

INTRODUCTORY SECTION

OFFICIALS OF THE CITY OF LINCOLN

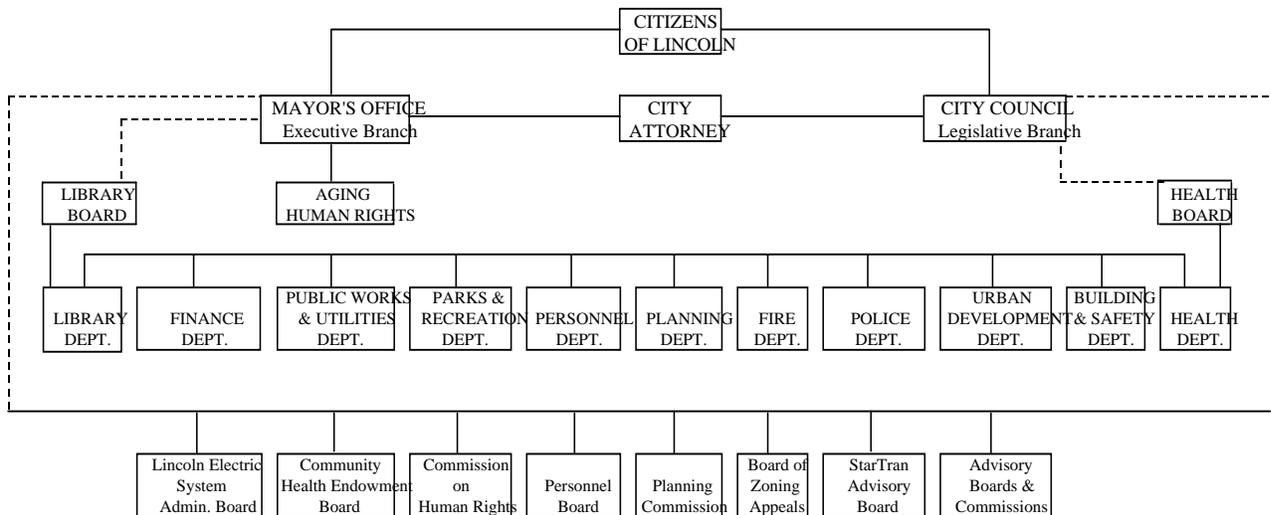
Coleen Seng.....Mayor
 Jon Camp.....Chair, City Council
 Terry Werner.....Vice Chair, City Council
 Jonathan Cook.....Council Member
 Glenn Friendt.....Council Member
 Annette McRoy.....Council Member
 Patte Newman.....Council Member
 Ken Svoboda.....Council Member

* * * * *

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
 Allan Abbott.....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
 Mike Spadt.....Fire Chief

* * * * *

CITY OF LINCOLN ORGANIZATION CHART



CITY OF LINCOLN, NEBRASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2003
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MAYOR COLEEN J. SENG

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mayor@ci.lincoln.ne.us

January 6, 2004

Dear Citizens and Public Officials:

I am pleased to submit the City of Lincoln's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2003.

Fiscal discipline is the rule for the City of Lincoln. We enforce fiscal responsibility to stay within the operating budget, despite difficult economic times. Our stable city government is an asset to Lincoln's overall economy.

Lincoln residents are proud of our City. The City's future is strong and it continues to grow and prosper. City finances are solid. City Departments have done a good job of meeting the increasing demand for services without additional resources.

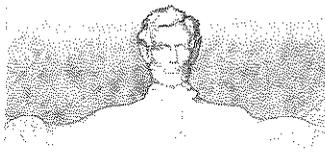
Our ability to manage the City's fiscal affairs and ensure a full disclosure of the City's fiscal condition is exhibited by the unqualified audit opinion that follows. I am proud to report that the 2002 report submitted to the Government Finance Officers Association was recognized with the prestigious Certificate of Achievement for Excellence in Financial Reporting for the twentieth consecutive year. This is a compliment to the City Finance Department staff for dealing with these complex accounting issues. We express a thanks to the Finance Department and to all the city departments for their cooperation in preparing this document.

Sincerely,

Coleen J. Seng
Mayor of Lincoln



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CITY OF LINCOLN NEBRASKA

MAYOR COLEEN J. SENG

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January 5, 2004

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Lincoln:

The Comprehensive Annual Financial Report (CAFR) of the City of Lincoln, Nebraska for the fiscal year ended August 31, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our 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 including all currently effective statements of the Governmental Accounting Standards Board have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit Sections.

- ◆ The Introductory Section, which is unaudited, contains a listing of the Officials of the City of Lincoln, an Organization Chart, a Table of Contents, a Letter of Transmittal from the Mayor, this Letter of Transmittal, and a reproduction of the City's Certificate of Achievement for Excellence in Financial Reporting for the year preceding the report.
- ◆ The Financial Section includes an Independent Accountants' Report on Financial Statements and Supplementary Information, Management's Discussion and Analysis (MD&A), Basic Financial Statements (including Notes to the Financial Statements), Combining, Subcombining, and Individual Fund Statements and Schedules, and narrative explanations which can be used in understanding combining, subcombining, and individual fund statements and schedules.
- ◆ The Statistical Section, which is unaudited, presents comparative data for several periods of time or contains data from sources other than the accounting records. Statistical tables differ from financial statements because they usually cover more than two fiscal years and may present non-accounting data. Statistical tables reflect social and economic data, financial trends, and the fiscal capacity of the government.
- ◆ The Single Audit Section contains information related to the City's annual single audit, which is required under the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Included are a Schedule of Expenditures of Federal Awards, Notes to Schedule of Expenditures of Federal Awards, the Independent Accountants' Report on Compliance and Internal Control Over Financial Reporting Based on the Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*, the Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs, a Schedule of Findings and Questioned Costs, and a Summary Schedule of Prior Audit Findings.

Generally accepted accounting practices (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The City of Lincoln provides a full range of services, including public safety (police and fire), highways and streets, health, planning and zoning, parks, recreation, urban

development, mass transportation, ambulance transport, electric utility, water utility, wastewater utility, sanitary landfill, golf courses, 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, the City's Sanitary Landfill, and the Community Health Permanent Endowment Trust.

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 1.5 percent per year. As importantly, the City of Lincoln continues to absorb about 90% of all growth in Lancaster County.

Lincoln's unemployment rate at August 31, 2003 was 3.6%, well below the national average of 6.1%. Lincoln employment is strongest in the categories of government, services, and wholesale and retail trade.

Lincoln's construction activity continues to demonstrate sustained growth. Permits for all forms of new construction have risen 18% over the past 5 years with an increase in the value of construction permits of over \$279 million.

Current net sales and use tax revenue increased 4% over the previous fiscal year.

Long-Term Planning And Major Initiatives

Urban Development

The City anticipates approximately \$60 million of public expenditures funded through various urban development projects and programs over the next three years. These projects are varied in type and size and are located in the Downtown and Haymarket areas, North 27th Street area, Havelock and University Place business areas, Focus Area neighborhoods and the Antelope Valley project area, and in low and moderate income areas throughout the City.

Financing will be provided by a variety of sources, including CDBG, HOME, EDI Special Project and Nebraska Affordable Housing Trust Fund grants, Tax Increment Financing, Advanced Land Acquisition funds, Special Assessments, General Fund and Street Construction funds. 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) Redevelopment of Federal Place
 - 2) Development of Douglas Grand, a 14 screen movie theater
 - 3) Downtown I-180 entryway improvements
 - 4) 12th Street arts corridor
 - 5) Government Square streetscape project
 - 6) Lincoln Mall streetscape project
 - 7) Redevelopment of Creamery Building
 - 8) Redevelopment of Douglas III and Cinema Twin theaters
 - 9) Redevelopment of Salvation Army Building
 - 10) Implementation of Haymarket 8th Street Corridor
 - 11) Assist the Planning Department and Downtown Lincoln Association with the Downtown Master Plan
- ◆ The North 27th Street Corridor redevelopment projects include:
 - 1) Redevelopment of 27th Street north of the alley between “O” and “P” Streets to 26th Street
 - 2) Redevelopment of the east side of 27th Street at approximately “X” Street
 - 3) Redevelopment of the east side of 27th Street between “S” and “T” Streets
 - 4) Construction of the pedestrian trail bridge at “X” Street
 - 5) Infrastructure improvements around the Salvation Army Building on 27th and Potter Streets; including construction of a parking lot and pedestrian walking improvement to Pentzer Park
- ◆ Implementation of selected Antelope Valley community revitalization catalyst projects as identified in the Antelope Valley Redevelopment Plan
- ◆ Havelock Redevelopment on-going projects include streetscape, pedestrian walkways and parking lots
- ◆ University Place Redevelopment includes streetscape construction and the Transportation/Community Revitalization Plan completion and implementation
- ◆ Housing rehabilitation and development programs:
 - 1) Continuation of First-time Homebuyer, Investor-Owner, and Owner-Occupied housing rehabilitation loan programs
 - 2) Development of residential housing in Antelope Valley with the neighborhood partner for Antelope Valley, Neighborhoods Inc.
 - 3) Development of residential housing units in conjunction with downtown projects
 - 4) Continue development of future phases of the affordable housing project, Old Mill Village, with Nebraska Housing Resource
 - 5) 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 –
 - ✓ South 14th Street widening
 - ✓ Yankee Hill widening, 27th – 40th
 - ✓ South 84th Street Widening (3 phases)
 - ✓ Vine Street widening, 22nd – 27th
 - ✓ Antelope Valley, 19th Street, K – Q
 - ✓ Storm Water management, Phases I – III
 - ✓ Vine Street bridge replacement
 - ✓ Salt Valley trunk sewer phase III
 - ✓ Pine Lake Road widening, 40th – 59th
 - ✓ South 27th Street, porter Ridge Road to South of Yankee Hill Road
 - ✓ Arterial rehab projects, South 56th Street, Old Cheney to Yankee Hill Road
 - ✓ Pioneers Boulevard widening, 70th - 84th
 - ✓ Sewer District 1175
 - ✓ Special assessment and executive order projects
 - ✓ Various projects in Public Works/Utilities 6-year program
 - ✓ Other Parks and Recreation projects city-wide
 - ✓ Title research of water transmission – Lincoln to Ashland
 - 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 and South Salt Creek neighborhoods.
- ◆ The Workforce Investment Act (WIA) is federal legislation which took effect on July 1, 2000. Under this legislation, Mayor Coleen J. Seng is the designated Chief Elected Official working in conjunction with a 49 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 which was approved by the State of Nebraska.

WIA has provided nearly \$3 million over the last four years to the workforce investment area of Lancaster and Saunders Counties. Gold's Galleria, located in downtown Lincoln, is the site of the One Stop Career Center. Since 2000, the number of program partners providing access to services through the One Stop Center has increased from 5 to 21. And in the past year, over 22,000 customer visits have been made to the Center.

Antelope Valley Project

The City of Lincoln, Lower Platte South Natural Resources District and the University of Nebraska-Lincoln have jointly partnered with the Lincoln community to develop a set of strategies to strengthen the historical center of Nebraska's Capital City. The new stormwater, transportation and community revitalization strategies have been incorporated into the Antelope Valley Amended Draft Single Package and formally approved by all three of the sponsoring governmental entities. The Joint Antelope Valley Authority (JAVA) has also submitted an Environmental Impact Statement (EIS) proposing defined projects as the action that best satisfies the purposes and needs with the least adverse environmental impacts. The EIS was approved by a Record of Decision by the Federal Highway Administration on October 31, 2001.

When implemented the Antelope Valley Projects will provide significant benefits to the State of Nebraska. Recognizing these benefits, the State Legislature authorized and appropriated one million dollars each state fiscal year, for a period of 15 years, to the City of Lincoln to fund the various projects. The City is required to provide matching funds equal to the ratio of one dollar for each three dollars of the State distribution.

The Antelope Valley Projects include community revitalization strategies in the project area and the implementation of the Closer to Home Strategies, developed by neighborhood residents and the City's Urban Development Department, which includes street, alley, and curb improvements, housing rehabilitation, and neighborhood clean-ups. Additional community revitalization strategies will be further defined as part of the Redevelopment Plan process, and will include housing relocation, commercial development and strategies to further strengthen existing neighborhoods.

Other projects identified are the construction of the approximately 6.2 mile Antelope Valley Roadway, which includes an overpass over the mainline railway west of the Bob Devaney Center, an expanded 19th Street corridor, changing some streets from minor arterials to urban collectors and local streets, and reduction of the rail/vehicular/pedestrian conflicts at street crossings.

Also included is the implementation of the Antelope Valley flood control project by constructing a new, open channel to contain the waters of a designated "100-year" rainfall event. The new channel will be developed in a park-like atmosphere and a trail will be constructed along the length of the channel.

Work is nearly complete on two projects that are part of the overall Antelope Valley Project. The Northeast Community Park project, located near 32nd and Leighton Streets, began in July 2003. This park, which will be ready for play in Spring 2004, provides replacement ball fields for those University fields at 19th and Vine Streets that will be displaced due to the channel and roadway construction. Work began in January 2003 and was substantially completed in November 2003 on the first section of channel work between Salt Creek and the BNSF Railway.

Work began in September 2003 on the Military Bridge and Roadway Project. This project will provide a single intersection of 14th Street, Military Road and the State Fair Park entrance, which becomes the new main entrance.

Work also began in September 2003 on the "Y" Street Bridge and Roadway Project. This project provides a new connection of "Y" Street to 16th Street and provides a new routing of 17th Street in preparation for the new overpass over the BNSF Railway south of the Devaney Center.

The Vine Street Bridge and Roadway Project is advertised and scheduled for letting in January 2004.

Wastewater System

The Lincoln Wastewater System is projecting a capital improvements program in the amount of approximately \$114,517,000 over the 6-year period of Fiscal Year 2003-04 through Fiscal Year 2008-09. Of that total, approximately \$40,000 will be financed by developer contributions, approximately \$100,000,000 will be financed by revenue bonds, approximately \$2,140,000 will be financed by impact fees, with the remaining \$12,337,000 to come from charges for services. 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 \$100,719,000 over the 6-year period of Fiscal Year 2003-04 through 2008-09. Of these dollars, approximately \$85,000,000 will be financed through revenue bonds, approximately \$494,000 will be financed through developer contributions, approximately \$4,330,000 will be financed through impact fees, with the balance of \$10,895,000 coming from charges for services. 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 2004-2009 Streets and Highways capital improvements program and Transportation improvement program identify average annual expenditures of over \$82.3 million for the next six years. Funding for these projects includes \$153 million in City revenues, \$92 million in federal aid, and \$249 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. Under the City's current 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.

Internal Accounting Controls

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or dispositions, and the reliability of financial records for preparing financial statements in accordance with generally accepted accounting principles 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.

Several major internal controls within the Finance Department affect transactions from all City departments. The City Charter requires the City Controller to audit all departmental expenditures as to documentation, coding, etc., after they have been approved by the responsible department head. A monthly reconciliation is made between the City's accounting system and the Treasurer's Office. The Purchasing Ordinance requires that all purchase requisitions must include certification by the Director of the ordering department that money has been appropriated for that purpose. The City has a fixed asset system which includes monitoring acquisition and disposition of fixed assets. In addition to these major controls, there are numerous controls within the various departments. The above is not all-inclusive of the City's internal accounting controls, but serves to support management's belief that controls are adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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. This internal control structure is subject to periodic evaluation by management of the City.

As part of the City's Single Audit, tests were made of the City's internal control structure 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, 2003, disclosed no material internal control weaknesses.

Accounting System And Budgetary Control

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues, and expenses/expenditures. More information on descriptions of each fund and the accounting principles applied to each fund type is included in the Financial Section.

Budgetary control is maintained at the department level by the encumbrance of balances with purchase orders prior to payment to vendors. Purchase orders which result in an overrun of department balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at August 31, 2003. Except for certain Special Revenue, Debt Service, and Capital Projects Funds, budgets for Governmental Type Funds are adopted annually. Capital Project Funds are budgeted by project and appropriations are continuing appropriations through completion of the project. Enterprise, Internal Service and Pension Trust Fund budgets are adopted annually.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

Property Tax Collections

As of August 31, 2003, current tax collections by the County Treasurer were 96.20% of the tax levy, a decrease of .15% from last year. Allocations of property tax levy by purpose are as follows:

<u>City Tax Levy By Purpose</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
General Fund	.17570	.17798	.18692
Library	.05345	.05219	.04673
Social Security	.01616	.01527	.01576
Police And Fire Pension	.01492	.01261	.01090
General Obligation Debt	.05429	.05647	.06356

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	700	October, 1994
Carriage Park	710	February, 1995
Market Place	430	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>2002-2003</u>	<u>2001-2002</u>
Operating Revenue	\$ 5,035,564	4,347,985
Operating Income Before Depreciation	2,730,932	2,383,596
On-Street Parking Meter Revenue	835,000	935,000
Revenue Available For Debt Service	3,565,932	3,318,596
Debt Service	2,160,650	2,160,650
Debt Service Coverage Ratio	1.65	1.54

Sanitary Landfill

The City of Lincoln owns and operates a solid waste disposal area and a construction and demolition disposal area which 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, 2003, the City estimates that it will incur costs approximating \$13.5 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 a decrease in operating revenue and a decrease in operating income. Comparative data for the past two fiscal years is presented in the following table:

<u>Water System</u>	<u>2002-2003</u>	<u>2001-2002</u>
Operating Revenue	\$20,883,159	22,064,404
Operating Income	3,855,663	5,459,267
Revenue Available For Debt Service	9,902,469	11,213,356
Debt Service	5,908,489	4,990,590
Debt Service Coverage Ratio	1.68	2.25

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

<u>Wastewater System</u>	<u>2002-2003</u>	<u>2001-2002</u>
Operating Revenue	\$14,691,905	15,026,486
Operating Income	1,486,755	2,366,636
Revenue Available For Debt Service	6,699,374	7,099,462
Debt Service	1,299,222	1,309,347
Debt Service Coverage Ratio	5.16	5.42

Lincoln Electric System (LES)

The City owns and operates its own electric utility system which 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 2.55.090 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, 2002, is included in the City's August 31, 2003, financial statements.

Cash Management

Cash balances in excess of current requirements are invested in interest-bearing deposits and other securities. During the 2002-2003 fiscal year, 99.58% of available funds were invested with an average yield on investments of 2.40%. Note 4 of Notes to the Financial Statements discloses the City's investment policies and the manner in which these investments are held.

Risk Management

The City's Risk Management Division is responsible for the administration of insurance and self-insurance loss control, wellness, benefits, claims administration and collections to control and finance the City's loss exposures. Responsibilities include researching insurance markets, preparing bid specifications and cost-effectively purchasing coverage; reviewing coverage; budgeting annual costs and maintaining actuarial soundness of self-insured claims funds; administering self-insured claims programs in a cost effective manner; and increasing City effectiveness in subrogation/collection recoveries, along with leading the City's safety/loss control and wellness efforts. The City has a high self-insured retention for workers' compensation and general liability, and is totally self-insured for employee long-term disability. The City also has some liability exposures related to public officials, property, law enforcement, auto, and public transportation. These programs remain successful for the City. Since implementation, the self-insurance programs have provided the City considerable savings compared to fully insuring all loss exposures.

Independent Audit

The City Charter requires an annual audit to be made of all City funds and accounts by independent certified public accountants selected by the City Council. The federal government, under the revised OMB Circular A-133, and the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996, requires local governments that expend \$300,000 or more in federal funds in any fiscal year to have a financial and compliance audit performed. Through the efforts of the Finance Department staff and staff from the Public Works and Urban Development Departments, the City was able to accommodate the federal government's single audit requirements for grants.

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, 2002. This was the twentieth 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, 2002

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



President

Executive Director

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