

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, 2011. Please consider this discussion in conjunction with the additional information provided in the Letter of Transmittal (beginning on page vii) and the transactions, events and conditions reflected in the City's financial statements (beginning on page 16).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at August 31, 2011, by \$1,599,891,832 (net assets). Of this amount, \$321,043,795 (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 \$53,322,049. Of this amount, \$27,824,537, or 52 percent, was an increase in governmental activities and \$25,497,512, or 48 percent, related to business-type activities.
- As of August 31, 2011, the City's governmental funds reported combined ending fund balances of \$426,496,342, an increase of \$239,607,770 in comparison with the prior year. Of this total fund balance, 12 percent, or \$50,502,001, is available for spending at the City's discretion (unrestricted fund balance).
- As of August 31, 2011, unrestricted fund balance for the general fund was \$29,336,927, or 27 percent of total general fund expenditures. Due to the implementation of GASB Statement No. 54, reference must be made to page 76 of this report for an accurate comparison with the prior year balance.
- The City's total bonded debt increased by \$287,585,000 (33 percent) during the current fiscal year. The West Haymarket Joint Public Agency (JPA) issued \$300,000,000 of bonded debt in the current year.

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, 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

programs, urban development, mass transportation, engineering, self-insurance, and fleet management. The business-type activities of the City include water, wastewater and electric utilities; ambulance transport; solid waste management; golf courses; auditorium; and parking.

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its parking facilities and lots; golf courses; 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, municipal services center operations, telecommunications, and copy services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-70 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its police and fire employees, and to provide other postemployment benefits. Required supplementary information can be found on page 71 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 \$1,599,891,832 at August 31, 2011.

By far the largest portion of the City’s net assets (63 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, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 651,101,529	398,115,532	247,265,929	246,650,963	898,367,458	644,766,495
Capital Assets	713,530,269	622,796,373	1,437,335,316	1,417,922,340	2,150,865,585	2,040,718,713
Total Assets	<u>1,364,631,798</u>	<u>1,020,911,905</u>	<u>1,684,601,245</u>	<u>1,664,573,303</u>	<u>3,049,233,043</u>	<u>2,685,485,208</u>
Long-Term Liabilities Outstanding	504,062,995	189,192,032	766,638,529	773,188,114	1,270,701,524	962,380,146
Other Liabilities	22,171,662	21,147,269	156,468,025	155,388,010	178,639,687	176,535,279
Total Liabilities	<u>526,234,657</u>	<u>210,339,301</u>	<u>923,106,554</u>	<u>928,576,124</u>	<u>1,449,341,211</u>	<u>1,138,915,425</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	386,451,715	482,099,420	622,950,944	598,053,416	1,009,402,659	1,080,152,836
Restricted	235,695,091	121,155,820	33,750,287	37,040,667	269,445,378	158,196,487
Unrestricted	216,250,335	207,317,364	104,793,460	100,903,096	321,043,795	308,220,460
Total Net Assets	<u>\$ 838,397,141</u>	<u>810,572,604</u>	<u>761,494,691</u>	<u>735,997,179</u>	<u>1,599,891,832</u>	<u>1,546,569,783</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 (20 percent) may be used to meet the government’s ongoing obligations to citizens and creditors.

At August 31, 2011, 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, 2011 and 2010

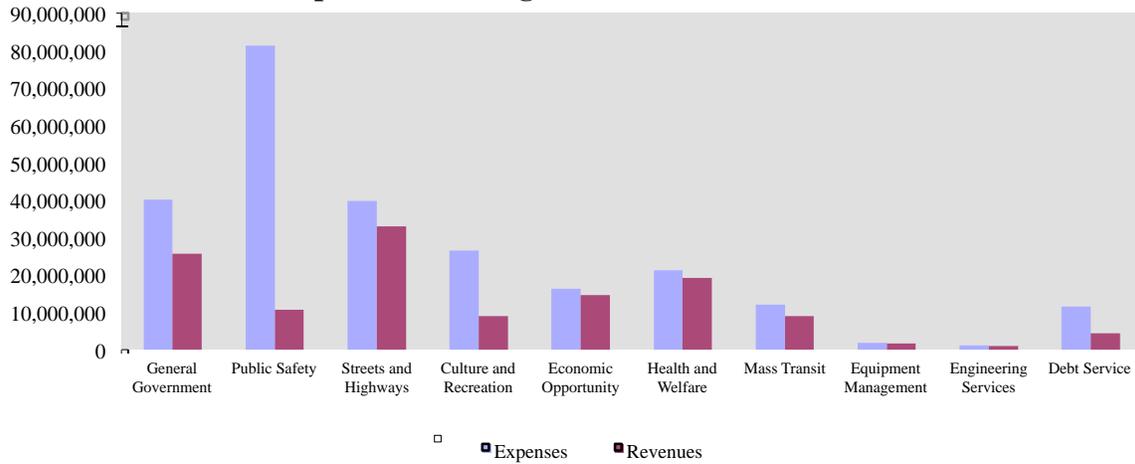
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$ 46,426,307	41,701,425	335,205,232	313,690,349	381,631,539	355,391,774
Operating Grants and Contributions	73,594,748	55,013,696	-	-	73,594,748	55,013,696
Capital Grants and Contributions	7,982,667	16,171,192	4,645,062	5,767,531	12,627,729	21,938,723
General Revenues:						
Property Tax	48,621,668	48,637,701	-	-	48,621,668	48,637,701
Sales and Use Tax	57,996,100	55,362,688	-	-	57,996,100	55,362,688
Occupation Tax	20,403,399	10,847,214	2,059,361	1,984,400	22,462,760	12,831,614
Other Taxes	16,378,863	15,821,171	-	-	16,378,863	15,821,171
Unrestricted Grants and Contributions	1,927,588	2,006,071	-	-	1,927,588	2,006,071
Unrestricted Investment Earnings	1,370,358	1,926,976	1,564,708	1,673,103	2,935,066	3,600,079
Other	2,309,497	793,365	343,835	893,109	2,653,332	1,686,474
Total Revenues	<u>277,011,195</u>	<u>248,281,499</u>	<u>343,818,198</u>	<u>324,008,492</u>	<u>620,829,393</u>	<u>572,289,991</u>
Expenses:						
General Government	40,059,839	36,991,820	-	-	40,059,839	36,991,820
Public Safety	81,218,142	75,364,591	-	-	81,218,142	75,364,591
Streets and Highways	39,840,551	38,150,193	-	-	39,840,551	38,150,193
Culture and Recreation	26,578,448	25,713,710	-	-	26,578,448	25,713,710
Economic Opportunity	16,336,855	17,198,314	-	-	16,336,855	17,198,314
Health and Welfare	21,153,869	20,840,847	-	-	21,153,869	20,840,847
Mass Transit	12,007,410	11,198,681	-	-	12,007,410	11,198,681
Equipment Management	1,882,136	1,767,774	-	-	1,882,136	1,767,774
Engineering Services	1,219,084	829,470	-	-	1,219,084	829,470
Interest on Long-Term Debt	11,568,353	6,373,674	-	-	11,568,353	6,373,674
Parking	-	-	5,632,973	5,475,157	5,632,973	5,475,157
Golf Courses	-	-	3,414,074	3,165,446	3,414,074	3,165,446
Auditorium	-	-	2,202,234	2,243,518	2,202,234	2,243,518
Solid Waste Management	-	-	8,490,392	10,607,775	8,490,392	10,607,775
Ambulance Transport	-	-	3,940,669	3,819,895	3,940,669	3,819,895
Wastewater	-	-	23,135,157	22,265,579	23,135,157	22,265,579
Water	-	-	26,084,158	23,469,948	26,084,158	23,469,948
Electric	-	-	242,743,000	229,241,000	242,743,000	229,241,000
Total Expenses	<u>251,864,687</u>	<u>234,429,074</u>	<u>315,642,657</u>	<u>300,288,318</u>	<u>567,507,344</u>	<u>534,717,392</u>
Increase in Net Assets Before Transfers	25,146,508	13,852,425	28,175,541	23,720,174	53,322,049	37,572,599
Transfers	2,678,029	2,581,647	(2,678,029)	(2,581,647)	-	-
Increase in Net Assets	<u>27,824,537</u>	<u>16,434,072</u>	<u>25,497,512</u>	<u>21,138,527</u>	<u>53,322,049</u>	<u>37,572,599</u>
Net Assets - Beginning	810,572,604	794,138,532	735,997,179	714,858,652	1,546,569,783	1,508,997,184
Net Assets - Ending	<u>\$ 838,397,141</u>	<u>810,572,604</u>	<u>761,494,691</u>	<u>735,997,179</u>	<u>1,599,891,832</u>	<u>1,546,569,783</u>

GOVERNMENTAL ACTIVITIES

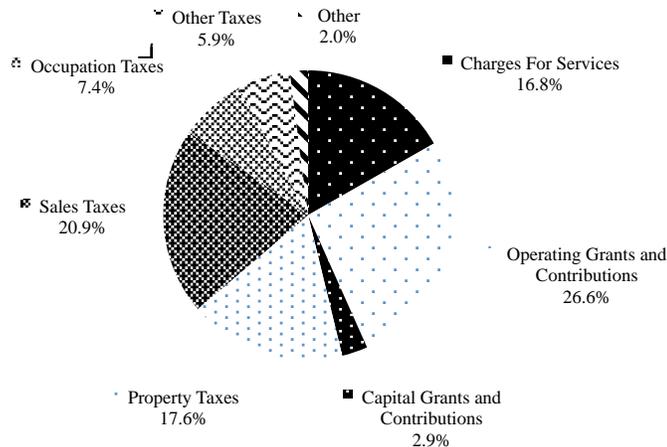
Governmental activities increased the City's net assets by \$27,824,537, accounting for 52 percent of the total growth in the net assets of the City of Lincoln. Key elements of this increase are as follows:

- The City's current year contribution to the Joint Antelope Valley Authority amounted to \$6,462,467, of which a significant portion is federally funded.
- Sales taxes increased by approximately \$2.6 million (4.8 percent) during 2011 after showing an increase of 1.9 percent in the prior year.
- Occupation taxes increased by approximately \$9.5 million (88 percent) in the current year with the January, 2011 imposition of a 2 percent tax on bar and restaurant revenues and a 4 percent tax on car rental and hotel revenues, to be used to finance the JPA activities and repayment of the Agency's outstanding debt.

Expenses and Program Revenues - Governmental Activities



Revenues By Source - Governmental Activities



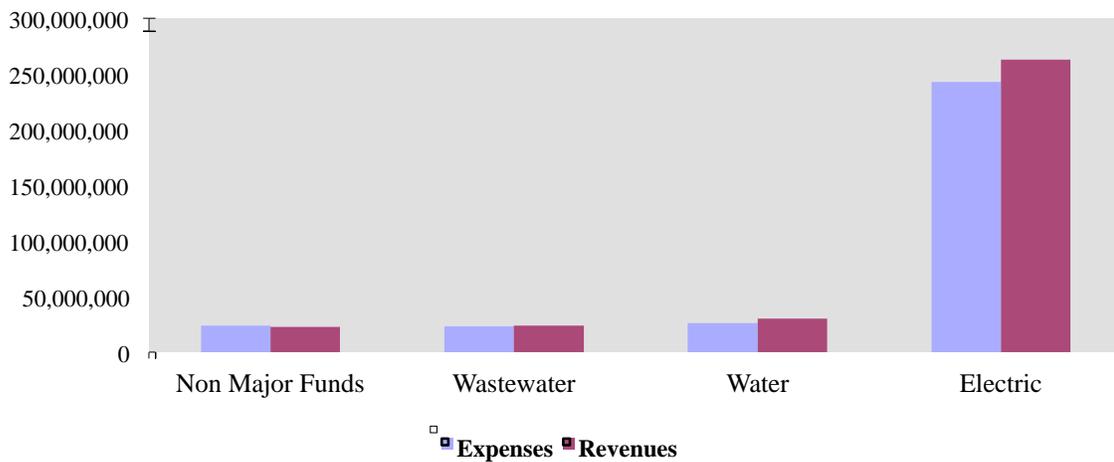
BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net assets by \$25,497,512, accounting for 48 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

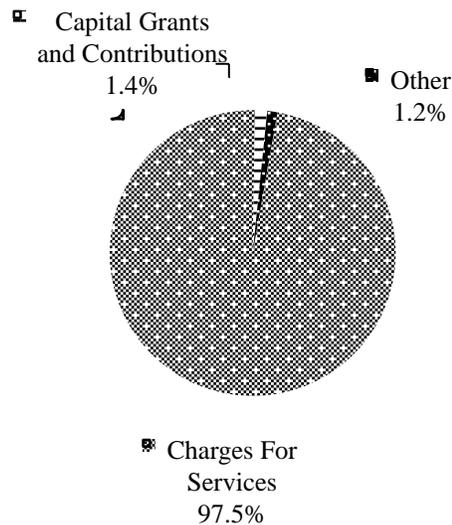
- Water System operating revenues increased by \$3,424,357 (13.6 percent) from 2010. Effective February, 2011, there was a 5% user fee increase and metered sales were up 8 percent due to a dry fall and spring. Operating expense increased \$1,846,422 (8.7 percent) due to increased personnel, energy and chemical costs.
- Wastewater System operating revenues increased \$1,270,226 (5.9 percent) primarily due to a 5% user fee increase implemented with the billings starting in February, 2011. Sanitary sewer bills for residential customers are based on water usage during a two-month period during the winter and remain the same over the balance of the following ten-month period. Non-residential customers are billed for sanitary sewer based on their monthly water usage. Operating expenses increased \$844,288 (4.5 percent) due to increased personnel and chemical costs.

- Lincoln Electric System operating revenue in 2010 was 6% higher than 2009. Retail revenue was 8 percent higher due to the impact of a 2.4 percent increase on January 1, 2010 and energy sales were up compared to the mild summer weather in 2009. Wholesale revenue increased 1 percent due to higher prices although energy sales decreased 8 percent.
- LES recorded capital contributions of \$1.7 million.
- Lincoln Water and Wastewater Systems reported capital contributions of approximately \$1.9 million and \$1.1 million, respectively.
- Lincoln Water and Wastewater Systems reported increased losses in nonoperating activities in 2011 due to higher interest expense and the reduction of interest income and insurance recoveries, respectively.

Expenses And Program Revenues - Business-type Activities



Revenues By Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of August 31, 2011, the City's governmental funds reported combined ending fund balances of \$426,496,342, an increase of \$239,607,770 in comparison with the prior year. Of this total amount, 12 percent constitutes unrestricted fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed to:

- long-term loans receivable (\$19,837,000),
- pay debt service (\$16,060,411),
- capital construction and acquisition (\$252,381,333),
- West Haymarket Joint Public Agency activities (\$9,640,388),
- donor and grantor purposes (\$5,832,975),
- generating income for the purpose of funding health and health-related programs for the citizens of Lincoln (\$56,077,332), and
- a variety of other purposes (\$16,164,902).

The General Fund is the chief operating fund of the City. At August 31, 2011, the unrestricted fund balance of the General Fund was \$29,336,927, while total fund balance reached \$41,753,836. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 27 percent of total general fund expenditures, while total fund balance represents 38 percent of that same amount.

The fund balance of the City's General Fund increased by \$2,910,783 during 2011. For the current fiscal year, appropriated General fund balance, used as a funding source for the budget increased only 2.8 percent over 2010. General Fund balances as a future funding source are projected to decrease as the City reduces balances, measured at year end, to a goal of 15% of the projected General Fund budget five years in the future.

The Street Construction Fund had a total fund balance of \$36,478,568, which is to be used in the construction and maintenance of street and highways. The net increase in fund balance during 2011 in the Street Construction Fund was \$4,150,021, the result of changes in the demand for JAVA funding.

The West Haymarket JPA Fund had a fund balance of \$225,432,904 which is to be used for funding improvements of the West Haymarket Redevelopment Project. This balance is the result of the settlement of \$300,000,000 in current year bonds.

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 \$18,186,672, \$14,313,737, \$75,913,000 and \$(180,020), respectively, at August 31, 2011 (December 31, 2010 for LES). Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively minor (decrease of \$(244,236) in appropriations) and can be briefly summarized as follows:

- \$(1,878,951) in miscellaneous changes in general government activities.
- \$1,054,839 in increases allocated to public safety.
- \$32,191 in increases to streets & highways.
- \$65,859 in increases allocated to parks and recreation.
- \$481,826 in increases allocated for General Fund transfers to other City funds.

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

- \$2,181,663 positive variance in real estate and personal property tax. Actual property collections were 96.69% of the 2010 levy, while estimated tax revenue is based on 90% collections as provided by the City Charter.
- \$1,642,531 positive variance in sales tax receipts. Collections exceeded projections that were based on prior years activity.
- \$1,996,370 positive variance in miscellaneous general government expenditures. Significant savings were realized in several service line items that are reappropriated to cover ongoing future expenditures.
- \$(1,140,687) 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, 2011, amounts to \$2,150,865,585 (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 2011 was 5.40 percent (a 14.57 percent increase for governmental activities and a 1.37 percent increase for business-type activities).

Major capital asset events during 2011 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 of infrastructure as of August 31, 2011 reached \$88,140,000.
- The City's bus system, StarTran, purchased thirteen new buses at a cost of \$4,642,638.
- The West Haymarket Joint Public Agency (JPA) has investment in capital assets of \$80,856,914, which includes roads and utility work, arena design and initial construction, site preparation, land purchases, and environmental remediation.
- The City parking system's continued investment in a new downtown parking garage reached approximately \$8.6 million.

City Of Lincoln
Capital Assets (net of depreciation)
August 31, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 69,850,907	63,866,125	24,144,286	21,950,552	93,995,193	85,816,677
Buildings	49,744,391	45,950,230	122,650,291	126,543,523	172,394,682	172,493,753
Improvements Other Than Buildings	37,876,916	38,189,441	445,301,114	446,114,577	483,178,030	484,304,018
Machinery and Equipment	35,685,017	31,600,937	11,894,995	12,232,011	47,580,012	43,832,948
Utility Plant	-	-	753,770,000	760,709,000	753,770,000	760,709,000
Infrastructure	352,448,061	354,568,639	-	-	352,448,061	354,568,639
Construction-in-progress	167,924,977	88,621,001	79,574,630	50,372,677	247,499,607	138,993,678
Total	\$ 713,530,269	622,796,373	1,437,335,316	1,417,922,340	2,150,865,585	2,040,718,713

Additional information on the City's capital assets can be found in Note 7 of the notes to the financial statements on pages 46-48 of this report.

LONG-TERM DEBT

At August 31, 2011, the City of Lincoln had total bonded debt outstanding of \$1,158,233,000. Of this amount, \$419,663,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City Of Lincoln
Outstanding Bonded Debt
August 31, 2011 and 2010
(dollar amounts in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 419,663	118,383	-	-	419,663	118,383
Tax Supported Bonds	5,920	6,605	-	-	5,920	6,605
Revenue Bonds	-	-	732,650	745,660	732,650	745,660
Total	\$ 425,583	124,988	732,650	745,660	1,158,233	870,648

The City's total bonded debt increased by \$287,585,000 (33 percent) during the current fiscal year. This significant increase was the result of the JPA issuance of \$300,000,000 in bonds to fund a portion of the Agency's construction costs.

The City maintains the following credit ratings:

	Moody's Investors Service	Standard And Poor's	Fitch Investors Service
General Obligation Bonds	Aaa	AAA	-
West Haymarket JPA Bonds	Aa1	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	A1	A	-
Lincoln Electric System Revenue Bonds	Aa2	AA	AA
2005 Revenue Bonds			
FSA insured	-	AAA	AAA
2007 Revenue Bonds			
FGIC insured	Aaa	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 50-55 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property tax revenue required to fund the 2012 budget increased \$4,046,259 or 9.83 percent from the prior year. Total change in the tax base is estimated at .12 percent, with an increase to the tax rate from .28788 to .31580, an increase of 9.7 percent over the prior year.
- The adequacy of fees charged for City service cost recovery is examined each year and some fee increases are included in each annual budget. Without periodic increases in fees, amounts collected, or other revenue adjustments, inflationary and other cost increases would need to be covered by additional property tax revenue or the levels of service provided would need to be reduced. Revenue adjustments in 2012 include a "Return on Equity" payment from LES estimated at \$5,896,643.
- An increase of \$1,376,028 in funding for the Police and Fire Pension Plan was added to fund normal cost and to provide resources to amortize the unfunded actuarial liability.
- Sales tax collections for 2011 finished 2.92 percent ahead of projections. 2012 projections reflect a 1.20 percent increase over 2011 actual collections.
- The governor and state legislature eliminated in lieu of tax payments (State Aid) to municipalities, which results in a revenue decrease to the City of \$1,840,672.
- Staffing changes included in the 2011-2012 budget result in a decrease for all funds of 16.18 full-time equivalents.

All of these factors were considered in preparing the City's budget for the 2012 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lincoln's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lincoln, Finance Department, 555 South 10th Street, Lincoln, NE 68508.