545	-	2,861,569
Construction in Progress	<u>30,139,360</u>	<u>31,955,541</u>	<u>27,099,872</u>	<u>34,995,029</u>
Total Capital Assets, not being Depreciated	<u>32,917,384</u>	<u>32,039,086</u>	<u>27,099,872</u>	<u>37,856,598</u>
Capital Assets, being Depreciated:				
Buildings	54,243,731	317,940	2,592,344	51,969,327
Improvements Other Than Buildings	161,860,471	31,321,246	16,570	193,165,147
Machinery and Equipment	<u>6,813,949</u>	<u>599,814</u>	<u>84,695</u>	<u>7,329,068</u>
Total Capital Assets, being Depreciated	<u>222,918,151</u>	<u>32,239,000</u>	<u>2,693,609</u>	<u>252,463,542</u>
Less Accumulated Depreciation for:				
Buildings	17,207,488	1,378,737	2,592,344	15,993,881
Improvements Other Than Buildings	41,160,384	3,993,917	16,570	45,137,731
Machinery and Equipment	<u>2,720,855</u>	<u>468,181</u>	<u>79,102</u>	<u>3,109,934</u>
Total Accumulated Depreciation	<u>61,088,727</u>	<u>5,840,835</u>	<u>2,688,016</u>	<u>64,241,546</u>
Total Capital Assets, being Depreciated, Net	<u>161,829,424</u>	<u>26,398,165</u>	<u>5,593</u>	<u>188,221,996</u>
Wastewater System Capital Assets, Net	<u>\$ 194,746,808</u>	<u>58,437,251</u>	<u>27,105,465</u>	<u>226,078,594</u>

CITY OF LINCOLN, NEBRASKA
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	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Water System:				
Capital Assets, not being Depreciated:				
Land	\$ 4,712,330	-	-	4,712,330
Construction in Progress	7,469,006	13,057,495	15,952,867	4,573,634
Total Capital Assets, not being Depreciated	<u>12,181,336</u>	<u>13,057,495</u>	<u>15,952,867</u>	<u>9,285,964</u>
Capital Assets, being Depreciated:				
Buildings	91,667,071	3,104,591	-	94,771,662
Improvements Other Than Buildings	202,085,318	17,367,501	51,463	219,401,356
Machinery and Equipment	5,632,463	202,401	313,284	5,521,580
Total Capital Assets, being Depreciated	<u>299,384,852</u>	<u>20,674,493</u>	<u>364,747</u>	<u>319,694,598</u>
Less Accumulated Depreciation for:				
Buildings	21,230,527	2,011,960	-	23,242,487
Improvements Other Than Buildings	48,015,304	3,997,727	51,463	51,961,568
Machinery and Equipment	3,671,044	389,250	309,555	3,750,739
Total Accumulated Depreciation	<u>72,916,875</u>	<u>6,398,937</u>	<u>361,018</u>	<u>78,954,794</u>
Total Capital Assets, being Depreciated, Net	<u>226,467,977</u>	<u>14,275,556</u>	<u>3,729</u>	<u>240,739,804</u>
Water System Capital Assets, Net	<u>\$ 238,649,313</u>	<u>27,333,051</u>	<u>15,956,596</u>	<u>250,025,768</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Lincoln Electric System:				
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 81,729,000	84,945,000	33,904,000	132,770,000
Capital Assets, being Depreciated:				
Utility Plant	838,823,000	30,545,000	2,293,000	867,075,000
Less Accumulated Depreciation	286,146,000	28,502,000	3,088,000	311,560,000
Total Capital Assets, being Depreciated, Net	<u>552,677,000</u>	<u>2,043,000</u>	<u>(795,000)</u>	<u>555,515,000</u>
Electric System Capital Assets, Net	<u>\$ 634,406,000</u>	<u>86,988,000</u>	<u>33,109,000</u>	<u>688,285,000</u>

During 2006, Lincoln Wastewater System incurred \$3,036,138 of interest cost, of which \$2,468,254 was capitalized into construction in progress. Lincoln Water System incurred \$3,624,251 of interest cost, of which \$763,439 was capitalized into construction in progress. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Lincoln Electric System utility plant includes an allowance for funds used during construction of projects costing in excess of \$2 million. The allowance for funds used during construction consists of the plant balance times the weighted-average interest rate on debt based on Federal Energy Regulatory Commission accounting method. The weighted-average rate for 2005 was 4.8%.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

(8) 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 2005 tax levy, for the 2005-2006 fiscal year, was \$57,688,133 below the legal limit, with a tax rate per \$100 valuation of \$0.30091. The assessed value upon which the 2005 levy was based was \$13,583,250,295.

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.

Property taxes levied for 2005-2006 are recorded as revenue in the Fund Financial Statements when expected to be collected within 60 days after August 31, 2006. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The City-owned electric utility is required by City Charter to make payments in lieu of taxes, aggregating 5% of its gross retail operating revenues derived from within the city limits of incorporated cities and towns served.

(9) LONG-TERM DEBT

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

Net assets of \$3,225,252, \$3,427,680, and \$5,210,292, are currently available in the debt service funds to service the General Obligation Bonds, Tax Supported Bonds, and Tax Allocation Bonds, respectively. Revenue Bonds are funded partially from reserve accounts set up for debt repayment and partially from proceeds of daily operations.

The City has entered into lease agreements for financing the acquisition of land, buildings, emergency ambulances and defibrillators, fire engines, golf equipment, and computer equipment and software. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Assets acquired through capital leases are as follows:

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

	Governmental Activities	Business-Type Activities
Land	\$ 515,750	\$ 210,000
Buildings	12,134,675	-
Machinery and Equipment	1,838,042	2,736,012
Less Accumulated Depreciation, (where applicable)	(1,126,681)	(1,562,675)
Total	\$ 13,361,786	\$ 1,383,337

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 prior years, the City defeased certain bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On August 31, 2006, the following bonds outstanding are considered defeased:

08/15/80	Lincoln Wastewater Revenue Bonds	\$ 5,000
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Established by City Ordinance, LES may borrow up to \$150 million under a commercial paper note program. At December 31, 2005, LES had \$90 million of tax-exempt commercial paper notes outstanding. The notes mature at various dates but not more than 270 days after the date of issuance. The weighted-average interest rate for the year ended December 31, 2005, was 2.3 percent. The annual requirement to pay interest on this outstanding debt is approximately \$2 million. The outstanding commercial paper notes are secured by a revolving credit agreement which provides for borrowings up to \$150 million. LES pays a commitment fee for the credit agreement. Under the terms of the agreement, LES can either settle or refinance the commercial paper upon maturity.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

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
General Obligation Bonds:							
General Bonds:							
14,435	03/01/99	Various Purpose Series A	3.000 - 4.600	Ser. '00 to '14	2009	Semiannually	\$ 8,780
7,365	03/01/99	Various Purpose Series A	4.750	Term '15 to '19	2009	"	7,365
8,220	03/01/99	Various Purpose Series B	3.000 - 4.250	Ser. '99 to '11	2007	"	3,140
7,500	05/29/02	Storm Sewer and Drainage	3.000 - 5.000	Ser. '04 to '22	2010	"	6,965
15,595	06/24/03	Various Purpose	2.625 - 3.750	Ser. '04 to '17	2013	"	10,940
3,710	06/24/03	Various Purpose	4.000 - 4.125	Term '18 to '23	2013	"	3,710
6,555	05/01/05	Storm Sewer Refunding	2.500 - 4.375	Ser. '05 to '17	2011	"	6,180
9,950	05/25/05	Storm Sewer Construction	3.250 - 4.250	Ser. '06 to '25	2015	"	9,585
Total General Bonds							<u>\$ 56,665</u>
Tax Allocation Bonds:							
1,310	11/15/92	Tax Allocation Bonds	3.250 - 6.200	Ser. '93 to '06	1997	Semiannually	\$ 65
105	11/15/92	Tax Allocation Bonds	6.350	Term '93 to '06	1997	"	15
232	04/21/00	Tax Allocation Bonds	6.390	Ser. '00 to '10	2000	"	110
42	06/01/03	Tax Allocation Bonds	4.060	Ser. '04 to '11	Anytime	"	29
1,035	04/06/04	Tax Allocation Bonds	2.000 - 3.200	Ser. '04 to '11	2008	"	790
5,500	04/07/04	Tax Allocation Bonds	3.000 - 4.800	Ser. '04 to '15	2010	"	4,895
365	08/15/05	Tax Allocation Bonds	4.750	Ser. '06 to '18	Anytime	"	343
Total Tax Allocation Bonds							<u>\$ 6,247</u>
Tax Supported Bonds:							
3,200	06/13/00	Municipal Infrastructure Redevelopment	4.750 - 5.100	Ser. '01 to '09	2005	Semiannually	\$ 1,435
35,000	03/03/04	Highway Allocation Fund	2.000 - 5.000	Term '07 to '23	2014	"	35,000
Total Tax-Supported Bonds							<u>\$ 36,435</u>
TOTAL GENERAL OBLIGATION BONDS							<u>\$ 99,347</u>
Tax Supported Bonds:							
11,080	2/27/02	Antelope Valley Project	1.500 - 5.000	Ser. '02 to '16	2012	Semiannually	<u>\$ 9,110</u>
Revenue Bonds:							
15,765	07/31/03	Wastewater Revenue	2.000 - 5.000	Ser. '04 to '23	2013	Semiannually	\$ 10,995
39,235	07/31/03	Wastewater Revenue	4.625 - 5.000	Term '24 to '28	2013	"	39,235
18,000	08/03/05	Wastewater Revenue	4.000 - 5.000	Ser. '06 to '30	2015	"	17,455
Total Wastewater Bonds							<u>\$ 67,685</u>
11,850	11/22/02	Water Revenue	2.750 - 5.000	Ser. '05 to '17	2012	Semiannually	\$ 10,360
6,660	11/22/02	Water Revenue	5.000	Term '18 to '22	2012	"	6,660
32,180	05/20/03	Water Revenue	5.000	Ser. '04 to '12	-	"	22,380
40,000	11/16/04	Water Revenue	3.000 - 5.000	Ser. '05 to '25	2014	"	38,150
Total Water Bonds							<u>\$ 77,550</u>
6,815	09/08/99	Parking Revenue Series A	4.000 - 5.000	Ser. '00 to '09	2009	Semiannually	\$ 3,175
6,695	09/08/99	Parking Revenue Series A	5.375	Term '10 to '14	2009	"	6,695
6,000	12/05/01	Parking Revenue	3.750 - 5.125	Ser. '02 to '21	2011	"	4,845
Total Parking Bonds							<u>\$ 14,715</u>
3,165	10/23/01	Golf Course Revenue Refunding	2.300 - 4.050	Ser. '02 to '11	2008	Semiannually	\$ 1,690
4,000	08/17/06	Solid Waste Mangement Revenue	4.000 - 4.250	Ser. '07 to '21	2013	Semiannually	<u>\$ 4,000</u>
45,560	02/15/98	Electric Revenue Bonds '98 Series A	4.500 - 5.000	Ser. '98 to '18	2008	Semiannually	\$ 32,985
141,150	08/15/01	Electric Revenue Bonds '01	4.000 - 5.250	Ser. '06 to '20	2011	"	141,150
148,190	10/01/02	Electric Revenue Bonds '02	4.000 - 5.000	Ser. '04 to '25	2012	"	131,085
93,045	10/01/03	Electric Revenue Bonds '03	3.000 - 5.000	Ser. '04 to '26	2014	"	90,195
33,265	10/01/03	Electric Revenue Bonds '03	4.750	Term '28	2014	"	33,265
61,290	10/01/05	Electric Revenue Bonds '05	5.00	Ser. '29 to '32	2015	"	61,290
53,710	10/01/05	Electric Revenue Bonds '05	4.750	Term '35	2015	"	53,710
Total Electric Bonds							<u>\$ 543,680</u>
TOTAL REVENUE BONDS							<u>\$ 709,320</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

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

Fiscal Year Ended August 31	Governmental Activities					
	General Obligation Bonds		Tax-Supported Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 4,913	4,100	595	392	1,029	728
2008	5,176	3,927	615	372	1,238	697
2009	6,049	3,741	635	350	1,269	658
2010	5,182	3,521	660	326	1,223	617
2011	5,573	3,321	685	299	1,212	575
2012 - 2016	31,413	12,787	3,900	993	6,043	2,169
2017 - 2021	26,856	6,073	2,020	50	3,135	1,189
2022 - 2026	14,185	1,037	-	-	2,307	495
2027 - 2031	-	-	-	-	865	22
	<u>\$ 99,347</u>	<u>38,507</u>	<u>9,110</u>	<u>2,782</u>	<u>18,321</u>	<u>7,150</u>

Fiscal Year Ended August 31	Business-Type Activities			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2007	\$ 20,135	33,912	323	26
2008	23,860	33,484	333	12
2009	24,880	32,440	23	3
2010	25,980	31,316	25	1
2011	28,725	30,098	-	-
2012 - 2016	140,900	131,074	-	-
2017 - 2021	171,255	92,867	-	-
2022 - 2026	98,865	56,772	-	-
2027 - 2031	89,005	33,101	-	-
2032 - 2036	85,715	12,700	-	-
	<u>\$ 709,320</u>	<u>487,764</u>	<u>704</u>	<u>42</u>

Major Enterprise fund annual requirements to pay principal and interest to maturity on outstanding debt follow (in thousands of dollars):

Fiscal Year Ended August 31	Major Enterprise Funds					
	Wastewater System		Water System		Electric System	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 2,005	3,083	5,340	3,612	11,050	26,251
2008	2,055	3,024	5,555	3,376	14,430	26,186
2009	2,110	2,966	5,795	3,128	15,085	25,531
2010	2,165	2,898	6,050	2,874	15,780	24,817
2011	2,235	2,794	6,310	2,602	18,095	24,069
2012 - 2016	12,390	12,517	17,430	9,716	104,035	107,094
2017 - 2021	15,020	9,322	18,135	5,633	134,260	77,324
2022 - 2026	18,725	5,372	12,935	1,390	67,205	50,010
2027 - 2031	10,980	997	-	-	78,025	32,105
2032 - 2036	-	-	-	-	85,715	12,700
	<u>\$ 67,685</u>	<u>42,973</u>	<u>77,550</u>	<u>32,331</u>	<u>543,680</u>	<u>406,087</u>

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

Long-term liability activity for the year ended August 31, 2006, was as follows (in thousands of dollars):

	09/01/05 Beginning Balance	Additions	Reductions	08/31/06 Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Leases Payable:					
General Bonds	\$ 60,915	-	(4,250)	56,665	3,940
Tax Allocation Bonds	6,853	-	(606)	6,247	618
Tax Supported Bonds	36,770	-	(335)	36,435	355
Tax Supported Antelope Valley					
Project Bonds	9,690	-	(580)	9,110	595
Capital Leases	9,475	9,600	(754)	18,321	1,029
Gross Bonds and Leases Payable	123,703	9,600	(6,525)	126,778	6,537
Deferred Amounts:					
For Issuance Premiums	2,296	7	(32)	2,271	-
For Issuance Discounts	(25)	-	2	(23)	-
Net Bonds and Leases Payable	125,974	9,607	(6,555)	129,026	6,537
Other Liabilities:					
Compensated Absences	8,758	6,001	(5,406)	9,353	5,907
Claims and Judgements	5,126	3,692	(2,907)	5,911	2,746
Net Pension Obligation	2,491	1,079	-	3,570	-
Governmental Activity Long-Term Liabilities	\$ 142,349	20,379	(14,868)	147,860	15,190
Business-Type Activities:					
Bonds, Notes and Leases Payable:					
Wastewater Revenue Bonds	\$ 69,750	-	(2,065)	67,685	2,005
Water Revenue Bonds	82,680	-	(5,130)	77,550	5,340
Parking Revenue Bonds	15,900	-	(1,185)	14,715	1,240
Golf Course Revenue Bonds	1,995	-	(305)	1,690	315
Solid Waste Management Revenue Bonds	-	4,000	-	4,000	185
Electric System Revenue Bonds	439,225	115,000	(10,545)	543,680	11,050
Commercial Paper Notes	90,173	20,000	(20,173)	90,000	-
Capital Leases	1,136	-	(432)	704	323
Gross Bonds, Notes and Leases Payable	700,859	139,000	(39,835)	800,024	20,458
Deferred Amounts:					
For Issuance Premiums	20,756	3,129	(3,142)	20,743	-
For Issuance Discounts	(19,408)	-	1,780	(17,628)	-
For Refunding	(3,677)	-	385	(3,292)	-
Net Bonds, Notes and Leases Payable	698,530	142,129	(40,812)	799,847	20,458
Other Liabilities:					
Compensated Absences	1,204	827	(759)	1,272	819
Accrued Landfill Closure/Postclosure Care Costs	7,998	428	(35)	8,391	-
Business-Type Activity Long-Term Liabilities	\$ 707,732	143,384	(41,606)	809,510	21,277

Internal Service funds predominantly serve the governmental funds. Therefore, their long-term liabilities are included with the governmental activities above. Compensated absences for governmental activities are generally liquidated in the General Fund as well as various other Special Revenue and Internal Service funds where personal costs are incurred. The claims and judgements liability will generally be liquidated through the City's Insurance Revolving Internal Service Fund, which will finance the payment of those claims by charging other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension obligation will be liquidated through the Police & Fire Pension Contributions Special Revenue Fund with financing provided by an annual property tax levy.

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Long-term liability activity for the major enterprise funds for the year ended August 31, 2006, was as follows (in thousands of dollars):

	09/01/05 Beginning Balance	Additions	Reductions	08/31/06 Ending Balance	Due Within One Year
Lincoln Wastewater System:					
Bonds Payable:					
Wastwater Revenue Bonds	69,750	-	(2,065)	67,685	2,005
Deferred For Issuance Premiums	2,168	-	(93)	2,075	-
Net Bonds Payable	<u>71,918</u>	<u>-</u>	<u>(2,158)</u>	<u>69,760</u>	<u>2,005</u>
Other Liabilities:					
Compensated Absences	410	277	(254)	433	278
Total Long-Term Liabilities	<u>\$ 72,328</u>	<u>277</u>	<u>(2,412)</u>	<u>70,193</u>	<u>2,283</u>
 Lincoln Water System:					
Bonds Payable:					
Water Revenue Bonds	\$ 82,680	-	(5,130)	77,550	5,340
Deferred for Issuance Premiums	3,526	-	(337)	3,189	-
Deferred for Refunding	(944)	-	135	(809)	-
Net Bonds Payable	<u>85,262</u>	<u>-</u>	<u>(5,332)</u>	<u>79,930</u>	<u>5,340</u>
Other Liabilities:					
Compensated Absences	522	315	(287)	550	307
Total Long-Term Liabilities	<u>\$ 85,784</u>	<u>315</u>	<u>(5,619)</u>	<u>80,480</u>	<u>5,647</u>
 Lincoln Electric System:					
Bonds and Notes Payable:					
Electric System Revenue Bonds	\$ 439,225	115,000	(10,545)	543,680	11,050
Commercial Paper Notes	90,173	20,000	(20,173)	90,000	-
Deferred for Issuance Premiums	15,062	3,116	(2,712)	15,466	-
Deferred for Issuance Discounts	(19,408)	-	1,780	(17,628)	-
Deferred for Refunding	(2,702)	-	245	(2,457)	-
Total Long-Term Liabilities	<u>\$ 522,350</u>	<u>138,116</u>	<u>(31,405)</u>	<u>629,061</u>	<u>11,050</u>

(10) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Lincoln Water System and Lincoln Wastewater System to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

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

Long-term debt – The estimated fair value of the long-term debt as of August 31, 2006 is approximately \$81,600,000 for the Water System and \$72,900,000 for the Wastewater System.

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

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

CITY OF LINCOLN, NEBRASKA
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(11) SEGMENT INFORMATION

The City has issued revenue bonds and other debt instruments to finance capital construction and acquisitions for both the Parks and Recreation and Public Works/Utilities Departments. The Golf Division of the Parks and Recreation Department operates the City's golf courses and is accounted for in the Golf Fund. The Parking Facilities Division of the Public Works/Utilities Department operates the City's downtown parking garages and is accounted for in the Parking Facilities Fund. The Solid Waste Operations Section of the Public Works/Utilities Department operates the City's solid waste disposal sites, yard waste composting facility, and re-cycling drop-off program. Summary financial information for these divisions as of and for the year ended August 31, 2006, is presented as follows:

	<u>Golf</u>	<u>Parking Facilities</u>	<u>Solid Waste Management</u>
CONDENSED STATEMENT OF NET ASSETS			
Assets:			
Current Assets	\$ 47,113	3,359,531	10,330,359
Due from Other Funds	33,726	343,888	987,091
Restricted Assets	386,764	2,575,058	1,431,825
Deferred Charges	41,061	423,835	75,504
Capital Assets	<u>6,783,939</u>	<u>36,853,676</u>	<u>17,216,927</u>
Total Assets	<u>7,292,603</u>	<u>43,555,988</u>	<u>30,041,706</u>
Liabilities:			
Current Liabilities	703,282	1,573,682	2,463,845
Due to Other Funds	266,681	1,979	690
Noncurrent Liabilities	<u>1,471,439</u>	<u>13,479,914</u>	<u>12,241,389</u>
Total Liabilities	<u>2,441,402</u>	<u>15,055,575</u>	<u>14,705,924</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	4,966,817	22,562,511	13,940,318
Restricted	417,781	2,614,158	1,055,320
Unrestricted	<u>(533,397)</u>	<u>3,323,744</u>	<u>340,144</u>
Total Net Assets	<u>\$ 4,851,201</u>	<u>28,500,413</u>	<u>15,335,782</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS			
Operating Revenues	\$ 2,993,431	5,697,352	4,136,879
Depreciation Expense	(605,241)	(1,040,337)	(1,524,601)
Other Operating Expenses	<u>(2,467,141)</u>	<u>(2,775,122)</u>	<u>(4,614,925)</u>
Operating Income (Loss)	(78,951)	1,881,893	(2,002,647)
Nonoperating Revenues (Expenses):			
Investment Earnings	530	253,241	188,725
Gain on Disposal of Capital Assets	-	-	107,025
Occupation Tax	-	-	2,232,680
Interest Expense and Fiscal Charges	(97,196)	(837,034)	(7,086)
Capital Contributions	-	949,005	150,277
Transfers	<u>(4,500)</u>	<u>-</u>	<u>(746,289)</u>
Change in Net Assets	(180,117)	2,247,105	(77,315)
Beginning Net Assets	<u>5,031,318</u>	<u>26,253,308</u>	<u>15,413,097</u>
Ending Net Assets	<u>\$ 4,851,201</u>	<u>28,500,413</u>	<u>15,335,782</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net Cash Provided (Used) by:			
Operating Activities	\$ 502,908	3,029,771	24,442
Noncapital Financing Activities	133,047	(41,463)	1,097,113
Capital and Related Financing Activities	(655,178)	(3,571,873)	2,547,900
Investing Activities	<u>(34,033)</u>	<u>6,045</u>	<u>(3,717,723)</u>
Net Increase in Cash	(53,256)	(577,520)	(48,268)
Beginning Balance	<u>125,600</u>	<u>1,491,060</u>	<u>1,918,337</u>
Ending Balance	<u>\$ 72,344</u>	<u>913,540</u>	<u>1,870,069</u>

CITY OF LINCOLN, NEBRASKA
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(12) DEFICIT NET ASSETS

The following funds had a net asset or fund balance deficit as of August 31, 2006:

Special Revenue - Impact Fees Fund	\$ (7,867)
Enterprise - Emergency Medical Services Fund	(1,145,311)
Internal Service - Engineering Revolving Fund	(548,172)

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

The Emergency Medical Services Fund has incurred operating losses and a decrease in net assets for the past three years. The City is considering several alternatives for mitigating these conditions and has taken action in establishing new rate schedules in order to increase revenues.

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

(13) EMPLOYEES' RETIREMENT PLANS

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

POLICE AND FIRE PENSION

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

The City has established the Deferred Retirement Option Plan (DROP) for police and fire pension members. The DROP program allows a member to retire for pension purposes, but to continue working. The member receives a paycheck and the member's monthly pension benefit is deposited into the member's DROP account. At the end of five years, or anytime before five years, the member must "retire-in-fact". Contributions to the pension are eliminated at the beginning of the DROP period. Pension benefits are set, and will not be increased because of raises, promotions, increased years of service or pension enhancements. When a member retires-in-fact, their monthly pension benefit will be paid directly to them and the member will have access to the funds in their DROP account.

Membership of the pension plan consisted of the following at August 31, 2006, the date of the latest actuarial valuation:

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Retirees and beneficiaries receiving benefits	340
Terminated plan members entitled to but not yet receiving benefits	25
Active plan members (non-DROP)	558
DROP members	<u>55</u>
Total	<u>978</u>
Number of participating employers	<u>1</u>

Funding Policy - The contribution requirements of plan members and the City are established by City Ordinance #15728 dated September 24, 1990, and may be amended by the City Council. Plan members are required to contribute between 7% and 8% of their annual covered salary based on an election made by the employee. The City is required to contribute at an actuarially determined rate; the rate for fiscal year 2006 was 13.57% of annual covered payroll. Actual contributions by the City were 9.4% of annual covered payroll. Administrative costs of PFDP are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation – The City’s annual pension cost and net pension obligation to PFDP for the current year were as follows:

(Dollar amounts in thousands)

Annual required contribution	\$ 4,077
Interest on net pension obligation	187
Adjustment to annual required contribution	<u>(292)</u>
Annual pension cost	3,972
Contributions made	<u>2,893</u>
Increase in net pension obligation	1,079
Net pension obligation beginning	<u>2,491</u>
Net pension obligation ending	<u>\$ 3,570</u>

The annual required contribution for the current year was determined as part of the August 31, 2004, actuarial valuation using the entry age actuarial funding method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.5 to 8.5% per year, including wage inflation at 4.5%, and (c) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using a four year smoothed market method. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over a period of ten years.

Three-Year Trend Information
(Dollar Amounts in Thousands)

Year Ended August 31	Annual Pension Cost (APC)	Annual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 3,972	\$ 2,893	73 %	\$ 3,570
2005	3,623	2,562	71	2,491
2004	3,292	1,992	61	1,430

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

CITY OF LINCOLN, NEBRASKA
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solely from revenues derived from the operation of the electric system. A summary of the electric system plan is as follows:

LES has a defined contribution retirement plan covering all employees upon employment; however, employees are not eligible to receive employer contributions until they have been employed six months. The plan is a straight-money purchase plan, administered by LES. LES' contribution is equal to 200% of the employees' contributions, which range from 2% to 5% of gross wages. This plan and related contribution requirements were authorized by the administrative board of directors. Vesting of LES contributions occurs over a five-year period. Employee forfeitures are used to reduce employer contributions. Vested benefits are fully funded. LES incurred contribution expense of approximately \$2,850,000 (9.57% of covered payroll) and its employees contributed approximately \$1,750,000 (5.87% of covered payroll).

DEPARTMENT DIRECTORS

Directors of City departments are eligible the first of the month following the date employed to be covered by the Director's Money Purchase Plan, established by City Ordinance, and administered by an insurance company. The Plan is a defined contribution plan requiring the City to contribute 6% of the first \$4,800 of earned income plus 12% of earned income over \$4,800 in one calendar year. Employees covered by the Plan may also make voluntary contributions. Participant accounts are immediately 100% vested. Total and covered payroll for the year ended December 31, 2005, was \$1,451,130. City contributions totaled \$168,838 or 11.6% of covered payroll. Other employee contributions made for the year ended December 31, 2005, totaled \$145,815.

ALL OTHER CITY EMPLOYEES

All other City employees are eligible after 6 months' service and age 19 to be covered under the City's Money Purchase Pension Plan, established by City Ordinance, and administered by an insurance company. Enrollment in the program is mandatory at age 40 with 5 years service. Vesting occurs in increments between 3 and 7 years of enrollment in the plan. The Plan is a defined contribution plan requiring employees to contribute 3% of earnings on the first \$4,800 and 6% on the balance of earnings. Currently, the City contributes 200% of the employees' contributions. Employee forfeitures are used to reduce employer contributions. Employees covered by the Plan may also make voluntary contributions. During the year ended December 31, 2005, total payroll was approximately \$69,176,000 and covered payroll was approximately \$58,738,000. City contributions totaled \$6,468,900 or 11.0% of covered payroll and employee contributions totaled \$3,328,317 or 5.7% of covered payroll. Employees made \$117,385 in voluntary contributions for the year ended December 31, 2005.

(14) COMMITMENTS AND CONTINGENCIES

GENERAL

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

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

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

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The City of Lincoln owns a solid waste disposal area which discontinued operations in 1990, but still requires certain closure and postclosure care, including the construction of final cover, monitoring of groundwater conditions and landfill gas migration, and general site maintenance. While accrual of closure and postclosure care costs has been reflected in the financial statements in the current year, additional corrective action costs related to landfill gas migration and groundwater conditions may be identified once testing is completed and the state regulatory agency has issued a final determination.

The City has entered into various agreements with developers for reimbursement of eligible infrastructure construction. After construction is substantially complete, the developer will be reimbursed on a quarterly basis from impact fee collections within the development area. These agreements estimate construction costs and impact fee revenue based on the final plat at the time of acceptance of the agreement. As of August 31, 2006, the City's commitment to developers is estimated to be \$14,000,000.

STREET CONSTRUCTION PROJECTS

The City's Street Construction Capital Projects Fund has commitments under major construction contracts in progress of approximately \$10,000,000 as of August 31, 2006, which will be financed primarily through highway user fees, bond proceeds, federal and state grants, and developer contributions.

LINCOLN WASTEWATER SYSTEM

The Lincoln Wastewater System has commitments under major construction contracts in progress of approximately \$12,600,000 at August 31, 2006.

Lincoln Wastewater System has commitments to fund Lincoln Water System's purchase of automated meter reading system equipment. Under the agreement, Lincoln Wastewater System will fund approximately \$400,000 per year for an additional year.

LINCOLN WATER SYSTEM

The Lincoln Water System has commitments under major construction contracts in progress of approximately \$4,220,000 as of August 31, 2006.

Lincoln Water System has commitments to purchase approximately \$1,000,000 of automated meter reading system equipment through 2007.

LINCOLN ELECTRIC SYSTEM (LES)

Participation Contracts with NPPD

LES has participating interests in the output of two existing NPPD power plants, a thirty percent (approximately 68 MW) and eight percent (approximately 109 MW) entitlement to the output of the Sheldon Station Power Plant (nominally rated 225 MW coal plant) and Gerald Gentleman Station Power Plant (nominally rated 1,268 MW coal plant), respectively.

LES is responsible for its respective participating interests in the two facilities' capital additions and improvements. LES's share of debt service payments necessary to retire the respective participating interests of principal and interest on bonds issued by NPPD for the facilities was approximately \$7,200,000 in 2005. LES recognizes its share of capital acquisition costs and debt service payments as power costs in the period the costs are billed. Fixed cost payments under the agreements are on a participation basis whether or not such plants are operating or operable. LES recognized expense for its share of the total fixed costs of approximately \$17,100,000 in 2005.

The participation contracts continue until the facilities are removed from commercial operation or the final maturity occurs on the related debt incurred by NPPD to finance the facilities, whichever occurs last. The estimated fixed cost payments to NPPD under these contracts, including capital additions and

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improvements, debt service payments and fixed costs, and credits aggregate approximately \$16,500,000, \$16,600,000, \$17,400,000, \$17,000,000, and \$17,300,000, respectively, in each of the five years subsequent to December 31, 2005.

Laramie River Station (LRS)

LES is a 12.76 percent co-owner of the Missouri Basin Power Project which includes LRS, a three-unit, 1,650 MW coal-fired generating station in eastern Wyoming and a related transmission system. Costs, net of accumulated depreciation, associated with LRS of approximately \$43,000,000 are reflected in utility plant at December 31, 2005.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County) whereby the County purchases from LES 10 MW of LES's capacity interest in LRS. The agreement provides for the County to pay LES monthly fixed payments for the repayment of debt service. The amount is subject to change each July 1 based on debt costs of LES relative to the current market rates, until termination of the agreement. The agreement remains in effect until either the final maturity occurs on any LRS related debt, LRS is removed from commercial operation, or the County gives LES notice to terminate the agreement. During 2005, LES billed the County approximately \$2,700,000 for demand and energy charges.

(15) INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds at August 31, 2006, consists of the following:

Due To	Due From						Total
	General Fund	Street Construction	Federal Grants	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General Fund	\$ -	18,648	373,238	93,685	2,064,792	40	2,550,403
Street Construction	715,757	-	-	6,706,114	-	-	7,421,871
Nonmajor Governmental	5,626,315	-	4,790	886,072	-	-	6,517,177
Lincoln Wastewater System	1,213,253	-	-	471,616	-	-	1,684,869
Lincoln Water System	3,346,976	-	-	1,573,744	-	-	4,920,720
Nonmajor Enterprise	1,459,354	5,615	-	30	-	-	1,464,999
Internal Service	1,884,001	117	1,202	29,088	6,400	34,667	1,955,475
	<u>\$ 14,245,656</u>	<u>24,380</u>	<u>379,230</u>	<u>9,760,349</u>	<u>2,071,192</u>	<u>34,707</u>	<u>26,515,514</u>

“Due to” and “Due from” balances are recorded when funds overdraw their share of pooled cash. The total due to the General Fund includes \$1,753,487 from the Emergency Medical Services Enterprise Fund for an advance made for cash flow needs. Of this amount, \$1,751,842 is not expected to be repaid within one year. Other balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

During 2005 the City’s general fund purchased the street light system from LES at an amount equal to the net book value of the street light system at the transaction date. The purchase was financed through an interfund borrowing. On the government-wide statements, the purchase was accounted for as a purchase of capital assets of governmental activities and a sale of capital assets of business-type activities. On the governmental fund statements, the general fund recognized a liability in due to other funds and a prepayment for the funds borrowed from the City’s other funds. Each fund has recorded a receivable for the pro-rata share of the borrowed funds. The general fund will pay back the amount borrowed plus interest in scheduled monthly installments over a period of 120 months. As payments are made, the general fund will reduce the liability, the related prepayment, and recognize streets and highways expenditures.

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Transfers To/From Other Funds at August 31, 2006, consists of the following:

Transfer To	Transfer From						Total
	General Fund	Street Construction	Federal Grants	Nonmajor Governmental	Lincoln Electric System	Nonmajor Enterprise	
General Fund	\$ -	-	7,606	377,493	1,299,000	4,500	1,688,599
Street Construction	1,059,246	-	359	8,267,800	-	-	9,327,405
Federal Grants	680,888	-	-	43,771	-	-	724,659
Nonmajor Governmental	18,641,204	3,679,907	80,966	4,827,572	-	746,289	27,975,938
Nonmajor Enterprise	525,000	-	-	-	-	-	525,000
Internal Service	66,667	49,391	-	-	-	-	116,058
Total	\$ 20,973,005	3,729,298	88,931	13,516,636	1,299,000	750,789	40,357,659

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

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

Workers' compensation is covered by a policy which provides statutory limits above the City's retention of \$500,000 per individual. Law enforcement liability is covered by a policy which provides limits of \$5 million per occurrence and \$6 million in annual aggregate. General liability is covered by a policy which provides limits of \$5 million per occurrence and \$6 million in annual aggregate. Public officials liability is covered by a policy which provides limits of \$5 million per occurrence and \$5 million in annual aggregate. Public transportation liability are covered by a policy which provides a limit of \$5 million. For auto liability the City purchases \$2.5 million per occurrence excess insurance for losses in excess of \$500,000 per occurrence. The Nebraska Political Tort Claims Act limits the City's liability for tort claims to \$1 million per individual and \$5 million per occurrence. Settled claims have not exceeded coverage in any of the past three fiscal years.

The City had an insurance recovery in the current year of approximately \$1,500,000 which is included in the Insurance Revolving Fund's operating revenues.

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

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

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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 \$5,911,384 were recorded at August 31, 2006. This 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 3.75% discount rate and a claim payment pattern based on the historical data of the City. The City has purchased no annuity contracts in the current fiscal year to resolve City of Lincoln claims.

The following is a summary of the changes in the estimated claims liability for the years ended August 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Balance at September 1	\$ 5,126,431	4,995,121
Current year claims and changes in estimates	3,691,887	2,474,465
Claims payments	<u>(2,906,934)</u>	<u>(2,343,155)</u>
Balance at August 31	<u>\$ 5,911,384</u>	<u>5,126,431</u>

(17) LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

At August 31, 2006, the City had incurred a liability of approximately \$5,342,000 for the municipal solid waste landfill which represents the amount of costs reported to date based on the approximately 37 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$9 million, which will be recognized as the remaining capacity is used (estimated to be approximately 24 years).

As of August 31, 2006, the City had incurred a liability of approximately \$564,000 for the construction and demolition debris landfill which represents the amount of costs reported to date based on the approximately 53 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$508,000, which will be recognized as the remaining capacity is used (estimated to be approximately 16 years).

The estimated costs of closure and postclosure care, as determined by an independent engineering consultant, are subject to changes including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure, and other variables.

The City of Lincoln, in a review by the Nebraska Department of Environmental Quality (NDEQ), has demonstrated compliance with the financial assurance requirements as specified in Title 132 - *Integrated Solid Waste Management Regulations*, through the Local Government Financial Test.

The City of Lincoln also owns a solid waste disposal area that discontinued operations in 1990. Although exempt from the U.S. Environmental Protection Agency *Solid Waste Disposal Facility Criteria* issued October 9, 1991, the City must still adhere to certain closure and postclosure care requirements under prior legislation, including the construction of final cover, monitoring of ground water conditions and landfill gas migration, and general site maintenance. At August 31, 2006, a liability for closure and postclosure care costs is recorded in the amount of approximately \$2,485,000,

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

which is based on appropriations identified in the City's capital improvement projects budgeting process. Additional corrective action costs related to possible landfill gas migration and groundwater conditions may be identified once testing is completed and the state regulatory agency has issued a final determination. These additional potential costs cannot be reasonably estimated and thus no liability has been accrued as of August 31, 2006.

(18) 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, 2006, the City made rental payments of approximately \$2 million to the Commission.

As of August 31, 2006, the Commission has bonds outstanding of \$49,705,000 attributable to several bond issues. Certain proceeds from the bonds totaling \$26,725,000 have been utilized by the Commission to acquire, construct, and/or renovate certain buildings occupied by the City and County. The City's proportionate share of such buildings are recorded as capital assets and the corresponding debt are reflected as capital leases in the City's financial statements. Lease payments are not recorded as capital lease payments in the Debt Service funds but rather are recorded as current expenditures in the various individual funds.

Additional bond proceeds, totaling \$29,000,000, have been utilized by the Commission to construct a new County-City building and to renovate the prior County-City building to be used as a Hall of Justice. It is estimated that the City occupies approximately 65% of the new building and 38% of the renovated building (Hall of Justice). It is anticipated that property tax levies by the Commission will be sufficient to meet bond principal and interest payments. Should revenues from such property tax levies not be sufficient to meet debt service requirements in any given year, the City and County would contribute the necessary payments based on their proportionate occupancy in such buildings. Such contributions are expected to be minimal and will be expensed in the appropriate funds when incurred. The City's proportionate share of the buildings has been recorded in capital assets in accordance with the terms of the joint venture agreement regarding the ultimate transfer of assets to the City and County.

Complete separate financial statements for the Commission may be obtained at the Lincoln-Lancaster County Public Building Commission, 920 "O" Street, Room 203, Lincoln, Nebraska 68508.

(19) JOINT ANTELOPE VALLEY AUTHORITY

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

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

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

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

(20) JOINTLY GOVERNED ORGANIZATIONS

District Energy Corporation

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

The DEC Board of Directors, under a twenty-year management agreement, has appointed LES to supervise and manage the system and business affairs of DEC. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to DEC at an established interruptible commercial rate. The total amount of payments to LES for management, operations, and maintenance services was approximately \$171,000 in 2005. The total amount of payments to LES for energy was approximately \$72,000 in 2005.

Nebraska Utility Corporation

On May 17, 2001, LES, in conjunction with another governmental entity, created the Nebraska Utility Corporation (NUCorp) to purchase, lease, construct, and finance facilities and acquire services in order to furnish energy requirements, utility and infrastructure facilities, and all related energy, utility, and infrastructure services to counties, cities, villages, school districts, sanitary and improvement districts, or other municipal corporations or political subdivisions of the State of Nebraska or political subdivisions of another state. The Board of Directors of NUCorp is comprised of five members: three members appointed by the University of Nebraska and two members appointed by LES. No participant has any obligation, entitlement, or residual interest.

Operations commenced in January 2002. The NUCorp board of directors, under a twenty-year management agreement, appointed LES to supervise and manage the system and business affairs of NUCorp. LES is reimbursed for these management services based on the allocated actual costs of these services. LES also provides electric energy to NUCorp on an established rate schedule. The total payment to LES for management, operations, and maintenance services was approximately \$81,000 in 2005. The total amount of payments to LES for energy was approximately \$7.4 million in 2005.

CITY OF LINCOLN, NEBRASKA
Notes to the Financial Statements
August 31, 2006

(21) EXCESSES OF EXPENDITURES OVER APPROPRIATIONS

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

General Fund	
Building and Plant	\$ 850,000
Urban Development	11,503
Fire	278,065
Street Maintenance	565,591
Street Lighting	1,862,281
Federal Grants Fund	
Economic Opportunity/ Urban Development	502,971

(22) SUBSEQUENT EVENTS

In November 2006, the City issued \$27,000,000 of General Obligation Highway Allocation Fund Bonds, Series 2006, to provide a portion of the funds necessary to pay the costs of constructing improvements to streets and state highway or federal-aid routes of the City, and to pay the costs of issuing the Series 2006 bonds. The interest rates on the 2006 bonds range from 4.0 – 5.0 percent and the final maturity is on May 15, 2027. Debt service payments are scheduled annually at amounts that range from \$715,000 - \$1,910,000.

(23) RESTATEMENT OF FINANCIAL STATEMENTS

In prior years, the City's financial statements did not include rehabilitation and redevelopment loans receivable as assets in either the government-wide or fund financial statements. The inclusion of these loans as financial assets increased net assets of governmental activities and fund balances of governmental funds as of September 1, 2005 by \$16,669,000. These loans are an asset of the Federal Grants Fund, a major governmental fund of the City.

The fiscal 2005 summarized comparative financial information was restated for these loans, which increased beginning net assets and change in net assets by \$16,372,000 and \$297,000 respectively.

Required Supplementary Information

Schedule of Funding Progress

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll * (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
August 31, 2006	\$ 157,527	\$ 161,583	\$ 4,056	97.5 %	\$ 30,724	13.2 %
August 31, 2005	145,730	151,978	6,248	95.9	29,029	21.5
August 31, 2004	136,974	144,179	7,205	95.0	28,125	25.6
August 31, 2003	132,578	137,508	4,930	96.4	27,415	18.0
August 31, 2002	128,319	130,875	2,556	98.0	26,607	9.6
August 31, 2001	128,070	122,661	(5,409)	104.4	28,216	(19.2)

* Non-DROP payroll in 2002 and later

Schedule of Employer Contributions

(dollar amounts in thousands)

Year Ended <u>August 31</u>	Annual Required Contribution	Annual Pension Contribution	Percentage Contributed
2006	\$ 4,077	\$ 2,893	71 %
2005	3,684	2,562	70
2004	3,297	1,992	60
2003	2,234	1,781	80
2002	1,878	1,542	82
2001	821	1,111	135



CITY OF LINCOLN
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**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**



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CITY OF LINCOLN, NEBRASKA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash and Cash Equivalents	\$ 4,930,111	2,789,461	2,887,313	5,973,524	16,580,409
Investments	23,663,866	15,342,350	14,642,048	40,477,506	94,125,770
Invested Securities Lending Collateral	-	-	-	3,870,941	3,870,941
Receivables, (Net of Allowance for Uncollectibles)	2,867,154	3,422,014	191,369	167,224	6,647,761
Due from Other Funds	2,552,178	1,473,194	2,421,407	70,398	6,517,177
Due from Other Governments	618,693	166,854	760,363	-	1,545,910
Inventories	816,173	-	-	-	816,173
Total Assets	35,448,175	23,193,873	20,902,500	50,559,593	130,104,141
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	494,672	-	881,484	69,463	1,445,619
Contracts Payable	-	-	10,184	-	10,184
Retainages Payable	-	-	72,507	-	72,507
Accrued Liabilities	1,176,314	-	-	4,482	1,180,796
Due to Other Funds	9,369,873	-	390,476	-	9,760,349
Due to Other Governments	57,543	-	42	13,136	70,721
Unearned Revenue	1,865,121	-	-	-	1,865,121
Obligations under Securities Lending	-	-	-	3,870,941	3,870,941
Deferred Revenue	735,133	2,734,665	13,660	-	3,483,458
Bond Principal Payable	-	65,000	-	-	65,000
Bond Interest Payable	-	39,249	-	-	39,249
Total Liabilities	13,698,656	2,838,914	1,368,353	3,958,022	21,863,945
Fund Balances:					
Reserved for:					
Inventories	816,173	-	-	-	816,173
Improvements	8,725	-	-	-	8,725
Debt Service	-	11,863,224	-	-	11,863,224
Trust Donations (non-expendable)	-	-	-	160,000	160,000
Health Care (non-expendable)	-	-	-	37,000,000	37,000,000
Unreserved:					
Designated for Debt Service	-	8,491,735	-	-	8,491,735
Designated for Subsequent Years Expenditures	1,204,394	-	-	-	1,204,394
Designated for Encumbrances	214,689	-	1,863,162	-	2,077,851
Undesignated	19,505,538	-	17,670,985	9,441,571	46,618,094
Total Fund Balances	21,749,519	20,354,959	19,534,147	46,601,571	108,240,196
Total Liabilities and Fund Balances	\$ 35,448,175	23,193,873	20,902,500	50,559,593	130,104,141

CITY OF LINCOLN, NEBRASKA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Taxes:					
Property	\$ 11,344,921	4,583,398	-	-	15,928,319
Wheel	1,050,844	-	8,199,456	-	9,250,300
Sundry and In Lieu	6,961	1,702	-	-	8,663
Special Assesment	576	1,690,605	-	-	1,691,181
Intergovernmental	6,107,506	1,659,832	271,728	-	8,039,066
Permits and Fees	10,068,028	-	433,521	-	10,501,549
Reimbursement for Services	794,042	-	-	-	794,042
Investment Earnings	590,662	628,710	883,104	992,563	3,095,039
Donations	250,843	-	550	14,000	265,393
Keno Proceeds	2,745,869	-	-	-	2,745,869
Miscellaneous	455,413	-	664,575	107,066	1,227,054
Total Revenues	<u>33,415,665</u>	<u>8,564,247</u>	<u>10,452,934</u>	<u>1,113,629</u>	<u>53,546,475</u>
EXPENDITURES					
Current:					
General Government	7,868,291	-	-	-	7,868,291
Public Safety	8,400,885	-	-	-	8,400,885
Streets and Highways	2,131,618	-	-	-	2,131,618
Culture and Recreation	8,168,209	-	-	14,708	8,182,917
Economic Opportunity	4,473,800	-	-	-	4,473,800
Health and Welfare	16,216,113	-	-	950,171	17,166,284
Mass Transit	8,761,749	-	-	-	8,761,749
Debt Service:					
Principal Retirement	-	6,200,794	-	-	6,200,794
Interest and Fiscal Charges	-	4,803,380	-	-	4,803,380
Miscellaneous	-	12,095	-	-	12,095
Capital Outlay	-	-	20,270,369	-	20,270,369
Total Expenditures	<u>56,020,665</u>	<u>11,016,269</u>	<u>20,270,369</u>	<u>964,879</u>	<u>88,272,182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,605,000)</u>	<u>(2,452,022)</u>	<u>(9,817,435)</u>	<u>148,750</u>	<u>(34,725,707)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	19,384,687	2,232,797	6,358,454	-	27,975,938
Transfers Out	(2,903,916)	(1,915,675)	(8,697,045)	-	(13,516,636)
Issuance of Debt	5,690,000	-	-	-	5,690,000
Sale of Capital Assets	37,616	-	3,991,629	-	4,029,245
Total Other Financing Sources (Uses)	<u>22,208,387</u>	<u>317,122</u>	<u>1,653,038</u>	<u>-</u>	<u>24,178,547</u>
Net Change in Fund Balances	(396,613)	(2,134,900)	(8,164,397)	148,750	(10,547,160)
Fund Balances - Beginning	<u>22,146,132</u>	<u>22,489,859</u>	<u>27,698,544</u>	<u>46,452,821</u>	<u>118,787,356</u>
Fund Balances - Ending	<u>\$ 21,749,519</u>	<u>20,354,959</u>	<u>19,534,147</u>	<u>46,601,571</u>	<u>108,240,196</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

Athletic Field & Facilities Improvement Fund - To account for proceeds from a surcharge applied to registration fees charged by the Recreation Division for various athletic activities. These monies must be used for improvements to athletic field and facilities.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

Commission On Aging Gift Trust Fund - To account for the proceeds of fund-raising activities by and donations to the Lincoln/Lancaster Senior Center Foundation. These funds are turned over to the City to be used for special projects at the discretion of the Foundation.

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

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

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

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2006

	Advance Acquisition	Athletic Field & Facilities Improvement	Cable Access Television	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
ASSETS										
Cash and Cash Equivalents	\$ 185,260	31,961	264,150	299,756	64,770	106,053	95,860	233,384	8,725	213,693
Investments	910,255	155,847	1,293,665	1,472,958	299,281	522,707	413,752	1,140,577	-	1,050,930
Receivables:										
Taxes	-	-	-	1,340,941	-	-	-	-	-	386,490
Accounts	-	-	-	4,463	217	-	17,355	-	195,596	-
Accrued Interest	10,115	1,256	11,840	10,596	5,411	4,744	5,038	3,007	-	10,142
Due from Other Funds	97,938	16,790	139,322	158,468	37,014	56,259	44,477	122,827	-	113,108
Due from Other Governments	-	-	-	438	111,551	-	373,112	97,447	-	126
Inventories	-	-	-	-	-	-	-	193,614	-	-
Total Assets	1,203,568	205,854	1,708,977	3,287,620	518,244	689,763	949,594	1,790,856	204,321	1,774,489
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	-	-	13,989	61,615	49,885	-	110,337	-	2,407	-
Accrued Liabilities	-	-	536	94,858	50,735	-	145,766	5,987	53,081	101,217
Due to Other Funds	-	-	-	494	3,124	-	16,970	-	72,235	-
Due to Other Governments	-	-	-	278	5	-	2,047	-	64	-
Unearned Revenue	-	-	1,557,820	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	214,107	-	-	374,757	-	-	63,929
Total Liabilities	-	-	1,572,345	371,352	103,749	-	649,877	5,987	127,787	165,146
Fund Balances (Deficits):										
Reserved for:										
Inventories	-	-	-	-	-	-	-	193,614	-	-
Improvements	-	-	-	-	-	-	-	-	8,725	-
Unreserved:										
Designated for Subsequent Years' Expenditures	-	-	-	541,588	250,000	-	70,000	-	-	172,806
Designated for Encumbrances	-	-	-	83,721	31,093	-	87,789	-	-	-
Undesignated	1,203,568	205,854	136,632	2,290,959	133,402	689,763	141,928	1,591,255	67,809	1,436,537
Total Fund Balances (Deficits)	1,203,568	205,854	136,632	2,916,268	414,495	689,763	299,717	1,784,869	76,534	1,609,343
Total Liabilities and Fund Balances (Deficits)	\$ 1,203,568	205,854	1,708,977	3,287,620	518,244	689,763	949,594	1,790,856	204,321	1,774,489

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks & Recreation Special Projects	Commission On Aging Gift Trust	Library Special Trust	Total
-	379,010	38,350	512,767	47,344	784,386	981	1,463,487	108,321	42,609	49,244	4,930,111
-	1,697,763	184,809	2,512,855	219,289	3,840,999	4,137	6,966,207	519,949	212,393	245,493	23,663,866
588,296	-	-	-	-	-	-	-	-	-	-	2,315,727
-	14,944	-	113,648	-	-	-	-	252	-	-	346,475
-	11,612	1,697	24,039	588	36,666	40	59,302	4,730	1,871	2,258	204,952
-	182,621	20,029	270,544	23,711	413,549	442	749,925	55,964	22,828	26,362	2,552,178
-	36,019	-	-	-	-	-	-	-	-	-	618,693
-	622,559	-	-	-	-	-	-	-	-	-	816,173
<u>588,296</u>	<u>2,944,528</u>	<u>244,885</u>	<u>3,433,853</u>	<u>290,932</u>	<u>5,075,600</u>	<u>5,600</u>	<u>9,238,921</u>	<u>689,216</u>	<u>279,701</u>	<u>323,357</u>	<u>35,448,175</u>
-	201,755	-	33,849	2,015	2,538	-	6	16,186	-	90	494,672
505,956	130,791	-	-	-	84,195	-	1,378	-	-	1,814	1,176,314
-	5,659	-	21,157	1,664	3,118	-	9,245,404	-	48	-	9,369,873
-	-	-	52,671	-	1,506	-	-	972	-	-	57,543
-	98,628	-	-	-	208,673	-	-	-	-	-	1,865,121
82,340	-	-	-	-	-	-	-	-	-	-	735,133
<u>588,296</u>	<u>436,833</u>	<u>-</u>	<u>107,677</u>	<u>3,679</u>	<u>300,030</u>	<u>-</u>	<u>9,246,788</u>	<u>17,158</u>	<u>48</u>	<u>1,904</u>	<u>13,698,656</u>
-	622,559	-	-	-	-	-	-	-	-	-	816,173
-	-	-	-	-	-	-	-	-	-	-	8,725
-	75,000	95,000	-	-	-	-	-	-	-	-	1,204,394
-	698	-	8,477	-	-	-	-	2,500	-	411	214,689
-	1,809,438	149,885	3,317,699	287,253	4,775,570	5,600	(7,867)	669,558	279,653	321,042	19,505,538
-	2,507,695	244,885	3,326,176	287,253	4,775,570	5,600	(7,867)	672,058	279,653	321,453	21,749,519
<u>588,296</u>	<u>2,944,528</u>	<u>244,885</u>	<u>3,433,853</u>	<u>290,932</u>	<u>5,075,600</u>	<u>5,600</u>	<u>9,238,921</u>	<u>689,216</u>	<u>279,701</u>	<u>323,357</u>	<u>35,448,175</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, 2006

	Advance Acquisition	Athletic Field & Facilities Improvement	Cable Access Television	Lincoln City Libraries	Lincoln Area Agency On Aging	Tax Sales Revolving	Lincoln/ Lancaster Co. Health	Snow Removal	911 Communication	Social Security
Revenues:										
Real Property and Personal Property Tax	\$ -	-	-	6,557,898	-	-	-	-	-	1,879,825
Wheel Tax	-	-	-	-	-	-	-	1,050,844	-	-
Sundry and In Lieu Tax	-	-	-	3,992	-	-	-	-	-	1,143
Special Assessment	-	-	-	-	-	-	576	-	-	-
Intergovernmental	-	-	-	649,118	1,221,616	-	2,315,078	-	136,261	-
Permits and Fees	-	-	192,180	381,083	96,328	-	2,689,320	-	1,268,066	-
Reimbursement for Services	2,221	60,081	-	-	176,243	-	180,817	-	-	-
Investment Earnings	80,970	7,617	25,206	36,152	21,732	19,373	13,063	6,350	-	42,663
Donations	-	-	-	-	12,378	-	-	-	-	-
Keno Proceeds	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	18,021	3,479	-	268,742	1,028	10,452	-
Total Revenues	83,191	67,698	217,386	7,646,264	1,531,776	19,373	5,467,596	1,058,222	1,414,779	1,923,631
Expenditures:										
General Government	1,224,323	-	80,754	-	-	-	-	-	-	1,842,394
Public Safety	-	-	-	-	-	-	-	-	3,148,213	-
Streets and Highways	-	-	-	-	-	-	-	2,131,618	-	-
Culture and Recreation	-	-	-	7,427,043	-	-	-	-	-	-
Economic Opportunity	-	-	-	-	4,424,039	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	16,216,113	-	-	-
Mass Transit	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,224,323	-	80,754	7,427,043	4,424,039	-	16,216,113	2,131,618	3,148,213	1,842,394
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,141,132)	67,698	136,632	219,221	(2,892,263)	19,373	(10,748,517)	(1,073,396)	(1,733,434)	81,237
Other Financing Sources (Uses):										
Transfers In	107,411	-	-	2,365	2,945,280	-	5,275,443	1,942,417	1,821,796	-
Transfers Out	(1,163,462)	(224,237)	-	(2,146)	-	-	(40,887)	(360,000)	(94,446)	-
Issuance of Debt	-	-	-	-	-	-	5,690,000	-	-	-
Sale of Capital Assets	26,036	-	-	701	4,102	-	112	-	-	-
Total Other Financing Sources (Uses)	(1,030,015)	(224,237)	-	920	2,949,382	-	10,924,668	1,582,417	1,727,350	-
Net Change In Fund Balances	(2,171,147)	(156,539)	136,632	220,141	57,119	19,373	176,151	509,021	(6,084)	81,237
Fund Balances (Deficits) - Beginning	3,374,715	362,393	-	2,696,127	357,376	670,390	123,566	1,275,848	82,618	1,528,106
Fund Balances (Deficits) - Ending	\$ 1,203,568	205,854	136,632	2,916,268	414,495	689,763	299,717	1,784,869	76,534	1,609,343

Police & Fire Pension Contributions	StarTran	Unemployment Compensation	Keno	Special Assessment	Building & Safety	Property Tax Refunds	Impact Fees	Parks & Recreation Special Projects	Commission On Aging Gift Trust	Library Special Trust	Total
2,907,198	-	-	-	-	-	-	-	-	-	-	11,344,921
-	-	-	-	-	-	-	-	-	-	-	1,050,844
1,826	-	-	-	-	-	-	-	-	-	-	6,961
-	-	-	-	-	-	-	-	-	-	-	576
-	1,785,433	-	-	-	-	-	-	-	-	-	6,107,506
-	1,363,715	-	-	-	3,980,001	-	97,335	-	-	-	10,068,028
-	105,514	-	-	-	137,766	-	-	131,400	-	-	794,042
-	44,407	7,245	89,459	535	159,812	159	-	18,410	7,419	10,090	590,662
-	15,000	-	-	-	-	-	-	74,156	62,305	87,004	250,843
-	-	-	2,745,869	-	-	-	-	-	-	-	2,745,869
-	21,973	-	-	74,657	2,606	-	1,240	53,215	-	-	455,413
2,909,024	3,336,042	7,245	2,835,328	75,192	4,280,185	159	98,575	277,181	69,724	97,094	33,415,665
2,909,024	-	17,275	1,085,297	610,999	-	-	98,225	-	-	-	7,868,291
-	-	-	-	-	5,252,672	-	-	-	-	-	8,400,885
-	-	-	-	-	-	-	-	-	-	-	2,131,618
-	-	-	377,233	-	-	-	-	199,340	-	164,593	8,168,209
-	-	-	-	-	-	-	-	-	49,761	-	4,473,800
-	-	-	-	-	-	-	-	-	-	-	16,216,113
-	8,761,749	-	-	-	-	-	-	-	-	-	8,761,749
2,909,024	8,761,749	17,275	1,462,530	610,999	5,252,672	-	98,225	199,340	49,761	164,593	56,020,665
-	(5,425,707)	(10,030)	1,372,798	(535,807)	(972,487)	159	350	77,841	19,963	(67,499)	(22,605,000)
-	5,684,590	-	-	817,758	787,627	-	-	-	-	-	19,384,687
-	-	-	(1,018,581)	-	-	-	-	(157)	-	-	(2,903,916)
-	-	-	-	-	-	-	-	-	-	-	5,690,000
-	373	-	-	-	6,292	-	-	-	-	-	37,616
-	5,684,963	-	(1,018,581)	817,758	793,919	-	-	(157)	-	-	22,208,387
-	259,256	(10,030)	354,217	281,951	(178,568)	159	350	77,684	19,963	(67,499)	(396,613)
-	2,248,439	254,915	2,971,959	5,302	4,954,138	5,441	(8,217)	594,374	259,690	388,952	22,146,132
-	2,507,695	244,885	3,326,176	287,253	4,775,570	5,600	(7,867)	672,058	279,653	321,453	21,749,519



CITY OF LINCOLN
NEBRASKA

NONMAJOR DEBT SERVICE FUNDS

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

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

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

- 1999A Various Purpose Bonds
- 1999B Various Purpose Bonds
- 2001 Certificates of Participation – Health Lease
- 2002 Storm Sewer and Drainage System Bonds
- 2003 Various Purpose Bonds
- 2004 Certificates of Participation – Fire & 911 Lease
- 2005 Storm Sewer Refunding Bonds
- 2005 Storm Sewer Construction Bonds
- 2005 Certificates of Participation – Street Lights
- 2006 Certificates of Participation – Street Lights

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

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

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

Highway User Allocation Debt Fund - To accumulate resources for payment of principal and interest on the Highway User Allocation Bonds, Series 2004. For the prompt payment of principal of and interest on the bonds, the City has pledged funds received and to be received by the City from the State Highway Allocation Fund as authorized under Section 66-4,101, Reissue Revised Statutes of Nebraska, as amended.

Special Assessment Fund - To accumulate resources for payment of principal and interest on the various outstanding 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, 2006

	Tax Allocation Projects Debt Service	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
ASSETS					
Cash and Cash Equivalents	\$ 700,114	424,636	352,647	1,312,064	2,789,461
Investments	3,968,193	2,081,173	2,849,484	6,443,500	15,342,350
Receivables (Net of Allowance for Uncollectibles):					
Taxes	140,282	613,150	-	-	753,432
Accrued Interest	32,337	26,297	39,393	56,082	154,109
Special Assessment	-	-	-	2,514,473	2,514,473
Due from Other Funds	369,366	224,006	186,156	693,666	1,473,194
Due from Other Governments	-	187	166,667	-	166,854
	<u>5,210,292</u>	<u>3,369,449</u>	<u>3,594,347</u>	<u>11,019,785</u>	<u>23,193,873</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	-	132,529	166,667	2,435,469	2,734,665
Bond Principal Payable	-	10,000	-	55,000	65,000
Bond Interest Payable	-	1,668	-	37,581	39,249
Total Liabilities	<u>-</u>	<u>144,197</u>	<u>166,667</u>	<u>2,528,050</u>	<u>2,838,914</u>
Fund Balances:					
Reserved for Debt Service	5,210,292	3,225,252	3,427,680	-	11,863,224
Unreserved - Designated for Debt Service	-	-	-	8,491,735	8,491,735
Total Fund Balances	<u>5,210,292</u>	<u>3,225,252</u>	<u>3,427,680</u>	<u>8,491,735</u>	<u>20,354,959</u>
Total Liabilities and Fund Balances	<u>\$ 5,210,292</u>	<u>3,369,449</u>	<u>3,594,347</u>	<u>11,019,785</u>	<u>23,193,873</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, 2006

	Tax Allocation Projects <u>Debt Service</u>	Bond Interest & Redemption	Tax Supported Bonds	Special Assessment	Total
Revenues:					
Real Property and Personal Property Tax	\$ 1,724,370	2,859,028	-	-	4,583,398
Sundry and In Lieu Tax	-	1,702	-	-	1,702
Special Assessment	-	-	-	1,500,678	1,500,678
Special Assessment Interest	-	-	-	189,927	189,927
Intergovernmental	-	139,832	1,520,000	-	1,659,832
Investment Earnings	119,382	184,277	120,345	204,706	628,710
Total Revenues	<u>1,843,752</u>	<u>3,184,839</u>	<u>1,640,345</u>	<u>1,895,311</u>	<u>8,564,247</u>
Expenditures -- Debt Service:					
Principal Retirement	605,794	4,250,000	915,000	-	5,770,794
Interest	264,016	2,342,582	2,064,136	-	4,670,734
Fiscal Charges	1,350	3,360	2,100	-	6,810
Capital Lease Principal	-	430,000	-	-	430,000
Capital Lease Interest	-	125,836	-	-	125,836
Miscellaneous	6,500	3,000	2,500	95	12,095
Total Expenditures	<u>877,660</u>	<u>7,154,778</u>	<u>2,983,736</u>	<u>95</u>	<u>11,016,269</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>966,092</u>	<u>(3,969,939)</u>	<u>(1,343,391)</u>	<u>1,895,216</u>	<u>(2,452,022)</u>
Other Financing Sources (Uses):					
Transfers In	104,682	561,977	1,566,138	-	2,232,797
Transfers Out	(1,441,479)	-	-	(474,196)	(1,915,675)
Total Other Financing Sources (Uses)	<u>(1,336,797)</u>	<u>561,977</u>	<u>1,566,138</u>	<u>(474,196)</u>	<u>317,122</u>
Net Change in Fund Balances	(370,705)	(3,407,962)	222,747	1,421,020	(2,134,900)
Fund Balances - Beginning	<u>5,580,997</u>	<u>6,633,214</u>	<u>3,204,933</u>	<u>7,070,715</u>	<u>22,489,859</u>
Fund Balances - Ending	<u>\$ 5,210,292</u>	<u>3,225,252</u>	<u>3,427,680</u>	<u>8,491,735</u>	<u>20,354,959</u>



CITY OF LINCOLN
NEBRASKA

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

Downtown Redevelopment Project Fund - To account for the cost of acquiring real property and development within the area included in the Lincoln Center Retail Revitalization/Redevelopment Project. Financing is provided by general obligation bonds.

Storm Sewer Bonds Fund - To account for the cost of providing improvements and extensions to the City's storm water sewer and drainage system. Financing is to be provided by a combination of general obligation bond issue proceeds, tax increment financing and reimbursement funds from the Federal Emergency Management Agency.

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

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

Other Capital Projects Fund - To account for the cost of acquiring or improving various general fixed assets. Financing is provided from a variety of sources, such as General fund appropriations, revenue sharing, federal/state grants, bond proceeds, etc.

Special Assessment Fund - To account for the cost of capital improvements to be assessed against benefited properties. Resources are derived from fund transfers from the Special Revenue fund type and interest on investments.

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
AUGUST 31, 2006

	<u>Storm Sewer Construction</u>	<u>Vehicle Tax</u>	<u>1991 G.O. Various Purpose Bonds</u>	<u>Downtown Redevelopment Project</u>	<u>Storm Sewer Bonds</u>
ASSETS					
Cash and Cash Equivalents	\$ 8,672	780,603	6,909	-	1,639,628
Investments	39,996	3,825,828	35,858	-	8,283,687
Accounts Receivable	-	-	-	-	13,660
Accrued Interest Receivable	-	60,866	321	-	85,901
Due from Other Funds	4,418	411,929	3,829	-	877,310
Due from Other Governments	-	760,363	-	-	-
	<u>53,086</u>	<u>5,839,589</u>	<u>46,917</u>	<u>-</u>	<u>10,900,186</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	26,565	-	-	-	489,268
Contracts Payable	-	-	-	-	-
Retainages Payable	-	-	-	-	57,116
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Deferred Revenues	-	-	-	-	13,660
	<u>26,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,044</u>
Total Liabilities					
Fund Balances:					
Unreserved:					
Designated for Encumbrances	8,851	-	-	-	1,097,939
Undesignated	17,670	5,839,589	46,917	-	9,242,203
Total Fund Balances	<u>26,521</u>	<u>5,839,589</u>	<u>46,917</u>	<u>-</u>	<u>10,340,142</u>
Total Liabilities and Fund Balances	<u>\$ 53,086</u>	<u>5,839,589</u>	<u>46,917</u>	<u>-</u>	<u>10,900,186</u>

1999 G.O. Various Purpose Bonds	2002 Antelope Valley Bonds	Other Capital Projects	Special Assessment	Total
170,914	54,842	225,745	-	2,887,313
838,538	514,802	1,103,339	-	14,642,048
-	-	-	-	13,660
7,603	4,110	18,908	-	177,709
90,280	28,571	1,003,407	1,663	2,421,407
-	-	-	-	760,363
<u>1,107,335</u>	<u>602,325</u>	<u>2,351,399</u>	<u>1,663</u>	<u>20,902,500</u>
-	-	364,257	1,394	881,484
-	-	10,184	-	10,184
-	-	15,391	-	72,507
-	-	390,476	-	390,476
-	-	32	10	42
-	-	-	-	13,660
-	-	<u>780,340</u>	<u>1,404</u>	<u>1,368,353</u>
-	-	756,113	259	1,863,162
<u>1,107,335</u>	<u>602,325</u>	<u>814,946</u>	-	<u>17,670,985</u>
<u>1,107,335</u>	<u>602,325</u>	<u>1,571,059</u>	<u>259</u>	<u>19,534,147</u>
<u>1,107,335</u>	<u>602,325</u>	<u>2,351,399</u>	<u>1,663</u>	<u>20,902,500</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, 2006

	Storm Sewer Construction	Vehicle Tax	1991 G.O. Various Purpose Bonds	Downtown Redevelopment Project	Storm Sewer Bonds
Revenues:					
Wheel Tax	\$ -	8,199,456	-	-	-
Intergovernmental	23,395	-	-	-	-
Permits and Fees	-	-	-	-	-
Investment Earnings	493	220,541	1,299	39	492,976
Donations	-	-	-	-	-
Rental Income	-	-	-	-	-
Developer's Share	-	-	-	-	-
Miscellaneous	-	-	-	-	484,357
Total Revenues	<u>23,888</u>	<u>8,419,997</u>	<u>1,299</u>	<u>39</u>	<u>977,333</u>
Expenditures -- Capital Outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Streets and Highways	180,515	-	-	-	7,753,584
Culture and Recreation	-	-	-	-	-
Economic Opportunity	-	-	-	-	-
Total Expenditures	<u>180,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,753,584</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(156,627)</u>	<u>8,419,997</u>	<u>1,299</u>	<u>39</u>	<u>(6,776,251)</u>
Other Financing Sources (Uses):					
Transfers In	148,662	-	-	-	44,830
Transfers Out	(131,249)	(8,252,800)	-	(6,141)	(30,853)
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>17,413</u>	<u>(8,252,800)</u>	<u>-</u>	<u>(6,141)</u>	<u>13,977</u>
Net Change in Fund Balances	(139,214)	167,197	1,299	(6,102)	(6,762,274)
Fund Balances - Beginning	<u>165,735</u>	<u>5,672,392</u>	<u>45,618</u>	<u>6,102</u>	<u>17,102,416</u>
Fund Balances - Ending	<u>\$ 26,521</u>	<u>5,839,589</u>	<u>46,917</u>	<u>-</u>	<u>10,340,142</u>

1999 G.O. Various Purpose Bonds	2002 Antelope Valley Bonds	Other Capital Projects	Special Assessment	Total
-	-	-	-	8,199,456
-	-	248,333	-	271,728
-	-	433,521	-	433,521
31,085	37,118	99,553	-	883,104
-	-	550	-	550
-	-	87,928	-	87,928
-	-	65,354	-	65,354
-	-	26,936	-	511,293
<u>31,085</u>	<u>37,118</u>	<u>962,175</u>	<u>-</u>	<u>10,452,934</u>
-	-	314,352	-	314,352
-	-	111,167	-	111,167
-	752,785	388,110	239,530	9,314,524
-	-	1,839,935	-	1,839,935
-	-	8,690,391	-	8,690,391
-	<u>752,785</u>	<u>11,343,955</u>	<u>239,530</u>	<u>20,270,369</u>
<u>31,085</u>	<u>(715,667)</u>	<u>(10,381,780)</u>	<u>(239,530)</u>	<u>(9,817,435)</u>
-	-	6,160,486	4,476	6,358,454
-	-	(276,002)	-	(8,697,045)
-	-	3,991,629	-	3,991,629
-	-	9,876,113	4,476	1,653,038
31,085	(715,667)	(505,667)	(235,054)	(8,164,397)
<u>1,076,250</u>	<u>1,317,992</u>	<u>2,076,726</u>	<u>235,313</u>	<u>27,698,544</u>
<u>1,107,335</u>	<u>602,325</u>	<u>1,571,059</u>	<u>259</u>	<u>19,534,147</u>



CITY OF LINCOLN
NEBRASKA

NONMAJOR PERMANENT FUNDS

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

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

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

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
AUGUST 31, 2006

	Community Health <u>Endowment</u>	<u>J.J. Hompes</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,947,050	26,474	5,973,524
Investments	39,868,020	609,486	40,477,506
Invested Securities Lending Collateral	3,870,941	-	3,870,941
Accrued Interest Receivable	166,877	347	167,224
Due from Other Funds	<u>65,832</u>	<u>4,566</u>	<u>70,398</u>
Total Assets	<u>49,918,720</u>	<u>640,873</u>	<u>50,559,593</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	67,925	1,538	69,463
Accrued Liabilities	4,482	-	4,482
Due to Other Governments	13,136	-	13,136
Obligations under Securities Lending	<u>3,870,941</u>	<u>-</u>	<u>3,870,941</u>
Total Liabilities	<u>3,956,484</u>	<u>1,538</u>	<u>3,958,022</u>
Fund Balances:			
Reserved for:			
Trust Donations (non-expendable)	-	160,000	160,000
Health Care (non-expendable)	37,000,000	-	37,000,000
Unreserved, Undesignated	<u>8,962,236</u>	<u>479,335</u>	<u>9,441,571</u>
Total Fund Balances	<u>45,962,236</u>	<u>639,335</u>	<u>46,601,571</u>
Total Liabilities and Fund Balances	<u>\$ 49,918,720</u>	<u>640,873</u>	<u>50,559,593</u>

CITY OF LINCOLN, NEBRASKA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Community Health Endowment	J.J. Hompes	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Investment Earnings	\$ 957,270	35,293	992,563
Donations	14,000	-	14,000
Miscellaneous	107,066	-	107,066
Total Revenues	<u>1,078,336</u>	<u>35,293</u>	<u>1,113,629</u>
Expenditures:			
Culture and Recreation	-	14,708	14,708
Health and Welfare	950,171	-	950,171
Total Expenditures	<u>950,171</u>	<u>14,708</u>	<u>964,879</u>
Excess of Revenues Over Expenditures	<u>128,165</u>	<u>20,585</u>	<u>148,750</u>
Fund Balances - Beginning	<u>45,834,071</u>	<u>618,750</u>	<u>46,452,821</u>
Fund Balances - Ending	<u>\$ 45,962,236</u>	<u>639,335</u>	<u>46,601,571</u>



CITY OF LINCOLN
NEBRASKA

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Recreation Receipts	\$ 15,000	15,000	63,000	48,000
Investment Earnings	-	-	8,971	8,971
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>71,971</u>	<u>56,971</u>
Other Financing Uses:				
Transfers Out	<u>(320,228)</u>	<u>(320,228)</u>	<u>(224,237)</u>	<u>95,991</u>
Net Change in Fund Balances	(305,228)	(305,228)	(152,266)	152,962
Fund Balances - Beginning	<u>360,557</u>	<u>360,557</u>	<u>360,557</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 55,329</u>	<u>55,329</u>	<u>208,291</u>	<u>152,962</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Permits and Fees	\$ 90,094	90,094	192,180	102,086
Investment Earnings	-	-	7,796	7,796
	<u>90,094</u>	<u>90,094</u>	<u>199,976</u>	<u>109,882</u>
Expenditures -- General Government:				
Personal Services	30,541	30,541	29,515	1,026
Materials and Supplies	1,000	1,000	1,835	(835)
Other Services and Charges	23,553	23,553	34,002	(10,449)
Capital Outlay	<u>35,000</u>	<u>35,000</u>	<u>5,565</u>	<u>29,435</u>
Total Expenditures	<u>90,094</u>	<u>90,094</u>	<u>70,917</u>	<u>19,177</u>
Excess of Revenues Over Expenditures	-	-	129,059	129,059
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>-</u>	<u>129,059</u>	<u>129,059</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Real Property and Personal Property Tax	\$ 5,969,169	5,969,169	6,124,169	155,000
Intergovernmental	649,118	649,118	649,118	-
Permits and Fees	375,000	375,000	380,184	5,184
Investment Earnings	28,000	28,000	33,808	5,808
Miscellaneous	5,250	5,250	18,093	12,843
Total Revenues	<u>7,026,537</u>	<u>7,026,537</u>	<u>7,205,372</u>	<u>178,835</u>
Expenditures -- Culture and Recreation:				
Personal Services	5,553,873	5,556,238	5,514,032	42,206
Materials and Supplies	207,178	207,178	219,573	(12,395)
Other Services and Charges	1,091,210	1,091,210	1,005,480	85,730
Capital Outlay	818,574	818,574	813,923	4,651
Total Expenditures	<u>7,670,835</u>	<u>7,673,200</u>	<u>7,553,008</u>	<u>120,192</u>
Deficiency of Revenues Under Expenditures	<u>(644,298)</u>	<u>(646,663)</u>	<u>(347,636)</u>	<u>299,027</u>
Other Financing Sources (Uses):				
Transfers In	-	-	2,365	2,365
Transfers Out	(2,938)	(2,938)	(2,146)	792
Sale of Capital Assets	300	300	701	401
Total Other Financing Sources (Uses)	<u>(2,638)</u>	<u>(2,638)</u>	<u>920</u>	<u>3,558</u>
Net Change in Fund Balances	(646,936)	(649,301)	(346,716)	302,585
Fund Balances - Beginning	<u>2,621,350</u>	<u>2,621,350</u>	<u>2,621,350</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,974,414</u>	<u>1,972,049</u>	<u>2,274,634</u>	<u>302,585</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,147,893	1,147,893	1,178,776	30,883
Permits and Fees	121,106	121,106	95,880	(25,226)
Reimbursement for Services	25,493	25,493	18,493	(7,000)
Client Contributions	173,025	173,025	155,520	(17,505)
Investment Earnings	-	-	21,354	21,354
Donations	53,855	53,855	12,378	(41,477)
Miscellaneous	2,000	2,000	3,503	1,503
Total Revenues	<u>1,523,372</u>	<u>1,523,372</u>	<u>1,485,904</u>	<u>(37,468)</u>
Expenditures -- Economic Opportunity:				
Personal Services	2,998,472	3,016,123	2,943,920	72,203
Materials and Supplies	340,016	349,966	311,082	38,884
Other Services and Charges	1,432,914	1,453,193	1,174,783	278,410
Capital Outlay	17,748	34,419	61,745	(27,326)
Total Expenditures	<u>4,789,150</u>	<u>4,853,701</u>	<u>4,491,530</u>	<u>362,171</u>
Deficiency of Revenues Under Expenditures	<u>(3,265,778)</u>	<u>(3,330,329)</u>	<u>(3,005,626)</u>	<u>324,703</u>
Other Financing Sources:				
Transfers In	2,945,280	2,945,280	2,945,280	-
Sale of Capital Assets	-	-	4,102	4,102
Total Other Financing Sources	<u>2,945,280</u>	<u>2,945,280</u>	<u>2,949,382</u>	<u>4,102</u>
Net Change in Fund Balances	<u>(320,498)</u>	<u>(385,049)</u>	<u>(56,244)</u>	<u>328,805</u>
Fund Balances - Beginning	<u>464,956</u>	<u>464,956</u>	<u>464,956</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 144,458</u>	<u>79,907</u>	<u>408,712</u>	<u>328,805</u>

CITY OF LINCOLN, NEBRASKA
LINCOLN/LANCASTER COUNTY HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessment	\$ -	-	576	576
Intergovernmental	2,264,792	2,264,792	2,315,079	50,287
Permits and Fees	3,026,099	3,026,099	2,682,601	(343,498)
Reimbursement for Services	-	-	183,892	183,892
Investment Earnings	-	-	10,869	10,869
Miscellaneous	-	-	268,776	268,776
Total Revenues	<u>5,290,891</u>	<u>5,290,891</u>	<u>5,461,793</u>	<u>170,902</u>
Expenditures -- Health and Welfare:				
Personal Services	8,007,220	8,016,420	8,033,646	(17,226)
Materials and Supplies	367,760	367,760	381,438	(13,678)
Other Services and Charges	2,612,291	2,691,816	2,175,337	516,479
Capital Outlay	50,758	78,100	5,772,429	(5,694,329)
Total Expenditures	<u>11,038,029</u>	<u>11,154,096</u>	<u>16,362,850</u>	<u>(5,208,754)</u>
Deficiency of Revenues Under Expenditures	<u>(5,747,138)</u>	<u>(5,863,205)</u>	<u>(10,901,057)</u>	<u>(5,037,852)</u>
Other Financing Sources (Uses):				
Transfers In	5,439,240	5,439,240	5,275,444	(163,796)
Transfers Out	(40,830)	(40,830)	(40,887)	(57)
Proceeds from Issuance of Debt	-	-	5,690,000	5,690,000
Sale of Capital Assets	-	-	112	112
Total Other Financing Sources (Uses)	<u>5,398,410</u>	<u>5,398,410</u>	<u>10,924,669</u>	<u>5,526,259</u>
Net Change in Fund Balances	<u>(348,728)</u>	<u>(464,795)</u>	<u>23,612</u>	<u>488,407</u>
Fund Balances - Beginning	<u>594,768</u>	<u>594,768</u>	<u>594,768</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 246,040</u>	<u>129,973</u>	<u>618,380</u>	<u>488,407</u>

CITY OF LINCOLN, NEBRASKA
SNOW REMOVAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Wheel Tax	\$ 1,024,400	1,024,400	1,055,182	30,782
Investment Earnings	-	-	6,998	6,998
Miscellaneous	-	-	1,028	1,028
Total Revenues	<u>1,024,400</u>	<u>1,024,400</u>	<u>1,063,208</u>	<u>38,808</u>
Expenditures -- Streets and Highways:				
Personal Services	1,125,115	1,125,115	858,429	266,686
Materials and Supplies	201,200	201,200	191,451	9,749
Other Services and Charges	1,394,537	1,394,537	839,823	554,714
Capital Outlay	262,500	262,500	261,098	1,402
Total Expenditures	<u>2,983,352</u>	<u>2,983,352</u>	<u>2,150,801</u>	<u>832,551</u>
Deficiency of Revenues Under Expenditures	(1,958,952)	(1,958,952)	(1,087,593)	871,359
Other Financing Sources (Uses):				
Transfers In	1,942,952	1,942,952	1,942,417	(535)
Transfers Out	-	(360,000)	(360,000)	-
Total Other Financing Sources (Uses)	<u>1,942,952</u>	<u>1,582,952</u>	<u>1,582,417</u>	<u>(535)</u>
Net Change in Fund Balances	(16,000)	(376,000)	494,824	870,824
Fund Balances - Beginning	<u>1,009,941</u>	<u>1,009,941</u>	<u>1,009,941</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 993,941</u>	<u>633,941</u>	<u>1,504,765</u>	<u>870,824</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 122,116	122,116	136,261	14,145
Permits and Fees	1,309,000	1,309,000	1,364,812	55,812
Miscellaneous	-	-	9,916	9,916
Total Revenues	<u>1,431,116</u>	<u>1,431,116</u>	<u>1,510,989</u>	<u>79,873</u>
Expenditures -- Public Safety:				
Personal Services	2,504,992	2,706,863	2,641,162	65,701
Materials and Supplies	19,161	19,683	14,417	5,266
Other Services and Charges	496,020	499,763	494,749	5,014
Capital Outlay	33,000	34,119	53,798	(19,679)
Total Expenditures	<u>3,053,173</u>	<u>3,260,428</u>	<u>3,204,126</u>	<u>56,302</u>
Deficiency of Revenues Under Expenditures	<u>(1,622,057)</u>	<u>(1,829,312)</u>	<u>(1,693,137)</u>	<u>136,175</u>
Other Financing Sources (Uses):				
Transfers In	1,621,796	1,621,796	1,821,796	200,000
Transfers Out	(95,299)	(95,299)	(94,446)	853
Total Other Financing Sources (Uses)	<u>1,526,497</u>	<u>1,526,497</u>	<u>1,727,350</u>	<u>200,853</u>
Net Change in Fund Balances	(95,560)	(302,815)	34,213	337,028
Fund Deficits - Beginning	<u>(59,650)</u>	<u>(59,650)</u>	<u>(59,650)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (155,210)</u>	<u>(362,465)</u>	<u>(25,437)</u>	<u>337,028</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Real Property and Personal Property Tax	\$ 1,707,866	1,707,866	1,768,462	60,596
Investment Earnings	<u>30,500</u>	<u>30,500</u>	<u>40,999</u>	<u>10,499</u>
Total Revenues	<u>1,738,366</u>	<u>1,738,366</u>	<u>1,809,461</u>	<u>71,095</u>
Expenditures -- General Government:				
Personal Services	2,052,348	2,052,348	1,868,340	184,008
Other Services and Charges	<u>40,549</u>	<u>40,549</u>	<u>41,070</u>	<u>(521)</u>
Total Expenditures	<u>2,092,897</u>	<u>2,092,897</u>	<u>1,909,410</u>	<u>183,487</u>
Deficiency of Revenues Under Expenditures	(354,531)	(354,531)	(99,949)	254,582
Fund Balances - Beginning	<u>1,781,930</u>	<u>1,781,930</u>	<u>1,781,930</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,427,399</u>	<u>1,427,399</u>	<u>1,681,981</u>	<u>254,582</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,229,200	2,229,200	1,749,414	(479,786)
Permits and Fees	1,428,850	1,428,850	1,341,367	(87,483)
Reimbursement for Services	-	-	99,992	99,992
Investment Earnings	-	-	35,915	35,915
Donations	-	-	30,000	30,000
Miscellaneous	-	-	17,015	17,015
Total Revenues	<u>3,658,050</u>	<u>3,658,050</u>	<u>3,273,703</u>	<u>(384,347)</u>
Expenditures -- Mass Transit:				
Personal Services	6,356,374	6,356,374	6,256,215	100,159
Materials and Supplies	1,080,786	1,149,601	1,239,019	(89,418)
Other Services and Charges	1,050,340	1,050,340	957,113	93,227
Capital Outlay	25,000	25,000	356,143	(331,143)
Total Expenditures	<u>8,512,500</u>	<u>8,581,315</u>	<u>8,808,490</u>	<u>(227,175)</u>
Deficiency of Revenues Under Expenditures	<u>(4,854,450)</u>	<u>(4,923,265)</u>	<u>(5,534,787)</u>	<u>(611,522)</u>
Other Financing Sources:				
Transfers In	5,615,775	5,615,775	5,684,590	68,815
Sale of Capital Assets	-	-	373	373
Total Other Financing Sources	<u>5,615,775</u>	<u>5,615,775</u>	<u>5,684,963</u>	<u>69,188</u>
Net Change in Fund Balances	761,325	692,510	150,176	(542,334)
Fund Balances - Beginning	<u>2,167,681</u>	<u>2,167,681</u>	<u>2,167,681</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,929,006</u>	<u>2,860,191</u>	<u>2,317,857</u>	<u>(542,334)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	7,096	7,096
Expenditures -- General Government:				
Unemployment Insurance Payments	<u>95,000</u>	<u>95,000</u>	<u>17,275</u>	<u>77,725</u>
Deficiency of Revenues Under Expenditures	(95,000)	(95,000)	(10,179)	84,821
Fund Balances - Beginning	<u>254,877</u>	<u>254,877</u>	<u>254,877</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 159,877</u>	<u>159,877</u>	<u>244,698</u>	<u>84,821</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	80,768	80,768
Keno Proceeds	<u>2,441,000</u>	<u>2,441,000</u>	<u>2,844,403</u>	<u>403,403</u>
Total Revenues	<u>2,441,000</u>	<u>2,441,000</u>	<u>2,925,171</u>	<u>484,171</u>
Expenditures:				
General Government:				
Other Services and Charges	954,000	954,000	1,108,281	(154,281)
Culture and Recreation:				
Capital Outlay	<u>12,597</u>	<u>382,197</u>	<u>373,621</u>	<u>8,576</u>
Total Expenditures	<u>966,597</u>	<u>1,336,197</u>	<u>1,481,902</u>	<u>(145,705)</u>
Excess of Revenues Over Expenditures	1,474,403	1,104,803	1,443,269	338,466
Other Financing Uses:				
Transfers Out	<u>(3,171,651)</u>	<u>(2,802,051)</u>	<u>(1,036,745)</u>	<u>1,765,306</u>
Net Change in Fund Balances	(1,697,248)	(1,697,248)	406,524	2,103,772
Fund Balances - Beginning	<u>3,161,578</u>	<u>3,161,578</u>	<u>3,161,578</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,464,330</u>	<u>1,464,330</u>	<u>3,568,102</u>	<u>2,103,772</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits and Fees	\$ 4,707,678	4,707,678	3,980,857	(726,821)
Reimbursement for Services	-	-	137,766	137,766
Investment Earnings	-	-	155,173	155,173
Miscellaneous	-	-	2,606	2,606
Total Revenues	<u>4,707,678</u>	<u>4,707,678</u>	<u>4,276,402</u>	<u>(431,276)</u>
Expenditures -- Public Safety:				
Personal Services	4,607,526	4,615,191	4,554,411	60,780
Materials and Supplies	65,266	65,266	61,319	3,947
Other Services and Charges	739,599	739,599	671,220	68,379
Capital Outlay	77,500	77,500	76,984	516
Total Expenditures	<u>5,489,891</u>	<u>5,497,556</u>	<u>5,363,934</u>	<u>133,622</u>
Deficiency of Revenues Under Expenditures	(782,213)	(789,878)	(1,087,532)	(297,654)
Other Financing Sources:				
Transfers In	779,962	779,962	787,627	7,665
Sale of Assets	-	-	6,293	6,293
Total Other Financing Sources	<u>779,962</u>	<u>779,962</u>	<u>793,920</u>	<u>13,958</u>
Net Change in Fund Balances	(2,251)	(9,916)	(293,612)	(283,696)
Fund Balances - Beginning	<u>5,172,228</u>	<u>5,172,228</u>	<u>5,172,228</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,169,977</u>	<u>5,162,312</u>	<u>4,878,616</u>	<u>(283,696)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ -	-	7,375	7,375
Donations	<u>151,527</u>	<u>151,527</u>	<u>87,004</u>	<u>(64,523)</u>
Total Revenues	<u>151,527</u>	<u>151,527</u>	<u>94,379</u>	<u>(57,148)</u>
Expenditures -- Culture and Recreation:				
Personal Services	139,676	139,676	139,588	88
Materials and Supplies	250	250	-	250
Other Services and Charges	1,601	1,601	286	1,315
Capital Outlay	<u>10,754</u>	<u>10,754</u>	<u>9,982</u>	<u>772</u>
Total Expenditures	<u>152,281</u>	<u>152,281</u>	<u>149,856</u>	<u>2,425</u>
Deficiency of Revenues Under Expenditures	(754)	(754)	(55,477)	(54,723)
Amount Not Required to be Budgeted	(14,959)	(14,959)	(14,959)	-
Fund Balances - Beginning	<u>392,851</u>	<u>392,851</u>	<u>392,851</u>	<u>-</u>
Fund Balances - Ending	<u><u>377,138</u></u>	<u><u>377,138</u></u>	<u><u>322,415</u></u>	<u><u>(54,723)</u></u>

CITY OF LINCOLN, NEBRASKA
TAX ALLOCATION PROJECTS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Real Property and Personal Property Tax	\$ 853,085	853,085	1,870,859	1,017,774
Investment Earnings	-	-	110,930	110,930
Total Revenues	<u>853,085</u>	<u>853,085</u>	<u>1,981,789</u>	<u>1,128,704</u>
Expenditures -- Debt Service:				
Principal Retirement	604,368	604,368	605,794	(1,426)
Interest	248,717	248,717	264,016	(15,299)
Fiscal Charges	-	-	1,350	(1,350)
Miscellaneous	-	-	6,500	(6,500)
Total Expenditures	<u>853,085</u>	<u>853,085</u>	<u>877,660</u>	<u>(24,575)</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>1,104,129</u>	<u>1,104,129</u>
Other Financing Sources (Uses):				
Transfers In	-	-	104,682	104,682
Transfers Out	-	-	(1,441,479)	(1,441,479)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,336,797)</u>	<u>(1,336,797)</u>
Net Change in Fund Balances	-	-	(232,668)	(232,668)
Fund Balances - Beginning	<u>4,960,705</u>	<u>4,960,705</u>	<u>4,960,705</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,960,705</u>	<u>4,960,705</u>	<u>4,728,037</u>	<u>(232,668)</u>

CITY OF LINCOLN, NEBRASKA
BOND INTEREST & REDEMPTION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Real Property and Personal Property Tax	\$ 2,541,561	2,541,561	2,973,410	431,849
Sundry and In Lieu Tax	3,900	3,900	1,870	(2,030)
Intergovernmental	139,832	139,832	139,832	-
Investment Earnings	62,000	62,000	196,559	134,559
Total Revenues	<u>2,747,293</u>	<u>2,747,293</u>	<u>3,311,671</u>	<u>564,378</u>
Expenditures -- Debt Service:				
Principal Retirement	4,250,000	4,250,000	4,250,000	-
Interest	2,344,000	2,344,000	2,342,582	1,418
Fiscal Charges	-	-	3,360	(3,360)
Capital Lease Principal	-	-	430,000	(430,000)
Capital Lease Interest	-	-	125,836	(125,836)
Bond Issuance Costs	-	-	3,000	(3,000)
Total Expenditures	<u>6,594,000</u>	<u>6,594,000</u>	<u>7,154,778</u>	<u>(560,778)</u>
Deficiency of Revenues Under Expenditures	(3,846,707)	(3,846,707)	(3,843,107)	3,600
Other Financing Sources:				
Transfers In	<u>555,460</u>	<u>555,460</u>	<u>561,977</u>	<u>6,517</u>
Net Change in Fund Balances	(3,291,247)	(3,291,247)	(3,281,130)	10,117
Fund Balances - Beginning	<u>6,807,421</u>	<u>6,807,421</u>	<u>6,807,421</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,516,174</u>	<u>3,516,174</u>	<u>3,526,291</u>	<u>10,117</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,413,598	1,413,598	1,520,000	106,402
Investment Earnings	-	-	113,703	113,703
Total Revenues	<u>1,413,598</u>	<u>1,413,598</u>	<u>1,633,703</u>	<u>220,105</u>
Expenditures -- Debt Service:				
Principal Retirement	915,000	915,000	915,000	-
Interest	2,065,500	2,065,500	2,064,136	1,364
Fiscal Charges	-	-	3,050	(3,050)
Miscellaneous	-	-	2,500	(2,500)
Total Expenditures	<u>2,980,500</u>	<u>2,980,500</u>	<u>2,984,686</u>	<u>(4,186)</u>
Deficiency of Revenues Under Expenditures	(1,566,902)	(1,566,902)	(1,350,983)	215,919
Other Financing Sources:				
Transfer In	<u>1,566,138</u>	<u>1,566,138</u>	<u>1,566,138</u>	<u>-</u>
Net Change in Fund Balances	(764)	(764)	215,155	215,919
Fund Balances - Beginning	<u>3,165,584</u>	<u>3,165,584</u>	<u>3,165,584</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,164,820</u>	<u>3,164,820</u>	<u>3,380,739</u>	<u>215,919</u>

CITY OF LINCOLN, NEBRASKA
COMMUNITY HEALTH PERMANENT ENDOWMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED AUGUST 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ 1,534,761	1,534,761	956,902	(577,859)
Donations	-	-	14,000	14,000
Miscellaneous	-	-	107,066	107,066
Total Revenues	<u>1,534,761</u>	<u>1,534,761</u>	<u>1,077,968</u>	<u>(456,793)</u>
Expenditures -- Health and Welfare:				
Personal Services	254,064	254,064	211,773	42,291
Materials and Supplies	12,837	12,837	5,355	7,482
Other Services and Charges	267,860	267,860	200,079	67,781
Capital Outlay	-	-	645	(645)
Grants	<u>1,634,657</u>	<u>1,758,954</u>	<u>529,785</u>	<u>1,229,169</u>
Total Expenditures	<u>2,169,418</u>	<u>2,293,715</u>	<u>947,637</u>	<u>1,346,078</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(634,657)	(758,954)	130,331	889,285
Fund Balances - Beginning	<u>45,910,930</u>	<u>45,910,930</u>	<u>45,910,930</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 45,276,273</u>	<u>45,151,976</u>	<u>46,041,261</u>	<u>889,285</u>



CITY OF LINCOLN
NEBRASKA

NONMAJOR ENTERPRISE FUNDS

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

Parking Lot Revolving Fund - To account for the revenues and expenses of several City-owned parking lots.

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

Parking Facilities Fund - To account for the revenues and expenses of seven downtown parking garages: Carriage Park, Que Place, Center Park, Cornhusker Square, University Square, Market Place, and Haymarket.

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

Solid Waste Mangement Fund - To account for the revenues and expenses of the City-owned landfills.

Emergency Medical Services Fund - To account for the revenues and expenses of the City-operated emergency and non-emergency ambulance service.

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2006

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Emergency Medical Services	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 193,779	-	641,079	285,509	1,261,451	-	2,381,818
Investments	929,563	-	2,689,237	2,758	7,122,104	-	10,743,662
Restricted Assets:							
Cash and Cash Equivalents	-	-	-	145,484	608,618	-	754,102
Investments	-	-	-	-	502,602	-	502,602
Accounts Receivable (Net of Allowance for Uncollectibles)	-	1,592	57	126,331	774,685	846,547	1,749,212
Accrued Interest Receivable	8,218	-	29,158	27	58,087	-	95,490
Due from Other Funds	100,000	-	289,546	294	666,031	-	1,055,871
Due from Other Governments	-	-	-	-	2,812	-	2,812
Inventories	-	45,521	-	18,657	-	114,419	178,597
Prepaid Expenses	-	-	-	26,045	-	-	26,045
Total Current Assets	<u>1,231,560</u>	<u>47,113</u>	<u>3,649,077</u>	<u>605,105</u>	<u>10,996,390</u>	<u>960,966</u>	<u>17,490,211</u>
Noncurrent Assets:							
Restricted Assets:							
Cash and Cash Equivalents	-	72,344	272,461	8,753	-	-	353,558
Investments	-	313,072	2,265,126	-	1,428,190	-	4,006,388
Accounts Receivable	-	506	-	-	-	-	506
Accrued Interest Receivable	-	842	37,471	-	3,635	-	41,948
Due from Other Funds	-	33,726	54,342	-	321,060	-	409,128
Total Restricted Assets	<u>-</u>	<u>420,490</u>	<u>2,629,400</u>	<u>8,753</u>	<u>1,752,885</u>	<u>-</u>	<u>4,811,528</u>
Deferred Charges	<u>-</u>	<u>41,061</u>	<u>423,835</u>	<u>-</u>	<u>75,504</u>	<u>3,302</u>	<u>543,702</u>
Capital Assets:							
Land	320,200	1,082,623	6,716,749	46,500	1,942,957	-	10,109,029
Buildings	9,765	2,408,035	40,930,520	4,350,992	1,569,693	-	49,269,005
Improvements Other Than Buildings	287,148	7,008,568	226,428	203,958	18,655,822	-	26,381,924
Machinery and Equipment	88,219	1,761,468	1,143,828	916,755	4,779,993	1,265,032	9,955,295
Construction in Progress	-	77,558	-	-	2,920,079	-	2,997,637
Less Accumulated Depreciation	(189,150)	(5,554,313)	(12,163,849)	(5,111,761)	(12,651,617)	(905,910)	(36,576,600)
Total Capital Assets, Net	<u>516,182</u>	<u>6,783,939</u>	<u>36,853,676</u>	<u>406,444</u>	<u>17,216,927</u>	<u>359,122</u>	<u>62,136,290</u>
Total Assets	<u>1,747,742</u>	<u>7,292,603</u>	<u>43,555,988</u>	<u>1,020,302</u>	<u>30,041,706</u>	<u>1,323,390</u>	<u>84,981,731</u>
LIABILITIES							
Current Liabilities:							
Accounts Payable	790	132,355	299,003	50,373	2,109,450	119,329	2,711,300
Accrued Liabilities	-	27,049	1,803	83,226	32,333	56,455	200,866
Accrued Compensated Absences	-	58,621	1,789	-	66,038	107,821	234,269
Due to Other Funds	-	266,681	1,979	-	690	50,000	319,350
Due to Other Governments	30	35,965	-	16,950	64,638	456	118,039
Unearned Revenue	-	33,732	-	189,118	-	-	222,850
Accrued Interest	-	4,638	31,087	-	6,386	669	42,780
Current Portion of Capital Lease	21,797	95,922	-	20,172	-	185,000	322,891
Current Portion of Long-Term Debt	-	315,000	1,240,000	-	185,000	-	1,740,000
Total Current Liabilities	<u>22,617</u>	<u>969,963</u>	<u>1,575,661</u>	<u>359,839</u>	<u>2,464,535</u>	<u>519,730</u>	<u>5,912,345</u>
Noncurrent Liabilities:							
Due to Other Funds	-	-	-	-	-	1,751,842	1,751,842
Accrued Compensated Absences	-	24,178	4,914	-	22,814	2,129	54,035
Long-Term Debt, Net	-	1,348,488	13,475,000	-	3,827,575	-	18,651,063
Capital Lease Payable	17,321	98,773	-	69,523	-	195,000	380,617
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	-	8,391,000	-	8,391,000
Total Noncurrent Liabilities	<u>17,321</u>	<u>1,471,439</u>	<u>13,479,914</u>	<u>69,523</u>	<u>12,241,389</u>	<u>1,948,971</u>	<u>29,228,557</u>
Total Liabilities	<u>39,938</u>	<u>2,441,402</u>	<u>15,055,575</u>	<u>429,362</u>	<u>14,705,924</u>	<u>2,468,701</u>	<u>35,140,902</u>
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	477,064	4,966,817	22,562,511	316,749	13,940,318	(17,576)	42,245,883
Restricted for:							
Debt Service	-	307,550	1,931,308	-	393,613	-	2,632,471
Capital Projects	-	110,231	682,850	8,753	661,707	-	1,463,541
Other	-	-	-	145,484	-	-	145,484
Unrestricted	1,230,740	(533,397)	3,323,744	119,954	340,144	(1,127,735)	3,353,450
Total Net Assets	<u>\$ 1,707,804</u>	<u>4,851,201</u>	<u>28,500,413</u>	<u>590,940</u>	<u>15,335,782</u>	<u>(1,145,311)</u>	<u>49,840,829</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Emergency Medical Services	Total
Operating Revenues							
Charges for Services	\$ -	-	-	-	-	3,289,202	3,289,202
Fees	-	2,967,576	-	-	3,848,961	-	6,816,537
Parking Facility Revenue	218,759	-	5,689,593	-	-	-	5,908,352
Performance Revenue	-	-	-	1,793,166	-	-	1,793,166
Other Operating Revenue	565	25,855	7,759	91,176	287,918	681	413,954
Total Operating Revenues	<u>219,324</u>	<u>2,993,431</u>	<u>5,697,352</u>	<u>1,884,342</u>	<u>4,136,879</u>	<u>3,289,883</u>	<u>18,221,211</u>
Operating Expenses							
Personal Services	-	1,240,869	106,505	946,093	1,793,652	2,634,787	6,721,906
Contractual Services	17,525	40,334	1,807,581	-	1,224,392	520,525	3,610,357
Operation and Maintenance	154,653	1,185,938	861,036	1,369,701	1,596,881	391,265	5,559,474
Depreciation	28,573	605,241	1,040,337	80,860	1,524,601	161,678	3,441,290
Total Operating Expenses	<u>200,751</u>	<u>3,072,382</u>	<u>3,815,459</u>	<u>2,396,654</u>	<u>6,139,526</u>	<u>3,708,255</u>	<u>19,333,027</u>
Operating Income (Loss)	<u>18,573</u>	<u>(78,951)</u>	<u>1,881,893</u>	<u>(512,312)</u>	<u>(2,002,647)</u>	<u>(418,372)</u>	<u>(1,111,816)</u>
Nonoperating Revenues (Expenses)							
Investment Earnings	33,554	530	253,241	1,164	188,725	-	477,214
Gain on Disposal of Capital Assets	-	-	-	-	107,025	-	107,025
Occupation Tax	-	-	-	-	2,232,680	-	2,232,680
Amortization of Deferred Charges	-	(12,195)	(36,384)	-	-	(2,331)	(50,910)
Interest Expense and Fiscal Charges	(3,780)	(85,001)	(800,650)	(7,252)	(7,086)	(82,449)	(986,218)
Total Nonoperating Revenues (Expenses)	<u>29,774</u>	<u>(96,666)</u>	<u>(583,793)</u>	<u>(6,088)</u>	<u>2,521,344</u>	<u>(84,780)</u>	<u>1,779,791</u>
Income (Loss) Before Contributions and Transfers	48,347	(175,617)	1,298,100	(518,400)	518,697	(503,152)	667,975
Capital Contributions	-	-	949,005	50,000	150,277	-	1,149,282
Transfers In	-	-	-	525,000	-	-	525,000
Transfers Out	-	(4,500)	-	-	(746,289)	-	(750,789)
Change in Net Assets	<u>48,347</u>	<u>(180,117)</u>	<u>2,247,105</u>	<u>56,600</u>	<u>(77,315)</u>	<u>(503,152)</u>	<u>1,591,468</u>
Net Assets - Beginning	<u>1,659,457</u>	<u>5,031,318</u>	<u>26,253,308</u>	<u>534,340</u>	<u>15,413,097</u>	<u>(642,159)</u>	<u>48,249,361</u>
Net Assets - Ending	<u>\$ 1,707,804</u>	<u>4,851,201</u>	<u>28,500,413</u>	<u>590,940</u>	<u>15,335,782</u>	<u>(1,145,311)</u>	<u>49,840,829</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Parking Lot Revolving	Golf	Parking Facilities	Pershing Municipal Auditorium	Solid Waste Management	Emergency Medical Services	Total
Cash Flows from Operating Activities							
Receipts from Customers and Users	\$ 219,429	2,954,212	5,685,133	1,732,025	3,751,958	3,528,179	17,870,936
Receipts from Interfund Services Provided	-	-	16,824	-	234,982	-	251,806
Payments to Suppliers for Goods and Services	(181,018)	(673,461)	(2,155,868)	(1,363,677)	(2,107,386)	(684,343)	(7,165,753)
Payments to Employees	-	(1,297,173)	(109,661)	(880,829)	(1,839,741)	(2,688,873)	(6,816,277)
Payments for Interfund Services Provided	(4,602)	(506,525)	(414,416)	-	(303,289)	(254,007)	(1,482,839)
Other Receipts	565	25,855	7,759	91,176	287,918	681	413,954
Net Cash Provided (Used) by Operating Activities	<u>34,374</u>	<u>502,908</u>	<u>3,029,771</u>	<u>(421,305)</u>	<u>24,442</u>	<u>(98,363)</u>	<u>3,071,827</u>
Cash Flows from Noncapital Financing Activities							
Occupation Tax	-	-	-	-	2,290,410	-	2,290,410
Transfers from Other Funds	-	-	-	525,000	-	-	525,000
Transfers to Other Funds	-	(4,500)	-	-	(746,289)	-	(750,789)
Advances from General Fund	-	142,835	-	-	-	553,795	696,630
Repayment of Advances from General Fund	-	-	-	-	-	(199,468)	(199,468)
Advances to Other Funds	(18,422)	(5,288)	(41,463)	-	(447,008)	-	(512,181)
Payments from Other Funds	-	-	-	2,794	-	-	2,794
Capital Contributions	-	-	-	50,000	-	-	50,000
Interest Paid to General Fund	-	-	-	-	-	(60,321)	(60,321)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(18,422)</u>	<u>133,047</u>	<u>(41,463)</u>	<u>577,794</u>	<u>1,097,113</u>	<u>294,006</u>	<u>2,042,075</u>
Cash Flows from Capital and Related Financing Activities							
Additions to Capital Assets	-	(43,649)	(1,582,523)	-	(1,495,496)	-	(3,121,668)
Proceeds from Sale of Capital Assets	-	-	-	-	107,025	-	107,025
Proceeds from Long-Term Debt	-	-	-	-	4,012,575	-	4,012,575
Cost of Debt Issuance	-	-	-	-	(75,504)	-	(75,504)
Principal Payments of Capital Lease	(20,220)	(218,385)	-	(18,834)	-	(175,000)	(432,439)
Principal Payments of Bonded Debt	-	(305,000)	(1,185,000)	-	-	-	(1,490,000)
Interest and Fiscal Charges Paid	(3,780)	(88,144)	(804,350)	(7,252)	(700)	(20,643)	(924,869)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(24,000)</u>	<u>(655,178)</u>	<u>(3,571,873)</u>	<u>(26,086)</u>	<u>2,547,900</u>	<u>(195,643)</u>	<u>(1,924,880)</u>
Cash Flows from Investing Activities							
Proceeds from Sale and Maturities of Investments	-	-	1,335,047	28,044	-	-	1,363,091
Purchases of Investments	(139,314)	(37,367)	(1,589,884)	(241)	(4,002,552)	-	(5,769,358)
Interest and Other Receipts	40,189	3,334	260,882	803	284,829	-	590,037
Net Cash Provided (Used) by Investing Activities	<u>(99,125)</u>	<u>(34,033)</u>	<u>6,045</u>	<u>28,606</u>	<u>(3,717,723)</u>	<u>-</u>	<u>(3,816,230)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(107,173)	(53,256)	(577,520)	159,009	(48,268)	-	(627,208)
Cash and Cash Equivalents - Beginning	300,952	125,600	1,491,060	280,737	1,918,337	-	4,116,686
Cash and Cash Equivalents - Ending	<u>\$ 193,779</u>	<u>72,344</u>	<u>913,540</u>	<u>439,746</u>	<u>1,870,069</u>	<u>-</u>	<u>3,489,478</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating Income (Loss)	\$ 18,573	(78,951)	1,881,893	(512,312)	(2,002,647)	(418,372)	(1,111,816)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	28,573	605,241	1,040,337	80,860	1,524,601	161,678	3,441,290
Changes in Assets and Liabilities:							
Accounts Receivable and Unbilled Revenues	670	2,971	12,364	(34,541)	123,165	238,977	343,606
Due from Other Funds	-	-	-	-	12,287	-	12,287
Due from Other Governments	-	-	-	-	2,527	-	2,527
Inventories	-	(1,769)	-	3,169	-	(13,838)	(12,438)
Prepaid Expenses	-	-	-	217	-	18,937	19,154
Accounts Payable	(13,472)	46,921	100,679	(3,021)	15,590	(14,835)	131,862
Accrued Liabilities	-	(42,908)	(3,065)	65,264	(46,216)	(67,410)	(94,335)
Accrued Compensated Absences	-	2,418	(91)	-	127	13,324	15,778
Due to Other Funds	-	(14,323)	(1,798)	-	(390)	(16,932)	(33,443)
Due to Other Governments	30	(357)	(548)	5,659	2,398	108	7,290
Unearned Revenue	-	(16,335)	-	(26,600)	-	-	(42,935)
Accrued Landfill Closure/Postclosure Care Costs	-	-	-	-	393,000	-	393,000
Total Adjustments	<u>15,801</u>	<u>581,859</u>	<u>1,147,878</u>	<u>91,007</u>	<u>2,027,089</u>	<u>320,009</u>	<u>4,183,643</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,374</u>	<u>502,908</u>	<u>3,029,771</u>	<u>(421,305)</u>	<u>24,442</u>	<u>(98,363)</u>	<u>3,071,827</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:							
Contribution of Capital Assets	\$ -	-	949,005	-	150,277	-	1,099,282
Purchase of Capital Assets on Account	-	-	-	-	1,931,115	-	1,931,115
Change in Fair Value of Investments	(7,643)	(2,444)	(13,492)	362	(110,522)	-	(133,739)

INTERNAL SERVICE FUNDS

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

Information Services Fund - To account for the cost of operating a central data processing facility for the City of Lincoln and Lancaster County. User City and County departments are charged for the resources used. Resources used are billed at cost plus an administrative overhead.

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

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

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

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

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

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

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AUGUST 31, 2006

	<u>Information Services</u>	<u>Engineering Revolving</u>	<u>Insurance Revolving</u>	<u>Fleet Services</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 281,631	46,453	2,067,051	70,936
Investments	1,380,553	226,185	10,117,619	348,931
Accounts Receivable	48,860	28,786	22,500	282
Accrued Interest Receivable	12,921	2,045	95,368	655
Due from Other Funds	299,816	38,692	1,089,247	109,396
Due from Other Governments	250,781	97,150	-	43,742
Inventories	-	-	-	493,491
Prepaid Expenses	348,721	-	-	-
Total Current Assets	<u>2,623,283</u>	<u>439,311</u>	<u>13,391,785</u>	<u>1,067,433</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	-	-
Buildings	26,485	-	-	-
Improvements Other Than Buildings	-	693,733	-	420,192
Machinery and Equipment	1,770,527	450,176	28,936	15,318,434
Less Accumulated Depreciation	<u>(1,116,025)</u>	<u>(873,466)</u>	<u>(17,583)</u>	<u>(8,252,653)</u>
Total Capital Assets, Net	<u>680,987</u>	<u>270,443</u>	<u>11,353</u>	<u>7,485,973</u>
Total Assets	<u>3,304,270</u>	<u>709,754</u>	<u>13,403,138</u>	<u>8,553,406</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	65,830	73,864	145,613	417,053
Accrued Liabilities	66,741	111,178	8,630	25,669
Accrued Compensated Absences	152,254	321,896	15,315	70,096
Due to Other Funds	13,010	17,787	473	3,418
Due to Other Governments	18	92	120	836
Unearned Revenue	-	559,522	-	-
Claims	-	-	2,746,099	-
Accrued Interest	624	-	-	-
Current Portion of Capital Lease	56,954	-	-	-
Total Current Liabilities	<u>355,431</u>	<u>1,084,339</u>	<u>2,916,250</u>	<u>517,072</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	72,684	173,587	16,795	56,982
Claims	-	-	3,165,285	-
Capital Lease Payable	166,784	-	-	-
Total Noncurrent Liabilities	<u>239,468</u>	<u>173,587</u>	<u>3,182,080</u>	<u>56,982</u>
Total Liabilities	<u>594,899</u>	<u>1,257,926</u>	<u>6,098,330</u>	<u>574,054</u>
NET ASSETS				
Invested in Capital Assets	457,249	270,443	11,353	7,485,973
Unrestricted	2,252,122	(818,615)	7,293,455	493,379
Total Net Assets	<u>\$ 2,709,371</u>	<u>(548,172)</u>	<u>7,304,808</u>	<u>7,979,352</u>

<u>Police Garage</u>	<u>Communication Services</u>	<u>Copy Services</u>	<u>Total</u>
251,598	19,628	45,076	2,782,373
1,231,602	99,300	219,289	13,623,479
831	218	1,740	103,217
9,220	869	2,031	123,109
358,469	18,159	41,696	1,955,475
5,647	1,155	26,843	425,318
88,803	-	-	582,294
-	-	-	348,721
<u>1,946,170</u>	<u>139,329</u>	<u>336,675</u>	<u>19,943,986</u>
48,250	-	-	48,250
346,661	-	-	373,146
49,234	-	-	1,163,159
4,819,587	60,349	-	22,448,009
(3,350,728)	(54,402)	-	(13,664,857)
<u>1,913,004</u>	<u>5,947</u>	<u>-</u>	<u>10,367,707</u>
<u>3,859,174</u>	<u>145,276</u>	<u>336,675</u>	<u>30,311,693</u>
51,619	466	31,089	785,534
14,386	1,829	673	229,106
28,865	3,217	799	592,442
19	-	-	34,707
-	-	-	1,066
-	-	-	559,522
-	-	-	2,746,099
-	-	-	624
-	-	-	56,954
<u>94,889</u>	<u>5,512</u>	<u>32,561</u>	<u>5,006,054</u>
33,636	6,692	-	360,376
-	-	-	3,165,285
-	-	-	166,784
<u>33,636</u>	<u>6,692</u>	<u>-</u>	<u>3,692,445</u>
<u>128,525</u>	<u>12,204</u>	<u>32,561</u>	<u>8,698,499</u>
1,913,004	5,947	-	10,143,969
1,817,645	127,125	304,114	11,469,225
<u>3,730,649</u>	<u>133,072</u>	<u>304,114</u>	<u>21,613,194</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Operating Revenues				
Charges for Services	\$ 6,226,233	6,598,271	8,161,460	6,334,403
Operating Expenses				
Personal Services	3,321,921	5,868,749	460,671	1,478,816
Materials and Supplies	137,163	64,310	5,578	1,637,998
Other Services and Charges	2,138,076	1,153,102	8,147,006	1,602,801
Depreciation	195,827	61,549	1,725	1,406,543
Total Operating Expenses	<u>5,792,987</u>	<u>7,147,710</u>	<u>8,614,980</u>	<u>6,126,158</u>
Operating Income (Loss)	<u>433,246</u>	<u>(549,439)</u>	<u>(453,520)</u>	<u>208,245</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	55,593	12,440	407,352	1,399
Gain (Loss) on Disposal of Capital Assets	(12,471)	1,399	-	223,177
Grants	-	183,740	-	-
Interest Expense and Fiscal Charges	(8,524)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>34,598</u>	<u>197,579</u>	<u>407,352</u>	<u>224,576</u>
Income (Loss) Before Contributions and Transfers	467,844	(351,860)	(46,168)	432,821
Capital Contributions	229,051	-	-	410,032
Transfers In	-	49,391	-	33,334
Change in Net Assets	<u>696,895</u>	<u>(302,469)</u>	<u>(46,168)</u>	<u>876,187</u>
Net Assets - Beginning	<u>2,012,476</u>	<u>(245,703)</u>	<u>7,350,976</u>	<u>7,103,165</u>
Net Assets - Ending	<u>\$ 2,709,371</u>	<u>(548,172)</u>	<u>7,304,808</u>	<u>7,979,352</u>

<u>Police Garage</u>	<u>Communication Services</u>	<u>Copy Services</u>	<u>Total</u>
<u>3,016,567</u>	<u>208,630</u>	<u>310,479</u>	<u>30,856,043</u>
757,011	100,175	26,759	12,014,102
1,209,836	4,755	-	3,059,640
567,869	87,725	319,824	14,016,403
584,796	939	-	2,251,379
<u>3,119,512</u>	<u>193,594</u>	<u>346,583</u>	<u>31,341,524</u>
<u>(102,945)</u>	<u>15,036</u>	<u>(36,104)</u>	<u>(485,481)</u>
38,271	3,332	9,031	527,418
(6,491)	-	-	205,614
-	-	-	183,740
-	-	-	(8,524)
<u>31,780</u>	<u>3,332</u>	<u>9,031</u>	<u>908,248</u>
(71,165)	18,368	(27,073)	422,767
-	-	-	639,083
33,333	-	-	116,058
<u>(37,832)</u>	<u>18,368</u>	<u>(27,073)</u>	<u>1,177,908</u>
<u>3,768,481</u>	<u>114,704</u>	<u>331,187</u>	<u>20,435,286</u>
<u><u>3,730,649</u></u>	<u><u>133,072</u></u>	<u><u>304,114</u></u>	<u><u>21,613,194</u></u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Information Services	Engineering Revolving	Insurance Revolving	Fleet Services
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,592,111	1,908,988	3,197,660	802,419
Receipts from Interfund Services Provided	3,638,696	4,741,235	4,942,096	5,484,929
Payments to Suppliers for Goods and Services	(2,335,043)	(568,667)	(7,164,923)	(3,186,490)
Payments to Employees	(3,405,176)	(5,980,672)	(467,841)	(1,509,265)
Payments for Interfund Services Provided	(120,696)	(624,483)	(162,256)	(244,758)
Net Cash Provided (Used) by Operating Activities	<u>369,892</u>	<u>(523,599)</u>	<u>344,736</u>	<u>1,346,835</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	49,391	-	33,334
Advances to Other Funds	(33,221)	-	(122,658)	(356)
Payments from Other Funds	-	9,013	-	-
Federal Grant Revenue	-	292,567	-	-
Net Cash Used by Noncapital Financing Activities	<u>(33,221)</u>	<u>350,971</u>	<u>(122,658)</u>	<u>32,978</u>
Cash Flows from Capital and Related Financing Activities				
Additions to Capital Assets	(211,022)	(17,350)	-	(1,754,559)
Proceeds from Sale of Capital Assets	-	1,399	-	297,127
Principal Payments of Capital Lease	(55,085)	-	-	-
Interest and Fiscal Charges Paid	(8,663)	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>(274,770)</u>	<u>(15,951)</u>	<u>-</u>	<u>(1,457,432)</u>
Cash Flows from Investing Activities				
Proceeds from Sale and Maturities of Investments	-	119,406	-	41,998
Purchases of Investments	(264,192)	(19,796)	(1,693,429)	(30,539)
Interest and Other Receipts	64,870	14,406	478,065	3,238
Net Cash Provided (Used) by Investing Activities	<u>(199,322)</u>	<u>114,016</u>	<u>(1,215,364)</u>	<u>14,697</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(137,421)	(74,563)	(993,286)	(62,922)
Cash and Cash Equivalents - Beginning	419,052	121,016	3,060,337	133,858
Cash and Cash Equivalents - Ending	<u>\$ 281,631</u>	<u>46,453</u>	<u>2,067,051</u>	<u>70,936</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 433,246	(549,439)	(453,520)	208,245
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	195,827	61,549	1,725	1,406,543
Changes in Assets and Liabilities:				
Accounts Receivable	20,751	196,124	(21,704)	(65)
Due from Other Funds	20,603	(1,293)	-	(10,946)
Due from Other Governments	(36,780)	3,325	-	(36,044)
Inventories	-	-	-	(124,168)
Prepaid Expenses	(177,618)	-	-	-
Accounts Payable	(13,572)	18,032	47,175	(66,649)
Accrued Liabilities	(80,385)	(148,684)	(12,537)	(37,192)
Accrued Compensated Absences	(2,870)	36,761	5,367	6,743
Due to Other Funds	11,267	7,132	(6,618)	(468)
Due to Other Governments	(577)	(902)	(105)	836
Unearned Revenue	-	(146,204)	-	-
Claims	-	-	784,953	-
Total Adjustments	(63,354)	25,840	798,256	1,138,590
Net Cash Provided (Used) by Operating Activities	<u>\$ 369,892</u>	<u>(523,599)</u>	<u>344,736</u>	<u>1,346,835</u>
Supplemental Disclosure of Noncash Investing, Capital, and Financing Activities:				
Contribution of Capital Assets	\$ 229,051	-	-	410,032
Capital Asset Trade-ins	-	-	-	7,537
Purchase of Capital Assets on Account	7,322	-	-	227,500
Change in Fair Value of Investments	(12,132)	(38)	(85,597)	(4,211)

Police Garage	Communication Services	Copy Services	Total
38,692	65,755	129,667	8,735,292
2,981,002	143,134	167,511	22,098,603
(1,085,717)	(94,636)	(308,631)	(14,744,107)
(771,223)	(95,059)	(26,862)	(12,256,098)
<u>(747,555)</u>	<u>(6,938)</u>	<u>(10,155)</u>	<u>(1,916,841)</u>
<u>415,199</u>	<u>12,256</u>	<u>(48,470)</u>	<u>1,916,849</u>
33,333	-	-	116,058
(21,718)	(2,641)	(960)	(181,554)
-	-	-	9,013
-	-	-	292,567
<u>11,615</u>	<u>(2,641)</u>	<u>(960)</u>	<u>236,084</u>
(519,704)	-	-	(2,502,635)
53,674	-	-	352,200
-	-	-	(55,085)
-	-	-	(8,663)
<u>(466,030)</u>	<u>-</u>	<u>-</u>	<u>(2,214,183)</u>
-	-	21,095	182,499
(157,368)	(22,337)	(19,193)	(2,206,854)
46,623	3,989	10,280	621,471
<u>(110,745)</u>	<u>(18,348)</u>	<u>12,182</u>	<u>(1,402,884)</u>
(149,961)	(8,733)	(37,248)	(1,464,134)
401,559	28,361	82,324	4,246,507
<u>251,598</u>	<u>19,628</u>	<u>45,076</u>	<u>2,782,373</u>
<u>(102,945)</u>	<u>15,036</u>	<u>(36,104)</u>	<u>(485,481)</u>
584,796	939	-	2,251,379
(771)	598	(891)	194,042
9,328	(3,311)	(2,303)	12,078
(5,430)	2,972	(10,107)	(82,064)
678	-	-	(123,490)
-	-	-	(177,618)
(40,474)	(2,156)	1,038	(56,606)
(16,629)	(2,630)	(577)	(298,634)
2,417	808	474	49,700
(15,771)	-	-	(4,458)
-	-	-	(748)
-	-	-	(146,204)
-	-	-	784,953
<u>518,144</u>	<u>(2,780)</u>	<u>(12,366)</u>	<u>2,402,330</u>
<u>415,199</u>	<u>12,256</u>	<u>(48,470)</u>	<u>1,916,849</u>
-	-	-	639,083
-	-	-	7,537
-	-	-	234,822
<u>(9,754)</u>	<u>(918)</u>	<u>(1,329)</u>	<u>(113,979)</u>



CITY OF LINCOLN
NEBRASKA

AGENCY FUNDS

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

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

Airport Authority -	Taxes collected on its behalf.
State of Nebraska -	Sales tax collections on sales made by the City of Lincoln and Lottery Tax Collections on Keno Proceeds to be remitted to the State.
Lincoln Public Schools -	Fines, fees, licenses and permits collected on its behalf.
Department of Housing and Urban Development -	Various bank accounts used for Home Improvement Loans, Down-payment Assistance and Rental Rehabilitation programs. The City is the Fiduciary agent for these accounts.

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

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

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

Telephone Bill Suspense - To account for the accumulation and disbursement of funds to pay for the City's phone system charges.

Defeased Bond Proceeds - To account for the proceeds from the 1992 Sanitary Sewer Revenue Bonds issued to defease the 1980 Sanitary Sewer Revenue Bonds. The City Treasurer is the Trustee for this bond defeasance.

Joint Antelope Valley Authority - To account for the accumulation and disbursement of funds for the joint administrative entity known as JAVA, created to coordinate planning and implementation of the Antelope Valley Project.

Gateway Center Joint Venture Escrow - To account for funds deposited with the City by the Gateway Shopping Center in fulfillment of a condition of the use permit for expansion of the shopping center. Funds may be drawn upon for construction of roadway improvements for the purpose of controlling the flow of off-site traffic in the "O" street corridor between Cotner Boulevard and 73rd Street.

Public Building Commission Bond Reserve - To account for Bond Reserve funds deposited with the City by the Lancaster County Public Building Commission in association with their Tax Supported Lease Rental Revenue Bonds, Series 2004, 2005 and 2005B. The City has agreed to be the Trustee for these Reserve Funds until such time as the Bonds are fully retired.

CITY OF LINCOLN, NEBRASKA
COMBINING BALANCE SHEET
AGENCY FUNDS
AUGUST 31, 2006

	<u>Collections Due Other Governments</u>	<u>Contractor Deposits</u>	<u>Payroll Revolving</u>	<u>Outstanding Warrants</u>	<u>Telephone Bill Suspense</u>
ASSETS					
Cash and Cash Equivalents	\$ 133,322	531,591	641,881	4,953,375	54,620
Investments	-	-	-	-	-
Receivables:					
Accrued Interest	13	-	-	-	-
Other	30,238	-	-	-	-
Contractor Retainage	-	790,624	-	-	-
Total Assets	<u>163,573</u>	<u>1,322,215</u>	<u>641,881</u>	<u>4,953,375</u>	<u>54,620</u>
LIABILITIES					
Warrants Payable	-	-	-	4,953,375	-
Accounts Payable	-	-	121,225	-	54,620
Due to Other Governments	163,573	-	520,656	-	-
Due to Contractors	-	1,322,215	-	-	-
Due to Joint Venture	-	-	-	-	-
Due to Bondholders	-	-	-	-	-
Total Liabilities	<u>\$ 163,573</u>	<u>1,322,215</u>	<u>641,881</u>	<u>4,953,375</u>	<u>54,620</u>

<u>Defeased Bond Proceeds</u>	<u>Gateway Center Joint Venture Escrow</u>	<u>Public Building Commission Bond Reserve</u>	<u>Total</u>
12,373	175,954	318,711	6,821,827
-	-	2,821,472	2,821,472
-	1,203	38,940	40,156
-	-	-	30,238
-	-	-	790,624
<u>12,373</u>	<u>177,157</u>	<u>3,179,123</u>	<u>10,504,317</u>
-	-	-	4,953,375
-	-	-	175,845
-	-	3,179,123	3,863,352
-	-	-	1,322,215
-	177,157	-	177,157
<u>12,373</u>	<u>-</u>	<u>-</u>	<u>12,373</u>
<u>12,373</u>	<u>177,157</u>	<u>3,179,123</u>	<u>10,504,317</u>

CITY OF LINCOLN, NEBRASKA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Balance Sep. 1, 2005	Additions	Deductions	Balance Aug. 31, 2006
COLLECTIONS DUE OTHER GOVERNMENTS:				
Assets:				
Cash and Cash Equivalents	\$ 83,215	1,019,468	969,361	133,322
Receivables	56,455	30,251	56,455	30,251
	<u>139,670</u>	<u>1,049,719</u>	<u>1,025,816</u>	<u>163,573</u>
Liabilities:				
Due to Other Governments	\$ 139,670	770,406	746,503	163,573
	<u>139,670</u>	<u>770,406</u>	<u>746,503</u>	<u>163,573</u>
CONTRACTOR DEPOSITS:				
Assets:				
Cash and Cash Equivalents	\$ 646,478	87,567	202,454	531,591
Contractor Retainage	871,919	30,300	111,595	790,624
	<u>1,518,397</u>	<u>117,867</u>	<u>314,049</u>	<u>1,322,215</u>
Liabilities:				
Due to Contractors	\$ 1,518,397	117,867	314,049	1,322,215
	<u>1,518,397</u>	<u>117,867</u>	<u>314,049</u>	<u>1,322,215</u>
PAYROLL REVOLVING:				
Assets:				
Cash and Cash Equivalents	\$ 386,132	211,558,726	211,302,977	641,881
Liabilities:				
Accounts Payable	40,389	141,706,110	141,625,274	121,225
Due to Other Governments	345,743	28,731,480	28,556,567	520,656
	<u>\$ 386,132</u>	<u>170,437,590</u>	<u>170,181,841</u>	<u>641,881</u>
OUTSTANDING WARRANTS:				
Assets:				
Cash and Cash Equivalents	\$ 2,598,986	388,002,962	385,648,573	4,953,375
Liabilities:				
Warrants Payable	\$ 2,598,986	388,002,962	385,648,573	4,953,375
	<u>2,598,986</u>	<u>388,002,962</u>	<u>385,648,573</u>	<u>4,953,375</u>
TELEPHONE BILL SUSPENSE:				
Assets:				
Cash and Cash Equivalents	\$ 16,029	724,677	686,086	54,620
Liabilities:				
Accounts Payable	\$ 16,029	724,677	686,086	54,620
	<u>16,029</u>	<u>724,677</u>	<u>686,086</u>	<u>54,620</u>

(Continued)

(Agency Funds, Continued)

	Balance Sep. 1, 2005	Additions	Deductions	Balance Aug. 31, 2006
DEFEASED BOND PROCEEDS:				
Assets:				
Cash and Cash Equivalents	\$ 12,373	-	-	12,373
Liabilities:				
Due to Bondholders	\$ 12,373	-	-	12,373
JOINT ANTELOPE VALLEY AUTHORITY				
Assets:				
Cash and Cash Equivalents	\$ -	17,213,686	17,213,686	-
Liabilities:				
Accounts Payable	\$ -	20,731,695	20,731,695	-
GATEWAY CENTER JOINT VENTURE ESCROW:				
Assets:				
Cash and Cash Equivalents	\$ 170,137	6,310	493	175,954
Receivables	1,046	1,203	1,046	1,203
	<u>171,183</u>	<u>7,513</u>	<u>1,539</u>	<u>177,157</u>
Liabilities:				
Due to Joint Venture	\$ 171,183	5,974	-	177,157
PUBLIC BUILDING COMMISSION BOND RESERVE:				
Assets:				
Cash and Cash Equivalents	\$ 1,960,939	273,423	1,915,651	318,711
Investments	931,480	1,923,164	33,172	2,821,472
Receivables	13,105	38,940	13,105	38,940
	<u>2,905,524</u>	<u>2,235,527</u>	<u>1,961,928</u>	<u>3,179,123</u>
Liabilities:				
Due to Other Governments	\$ 2,905,524	331,656	58,057	3,179,123
AGENCY FUND TOTALS:				
Total Assets	\$ <u>7,748,294</u>	<u>620,910,677</u>	<u>618,154,654</u>	<u>10,504,317</u>
Total Liabilities	\$ <u>7,748,294</u>	<u>581,122,827</u>	<u>578,366,804</u>	<u>10,504,317</u>



CITY OF LINCOLN
NEBRASKA

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	135
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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	142
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These schedules contain information to help the reader assess the City’s two most significant local revenue sources; sales tax and property tax.

Debt Capacity	150
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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	156
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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	158
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These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



CITY OF LINCOLN
NEBRASKA

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 417,745,982	399,561,548	361,516,579	353,228,671	321,761,052
Restricted	194,881,737	184,367,499	147,333,934	111,928,216	101,499,367
Unrestricted	59,258,075	60,366,016	64,026,685	66,785,387	70,508,399
Total Governmental Activities Net Assets	\$ 671,885,794	644,295,063	572,877,198	531,942,274	493,768,818
Business-Type Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 536,166,169	509,989,903	496,144,600	513,682,743	476,054,560
Restricted	23,399,483	15,101,637	16,262,952	52,887,433	47,701,632
Unrestricted	88,622,126	112,544,793	114,643,047	39,215,687	55,451,079
Total Business-Type Activities Net Assets	\$ 648,187,778	637,636,333	627,050,599	605,785,863	579,207,271
Primary Government:					
Invested in Capital Assets, Net of Related Debt	\$ 953,912,151	909,551,451	857,661,179	866,911,414	797,815,612
Restricted	218,281,220	199,469,136	163,596,886	164,815,649	149,200,999
Unrestricted	147,880,201	172,910,809	178,669,732	106,001,074	125,959,478
Total Primary Government Net Assets	\$ 1,320,073,572	1,281,931,396	1,199,927,797	1,137,728,137	1,072,976,089

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Expenses					
Governmental Activities:					
General Government	\$ 30,781,582	27,955,407	28,475,396	26,781,326	23,530,070
Public Safety	70,390,835	70,432,578	66,461,665	60,312,147	58,784,389
Streets and Highways	29,293,980	20,620,140	24,066,450	21,627,658	21,073,128
Culture and Recreation	25,379,286	23,827,670	23,699,396	23,183,517	21,219,904
Economic Opportunity	16,165,310	15,522,471	16,778,622	18,803,783	14,097,457
Health and Welfare	20,215,258	18,873,394	18,122,416	17,232,211	18,133,340
Mass Transit	9,706,032	9,511,096	8,928,193	8,526,212	8,176,390
Equipment Management	1,789,593	2,012,107	1,017,244	580,423	906,227
Engineering Services	2,499,482	2,073,123	2,139,853	2,517,342	1,810,386
Interest on Long-Term Debt	4,853,854	4,859,767	3,701,385	3,510,748	2,680,738
Total Governmental Activities Expenses	<u>211,075,212</u>	<u>195,687,753</u>	<u>193,390,620</u>	<u>183,075,367</u>	<u>170,412,029</u>
Business-Type Activities:					
Parking Lots	204,531	282,945	231,572	184,222	187,586
Golf	3,169,578	3,295,680	3,230,108	3,064,867	2,785,793
Parking Facilities	4,652,493	4,903,338	4,731,301	4,328,388	3,726,638
Municipal Auditorium	2,403,906	2,211,685	2,374,730	2,341,886	2,303,780
Sanitary Landfill	6,146,612	6,767,689	6,446,310	4,390,601	5,428,560
Emergency Medical Services	3,793,035	3,828,891	3,684,221	3,905,011	3,518,764
Wastewater System	17,563,692	16,461,078	15,461,420	13,205,150	12,659,850
Water System	23,137,996	22,249,027	20,169,981	19,144,465	18,206,099
Electric System	197,751,000	171,812,000	163,078,000	155,489,000	161,026,000
Total Business-Type Activities Expenses	<u>258,822,843</u>	<u>231,812,333</u>	<u>219,407,643</u>	<u>206,053,590</u>	<u>209,843,070</u>
Total Primary Government Expenses	<u>\$ 469,898,055</u>	<u>427,500,086</u>	<u>412,798,263</u>	<u>389,128,957</u>	<u>380,255,099</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 16,478,439	14,366,997	14,507,882	13,883,872	13,145,419
Public Safety	5,862,622	6,336,457	6,136,393	5,797,146	5,780,009
Streets and Highways	5,774,740	6,773,393	6,773,393	881,255	3,140,077
Culture and Recreation	4,207,617	3,088,848	2,792,436	2,700,504	2,455,509
Economic Opportunity	754,096	576,632	2,573,607	2,334,074	1,945,026
Health and Welfare	3,133,880	3,100,114	2,979,036	2,735,248	2,737,636
Other Activities	5,339,097	4,473,512	3,745,956	4,081,655	4,504,543
Operating Grants and Contributions	45,068,631	36,666,428	59,074,592	43,864,363	56,861,307
Capital Grants and Contributions	24,519,249	48,270,586	18,375,380	32,549,986	22,629,262
Total Governmental Activities Program Revenues	<u>111,138,371</u>	<u>123,652,967</u>	<u>114,376,523</u>	<u>108,828,103</u>	<u>113,198,788</u>
Business-Type Activities:					
Charges for Services:					
Wastewater System	17,955,248	16,920,940	15,980,045	14,665,990	14,926,446
Water System	25,487,483	24,266,844	22,064,193	20,841,857	21,971,839
Electric System	188,369,000	168,487,000	168,868,000	164,974,000	159,415,000
Other Activities	18,197,389	17,350,098	17,896,445	18,765,461	18,398,186
Operating Grants and Contributions	-	650,300	1,316,900	294,915	3,296
Capital Grants and Contributions	11,092,348	9,703,652	8,707,137	7,538,876	6,073,286
Total Business-Type Activities Program Revenues	<u>261,101,468</u>	<u>237,378,834</u>	<u>234,832,720</u>	<u>227,081,099</u>	<u>220,788,053</u>
Total Primary Government Program Revenues	<u>\$ 372,239,839</u>	<u>361,031,801</u>	<u>349,209,243</u>	<u>335,909,202</u>	<u>333,986,841</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (99,936,841)	(72,034,786)	(79,014,097)	(74,247,264)	(57,213,241)
Business-Type Activities	2,278,625	5,566,501	15,425,077	21,027,509	10,944,983
Total Primary Government Net Expense	<u>\$ (97,658,216)</u>	<u>(66,468,285)</u>	<u>(63,589,020)</u>	<u>(53,219,755)</u>	<u>(46,268,258)</u>

(Continued)

(Changes In Net Assets, Table 2, Continued)

	Fiscal Year				
	2006	2005	2004	2003	2002
General Revenues and Other Changes In Net Assets					
Governmental Activities:					
Taxes:					
Property Tax	\$ 43,081,366	40,877,070	39,138,647	36,389,326	34,991,750
Motor Vehicle Tax	4,249,847	4,256,521	4,055,313	3,823,011	3,589,367
Wheel Tax	9,250,300	9,153,599	8,634,929	7,767,169	7,758,565
Sales and Use Tax	54,348,587	53,741,266	51,978,978	49,010,546	47,049,405
Sundry and In Lieu Tax	35,020	31,765	36,735	44,810	45,685
Occupation Tax	9,225,546	9,451,789	9,291,595	8,555,252	9,020,544
Unrestricted Grants and Contributions	1,589,033	1,577,852	1,597,551	2,970,754	3,425,878
Unrestricted Investment Earnings	3,650,661	2,800,970	3,163,454	2,157,467	3,495,539
Miscellaneous General Revenues	1,107,132	1,042,665	590,961	405,066	492,161
Gain on Sale of Capital Assets	564,573	2,857,136	304,974	1,073,191	915,594
Transfers	425,507	1,290,018	1,155,884	224,128	1,104,289
Total Governmental Activities	<u>127,527,572</u>	<u>127,080,651</u>	<u>119,949,021</u>	<u>112,420,720</u>	<u>111,888,777</u>
Business-Type Activities:					
Occupation Tax	2,232,680	2,111,731	2,234,490	565,790	-
Unrestricted Investment Earnings	6,187,797	3,986,941	4,387,629	5,045,047	5,239,848
Miscellaneous General Revenues	170,825	165,585	80,033	92,258	204,685
Gain on Sale of Capital Assets	107,025	44,736	293,726	72,505	148,653
Transfers	(425,507)	(1,289,760)	(1,156,219)	(224,517)	(1,087,038)
Total Business-Type Activities	<u>8,272,820</u>	<u>5,019,233</u>	<u>5,839,659</u>	<u>5,551,083</u>	<u>4,506,148</u>
Total Primary Government	<u>\$ 135,800,392</u>	<u>132,099,884</u>	<u>125,788,680</u>	<u>117,971,803</u>	<u>116,394,925</u>
Change in Net Assets					
Governmental Activities	\$ 27,590,731	55,045,865	40,934,924	38,173,456	54,675,536
Business-Type Activities	10,551,445	10,585,734	21,264,736	26,578,592	15,451,131
Total Primary Government	<u>\$ 38,142,176</u>	<u>65,631,599</u>	<u>62,199,660</u>	<u>64,752,048</u>	<u>70,126,667</u>

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

	Fiscal Year				
	2006	2005	2004	2003	2002 ¹
General Fund					
Reserved	\$ 1,828,587	1,935,693	3,420,876	1,129,488	1,395,664
Unreserved	27,463,451	29,467,581	32,552,543	35,987,302	36,735,397
Total General Fund	<u>\$ 29,292,038</u>	<u>31,403,274</u>	<u>35,973,419</u>	<u>37,116,790</u>	<u>38,131,061</u>
All Other Governmental Funds					
Reserved	\$ 49,925,892	55,344,060	85,470,219	68,736,621	72,352,843
Unreserved, Reported in:					
Special Revenue Funds	67,422,892	46,519,881	31,763,330	18,170,362	24,251,512
Debt Service Funds	8,491,735	7,070,715	7,344,884	6,135,384	4,866,366
Capital Projects Funds	19,534,147	27,698,544	18,619,537	24,877,481	25,320,734
Permanent Funds	9,441,571	8,834,071	8,025,744	6,904,635	5,624,910
Total All Other Governmental Funds	<u>\$ 154,816,237</u>	<u>145,467,271</u>	<u>151,223,714</u>	<u>124,824,483</u>	<u>132,416,365</u>

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

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

Table 3

Fiscal Year				
2001	2000	1999 ²	1998	1997
1,879,514	1,616,391	1,566,905	2,016,607	1,847,435
30,964,860	32,849,589	26,582,477	24,473,276	26,882,798
<u>32,844,374</u>	<u>34,465,980</u>	<u>28,149,382</u>	<u>26,489,883</u>	<u>28,730,233</u>
55,771,848	64,461,276	58,767,136	27,905,182	20,932,473
43,188,432	23,634,730	26,087,589	16,878,805	18,295,352
3,646,779	2,306,563	4,082,008	4,864,243	5,233,100
16,573,262	31,308,422	33,543,294	18,406,565	17,625,767
6,905,368	6,301,298	4,403,768	-	-
<u>126,085,689</u>	<u>128,012,289</u>	<u>126,883,795</u>	<u>68,054,795</u>	<u>62,086,692</u>

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

	Fiscal Year				
	2006	2005	2004	2003	2002 ¹
Revenues					
Taxes:					
Property	\$ 43,051,465	40,877,024	38,825,280	36,350,142	35,969,591
Motor Vehicle	4,249,847	4,256,521	4,055,313	3,823,011	3,589,367
Wheel	9,250,300	9,153,599	8,634,929	7,767,169	7,758,565
Sales and Use	54,348,587	53,741,266	51,978,978	49,010,546	47,049,405
Sundry and In Lieu	34,090	34,888	31,194	44,809	45,685
Occupation	9,232,431	9,853,990	9,265,448	8,172,116	9,020,544
Special Assessment	1,691,266	1,400,791	1,965,820	1,946,784	1,705,895
Intergovernmental	60,757,501	63,180,171	58,619,699	52,773,424	59,029,609
Permits and Fees	18,423,079	16,535,049	15,593,326	12,679,623	12,449,879
Reimbursement for Services	7,063,192	6,936,334	6,322,870	6,097,336	5,605,557
Program Income	26,614	1,758,999	1,808,012	1,748,959	1,354,481
Investment Earnings	4,082,196	4,327,311	5,207,711	4,353,336	4,606,825
Donations	1,062,197	2,150,197	1,769,777	2,081,127	1,524,145
Keno Proceeds	2,745,869	3,016,301	3,331,968	3,178,094	3,209,235
Miscellaneous	4,051,697	5,102,920	3,278,763	1,225,958	4,237,773
Total Revenues	220,070,331	222,325,361	210,689,088	191,252,434	197,156,556
Expenditures					
General Government	34,666,641	32,532,685	30,884,544	28,938,852	27,237,134
Public Safety	60,064,604	58,669,932	55,272,920	50,933,285	49,913,169
Streets and Highways	16,928,575	17,064,845	13,633,902	12,317,663	10,833,055
Culture and Recreation	20,938,212	21,669,847	22,308,940	19,935,823	16,974,798
Economic Opportunity	12,623,307	14,870,592	14,728,510	16,469,645	14,017,601
Health and Welfare ²	25,566,267	19,126,931	18,544,667	17,614,751	17,989,603
Mass Transit ³	8,901,327	8,306,921	10,525,090	7,996,019	12,691,837
Debt Service					
Principal Retirement	6,200,794	5,536,580	5,003,161	5,498,277	4,974,223
Interest and Fiscal Charges	4,803,380	4,934,088	2,904,318	3,001,504	2,437,266
Miscellaneous	12,095	92,325	7,042	7,442	389
Capital Outlay	65,229,370	65,859,750	58,177,933	48,163,988	49,461,878
Total Expenditures	255,934,572	248,664,496	231,991,027	210,877,249	206,530,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(35,864,241)</u>	<u>(26,339,135)</u>	<u>(21,301,939)</u>	<u>(19,624,815)</u>	<u>(9,374,397)</u>
Other Financing Sources (Uses)					
Transfers In	39,460,154	38,002,168	32,371,598	31,698,768	36,383,394
Transfers Out	(38,051,423)	(36,757,125)	(31,663,701)	(31,487,832)	(35,321,704)
Issuance of Debt	9,600,000	18,655,035	43,799,999	19,347,418	18,580,000
Premiums / Discounts on Debt Issued	7,397	26,578	1,912,934	247,703	140,593
Transfer to Bond Refunding Agent	-	(6,504,876)	-	(9,598,350)	-
Sale of Capital Assets	4,080,940	2,590,767	136,969	810,955	753,313
Total Other Financing Sources (Uses)	15,097,068	16,012,547	46,557,799	11,018,662	20,535,596
Net Change in Fund Balances	\$ (20,767,173)	(10,326,588)	25,255,860	(8,606,153)	11,161,199
Debt Service as a Percentage of Noncapital Expenditures	5.4%	5.3%	4.1%	4.8%	4.8%

Note: ¹ GASB 34 implemented.

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

³ In 2002 StarTran added as a Governmental Fund.

Table 4

Fiscal Year				
2001	2000	1999	1998	1997
30,943,110	29,736,987	28,908,119	29,290,456	29,059,066
3,375,770	3,108,906	2,443,832	2,267,776	2,597,825
7,569,236	7,451,237	7,253,208	7,020,123	6,389,325
43,988,822	44,099,958	41,713,530	38,520,544	37,410,781
47,512	36,207	58,390	10,437	18,491
7,282,792	5,917,801	5,673,130	5,192,341	4,784,643
1,808,772	1,954,357	2,209,404	2,089,434	2,475,903
48,619,317	35,807,100	35,600,952	41,035,908	27,424,737
9,638,475	9,838,029	8,685,268	9,131,287	7,903,461
5,071,766	4,896,203	4,366,482	3,709,572	5,094,910
1,136,720	627,374	1,088,531	1,544,039	771,311
8,005,027	9,330,374	8,016,026	4,726,874	3,849,287
1,949,751	2,620,512	659,738	641,838	903,115
3,039,664	2,870,743	2,805,009	2,586,468	2,534,474
3,020,054	4,127,567	3,131,133	4,616,810	3,059,150
<u>175,496,788</u>	<u>162,423,355</u>	<u>152,612,752</u>	<u>152,383,907</u>	<u>134,276,479</u>
23,821,580	23,529,495	21,891,174	30,170,768	17,791,275
48,122,074	44,042,882	41,555,922	41,140,827	35,073,010
11,175,059	9,039,840	9,406,531	8,992,439	10,348,129
14,806,760	13,958,414	13,254,994	13,111,328	12,655,548
12,559,336	11,204,029	10,215,261	12,009,990	8,581,741
15,862,462	13,974,690	11,709,801	10,979,131	9,491,687
-	-	-	-	-
4,966,405	5,125,296	5,079,267	5,799,585	5,509,927
2,765,418	2,781,777	3,682,808	3,753,255	2,288,800
10,867	17,222	418,996	98,292	8,805
48,371,432	35,820,347	33,916,861	21,553,188	19,224,011
<u>182,461,393</u>	<u>159,493,992</u>	<u>151,131,615</u>	<u>147,608,803</u>	<u>120,972,933</u>
<u>(6,964,605)</u>	<u>2,929,363</u>	<u>1,481,137</u>	<u>4,775,104</u>	<u>13,303,546</u>
47,073,066	44,844,418	45,896,207	58,531,208	32,372,194
(50,858,221)	(50,745,518)	(50,114,170)	(35,661,249)	(35,750,525)
1,390,001	3,431,579	30,020,000	-	8,250,000
-	-	-	-	-
(631,895)	-	(8,134,836)	-	-
584,952	1,819,622	602,700	828,203	234,244
<u>(2,442,097)</u>	<u>(649,899)</u>	<u>18,269,901</u>	<u>23,698,162</u>	<u>5,105,913</u>
<u>(9,406,702)</u>	<u>2,279,464</u>	<u>19,751,038</u>	<u>28,473,266</u>	<u>18,409,459</u>
5.1%	5.5%	6.5%	6.8%	6.8%

Table 5

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
2006	\$ 3,825,820,559	0.0150
2005	3,834,847,147	0.0150
2004	3,735,080,884	0.0150
2003	3,533,640,597	0.0150
2002	3,392,336,361	0.0150
2001	3,242,035,037	0.0150
2000	3,228,281,779	0.0150
1999	3,014,819,988	0.0150
1998	2,814,528,943	0.0150
1997	2,623,812,165	0.0150

Source: City of Lincoln Treasurer's Office

Table 6

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

Fiscal Year	Direct	Overlapping ¹	Total Tax Rate
	City of Lincoln	State of Nebraska	
2006	0.015	0.055	0.070
2005	0.015	0.055	0.070
2004	0.015	0.055	0.070
2003	0.015	0.055	0.070
2002	0.015	0.050	0.065
2001	0.015	0.050	0.065
2000	0.015	0.050	0.065
1999	0.015	0.045	0.060
1998	0.015	0.050	0.065
1997	0.015	0.050	0.065

Note: ¹ Overlapping rates are those of other governments that apply to consumers within the City of Lincoln.

Table 7

CITY OF LINCOLN, NEBRASKA
NET TAXABLE SALES BY BUSINESS CLASSIFICATION
CURRENT YEAR

Business Classification	2005		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 1,708,653,081	1	52.24 %
Accommodation & Food Services	381,719,213	2	11.67
Utilities	253,458,392	3	7.75
Other	927,158,405	-	28.34
Total	<u>3,270,989,091</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. 2006 amounts are not yet available. Numbers are not available for nine years ago.

Source: Nebraska Department of Revenue

Table 8

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	Industrial Property	Personal Property	Centrally Assessed Property		
2006	\$ 9,083,290,211	\$ 2,999,240,671	\$ 815,294,198	\$ 525,730,603	\$ 159,694,612	\$ 13,583,250,295	0.3009
2005	8,727,702,573	2,897,888,427	796,208,720	560,657,306	156,059,200	13,138,516,226	0.2950
2004	8,402,403,364	2,822,272,108	776,514,907	566,854,120	176,060,893	12,744,105,392	0.2903
2003	7,255,640,292	2,441,220,375	653,768,111	599,272,540	180,686,849	11,130,588,167	0.3145
2002	7,048,688,380	2,236,940,821	618,259,512	634,025,721	186,771,403	10,724,685,837	0.3145
2001	6,273,610,610	2,215,438,753	325,466,678	626,730,328	179,701,486	9,620,947,855	0.3239
2000	6,067,493,586	2,059,764,189	296,602,825	554,008,996	162,771,461	9,140,641,057	0.3239
1999	5,726,511,673	1,900,553,194	232,227,143	528,831,574	131,777,630	8,519,901,214	0.3239
1998	4,863,604,491	1,778,840,558	222,974,320	510,068,845	127,600,539	7,503,088,753	0.3581
1997	4,676,645,258	1,834,275,313	-	412,894,795	112,868,156	7,036,683,522	0.3837

Note: In 1997 the Lancaster County Assessor's Office did not separate Commercial and Industrial Property. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

Source: Lancaster County Assessor's Office

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

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
City of Lincoln										
General Fund	0.1955	0.1706	0.1692	0.1757	0.1780	0.1869	0.1828	0.2022	0.2232	0.2555
Library Fund	0.0488	0.0490	0.0485	0.0534	0.0522	0.0467	0.0462	0.0460	0.0516	0.0494
Social Security Fund	0.0139	0.0149	0.0143	0.0162	0.0153	0.0158	0.0163	0.0166	0.0179	0.0167
Police and Fire Pension Fund	0.0219	0.0182	0.0149	0.0149	0.0126	0.0109	0.0106	0.0109	0.0067	0.0056
Bond Interest and Redemption	0.0208	0.0423	0.0434	0.0543	0.0564	0.0636	0.0680	0.0482	0.0587	0.0565
Total City of Lincoln	<u>0.3009</u>	<u>0.2950</u>	<u>0.2903</u>	<u>0.3145</u>	<u>0.3145</u>	<u>0.3239</u>	<u>0.3239</u>	<u>0.3239</u>	<u>0.3581</u>	<u>0.3837</u>
Overlapping Rates ¹										
School District No. 1	1.3142	1.3141	1.3011	1.2830	1.2732	1.3684	1.3813	1.3050	1.6308	1.6260
Lancaster County	0.2841	0.2797	0.2683	0.2683	0.2583	0.2643	0.2584	0.2782	0.2966	0.3106
Educational Service Unit #18	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0149	0.0089	0.0081
Community Technical College	0.0696	0.0655	0.0655	0.0655	0.0636	0.0295	0.0334	0.0696	0.0782	0.0840
Lower Platte South N.R.D.	0.0422	0.0323	0.0323	0.0359	0.0365	0.0367	0.0372	0.0389	0.0365	0.0346
Railroad Transportation Safety Dist.	0.0260	0.0260	0.0248	0.0220	0.0221	0.0260	0.0260	0.0260	0.0260	0.0091
Agricultural Society of Lancaster County	0.0018	0.0020	0.0030	0.0012	0.0024	0.0073	0.0032	0.0013	0.0364	0.0364
Lancaster County Fairgrounds	0.0042	0.0042	0.0043	0.0050	0.0052	-	-	-	-	-
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0169
Total Overlapping Rates	<u>1.7741</u>	<u>1.7558</u>	<u>1.7313</u>	<u>1.7129</u>	<u>1.6933</u>	<u>1.7642</u>	<u>1.7715</u>	<u>1.7509</u>	<u>2.1304</u>	<u>2.1257</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 10

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

Taxpayer	Type of Business	2006			1997		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Alltel Communications	Telecommunications	\$ 77,180,720	1	0.57 %	\$ 66,956,352	1	0.95 %
Kawasaki	Manufacturing	69,477,067	2	0.51	-	-	-
B & J Partnership Ltd.	Building Management	62,605,030	3	0.46	-	-	-
Ameritas Life Insurance Corp.	Insurance	49,520,031	4	0.36	22,629,090	5	0.32
Chateau Van Dorn LLC	Real Estate Development	46,979,720	5	0.35	-	-	-
WEA Gateway LLC	Retail Management	45,403,741	6	0.33	51,090,415	2	0.73
Pfizer	Animal Health	44,063,691	7	0.32	39,035,482	3	0.55
Burlington Northern	Railroad	43,813,618	8	0.32	21,552,780	7	0.31
Nebco	Construction / Development	38,828,548	9	0.29	-	-	-
Molex Inc.	Manufacturing	32,776,339	10	0.24	29,764,914	4	-
Aquila	Gas Utility	-	-	-	22,222,670	6	0.32
Goodyear Tire & Rubber Co.	Manufacturing	-	-	-	18,212,666	8	0.26
State Farm	Insurance	-	-	-	17,685,439	9	0.25
Metromail Corporation	Marketing Services	-	-	-	16,736,331	10	0.24
Total		\$ 510,648,505		3.75 %	\$ 305,886,139		3.93 %

Source: Lancaster County Assessor's Office



CITY OF LINCOLN
NEBRASKA

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
2006	\$ 40,873,358	\$ 39,579,041	96.83 %	\$ -	\$ 39,579,041	96.83 %
2005	38,755,995	37,514,748	96.80	1,333,142	38,847,890	100.24
2004	36,994,112	35,726,509	96.57	1,299,588	37,026,097	100.09
2003	35,007,926	33,676,453	96.20	1,358,094	35,034,547	100.08
2002	33,731,282	32,501,760	96.35	1,328,467	33,830,227	100.29
2001	31,159,364	29,936,079	96.07	1,209,565	31,145,644	99.96
2000	29,603,794	28,665,780	96.83	1,095,639	29,761,419	100.53
1999	27,597,664	26,411,546	95.70	1,099,270	27,510,816	99.69
1998	26,812,692	25,758,577	96.07	1,216,919	26,975,496	100.61
1997	27,022,949	25,894,971	95.83	1,067,643	26,962,614	99.78

Note: The fiscal year of the City begins September 1 and ends August 31. Taxes are levied in October. First installments of real estate taxes are delinquent the following April 1, second installments delinquent August 1; personal property taxes are delinquent April 1 and August 1. Delinquent taxes bear 14 percent interest. The figures above include interest and penalties. The figures above do not include motor vehicle in lieu of ad valorem taxes.

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

Governmental Activities

Fiscal Year	General Bonds	Tax Supported Bonds	Tax Allocation Bonds	Special Assessment Bonds	Antelope Valley Project Bonds	Notes Payable	Capital Leases
2006	\$ 56,665	\$ 36,435	\$ 6,247	\$ -	\$ 9,110	\$ -	\$ 18,321
2005	60,915	36,770	6,853	-	9,690	-	9,475
2004	54,650	37,090	7,075	100	10,255	-	7,785
2003	57,865	2,395	1,294	205	10,810	-	1,680
2002	52,157	2,685	1,845	310	11,080	-	1,818
2001	48,794	2,960	2,244	420	-	-	1,868
2000	52,847	3,200	2,067	690	-	10	1,755
1999	56,821	-	2,184	1,460	-	43	1,823
1998	37,666	-	2,749	2,245	-	77	1,871
1997	40,853	-	3,351	3,345	-	116	2,046

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

¹ See Table 16, Demographic and Economic Statistics, for income and population data.

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

Table 12

Business-Type Activities							
Revenue	Wastewater	Notes	Commercial	Capital	Total	Net	Percentage
Bonds	Project	Payable	Paper	Leases	Primary	Bonded	of Personal
	Loan		Notes		Government	Debt Per	Income ¹
						Capita ¹	
\$ 709,320	\$ -	\$ -	\$ 90,000	\$ 704	\$ 926,802	\$ 3874.38	- %
609,550	-	-	90,173	1,136	824,562	3455.47	-
572,360	-	-	90,173	1,554	781,042	3307.45	8.56
499,320	-	-	90,173	1,349	665,091	2823.39	7.74
430,975	5,593	-	75,000	1,639	583,102	2515.54	7.06
335,305	6,585	-	65,000	1,326	464,502	2059.07	5.84
350,120	7,538	-	25,000	140	443,367	2029.17	5.70
359,310	8,450	-	15,000	153	445,244	2046.75	6.22
328,190 ²	8,580	2,075	45,000	165	428,618	1993.57	6.29
365,300	8,658	2,075	41,500	508	467,752	2235.99	7.46

CITY OF LINCOLN, NEBRASKA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	General Bonds	Tax Supported Bonds	Tax Allocation Bonds	Special Assessment Bonds	General Bonded Debt	Sinking Funds	Net General Bonded Debt	Net Bonded Debt Per Capita ¹	Ratio of Net Debt To Estimated Valuation of Taxable Real Property ²
2006	\$ 56,665	\$ 36,435	\$ 6,247	\$ -	\$ 99,347	\$ 9,733	\$ 89,614	\$ 374.62	0.69 %
2005	60,915	36,770	6,853	-	104,538	13,364	91,174	382.08	0.73
2004	54,650	37,090	7,075	100	98,915	13,164	85,751	363.13	0.71
2003	57,865	2,395	1,294	205	61,759	11,114	50,645	214.99	0.49
2002	52,157	2,685	1,845	310	56,997	11,147	45,850	197.80	0.46
2001	48,794	2,960	2,244	420	54,418	7,596	46,822	207.56	0.53
2000	52,847	3,200	2,067	690	58,804	7,432	51,372	235.12	0.61
1999	56,821	-	2,184	1,460	60,465	8,100	52,365	240.72	0.67
1998	37,666	-	2,749	2,245	42,660	12,843	29,817	138.68	0.43
1997	40,853	-	3,351	3,345	47,549	10,888	36,661	175.25	0.56

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 16, Demographic and Economic Statistics.

² Property value information can be found in Table 8, Assessed Value and Actual Value of Taxable Property.

CITY OF LINCOLN, NEBRASKA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2006

<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>99,347,000</u>	100.0 %	\$ <u>99,347,000</u>
Overlapping:			
School District #1	281,600,000	99.5	280,192,000
Lower Platte South N.R.D.	9,782,000	75.4	7,376,000
Lancaster County	7,960,000	85.4	6,798,000
Public Building Commission	50,105,000	85.4	42,790,000
Lancaster County Fairgrounds	<u>2,780,000</u>	85.4	<u>2,374,000</u>
	<u>352,227,000</u>		<u>339,530,000</u>
Total	<u>\$ <u>451,574,000</u></u>		<u>\$ <u>438,877,000</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 15

	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<u>Wastewater System</u>							
<u>Utility Service Charges</u>							
2006	\$ 19,305,465	11,125,819	8,179,646	2,065,000	3,043,500	5,108,500	1.60
2005	18,526,816	10,482,955	8,043,861	1,500,000	2,403,519	3,903,519	2.06
2004	19,071,798	10,042,919	9,028,879	1,750,000	2,133,704	3,883,704	2.32
2003	15,785,843	9,086,469	6,699,374	1,032,500	266,722	1,299,222	5.16
2002	15,731,749	8,632,287	7,099,462	992,500	316,847	1,309,347	5.42
2001	16,663,975	8,087,688	8,576,287	952,500	364,972	1,317,472	6.51
2000	16,741,692	7,707,242	9,034,450	912,500	411,097	1,323,597	6.83
1999	16,286,632	7,591,990	8,694,642	1,255,000	474,743	1,729,743	5.03
1998	15,873,036	7,512,753	8,360,283	1,217,500	554,216	1,771,716	4.72
1997	15,521,150	7,339,135	8,182,015	1,120,000	627,402	1,747,402	4.68
<u>Water System</u>							
<u>Utility Service Charges</u>							
2006	\$ 27,297,378	13,808,214	13,489,164	5,130,000	3,834,301	8,964,301	1.50
2005	25,600,740	13,145,665	12,455,075	4,895,000	3,517,932	8,412,932	1.48
2004	22,940,862	12,477,486	10,463,376	3,115,000	2,411,632	5,526,632	1.89
2003	21,533,965	11,631,496	9,902,469	3,010,000	2,898,489	5,908,489	1.68
2002	22,687,789	11,474,433	11,213,356	2,880,000	2,110,590	4,990,590	2.25
2001	22,287,139	10,960,315	11,326,824	2,755,000	2,240,075	4,995,075	2.27
2000	23,823,957	9,812,147	14,011,810	2,640,000	2,361,515	5,001,515	2.80
1999	20,787,797	9,067,262	11,720,535	2,530,000	2,514,373	5,044,373	2.32
1998	21,009,615	8,894,295	12,115,320	2,435,000	2,621,365	5,056,365	2.40
1997	20,426,318	8,161,529	12,264,789	2,345,000	2,730,407	5,075,407	2.42
<u>Lincoln Electric System</u>							
<u>Utility Service Charges</u>							
2005	\$ 191,074,000	139,094,000	51,980,000	10,713,000	22,795,000	33,508,000	1.55
2004	169,986,000	113,755,000	56,231,000	12,341,000	20,790,000	33,131,000	1.70
2003	170,410,000	116,151,000	54,259,000	12,646,000	15,235,000	27,881,000	1.95
2002	168,279,000	109,348,000	58,931,000	10,840,000	18,678,000	29,518,000	2.00
2001	162,882,000	117,165,000	45,717,000	11,025,000	15,779,000	26,804,000	1.71
2000	158,052,000	112,111,000	45,941,000	11,163,000	14,516,000	25,679,000	1.79
1999	151,534,000	99,465,000	52,069,000	10,687,000	14,990,000	25,677,000	2.03
1998	148,792,000	100,999,000	47,793,000	10,468,000	15,104,000	25,572,000	1.87
1997	137,795,000	89,127,000	48,668,000	8,535,000	13,656,000	22,191,000	2.19
1996	136,522,000	83,418,000	53,104,000	8,227,000	13,965,000	22,192,000	2.39

(Continued)

(Pledged Revenue Coverage, Table 15, Continued)

	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Golf							
	<u>Facility and Course Fees</u>						
2006	\$ 2,993,961	2,467,141	526,820	305,000	74,973	379,973	1.39
2005	3,135,875	2,568,462	567,413	295,000	83,823	378,823	1.50
2004	2,899,670	2,467,141	432,529	290,000	91,653	381,653	1.13
2003	2,648,552	2,408,947	239,605	280,000	98,513	378,513	0.63
2002	2,673,078	2,141,707	531,371	305,000	75,628	380,628	1.40
2001	2,626,592	2,140,853	485,739	230,000	239,088	469,088	1.04
2000	2,934,568	1,952,906	981,662	215,000	252,310	467,310	2.10
1999	2,527,564	1,656,746	870,818	200,000	264,310	464,310	1.88
1998	2,337,800	1,493,277	844,523	190,000	275,520	465,520	1.81
1997	2,414,843	1,620,120	794,723	180,000	285,960	465,960	1.71
Parking Facilities ^{1,2}							
	<u>Parking Fees</u>						
2006	\$ 6,785,593	2,775,122	4,010,471	1,185,000	799,931	1,984,931	2.02
2005	6,219,935	2,972,709	3,247,226	1,140,000	850,501	1,990,501	1.63
2004	6,299,598	2,733,492	3,566,106	1,145,000	908,456	2,053,456	1.74
2003	5,988,240	2,304,632	3,683,608	1,085,000	962,829	2,047,829	1.80
2002	5,483,546	1,964,389	3,519,157	1,115,000	924,470	2,039,470	1.73
2001	5,172,264	2,127,350	3,044,914	795,000	787,419	1,582,419	1.92
2000	4,853,708	1,393,637	3,460,071	455,000	761,521	1,216,521	2.84
1999	4,209,988	2,329,165	1,880,823	585,000	640,712	1,225,712	1.53
1998	4,068,991	1,340,709	2,728,282	455,000	651,694	1,106,694	2.47
1997	3,623,705	1,110,085	2,513,620	435,000	670,847	1,105,847	2.27
Antelope Valley Project Bonds							
	<u>Development Fund</u> *						
2006	\$ 1,000,000	-	1,000,000	580,000	408,998	988,998	1.01
2005	1,000,000	-	1,000,000	565,000	423,615	988,615	1.01
2004	1,000,000	-	1,000,000	555,000	435,663	990,663	1.01
2003	1,000,000	-	1,000,000	270,000	445,711	715,711	1.40
2002	1,000,000	-	1,000,000	-	-	-	-
2001	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-

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

Direct Operating Expenses do not include interest, depreciation and amortization expenses, or in lieu of taxes.

In August 2006, Solid Waste Management Revenue Bonds were issued. No debt service payments were made in the current fiscal year. Pledged Revenue Coverage disclosures will be reported next fiscal year.

* City of the Primary Class Redevelopment Fund provides for annual appropriations from a cigarette tax imposed by the State of Nebraska. Should these funds be insufficient to pay principal and interest the City has covenanted to use City sales tax receipts.

¹ Parking Facilities' gross revenues include parking meter revenues which were deposited to the General Fund but are pledged per bond ordinance.

² Information in this schedule does not agree with information in the transmittal letter which is calculated in accordance with specific requirements of the bond covenants.

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

Fiscal Year	Population ¹	Personal Income (thousands of dollars) ²	Per Capita Personal Income ²	School Enrollment ³	Unemployment Rate ⁴
2006	239,213	\$ -	-	32,934	2.8 %
2005	238,625	-	-	32,505	3.4
2004	236,146	9,121,016	32,749	32,270	3.7
2003	235,565	8,594,949	31,071	31,889	3.6
2002	231,800	8,254,893	30,237	31,867	3.0
2001	225,588	7,947,494	29,453	31,581	2.6
2000	218,497	7,774,823	29,045	31,354	2.7
1999	217,537	7,158,353	27,127	31,052	1.9
1998	215,000	6,815,249	26,110	31,000	1.5
1997	209,192	6,271,176	24,363	30,924	1.7

Sources: ¹ Lincoln/Lancaster Planning Department.

² U.S. Department of Commerce Bureau of Economic Analysis. Personal Income and Per Capita Income are based on Lincoln Metropolitan Statistical Area, which includes all of Lancaster and Seward Counties. 2005 and 2006 numbers are unavailable.

³ Lincoln Public Schools.

⁴ State of Nebraska, Department of Labor.

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

CITY OF LINCOLN, NEBRASKA
PRINCIPAL EMPLOYERS
CURRENT YEAR

Employer	2006		Percentage of Total City Employment
	Employees	Rank	
State of Nebraska	10,262	1	6.00 %
Lincoln Public Schools	6,007	2	3.51
University of Nebraska-Lincoln	5,550	3	3.24
BryanLGH Medical Center	3,528	4	2.06
City of Lincoln	2,713	5	1.59
US Government	2,687	6	1.57
Saint Elizabeth Regional Medical Center	2,470	7	1.44
State Farm Insurance	1,413	8	0.83
Hy-Vee Inc.	1,382	9	0.81
B&R Stores, Inc.	1,372	10	0.80
Total	<u>37,384</u>		<u>21.85 %</u>

Note: Data not available for Employers nine years prior.

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

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

Function	Full-Time Equivalent Employees as of August 31									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government										
Legislative	9.00	9.00	9.00	9.00	9.00	9.00	7.00	7.00	7.00	7.00
Executive	26.60	28.10	28.10	27.50	27.68	26.63	24.71	25.00	26.74	25.10
Financial Administration	71.67	73.00	73.00	72.00	74.00	74.00	75.00	76.60	81.98	81.75
Law	28.50	28.50	28.50	28.46	27.50	27.75	26.88	27.50	25.50	24.50
Personnel Administration	23.19	22.38	22.38	21.00	21.40	21.38	21.40	21.73	22.23	22.73
Planning and Zoning	21.06	21.08	21.00	20.25	21.00	21.00	21.00	19.00	19.00	19.00
Urban Development	11.78	11.83	10.93	9.23	9.65	8.80	7.65	7.65	8.15	7.20
Public Safety										
Police	407.40	407.33	405.75	392.50	396.25	392.65	386.90	379.90	379.94	357.87
Fire	264.57	263.48	259.06	255.07	253.77	255.65	256.50	259.50	265.50	265.50
Building and Safety	63.00	65.00	62.00	61.00	62.50	60.84	58.50	56.60	56.00	56.00
Transportation	21.50	21.33	20.50	20.50	20.50	20.58	22.38	22.60	20.35	19.95
911 Communication	39.50	39.50	39.50	35.50	35.25	34.85	33.90	32.90	33.90	31.75
Streets and Highways	110.35	110.01	108.02	106.00	106.52	101.20	97.43	97.80	99.30	107.30
Culture and Recreation										
Parks and Recreation	286.23	276.94	271.95	264.25	265.16	250.49	245.54	245.54	247.75	239.09
Library	124.17	124.17	124.17	124.16	120.63	101.76	101.45	101.42	101.92	102.92
Economic Opportunity										
Lincoln Area Agency on Aging	64.86	68.42	69.42	68.22	71.95	71.87	69.72	68.93	69.93	66.44
Urban Development	14.34	14.39	15.80	18.28	15.95	13.95	13.71	13.32	11.25	15.24
Workforce Investment Act	5.64	5.54	3.82	4.24	5.15	5.00	-	-	-	-
Job Training Partnership Act	-	-	-	-	-	-	6.98	6.15	5.68	6.20
Health and Welfare	123.45	124.85	120.55	125.95	124.35	124.85	121.12	119.20	117.43	124.65
Mass Transit	111.00	113.00	112.00	111.00	113.00	115.00	112.67	114.00	111.25	111.00
Equipment Management										
Police Garage	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Fleet Services	17.37	17.38	17.38	17.38	17.38	16.38	15.88	15.70	16.00	17.00
Radio Maintenance	6.00	6.00	6.00	6.00	7.00	7.00	5.25	5.25	4.55	4.25
Engineering Services	76.00	76.00	75.45	74.45	73.05	71.30	71.83	70.95	73.40	69.10
Golf	30.49	32.55	32.32	32.78	33.88	31.64	31.44	29.36	29.47	31.35
Parking Facilities	1.60	1.60	1.60	1.60	1.70	1.70	1.55	1.55	1.55	2.05
Lincoln General Hospital	-	-	-	-	-	-	-	-	900.00	830.00
Municipal Auditorium	12.00	11.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	13.00
Sanitary Landfill	30.84	30.85	30.85	29.35	29.35	29.25	29.25	28.75	28.75	26.75
Emergency Medical Services	29.43	30.52	37.43	35.43	35.73	18.34	-	-	-	-
Wastewater System	98.69	95.44	95.19	96.85	98.05	97.65	99.50	102.49	108.09	110.09
Water System	115.27	112.26	111.76	108.63	109.38	106.65	104.40	103.40	104.80	108.20
Electric System	452.50	447.50	446.50	435.00	421.00	415.00	409.50	402.50	396.00	394.50
	<u>2,713.00</u>	<u>2,703.95</u>	<u>2,686.93</u>	<u>2,638.58</u>	<u>2,634.73</u>	<u>2,560.16</u>	<u>2,507.04</u>	<u>2,490.29</u>	<u>3,401.41</u>	<u>3,312.48</u>

Note: The Job Training Partnership Act was replaced by the Workforce Investment Act in 2001.
 Lincoln General Hospital was sold during the fiscal year ended August 31, 1998.
 Emergency Medical Services began mid-year of 2001.

Source: City of Lincoln Budget Office

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

Function	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Public Safety										
Police:										
Arrests	23,918	24,609	23,298	22,339	23,523	23,513	22,638	21,262	21,180	19,498
Parking Violations	54,852	80,071	91,529	101,537	108,286	110,495	116,371	105,250	115,435	98,058
Traffic Violations	54,572	57,732	54,260	48,250	52,843	49,470	48,818	44,824	47,663	42,663
Fire:										
Number of Calls Answered	18,362	18,457	17,931	19,557	20,314	19,472	13,794	13,381	13,243	12,960
Building and Safety:										
Number of Commercial Building Permits	1,088	1,092	1,061	1,036	1,013	1,017	1,069	1,148	1,093	1,107
Number of Residential Building Permits	3,150	3,387	3,846	3,913	3,405	3,212	3,385	3,235	3,109	3,284
Culture and Recreation										
Library:										
Total Circulation (thousands)	3,108	3,076	3,077	3,016	2,751	2,307	2,293	2,261	2,250	2,179
Golf:										
Rounds of Golf	186,164	185,236	182,296	174,548	181,319	173,594	210,783	200,977	194,039	217,026
Mass Transit										
StarTran Ridership (thousands)	1,826	1,649	1,553	1,529	1,581	1,603	1,589	1,663	1,705	1,703
Wastewater										
Number of Consumers	75,573	74,326	72,753	70,651	69,292	67,916	66,665	65,521	67,217	63,207
Water										
Number of Consumers	75,919	74,649	73,059	72,260	69,704	68,187	66,956	65,823	64,423	63,241
Average Daily Consumption (thousand gallons)	38,425	37,867	35,141	37,520	40,091	39,698	41,821	34,737	34,600	35,300
Electric System										
Number of Consumers	123,376	121,508	119,456	116,974	114,388	112,247	110,414	108,194	105,970	103,616

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

Sources: Various City Departments

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

Function	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Public Safety										
Police Stations	2	2	2	2	2	1	1	1	1	1
Fire Stations	14	14	14	14	14	14	14	14	14	14
Ambulances	11	11	11	11	11	11	-	-	-	-
Streets and Highways										
Lane Miles of Streets ¹	2,450	2,420	2,818	2,791	2,729	2,678	2,268	2,170	2,101	2,076
Streetlights	27,519	26,654	25,973	25,196	24,677	24,270	23,551	22,699	22,510	21,848
Culture and Recreation										
Parks Acreage	6,114	6,748	5,891	5,779	5,455	5,474	6,280	6,190	6,051	5,420
Parks	122	116	114	112	105	102	100	98	98	93
Playgrounds	85	83	86	85	81	80	78	80	78	78
Swimming Pools (Public)	11	11	11	11	11	11	11	11	10	10
Golf Courses (Public)	5	5	5	5	5	5	5	5	5	5
Trail Miles	122	99	84	83	80	90	89	77	77	76
Recreation Centers	8	8	8	8	8	8	8	8	8	8
Libraries	8	8	8	8	8	7	7	7	7	7
Mass Transit										
Buses and Handivans	69	69	66	66	65	66	65	65	65	65
Wastewater										
Miles of Wastewater Mains	978	960	935	909	875	868	857	832	812	801
Water										
Miles of Water Mains	1,183	1,164	1,132	1,104	1,085	1,065	1,060	1,023	1,000	980

Note: No capital asset indicators are available for the general government function.

¹ In 2005, the qualifications for Lane Miles of Streets were reassessed.

Sources: Various City Departments

SINGLE AUDIT SECTION

CITY OF LINCOLN, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED AUGUST 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
OFFICE OF NATIONAL DRUG CONTROL POLICY				
Pass-Through Nebraska State Patrol:				
High Intensity Drug Trafficking Area	07	I4PMWP634	\$ 11,795	
High Intensity Drug Trafficking Area	07	I5PMWP634F	<u>42,964</u>	\$ 54,759
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through State Department Of Health And Human Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2005	\$ 50,125	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	2006	<u>452,744</u>	502,869
Summer Food Service Program for Children	10.559	6/06-8/06	97,161	
Summer Food Service Program for Children	10.559	6/05-8/05	<u>38,446</u>	135,607
Nutrition Program for the Elderly (Commodities)	10.570			<u>135,948</u>
Total U.S. Department Of Agriculture				\$ <u>774,424</u>
U.S. DEPARTMENT OF COMMERCE				
Pass-Through University of Nebraska - Lincoln:				
Technology Opportunities Program	11.552	25-0116-0030-003		\$ <u>21,633</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 57,710	
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	<u>43,119</u>	100,829
Community Development Block Grant	14.218	* B-05 MC-31-0001		3,531,815
Emergency Shelter Grant Program	14.231	S-04 MC-310002		18,278
HOME Investment Partnerships Program	14.239	M-05 MC-31-0202		1,618,987
Community Development Block Grants/Economic Development Initiative	14.246	B-99-SP-NE-1085		24,687
Fair Housing Assistance Program - State and Local	14.401	FF207K677017		88,798
Pass-Through State Department Of Health And Human Services:				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2006	4,377	
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	2005	<u>730</u>	5,107
Total U.S. Department Of Housing And Urban Development				\$ <u>5,388,501</u>
U.S. DEPARTMENT OF INTERIOR				
Pass-Through State Historical Society:				
Historical Preservation Fund Grants-in-Aid	15.904	05/06	\$ 27,370	
Historical Preservation Fund Grants-in-Aid	15.904	06/07	<u>1,680</u>	\$ 29,050
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0905	\$	56,157
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)	16.710	2001ULWX0017	314,759	
Public Safety Partnership and Community Policing Grant (Cops Universal Hiring)	16.710	2004ULWX0018	<u>68,981</u>	383,740
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-1406		301,459
Pass-Through Lancaster County:				
Violence Against Women Formula Grants	16.588		13,013	
Violence Against Women Formula Grants	16.588	04-VW-714	<u>30,277</u>	43,290
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (VAWA Interpreters)	16.590	2004-WE-AZ-0049		57,904

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA		Federal Expenditures	
	Number	Grant Number		
Pass-Through Nebraska State Patrol:				
Missing Children's Assistance (Internet Crimes Against Children)	16.543	05-IC-03		8,897
Public Safety Partnership and Community Policing Grant (Methamphetamine Initiative)	16.710	04-ML-03		9,950
Pass-Through State Comm. On Law Enforcement And Criminal Justice:				
Crime Victim Assistance	16.575	04/VA-215/04-VS-900	5,000	
Crime Victim Assistance	16.575	05-VA-234/05-VS-900	<u>129,139</u>	134,139
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579	05-DA-303	63,844	
Byrne Formula Grant Program (Street Drug Dealer Apprehension Program)	16.579	04-DA-306	<u>162,512</u>	226,356
Community Prosecution and Project Safe Neighborhoods	16.609	04SN-8915		<u>21,327</u>
Total U.S. Department Of Justice				\$ <u>1,243,219</u>
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Health And Human Services:				
Senior Community Service Employment Program	17.235	NGA 2006-045	\$ 32,792	
Senior Community Service Employment Program	17.235	NGA 2007-027	<u>3,702</u>	36,494
Pass-Through State Department Of Labor:				
WIA Cluster:				
Workforce Investment Act Incentive/Capacity	17.258	2004	18,878	
Workforce Investment Act (Adult)	17.258	2005	124,536	
Workforce Investment Act (Dislocated Worker)	17.260	2005	365,276	
Workforce Investment Act Incentive/Capacity	17.258	2005	38,064	
Workforce Investment Act (Youth)	17.259	2005	139,433	
Workforce Investment Act (Adult)	17.258	2006	24,745	
Workforce Investment Act (Dislocated Worker)	17.260	2006	34,436	
Workforce Investment Act Incentive/Capacity	17.258	2006	8,182	
Workforce Investment Act (Youth)	17.259	2006	<u>15,879</u>	769,429
Total U.S. Department Of Labor				\$ <u>805,923</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit: Formula Grants (Sec. 9 Operating)	20.507	* NE-90-X064	\$ 1,450,000	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X060	15,833	
Federal Transit: Formula Grants (AVL System)	20.507	* NE-26-0001	92,164	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X062	11,411	
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X064	91,707	
Federal Transit: Formula Grants (Transit Planning)	20.507	* NE-90-0062	6,653	
Federal Transit: Formula Grants (Transit Planning)	20.507	* RPT -C990(025)	70,297	
Federal Transit: Formula Grants (Transit Planning)	20.507	* RPT -C990(026)	<u>37,805</u>	1,775,870
Pass-Through State Department Of Highway And Safety:				
Highway Planning And Construction Cluster:				
Highway Planning and Construction (Planning)	20.205	HPR-PL1(42)	68,069	
Highway Planning and Construction (Planning)	20.205	HPR-PL1(43)	377,264	
Highway Planning and Construction (Planning)	20.205	HPR-PL1(44)	70,173	
Highway Planning and Construction (84th Street - Kathy Lane to Old Cheney)	20.205	STPAA-5249(5)	578,984	
Highway Planning and Construction (14th Street and Hwy 2 Safety)	20.205	STPP-5221(2)	498,563	
Highway Planning and Construction (N 56th Street and Cornhusker Hwy)	20.205	STPP-6-6(158)	29,552	
Highway Planning and Construction (9th-10th Street and Van Dorn)	20.205	STPP-5236(1)	38,846	
Highway Planning and Construction (East Beltway)	20.205	DPU-55(156)	9,757	
Highway Planning and Construction (JAV A)	20.205		<u>3,181,333</u>	4,852,541
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(207)	5,164	
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(206)	<u>21,986</u>	27,150
Pass-Through State Department Of Highway And Safety:				
State and Community Highway Safety (CODES)	20.600	411-05-03		<u>5,965</u>
Total U.S. Department Of Transportation				\$ <u>6,661,526</u>

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	6FPSLP0107	\$	35,740
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission:				
State Library Program (Library Services and Technology Act)	45.310	05.14	\$	13,465
State Library Program (Library Services and Technology Act)	45.310	06.03		1,285
State Library Program (Library Services and Technology Act)	45.310	06.05		27,210
State Library Program (Library Services and Technology Act)	45.310	06.11		1,788
State Library Program (Net Lender Contract)	45.310		566	\$ 44,314
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Program:				
Air Pollution Control Program Support (Communities in Motion Program)	66.001	A-98742601-0	\$	988
Air Pollution Control Program Support (Communities in Motion Program)	66.001	A-98742601-0	23,974	24,962
Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	66.810	CA-98763001		11,862
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-987634-0		30,186
Pass-Through State Department Of Environmental Quality:				
Air Pollution Control Program Support	66.001	M-007056(06)	103,353	
Air Pollution Control Program Support	66.001	M-007056(05)	12,977	116,330
Nonpoint Source Implementation Grants (Test Your Well Statewide Project)	66.460	56-359	35,552	
Nonpoint Source Implementation Grants (Test Your Well Statewide Project)	66.460	56-358	4,185	
Nonpoint Source Implementation Grants (Holmes Lake Excavation)	66.460	NDEQ 56-0154	16,421	56,158
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(06)	10,688	
Surveys, Studies, Investigations and Special Purpose Grants (103 PM Monitoring)	66.606	PM997527-01(05)	2,894	13,582
Total U.S. Environmental Protection Agency			\$	253,080
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	90ZF 0033/03	\$	45,850
Refugee and Entrant Assistance - Discretionary Grant (Elderly Refugee Services)	93.576	90ZF 0033/02	11,678	57,528
Pass-Through State Department Of Health And Human Services:				
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2006-061		5,000
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 2006-141		17,722
Aging Cluster:				
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2007-021	26,777	
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 2006-138	351,210	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2007-022	19,339	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2006-139	397,135	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2007-023	6,995	
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 2006-140	119,882	921,338
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2007-025	17,943	
Special Programs for the Aging Title III, Part E: National Family Caregiver Support	93.052	NGA 2006-142	199,219	217,162
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2006	5,384	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2005	2,260	7,644
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2006	13,851	
Acquired Immunodeficiency Syndrome (Aids) Activity (STD)	93.118	2005	8,923	22,774
Immunization Grants (Hepatitis B)	93.268	2006	11,162	
Immunization Grants (Hepatitis B)	93.268	2005	9,108	
Immunization Grants (NE Immunization Action Plan)	93.268	2006	39,567	
Immunization Grants (NE Immunization Action Plan)	93.268	2005	25,279	85,116

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Bioterrorism Video Conferencing)	93.283	U90/CCU716975	10,000
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Bright Futures)	93.283	U58/722780-03	720
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Grant)	93.283	U90/CCU716975-03 2006	175,680
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Nebraska Bioterrorism Plan)	93.283	U90/CCU716975-03 2005	143,006
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2005	6,423
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2006	55,950
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	2007	7,657
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2004	2,200
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2005	13,746
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	20480097 2006	<u>7,342</u>
			422,724
Refugee and Entrant Assistance Program (Health Screening)	93.566	3120090	13,328
Social Services Block Grant (SSBG)	93.667		12,834
National Bioterrorism Hospital Preparedness Program	93.889	BT-496-123106	190,706
National Bioterrorism Hospital Preparedness Program (Pandemic)	93.889	BT-496-123106	<u>10,066</u>
			200,772
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2006	119,830
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Programs	93.919	2007	<u>7,627</u>
			127,457
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	5120145	13,568
HIV Prevention Activities Health Dept Based (Sista Sista / HIV Prevention)	93.940	4120209	<u>6,783</u>
			20,351
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Testing)	93.943	U62/CCU723301	9,006
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Testing)	93.943	U62/CCU723301	33,633
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Training)	93.943	U62/CCU723301	5,904
Epidemiologic Research Studies of AIDS and HIV Infection in Selected Population Groups (HIV Training)	93.943	U62/CCU723501	<u>3,351</u>
			51,894
Preventive Health and Health Services Block Grant (All Recreate on Friday)	93.991	2005	3,500
Preventive Health and Health Services Block Grant (All Recreate on Friday)	93.991	2006	1,440
Preventive Health and Health Services Block Grant (Cancer Awareness Project)	93.991	2005	7,000
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2005-PHHSBG-10-CMPT	5,383
Preventive Health and Health Services Block Grant (Cardiovascular)	93.991	2006-PHHSBG-10-CMPT	23,088
Preventive Health and Health Services Block Grant (Epidemiology 2001)	93.991	2005-PHHSBG-11-CMPT	9,237
Preventive Health and Health Services Block Grant (Epidemiology 2001)	93.991	2006-PHHSBG-11-CMPT	<u>25,000</u>
			74,648
Maternal and Child Health Services Block Grant to the States (High Risk Newborns)	93.994	MCH-05-50A	204
Maternal and Child Health Services Block Grant to the States (Infrastructure)	93.994	MCH-06-07	5,523
Maternal and Child Health Services Block Grant to the States (Injury)	93.994	MCH-06-06	<u>18,118</u>
			23,845
Bioterrorism Training and Curriculum Development Program	93.996	BT-488-123106	<u>26,332</u>
			26,332
Total U.S. Department Of Health And Human Services			\$ <u>2,308,469</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	04SRNNE 004 (04/05)	\$ 14,938
Retired and Senior Volunteer Program	94.002	02SRNNE 004 (05/06)	<u>61,962</u>
			76,900
Foster Grandparent Program	94.011	05SFNNE 004 (05/06)	101,727
Foster Grandparent Program	94.011	05SFNNE 004 (06/07)	<u>41,500</u>
			143,227
Volunteers In Service To America (Youth Achievement)	94.013	2003-DVSA-61321-A21-4101	463
Volunteers In Service To America (Youth Achievement)	94.013	2004-DVSA-61321-A21-4101	<u>169,913</u>
			170,376
Senior Companion Program	94.016	04SCNNE 002 (05/06)	130,255
Senior Companion Program	94.016	04SCNNE 002 (06/07)	<u>24,341</u>
			154,596
Pass-Through Nebraska Volunteer Commission:			
AmeriCorps (Urban Revitalization Project)	94.006	03AFHNE0010002	9,062
AmeriCorps (Urban Revitalization Project)	94.006	03AFHNE0010008	<u>226,387</u>
			235,449
Total Corporation For National And Community Service			\$ <u>780,548</u>

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2004-CA-0325	\$ 286,339	
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2005-CA-0257	479,522	765,861
Assistance to Firefighters Grant	97.044	EMW-2003-FP-00453	39,232	
Assistance to Firefighters Grant	97.044	EMW-2005-F6-17396	15,280	54,512
Metropolitan Medical Response System	97.071	EMW-2004-GR-0807		105,148
Buffer Zone Protection Plan (State Domestic Preparedness Equipment)	97.078	2005 BZPP - Lnk Police		2,472
Total Department Of Homeland Security				\$ 927,993
Total Federal Expenditures				\$ 19,329,179

See Accompanying Notes

CITY OF LINCOLN, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2006

(1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

(2) REPORTING ENTITY

The City of Lincoln, Nebraska, for purposes of the Schedule, includes all funds of the City as defined in Note 1 of the Notes to the Financial Statements, including Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.

Lincoln Electric System (LES) operates on a calendar year basis for reporting purposes as opposed to the August 31 fiscal year basis of the City. As a result, the amounts included in the City's August 31, 2006, basic financial statements for LES are audited figures as of and for the year ended December 31, 2005.

(3) PASS-THROUGH AWARDS

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

(4) MAJOR PROGRAMS

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

(5) SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
Pass-Through to County Aging Programs:		
10.570	Nutrition Program for the Elderly	\$ 60,293
93.044	Title III, Part B: Grants for Supportive Services and Senior Centers	32,625
93.045	Title III, Part C: Nutrition Services	136,159
93.052	Title III, Part E: National Family Caregiver Support	22,775
Pass-Through to Joint Antelope Valley Authority:		
20.205	Highway Planning and Construction (JAVA)	\$ 3,181,333

(6) FEDERAL LOANS OUTSTANDING

The City administers the following loan programs for which the federal government imposes continuing compliance requirements on the following outstanding balances:

<u>CFDA#</u>	<u>Program</u>	<u>Outstanding Balance as of August 31, 2006</u>
14.218	Community Development Block Grant	\$ 12,431,000
14.239	HOME Investment Partnership Program	9,623,000

New loans included in the Schedule totaled \$1,415,000 and \$1,465,000, respectively.



Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lincoln, Nebraska (the "City") as of and for the year ended August 31, 2006, which collectively comprise its basic financial statements and have issued our report thereon dated December 29, 2006, which contained a reference to the report of other accountants and which contained an explanatory paragraph regarding a change in accounting principle. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other accountants audited the financial statements of Lincoln Electric System, as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated December 29, 2006.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 29, 2006



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

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

Compliance

We have audited the compliance of the City of Lincoln, Nebraska (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Lincoln, Nebraska based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lincoln, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2006.

Internal Control Over Compliance

The management of the City of Lincoln, Nebraska is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 29, 2006

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2006

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting described:
 Reportable condition(s) noted considered material weakness(es)? Yes No
 Reportable condition(s) noted that are not considered to be a material weakness? Yes No

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

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Reportable condition(s) noted considered material weakness(es)? Yes No
 Reportable condition(s) noted that are not considered to be a material weakness? Yes No

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

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

7. The Organization's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grant	14.218
Federal Transit Cluster	20.507

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,326,420

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

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2006

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
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No findings required to be reported by Government Auditing Standards

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No findings required to be reported by OMB-Circular A-133

City of Lincoln, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2006

Reference Number	Summary of Finding	Status
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No findings are required to be reported