



FISCAL YEAR ENDED
June 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of
Lincoln CALIFORNIA

PREPARED BY FINANCE DIVISION

CITY OF LINCOLN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION



December 18, 2019

Honorable Mayor and Members of the City Council:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Lincoln (City) for the fiscal year ended June 30, 2019, in accordance with the Lincoln Municipal Code Section 2.20.030(C). The basic financial statements and supporting schedules have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls that have been established for this purpose. The cost of internal control should not exceed anticipated benefits, and therefore the objective of financial management is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. It should also be noted that significant effort was initiated after the fiscal year end to implement policies and procedures to increase the accuracy of all financial information. Not all of the benefits associated with this effort will be realized until a future time.

The City contracted with Mann, Urrutia, and Nelson, CPAs & Associates to perform the annual independent audit. The independent auditor's report is included in the Financial Section of this report. The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

Profile of the Government

The City of Lincoln was incorporated in 1890 and is located 27 miles northeast of Sacramento in the northernmost region of South Placer County. The City occupies 22 square miles and serves a population of more than 47,030 people. Lincoln is a General Law City, formed under the State legislative process and structured under the provisions of the California constitution. The Mayor and City Council is the governing body of the City and is comprised of five elected officials, who serve "at large" rather than by district, each for four-year terms. City voters also elect a City Treasurer who serves a four-year term. During the 2020 Fiscal year, the City will consider input from the community related to transitioning from the existing at-large elections to by-district elections in preparation for the 2020 General Election.

Lincoln is operated under the Council-Manager form of government. The City Council appoints the City Manager, who is then responsible for implementing the City Council's policy direction and overall management of the City. The City provides a full range of

City Hall

600 Sixth Street

Lincoln, CA 95648

(916) 434-2400

www.lincolncalifornia.gov

**City Manager's Office ♦ Community Development ♦ Engineering ♦ Fire
Library ♦ Recreation ♦ Police ♦ Public Services ♦ Support Services**

services, including: public safety (police and fire), sanitation, water and sewer service, library, recreational and cultural activities, public improvements, planning, zoning, general administrative services, and a municipal airport.

Residents of the City may actively participate in the local government process by serving on a City commission, committee, or board. The commissions, committees, and boards act in an advisory capacity to the City Council in the development and implementation of government policy. Included are the Planning Commission, Economic Development Committee, Fiscal and Investment Oversight Committee, Airport Committee, Parks and Recreation Committee, and Library Board.

Each year, the City Council adopts an annual budget prior to July first, which is the beginning of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. It also serves as the City's operating plan and identifies estimated costs in relation to estimated revenues. Ultimate budgetary control resides at the fund level. However, the City has adopted several budgetary appropriation and transfer procedures to provide strong internal controls while encouraging improved accountability and administrative responsiveness. All transfers between funds require City Council review and approval.

Major Initiatives

The City's adopted mission is "To provide the highest level of service responsive to our community's expectation and to enhance the quality of life, and economic vitality." The Council's strategic priorities have been identified as economic development, infrastructure, organizational efficiency, team cohesion and sustainable fiscal health.

Sustainable fiscal health remained the primary strategic priority during the 2018-19 FY and the areas of particular concern remain as follows:

1. **General Fund Revenues:** General Fund revenues remain insufficient to meet identified service level objectives for public safety. This is primarily related to lower per capita sales tax revenue when compared to like cities within the region, as well as atypically low property tax exchange rates between the City and the County.

The City continues to explore the renegotiation of several property tax sharing agreements that were previously entered into with Placer County, and also continues to encourage increased sales tax revenues through economic development efforts and the implementation of the "Love Lincoln, Shop Local" initiative. In addition, an array of special tax measures continues to be analyzed.

2. **Airport:** Consistent with prior years, the Airport began fiscal year 2019 with a negative fund balance. To resolve this issue in a long term manner, in June 2019 the Council adopted a resolution authorizing the execution of an interfund loan between the General Fund and the Airport Fund.

Addressing the long standing fund deficit with this interfund loan resolves ongoing deficiencies noted in prior year audits as well as a recommendation noted in the State JLAC audit. Adoption also required an exception to the City's adopted Reserve Policy to allow for the use of mandatory reserves on hand to be utilized to fund the loan. The Council will be reviewing this policy and their exception to it in the subsequent year.

3. **Lighting and Landscaping Districts:** Although Lighting and Landscaping District No. 1 currently has an overall positive fund balance, the Original Zone and five annexed zoned within the district have annual expenses that exceed revenues in excess of \$600,000. Additionally, the General Benefit component of the services provided by the District is projected to be greater than \$380,000.

These deficits are required to be paid by the General Fund and the potential alternatives for addressing these deficits include increased assessments to those zones that are currently paying less than their proportional share of expenses, adding in those properties that are not a part of the District, or decreasing expenses by decreasing services.

Increasing assessments in zones that are currently paying less than their proportional share or adding properties to the District require voter approval and the City has recently performed a survey to determine the likelihood that property owners would approve an assessment increase or to join the District. The survey data is being evaluated and will be presented to City Council in January for discussion regarding options moving forward.

4. **Pension Sustainability:** The City continues to focus on pension sustainability and benefit related cost control steps to ensure that the City Council's strategic initiative of sustainable fiscal is maintained. All recent information issued by California Public Employees Retirement System (CalPERS) indicates that future funding pension requirements will continue to increase.
5. **Comprehensive Business Process Improvement Initiative:** The City initiated a comprehensive business process improvement initiative in December 2018. The improvement plan included the evaluation of all policies and procedures to identify areas in need of improvement.

Implementation of the improvement initiative remains in progress. During the fiscal year ended June 30, 2019, four new financial policies were adopted to begin addressing the City's ongoing audit findings and satisfy the goals of the initiative. These policies include a Financial Reporting Policy, Budget Policy, Financial Close Policy, and a Grants Management Policy.

The implementation of these policies along with the implementation of recommendations from the Joint Legislative Audit Committee (JLAC) audit issued on March 21, 2019 as well as recommendations made by the City's annual auditors will ensure that the City continues to make progress.

6. **Joint Legislative Audit Committee (JLAC) Audit:** During FY 2018-19, the City was subject to a Joint Legislative Audit Committee (JLAC) Audit. The audit revealed three primary concerns and several recommendations for which the City began to address and report on effective in June 2019. Addressing all of the concerns and implementing all of the recommendations remains a primary focus of the Council and staff and the efforts will continue into the next fiscal year.

Local Economy

The City of Lincoln's economic health continues to improve. Property tax revenues are robust as assessed values have steadily risen since 2014 and have seen greater than 5% growth over the past two years. Sales tax receipts have increased steadily over the same period with average annual growth between 4% and 6%. The unemployment rate has remained under 5% since Quarter 1 2016 and is at 3.4% as of Quarter 2 2019. Retail vacancy is less than 4% and industrial vacancy is less than 7%; down from highs in 2015 of 20% and 50% respectively. With steady positive economic growth the City experienced a decline in housing starts in 2018 when compared to 2017. However, this drop off was a result of fewer mapped production lots, in which the City is currently experiencing a significant rise in new production homes in 2019.

Long-term Financial Planning

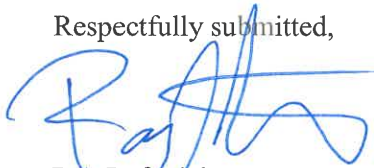
Long term financial planning continued to be a priority for the City during the 2019 fiscal year. Significant progress has been made in addressing financial concerns related to interfund loans, fund deficits, bond debt, and rate structures which has resulted in the successful resolution of several ongoing deficiencies.

The City contracted with PFM, a new investment portfolio management group, to oversee the City's investments and the OPEB Trust Funding was maintained during the 2018-19 fiscal year. As the City continues to make progress with its Business Process Improvement Initiative the primary focus will shift to long-term strategy including, development of long range forecasting, revenue initiative analysis, and economic development.

Acknowledgements

Preparation of this report was made possible by the efforts of the dedicated and talented staff in the City's Finance Department. I extend a special thank you to them and to staff in the other City departments who also assisted in the process.

Respectfully submitted,



Ray Leftwich
Acting City Manager

CITY OF LINCOLN

For the Year Ended June 30, 2019

ELECTED OFFICIALS

Mayor	Paul Joiner
Mayor Pro Tem	Dan Karleskint
Council Member	Peter Gilbert
Council Member	Holly Andreatta
Council Member	Alyssa Silhi
City Treasurer	Gerald Harner

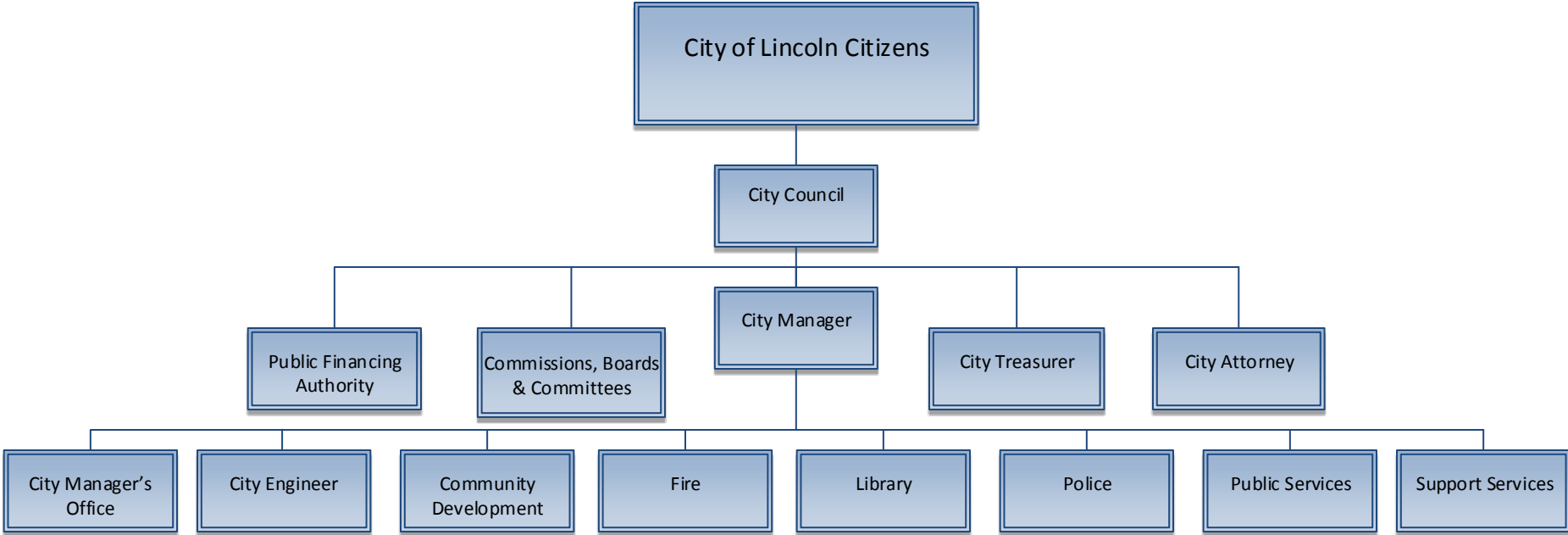
APPOINTED OFFICIALS

City Attorney	Kristine L. Mollenkopf
City Manager	Jennifer Hanson
City Clerk	Gwen Scanlon

DEPARTMENT HEADS

Director of Finance	Susan May
Director of Community Development	Steve Prosser
Director of Public Works/ City Engineer	Ray Leftwich
Public Safety Chief	Doug Lee
Library Manager	Kathryn Hunt

This listing has been created for the purpose of this CAFR and as a reference of the structure for the period ending June 30, 2019.



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the City Council of
the City of Lincoln
Lincoln, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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 introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules, combining internal service funds and fiduciary funds financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules, and the combining internal service funds and fiduciary funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules, and the combining internal service funds and fiduciary funds financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the City of Lincoln's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lincoln's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lincoln's internal control over financial reporting and compliance.

Sacramento, California
December 18, 2019

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

As Management of the City of Lincoln (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lincoln for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- At the end of the fiscal year, the General Fund reported total assets of \$17,985,516 and total liabilities of \$870,138, and a total fund balance of \$17,115,378. Of the total fund balance, the unassigned fund balance of the General Fund totaled \$3,860,869 or 23% of total General Fund expenditures at year-end.
- The assets of the City of Lincoln exceeded its liabilities at June 30, 2019 by \$825,491,743 (net position). Of this amount, \$696,245,939 is invested in capital assets, net of related debt; \$91,800,579 is restricted for debt service, capital projects, insurance, grants, taxes, and fees; and \$37,445,225 is unrestricted.
- The City's total net position decreased by \$7,617,817, of which \$2,016,475 of the decrease was attributable to governmental activities and \$5,601,342 to business-type activities. This change in net position includes a prior period restatement of \$208,910 decrease to net position.
- As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$104,847,874, a decrease of \$32,492 from the prior year's balance of \$104,880,366. Nonspendable, restricted, committed and assigned fund balances totaled \$102,559,483, whereas unassigned fund balance totaled \$2,288,391.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which 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 themselves.

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lincoln is strengthening or weakening.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when 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 of Lincoln 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 of Lincoln include general government, public safety, public works and facilities, culture and recreation, urban redevelopment and housing, as well as education. The business-type activities of the City of Lincoln include water, wastewater, solid waste, airport, and transit.

The Lincoln Public Financing Authority, although legally separate, functions for all practical purposes as a department of the City of Lincoln, and therefore, has been included as an integral part of the primary government. No separate financial statements were issued for the Authority.

The government-wide financial statements can be found on pages 15 - 16 of this report.

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

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 of Lincoln, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds used by the City are 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, which focus on the long-term, governmental fund financial statements focus on near-term inflows and outflows of spendable resource, 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 capability of maintaining service delivery levels.

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 what is presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term funding choices. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lincoln maintains numerous individual governmental funds. Financial data is presented individually for each of the City's major governmental funds in both the governmental fund balance sheet as well as the governmental fund statement of revenues, expenditures, and changes in fund balance. The City's major funds include the General Fund, Public Facility Element (PFE) fund, Water Connections fund, Special Assessment Districts fund, and Low/Moderate Income Housing fund. Data for the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 - 22 of this report.

Proprietary funds

The City of Lincoln maintains two different types of proprietary funds; Enterprise funds, which are used to account for its water, wastewater, solid waste, airport, and transit activities, and Internal Service funds which are an accounting device used to accumulate and allocate shared costs internally among the City's various functions or departments.

Enterprise funds report the same functions presented as business-type activities in the government-wide statements. Whereas internal service funds, which predominantly benefit governmental rather than business-type functions, are 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 its water, wastewater, solid waste, airport, and transit, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 23 - 28 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the reporting City 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. Fiduciary funds are custodial in nature and therefore, the accounting used does not involve the measurement of the results of operations.

The basic fiduciary fund financial statements can be found on pages 29 - 30 of this report.

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the City's financial statements. Each note is in sequence with the financial statements and can be found on pages 31 - 71 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 pension liability and other post-employment benefits (OPEB) liability. The City of Lincoln adopts an annual appropriated budget for all of its funds. Budgetary information on the City's major governmental funds, which include the General Fund, Public Facility Element (PFE) fund, Water Connections fund, and Special Assessment Districts fund can be found on pages 76 - 80. These schedules demonstrate compliance with the adopted budget.

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information, which is found on pages 85 - 120.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis of the government-wide data follows.

Statement of Net Position
As of June 30, 2019 and 2018
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 122,398	\$ 121,921	\$ 477	\$ 52,940	\$ 58,688	\$ (5,748)	\$ 175,338	\$ 180,609	\$ (5,271)
Capital assets	<u>367,179</u>	<u>368,321</u>	<u>(1,142)</u>	<u>347,504</u>	<u>348,208</u>	<u>(704)</u>	<u>714,683</u>	<u>716,529</u>	<u>(1,846)</u>
Total Assets	<u>489,577</u>	<u>490,242</u>	<u>(665)</u>	<u>400,444</u>	<u>406,896</u>	<u>(6,452)</u>	<u>890,021</u>	<u>897,138</u>	<u>(7,117)</u>
DEFERRED OUTFLOWS OF RESOURCES									
	<u>6,588</u>	<u>7,958</u>	<u>(1,370)</u>	<u>1,786</u>	<u>1,955</u>	<u>(169)</u>	<u>8,374</u>	<u>9,913</u>	<u>(1,539)</u>
LIABILITIES									
Long-term liabilities	45,189	45,215	(26)	8,452	8,721	(269)	53,641	53,936	(295)
Other liabilities	<u>10,434</u>	<u>10,752</u>	<u>(318)</u>	<u>7,532</u>	<u>8,500</u>	<u>(968)</u>	<u>17,966</u>	<u>19,252</u>	<u>(1,286)</u>
Total Liabilities	<u>55,623</u>	<u>55,967</u>	<u>(344)</u>	<u>15,984</u>	<u>17,221</u>	<u>(1,237)</u>	<u>71,607</u>	<u>73,188</u>	<u>(1,581)</u>
DEFERRED INFLOWS OF RESOURCES									
	<u>911</u>	<u>584</u>	<u>327</u>	<u>385</u>	<u>168</u>	<u>217</u>	<u>1,296</u>	<u>752</u>	<u>544</u>
NET POSITION									
Net investment in capital assets	348,742	350,361	(1,619)	347,504	348,207	(703)	696,247	698,569	(2,322)
Restricted	82,496	86,266	(3,770)	9,304	8,639	665	91,800	94,905	(3,105)
Unrestricted	<u>8,392</u>	<u>5,020</u>	<u>3,372</u>	<u>29,053</u>	<u>34,615</u>	<u>(5,562)</u>	<u>37,445</u>	<u>39,635</u>	<u>(2,190)</u>
Total Net Position	<u>\$ 439,630</u>	<u>\$ 441,647</u>	<u>\$ (2,017)</u>	<u>\$ 385,861</u>	<u>\$ 391,461</u>	<u>\$ (5,600)</u>	<u>\$ 825,492</u>	<u>\$ 833,109</u>	<u>\$ (7,617)</u>

By far, the largest portion of the City's net position is unspendable (\$696,245,939 or 84%) and reflects its investment in capital assets (e.g. infrastructure, land, buildings, equipment), less any related debt. The City's remaining net position consists of restricted funds of \$91,800,579 which are resources subject to external restrictions, and unrestricted net position totaling \$37,445,225. Governmental activities decreased the City's net position by \$2,016,475 and business-type activities decreased the City's net position by \$5,601,342.

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Changes in Net Position
As of June 30, 2019 and 2018
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>2019</u>	<u>2018</u>	<u>Net Change</u>	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
REVENUES:									
Program Revenues									
Charges for services	\$ 12,598	\$ 12,006	\$ 592	\$ 35,386	\$ 37,551	\$ (2,165)	\$ 47,984	\$ 49,557	\$ (1,573)
Operating grants and contributions	5,264	5,588	(324)	398	4,901	(4,503)	5,662	10,489	(4,827)
Capital grants and contributions	1,354	3,806	(2,452)	1,288	1,402	(114)	2,642	5,208	(2,566)
General Revenues									
Property taxes	10,527	10,067	460	-	-	-	10,527	10,067	460
Sales taxes	4,158	3,661	497	128	997	(869)	4,286	4,658	(372)
Franchise taxes	906	803	103	-	-	-	906	803	103
Other taxes	347	303	44	-	-	-	347	303	44
Investment earnings	3,987	338	3,649	2,191	(19)	2,210	6,178	319	5,859
Other revenues	2,486	603	1,883	99	200	(101)	2,585	803	1,782
Gain on sale of asset	-	-	-	19	1	18	19	1	18
Total Revenues	<u>41,627</u>	<u>37,175</u>	<u>4,452</u>	<u>39,509</u>	<u>45,033</u>	<u>(5,524)</u>	<u>81,136</u>	<u>82,208</u>	<u>(1,072)</u>
EXPENSES:									
General government	1,517	3,697	(2,180)	-	-	-	1,517	3,697	(2,180)
Public safety	12,568	11,444	1,124	-	-	-	12,568	11,444	1,124
Public works and facilities	28,443	24,231	4,212	-	-	-	28,443	24,231	4,212
Culture & recreation	1,044	940	104	-	-	-	1,044	940	104
Urban redevelopment and housing	810	1,006	(196)	-	-	-	810	1,006	(196)
Education	490	646	(156)	-	-	-	490	646	(156)
Interest	587	576	11	-	-	-	587	576	11
Water	-	-	-	18,975	14,599	4,376	18,975	14,599	4,376
Wastewater	-	-	-	15,998	14,613	1,385	15,998	14,613	1,385
Solid waste	-	-	-	5,713	4,984	729	5,713	4,984	729
Airport	-	-	-	1,570	1,547	23	1,570	1,547	23
Transit	-	-	-	832	1,019	(187)	832	1,019	(187)
Total Expenses	<u>45,459</u>	<u>42,540</u>	<u>2,919</u>	<u>43,088</u>	<u>36,762</u>	<u>6,326</u>	<u>88,547</u>	<u>79,302</u>	<u>9,245</u>
Change in net position before transfers	<u>(3,832)</u>	<u>(5,365)</u>	<u>1,533</u>	<u>(3,579)</u>	<u>8,271</u>	<u>(11,850)</u>	<u>(7,411)</u>	<u>2,906</u>	<u>(10,317)</u>
Transfers	<u>2,023</u>	<u>2,869</u>	<u>(846)</u>	<u>(2,023)</u>	<u>(2,869)</u>	<u>846</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(1,809)	(2,496)	687	(5,602)	5,402	(11,004)	(7,411)	2,906	(10,317)
Net Position Beginning, as restated	<u>441,439</u>	<u>444,145</u>	<u>(2,706)</u>	<u>391,462</u>	<u>386,060</u>	<u>5,402</u>	<u>832,901</u>	<u>830,205</u>	<u>2,696</u>
Net Position Ending	<u>\$ 439,630</u>	<u>\$ 441,649</u>	<u>\$ (2,019)</u>	<u>\$ 385,860</u>	<u>\$ 391,462</u>	<u>\$ (5,602)</u>	<u>\$ 825,490</u>	<u>\$ 833,111</u>	<u>\$ (7,621)</u>

Governmental Activities

Governmental activities decreased the City's net position by \$1,807,565 or 1% as of June 30, 2019.

Key elements for the changes in revenues and expenses for governmental activities are as follows:

- Capital grants and contributions decreased \$2.5 million primarily due to the elimination of asset transfers from the RDA fund.
- Interest and investment earnings increased \$3.6 million primarily as a result of a change in investment strategy and portfolio management.

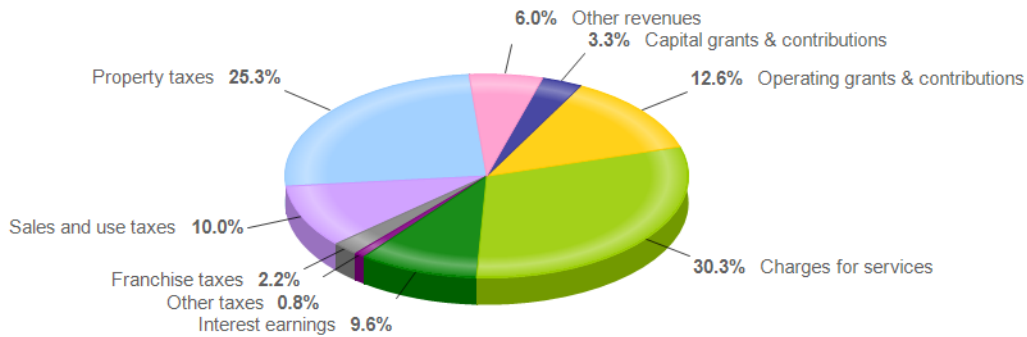
CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

- Other revenues increased \$1.9 million primarily due to capital funding from the Twelve Bridges Assessment District and miscellaneous reimbursements for shared services with Western Placer School District.
- General government expenses decreased by \$2.2 million primarily due to capital asset addition expense deductions resulting from the preparation of the Government-wide financial statements. General government expenditures themselves prior to this reconciliation decreased by 3%.
- Public safety expenses increased by \$1.1 million primarily due to capital asset adjustments and the increase in depreciation expense. Prior to the Government-wide adjustments, public safety expenses were reported at a 4% increase over the prior year.
- Public works and facilities expenses increased by \$4.2 million due primarily to a \$4 million adjustment to reclassify agency funds. Prior to this reconciliation, operating expenses were reported with a net change of less than 1%.

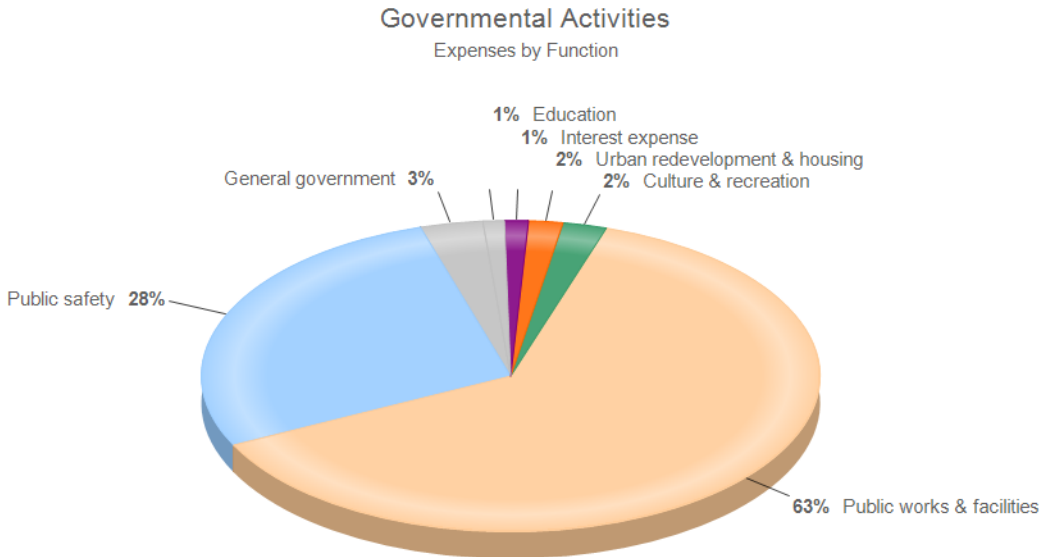
The following charts show governmental activities revenues by source and expenses by function.

Governmental Activities

Revenues by Source



CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019



Business-Type Activities

Business-type activities decreased the City's net position by \$5,601,342 or 1% as of June 30, 2019.

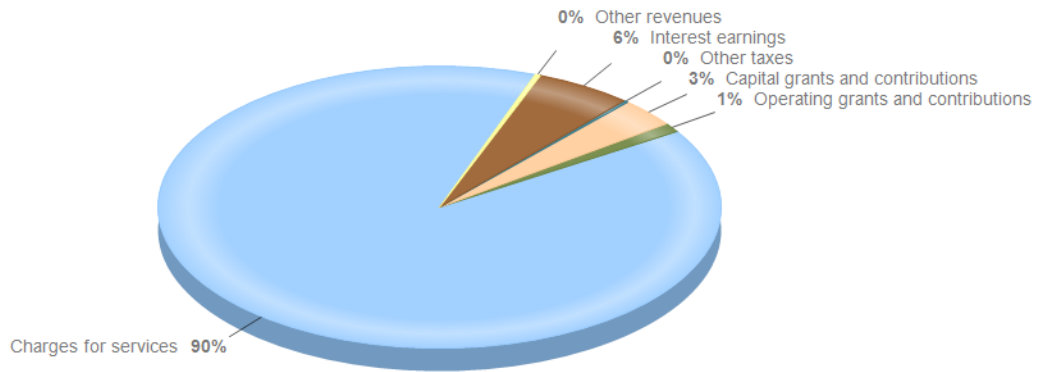
Key elements accounting for the changes in revenues and expenses for business-type activities are as follows:

- Charges for services decreased by \$2.2 million primarily due to water rate revenue reductions per the adopted changes to the rate structure effective October 2018.
- During the prior year, the City received a \$4.4 million shared facility reimbursement from Placer County. As a result, operating grants and contributions for the current year have decreased by \$4.5 million.
- Interest and investment earnings increased by \$2.2 million primarily as a result of a change in investment strategy and portfolio management.
- Water expenses increased by \$4.4 million primarily due to customer refunds issued pursuant to a settlement agreement.
- Wastewater expenses increased by \$1.4 million primarily due to a steady rise in operating expenses in all categories.

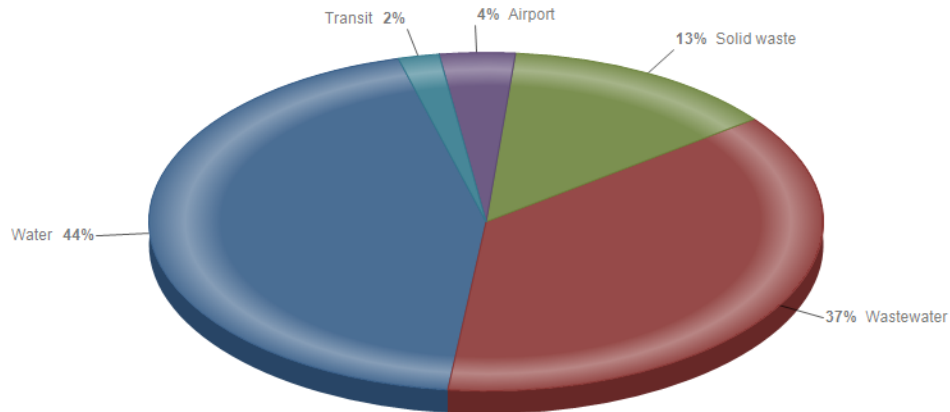
CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The following charts show business-type activities revenues by sources and expenses by enterprise:

Business-Type Activities
Revenues by Source



Business-Type Activities
Expenses by Enterprise



CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Lincoln uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Each fund functions as its own entity with its own set of financial statements for analyses of revenues, expenses, assets, liabilities, and fund balance.

Under the Governmental Accounting Standards Board Statement No. 54, fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balances are amounts that are inherently nonspendable, i.e. cannot be spent because of their form or because they must be maintained intact. Restricted fund balances are amounts with externally enforceable limitations on use, such as limitations imposed by creditors or grantors, and limitations imposed by other governments. Committed fund balances are amounts that can only be used for the specific purposes determined by formal action of the City's highest level of decision making authority (the City Council). Assigned fund balances are amounts constrained by the City's intent to be used for specific purposes. Unassigned fund balances, the residual net resources, are the amounts in excess of nonspendable, restricted, committed, and assigned amounts. Negative fund balances are included in the unassigned fund balance category.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing the City's current resources available for service delivery.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$104,847,874, a decrease of \$32,492, or less than 1% over the prior year balance. The decreased fund balance is the result of expenditures exceeding revenues and net transfers in. When comparing total revenues and expenditures against the prior year, net revenues increased.

Nonspendable fund balances totaled \$5,812,671, restricted fund balances totaled \$84,105,879, committed fund balances totaled \$7,204,704, assigned fund balances totaled \$5,436,229, and unassigned fund balances totaled \$2,288,391. The General Fund has a positive unassigned fund balance of \$3,860,869. The Federal Grants fund has a negative unassigned fund balance of \$1,044,920 up from a negative \$1,196,249. The accumulated negative fund balance in the Federal Grants fund is the result of delayed grant reimbursements, which were subsequently received in the next fiscal year. The Lincoln Crossing capital projects fund has a negative unassigned fund balance of \$527,558, which is the result of a return of unused funds to the Lincoln Crossing CFD agency fund. The balance will be restored in the upcoming year through transfers from the Lincoln Crossing CFD agency fund.

The following discussion touches on each of the five major governmental funds.

General Fund

The General Fund is the chief operating fund of the City of Lincoln. Fiscal year 2018-19 increased the City's General Fund balance by \$2,844,606 to an ending fund balance of \$17,115,378. The unassigned fund balance of the General Fund was \$3,860,869. The committed fund balance at year-end was \$7,204,704 which contains reserves of \$4,674,039 operating reserve, \$2,094,818 for OPEB, \$351,150 for capital replacement, and \$84,697 for youth programs. The nonspendable fund balance at year-end of \$5,371,094 is invested in the City's insurance programs with a JPA - Northern California Cities Self-Insurance Fund and an interfund advance to the Airport enterprise fund of \$4,950,000. The City's unassigned fund balance increased by \$2.3 million.

General Fund revenues exceeded expenditures by \$3,178,886 while other financing sources resulted in a deduction of \$334,280 thus resulting in a year-end gain of \$2,844,606. This gain is due to a stable increase in all revenue sources and the year closing with expenses significantly less than what was budgeted.

As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Including sources and uses, the unassigned fund balance represents 23% of total General Fund expenditures, up from 9% in the prior year due to a steady increase in revenues and a reduction of expenses in comparison to what was budgeted for the year due to cost cutting and deferral of any unnecessary expenses.

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The following table provides a two-year comparison of revenues by sources and expenditures by function. Accompanying the tables are brief explanations of significant changes.

Revenues Classified by Source
General Fund
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>		<u>2018</u>		<u>Increase (Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes and assessments	\$ 15,938,260	79 %	\$ 14,833,167	83 %	\$ 1,105,093	7 %
Licenses and permits	901,957	4 %	543,480	3 %	358,477	66 %
Intergovernmental	316,939	2 %	290,662	2 %	26,277	9 %
Fines and forfeitures	68,102	- %	64,909	- %	3,193	5 %
Use of money and property	636,348	3 %	1,647	- %	634,701	38,537 %
Charges for services	2,053,541	10 %	1,803,418	10 %	250,123	14 %
Other revenues	360,436	2 %	350,304	2 %	10,132	3 %
Issuance of lease proceeds	<u>153</u>	<u>- %</u>	<u>-</u>	<u>- %</u>	<u>-</u>	<u>- %</u>
	<u>\$ 20,275,736</u>	<u>100 %</u>	<u>\$ 17,887,587</u>	<u>100 %</u>	<u>\$ 2,387,996</u>	<u>13 %</u>

Total General Fund revenues increased by \$2,387,996 or 13% from the prior fiscal year and are driven by a combination of factors:

- Taxes and assessments modestly increased by \$1,105,093 or 7%, which is above the normal range of 2-4% largely due to an 8% increase in property taxes mostly attributable to new development.
- Licenses and permits increased by \$358,477 or 66% resulting largely from increased building related permitting activities.
- Use of money and property increased by \$634,701 or 38,537% as investment earnings significantly outpaced the prior year's losses due to a new investment strategy and new investment management firm.
- Charges for services increased by \$250,123 due primarily to increased strike team reimbursement from the State of California for mutual aid fire services support.

Expenditures by Function
General Fund
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>		<u>2018</u>		<u>Increase (Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>Percent</u>
General government	\$ 3,037,505	18 %	\$ 3,135,670	19 %	\$ (98,165)	(3)%
Public safety	10,841,360	63 %	10,511,897	63 %	329,463	3 %
Public works & facilities	832,697	5 %	583,521	4 %	249,176	43 %
Culture & recreation	971,921	6 %	885,799	5 %	86,122	10 %
Urban development & housing	670,892	4 %	840,001	5 %	(169,109)	(20)%
Education	565,894	3 %	537,738	3 %	28,156	5 %
Capital outlay	164,456	1 %	81,160	- %	83,296	100 %
Debt principal	8,697	- %	88,510	1 %	(79,813)	(90)%
Debt interest	<u>3,275</u>	<u>- %</u>	<u>1,187</u>	<u>- %</u>	<u>2,088</u>	<u>176 %</u>
	<u>\$ 17,096,697</u>	<u>100 %</u>	<u>\$ 16,665,483</u>	<u>100 %</u>	<u>\$ 431,214</u>	<u>3 %</u>

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

The above General Fund expenditures remain categorically consistent and increased by \$431,214 or 3% from the prior fiscal year primarily due to rising salary, benefit, and retirement costs, as well as increased insurance and utility expenses.

Public Facility Element (PFE) Fund

The PFE funds are collected with the issuance of building permits and are used by the City to fund infrastructure projects and public facilities. The City's PFE funds include: transportation, drainage, parks, and community services for police, fire, administration, and the library. Development activity in Lincoln declined significantly during the recent economic downturn but has experienced a renewed development interest during the past 3 years.

The PFE fund has a total fund balance of \$2,051,106 at the end of the fiscal year. This is improvement from the fund balance of \$394,973 as of June 30, 2018. This improvement over the prior year is the result of revenue receipts in excess of expenses during the year for all PFE funds with the exception of the Library PFE. Transportation and Parks had the largest fund balance gains with an increase of \$432 thousand in Transportation and \$957 thousand in Parks. Conversely, the Library PFE had a fund balance decrease of \$209 thousand.

Water Connections Fund

This fund is used to account for water connection fees collected from developers and property owners that are required by the California Government Code to be expended for capacity expansion. The fund balance of the Water Connections fund at the end of the fiscal year was \$39,537,519, or a decrease of (2)% from prior fiscal year.

Special Assessment Districts Fund

The Special Assessment Districts fund is used to account for special assessments collected from property owners to be expended for improvements and maintenance to public property within the Districts. Total Special Assessment Districts fund balance at year-end was \$7,941,063, or a 17% increase from the prior fiscal year.

Low/Moderate Income Housing Fund

This fund is used to account for the housing loans established as part of the former Redevelopment Agency of the City of Lincoln. Ending fund balance totaled \$1,623,213.

GENERAL FUND BUDGETARY HIGHLIGHTS

Each year, the City develops the annual budget for revenues and expenditures using a realistic, but conservative methodology based upon the best information available at that time. During the course of the fiscal year, the City Council is presented with financial status reports and approves amendments to budgeted revenue and expenditure projections as needed, so as to ensure that the City's budget continuously provides an accurate measurement of available fiscal resources to achieve the City Council priorities.

The final General Fund budget for the fiscal year ending June 30, 2019 projected revenue of \$18,993,267 and expenditures of \$18,029,277, and a decrease in fund balance of \$963,990. The General Fund's actual performance for the year however, ended with revenues totaling \$20,275,583 or \$1,282,316 more than than projected and expenditures totaling \$17,096,697, or \$932,580 less than budgeted, resulting in an annual operating surplus of \$3,178,886.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets include construction in progress, land, buildings and facilities, machinery and equipment, park facilities, and roads. As of June 30, 2019, the City's total investment in capital assets for its governmental and business-type activities totaled \$714,682,894 (net of accumulated depreciation) which decreased over the prior fiscal year by \$1,845,748 or 0.3%, which is the result of annual depreciation exceeding current year asset investments.

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

CAPITAL ASSETS (NET OF DEPRECIATION)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and easements	\$ 15,154,594	\$ 14,604,231	\$ 1,591,640	\$ 1,591,640	\$ 16,746,234	\$ 16,195,871
Construction in progress	15,551,329	13,583,933	7,163,208	5,844,480	22,714,537	19,428,413
Buildings & improvements	79,072,459	79,291,323	12,614,125	13,160,914	91,686,584	92,452,237
Furniture & equipment	4,247,289	2,908,335	6,143,432	5,459,851	10,390,721	8,368,186
Infrastructure	<u>253,153,670</u>	<u>257,932,681</u>	<u>319,991,148</u>	<u>322,151,254</u>	<u>573,144,818</u>	<u>580,083,935</u>
Total	<u>\$367,179,341</u>	<u>\$368,320,503</u>	<u>\$347,503,553</u>	<u>\$348,208,139</u>	<u>\$714,682,894</u>	<u>\$716,528,642</u>

Governmental activities decreased by 1,141,162% or 0.3% and business-type activities decreased by 704,586 or 0.2%. Additional information on the City's capital assets can be found in Note 5 of this report.

Long-term Debt

As of June 30, 2019, the City of Lincoln had total debt outstanding of \$21,121,939. This amount is comprised of \$16,993,319 in bond debt, 1,443,636 in capital leases, and \$2,684,984 in compensated absences.

CITY'S OUTSTANDING DEBT

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bonds, net	\$ 16,993,319	\$ 17,959,447	\$ -	\$ -	\$ 16,993,319	\$ 17,959,447
Capital leases	1,443,636	-	-	-	1,443,636	-
Compensated absences	<u>2,234,840</u>	<u>2,316,471</u>	<u>450,144</u>	<u>375,274</u>	<u>2,684,984</u>	<u>2,691,745</u>
Total	<u>\$ 20,671,795</u>	<u>\$ 20,275,918</u>	<u>\$ 450,144</u>	<u>\$ 375,274</u>	<u>\$ 21,121,939</u>	<u>\$ 20,651,192</u>

The City's total debt increased by \$470,747 or 2% during the fiscal year due to the continuance of scheduled debt service payments and the inception of three capital leases. Additional information about the City's long-term debt can be found in Note 7 to the financial statements.

City's Pension and OPEB Liabilities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net pension liability	\$ 15,781,679	\$ 16,124,680	\$ 5,206,687	\$ 5,347,399	\$ 20,988,366	\$ 21,472,079
Net OPEB liability	<u>11,667,024</u>	<u>11,633,832</u>	<u>2,562,159</u>	<u>2,553,771</u>	<u>14,229,183</u>	<u>14,187,603</u>
Total	<u>\$ 27,448,703</u>	<u>\$ 27,758,512</u>	<u>\$ 7,768,846</u>	<u>\$ 7,901,170</u>	<u>\$ 35,217,549</u>	<u>\$ 35,659,682</u>

The City's net pension liability and net OPEB liability decreased by \$442,133 or 1%. Additional information on the City's net pension liability and net OPEB obligation can be found in notes 12 and 13, respectively.

CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Lincoln's economic health continues to improve. Property tax revenues are robust because assessed values have steadily risen since 2014 and have seen greater than 5% growth over the past two years. Sales tax receipts have increased steadily over the same period with average annual growth between 4% and 6%. The unemployment rate has remained under 5% since quarter 1 2016 and is at 3.4% as of quarter 2 2019. Retail vacancy is less than 4% and industrial vacancy is less than 7%; down from highs in 2015 of 20% and 50%, respectively. With steady positive economic growth the City experienced a decline in housing starts in 2018 when compared to 2017. However, this drop off was a result of fewer mapped production lots, in which the City is currently experiencing a significant rise in new production homes in 2019.

The community and local economy are projected to continue growth over the next year in many areas. Modest increases are anticipated in the two largest sources of revenues to the General Fund; property tax and sales tax. The City water, wastewater, and sanitation rate studies in progress to ensure fiscal responsibility and the continuance of quality utility services to the community.

REQUESTS FOR INFORMATION

This financial statement is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Administrative Services Department, City of Lincoln, 600 Sixth Street, Lincoln, CA 95648.

CITY OF LINCOLN
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 89,273,272	\$ 54,030,372	\$ 143,303,644
Accounts receivable, net	1,142,195	4,605,645	5,747,840
Interest receivable	104,635	63,027	167,662
Taxes receivable	590,252	505	590,757
Intergovernmental receivable	1,048,671	-	1,048,671
Prepaid items	668,262	135,923	804,185
Inventory	-	76,381	76,381
Internal balances	5,972,020	(5,972,020)	-
Advances to Successor Agency (Note 18)	3,955,192	-	3,955,192
Restricted cash and cash equivalents (Note 2)	13,291,772	-	13,291,772
Loans receivable, net of allowance (Note 3)	6,351,261	-	6,351,261
Capital assets (Note 5)			
Land and construction in progress	30,705,923	8,754,848	39,460,771
Other capital assets, net of depreciation	<u>336,473,418</u>	<u>338,748,705</u>	<u>675,222,123</u>
Total capital assets	<u>367,179,341</u>	<u>347,503,553</u>	<u>714,682,894</u>
Total Assets	<u>489,576,873</u>	<u>400,443,386</u>	<u>890,020,259</u>
<u>Deferred Outflows of Resources</u>			
Changes in the net pension liability (Note 12)	5,214,793	1,479,173	6,693,966
Changes in net OPEB liability (Note 13)	<u>1,373,450</u>	<u>307,319</u>	<u>1,680,769</u>
Total Deferred Outflows of Resources	<u>6,588,243</u>	<u>1,786,492</u>	<u>8,374,735</u>
<u>LIABILITIES</u>			
Accounts payable	4,569,460	6,318,231	10,887,691
Accrued payroll and benefits	402,749	109,014	511,763
Accrued liabilities	1,738	-	1,738
Accrued interest payable	139,480	-	139,480
Retention payable	452,118	-	452,118
Deposits payable	1,932,255	560,310	2,492,565
Unearned revenue (Note 6)	4,713	183,877	188,590
Net pension liability (Note 12)			
Due in more than one year	15,781,679	5,206,687	20,988,366
Other postemployment benefits (Note 13)			
Due in more than one year	11,667,024	2,562,159	14,229,183
Accrued compensated absences (Note 7):			
Due within one year	1,787,872	360,114	2,147,986
Due in more than one year	446,968	90,030	536,998
Post-closure liability (Note 9)	-	593,224	593,224
Long-term liabilities (Note 7):			
Due within one year	1,143,235	-	1,143,235
Due in more than one year	<u>17,293,720</u>	<u>-</u>	<u>17,293,720</u>
Total Liabilities	<u>55,623,011</u>	<u>15,983,646</u>	<u>71,606,657</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Changes in the net pension liability (Note 12)	908,123	385,801	1,293,924
Changes in net OPEB liability (Note 13)	<u>3,020</u>	<u>(350)</u>	<u>2,670</u>
Total Deferred Inflows of Resources	<u>911,143</u>	<u>385,451</u>	<u>1,296,594</u>
<u>NET POSITION</u>			
Net investment in capital assets	348,742,386	347,503,553	696,245,939
Restricted for:			
Debt service	3,452,680	-	3,452,680
Capital projects	16,285,589	-	16,285,589
Grants	247,743	-	247,743
Loan programs and housing	3,313,597	-	3,313,597
Assessments and fees	58,665,740	-	58,665,740
Public facility element	-	9,304,148	9,304,148
Endowments			
Nonexpendable	356,659	-	356,659
Expendable	174,423	-	174,423
Unrestricted	<u>8,392,145</u>	<u>29,053,080</u>	<u>37,445,225</u>
Total Net Position	<u>\$ 439,630,962</u>	<u>\$ 385,860,781</u>	<u>\$ 825,491,743</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total Primary Government
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 1,517,206	\$ 1,644,853	\$ 288,952	\$ -	\$ 416,599	\$ -	\$ 416,599
Public safety	12,567,871	698,400	148,747	-	(11,720,724)	-	(11,720,724)
Public works and facilities	28,442,592	8,832,175	4,798,433	1,349,179	(13,462,805)	-	(13,462,805)
Culture and recreation	1,043,517	1,405,219	-	-	361,702	-	361,702
Urban redevelopment and housing	810,164	-	-	-	(810,164)	-	(810,164)
Education	489,557	17,420	27,987	5,049	(439,101)	-	(439,101)
Interest and fiscal charges	587,288	-	-	-	(587,288)	-	(587,288)
Total governmental activities	<u>45,458,195</u>	<u>12,598,067</u>	<u>5,264,119</u>	<u>1,354,228</u>	<u>(26,241,781)</u>	<u>-</u>	<u>(26,241,781)</u>
Business-type activities:							
Water	18,975,438	15,661,241	2,918	564,398	-	(2,746,881)	(2,746,881)
Wastewater	15,997,571	10,914,957	539	611,666	-	(4,470,409)	(4,470,409)
Solid waste	5,713,323	7,230,150	2,058	98,243	-	1,617,128	1,617,128
Airport	1,570,314	1,578,138	-	13,814	-	21,638	21,638
Transit	831,545	1,344	392,849	-	-	(437,352)	(437,352)
Total business-type activities	<u>43,088,191</u>	<u>35,385,830</u>	<u>398,364</u>	<u>1,288,121</u>	<u>-</u>	<u>(6,015,876)</u>	<u>(6,015,876)</u>
Total primary government	<u>\$ 88,546,386</u>	<u>\$ 47,983,897</u>	<u>\$ 5,662,483</u>	<u>\$ 2,642,349</u>	<u>\$ (26,241,781)</u>	<u>\$ (6,015,876)</u>	<u>\$ (32,257,657)</u>
General revenues:							
Property taxes					\$ 10,527,123	\$ -	\$ 10,527,123
Sales and use taxes					4,158,035	127,713	4,285,748
Franchise taxes					906,237	-	906,237
Other taxes					346,865	-	346,865
Interest and investment earnings (losses)					3,987,398	2,191,471	6,178,869
Gain on disposal of capital assets					-	18,817	18,817
Other revenue					2,485,938	99,153	2,585,091
Transfers					2,022,620	(2,022,620)	-
Total general revenues					<u>24,434,216</u>	<u>414,534</u>	<u>24,848,750</u>
Change in net position					<u>(1,807,565)</u>	<u>(5,601,342)</u>	<u>(7,408,907)</u>
Net position - July 1, 2018					441,647,437	391,462,123	833,109,560
Prior period restatement (Note 19)					(208,910)	-	(208,910)
Net position - July 1, 2018, restated					<u>441,438,527</u>	<u>391,462,123</u>	<u>832,900,650</u>
Net position - June 30, 2019					<u>\$ 439,630,962</u>	<u>\$ 385,860,781</u>	<u>\$ 825,491,743</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Public Facility Element (PFE)	Water Connections	Special Assessment Districts
<u>ASSETS</u>				
Cash and investments	\$ 10,614,605	\$ 10,210,148	\$ 31,480,572	\$ 8,170,080
Accounts receivable, net	901,230	33,550	-	-
Interest receivable	12,975	11,787	37,134	9,471
Taxes receivable	423,116	-	-	167,136
Intergovernmental receivable	-	-	-	-
Due from other funds	662,492	-	-	-
Prepaid items	421,094	-	-	9,142
Advances to other funds	4,950,000	1,715,642	5,354,060	-
Advances to Successor Agency	-	-	3,955,192	-
Restricted cash and investments	4	-	82,882	-
Loans receivable, net	-	-	-	-
	\$ 17,985,516	\$ 11,971,127	\$ 40,909,840	\$ 8,355,829
Total Assets				
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>				
LIABILITIES				
Accounts payable	\$ 571,276	\$ 218,106	\$ 1,129,866	\$ 306,281
Accrued payroll and benefits	273,542	-	-	12,586
Accrued liabilities	1,737	-	-	-
Retention payable	-	1,933	242,455	674
Deposits and other payables	18,870	-	-	95,225
Due to other funds	-	-	-	-
Advances from other funds	-	9,699,982	-	-
Unearned revenue	4,713	-	-	-
	870,138	9,920,021	1,372,321	414,766
Total Liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	5,371,094	-	-	9,142
Restricted	-	2,051,106	39,537,519	7,931,921
Committed	7,204,704	-	-	-
Assigned	678,711	-	-	-
Unassigned	3,860,869	-	-	-
	17,115,378	2,051,106	39,537,519	7,941,063
Total Fund Balances (Deficits)				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,985,516	\$ 11,971,127	\$ 40,909,840	\$ 8,355,829

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Low/Moderate Income Housing	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 1,621,415	\$ 24,402,266	\$ 86,499,086
Accounts receivable, net	-	195,312	1,130,092
Interest receivable	1,798	27,302	100,467
Taxes receivable	-	-	590,252
Intergovernmental receivable	-	1,048,671	1,048,671
Due from other funds	-	-	662,492
Prepaid items	-	75,776	506,012
Advances to other funds	-	3,635,404	15,655,106
Advances to Successor Agency	-	-	3,955,192
Restricted cash and investments	-	13,208,886	13,291,772
Loans receivable, net	3,438,049	2,913,212	6,351,261
 Total Assets	\$ 5,061,262	\$ 45,506,829	\$ 129,790,403
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>			
LIABILITIES			
Accounts payable	\$ -	\$ 2,173,303	\$ 4,398,832
Accrued payroll and benefits	-	50,644	336,772
Accrued liabilities	-	1	1,738
Retention payable	-	207,056	452,118
Deposits and other payables	-	1,818,160	1,932,255
Due to other funds	-	645,596	645,596
Advances from other funds	-	-	9,699,982
Unearned revenue	-	-	4,713
 Total Liabilities	-	4,894,760	17,472,006
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	3,438,049	4,032,474	7,470,523
 FUND BALANCES (DEFICITS)			
Nonspendable	-	432,435	5,812,671
Restricted	1,623,213	32,962,120	84,105,879
Committed	-	-	7,204,704
Assigned	-	4,757,518	5,436,229
Unassigned	-	(1,572,478)	2,288,391
 Total Fund Balances (Deficits)	1,623,213	36,579,595	104,847,874
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,061,262	\$ 45,506,829	\$ 129,790,403

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances of governmental funds	\$ 104,847,874
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$224,018,068.	364,784,155
Certain notes, loans, and interest receivables are not available to pay for current period expenditures and therefore are offset by deferred inflow of resources in the governmental funds.	6,351,261
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	1,119,262
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	5,214,793
Deferred outflows of resources related to changes in the net OPEB liability are not applicable to the current period.	1,373,450
Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.	
Net pension liability	(15,781,679)
Net OPEB liability	(11,667,024)
Compensated absences	(1,853,670)
Long-term liabilities net of premiums and discounts	(17,137,321)
Deferred inflows related to changes in the net pension liability	(908,123)
Deferred inflows related to changes in the net OPEB liability	(3,020)
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(139,480)
Internal service funds are used by management to charge costs of certain activities such as equipment replacement, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities of the Statement of Net Position.	<u>3,430,484</u>
Net position of governmental activities	<u>\$ 439,630,962</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Public Facility Element (PFE)</u>	<u>Water Connections</u>	<u>Special Assessment Districts</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 15,938,260	\$ -	\$ -	\$ -
Special assessments	-	-	-	3,578,233
License and permits	901,957	-	-	-
Intergovernmental	316,939	5,049	-	-
Fines and forfeitures	68,102	-	-	-
Use of money and property	636,348	362,631	1,294,101	262,996
Charges for services	2,053,541	1,409,649	1,954,188	122,900
Other revenues	<u>360,436</u>	<u>526,140</u>	<u>-</u>	<u>160,948</u>
Total Revenues	<u>20,275,583</u>	<u>2,303,469</u>	<u>3,248,289</u>	<u>4,125,077</u>
<u>EXPENDITURES</u>				
Current:				
General government	3,037,505	-	-	55,839
Public safety	10,841,360	-	-	1,543
Public works and facilities	832,697	29,491	81,194	3,504,413
Cultural and recreation	971,921	-	-	-
Urban development and housing	670,892	-	-	-
Education	565,894	81,010	-	-
Capital outlay	164,456	498,533	4,110,533	133,592
Debt service:				
Principal	8,697	-	-	-
Interest and fiscal charges	<u>3,275</u>	<u>38,302</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>17,096,697</u>	<u>647,336</u>	<u>4,191,727</u>	<u>3,695,387</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,178,886</u>	<u>1,656,133</u>	<u>(943,438)</u>	<u>429,690</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital leases	152,699	-	-	-
Return of bond funds (Note 4)	-	-	-	-
Transfers in	1,238,321	-	-	859,190
Transfers out	<u>(1,725,300)</u>	<u>-</u>	<u>-</u>	<u>(109,026)</u>
Total Other Financing Sources (Uses)	<u>(334,280)</u>	<u>-</u>	<u>-</u>	<u>750,164</u>
Net Change in Fund Balances	2,844,606	1,656,133	(943,438)	1,179,854
Fund Balances (Deficits) - July 1, 2018	<u>14,270,772</u>	<u>394,973</u>	<u>40,480,957</u>	<u>6,761,209</u>
Fund Balances (Deficits) - June 30, 2019	<u>\$ 17,115,378</u>	<u>\$ 2,051,106</u>	<u>\$ 39,537,519</u>	<u>\$ 7,941,063</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Low/Moderate Income Housing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes and assessments	\$ -	\$ -	\$ 15,938,260
Special assessments	-	-	3,578,233
License and permits	-	740,483	1,642,440
Intergovernmental	-	6,252,394	6,574,382
Fines and forfeitures	-	-	68,102
Use of money and property	57,215	1,165,459	3,778,750
Charges for services	-	1,769,014	7,309,292
Other revenues	-	<u>1,479,532</u>	<u>2,527,056</u>
Total Revenues	<u>57,215</u>	<u>11,406,882</u>	<u>41,416,515</u>
<u>EXPENDITURES</u>			
Current:			
General government	8,515	10,200	3,112,059
Public safety	-	139,517	10,982,420
Public works and facilities	-	4,835,435	9,283,230
Cultural and recreation	-	-	971,921
Urban development and housing	-	3,282	674,174
Education	-	-	646,904
Capital outlay	-	6,247,797	11,154,911
Debt service:			
Principal	-	910,000	918,697
Interest and fiscal charges	-	<u>579,528</u>	<u>621,105</u>
Total Expenditures	<u>8,515</u>	<u>12,725,759</u>	<u>38,365,421</u>
Excess (Deficiency) of Revenues over Expenditures	<u>48,700</u>	<u>(1,318,877)</u>	<u>3,051,094</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital leases	-	-	152,699
Return of bond funds (Note 4)	-	(4,410,054)	(4,410,054)
Transfers in	-	4,398,710	6,496,221
Transfers out	-	<u>(3,488,126)</u>	<u>(5,322,452)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,499,470)</u>	<u>(3,083,586)</u>
Net Change in Fund Balances	48,700	(4,818,347)	(32,492)
Fund Balances (Deficits) - July 1, 2018	<u>1,574,513</u>	<u>41,397,942</u>	<u>104,880,366</u>
Fund Balances (Deficits) - June 30, 2019	<u>\$ 1,623,213</u>	<u>\$ 36,579,595</u>	<u>\$ 104,847,874</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ (32,492)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital asset purchases	11,743,425
Depreciation expense	(14,740,739)
Capital contribution	550,363
<p>Some revenues reported in the Statement of Activities will not be collected for several months after the City's year-end and do not provide current financial resources and therefore are not reported as revenue in the governmental funds. Some revenues reported in the prior year Statement of Activities were recognized in the governmental funds in the current year. This is the net change in revenues.</p>	
	43,964
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Debt principal payments	918,697
Proceeds from capital lease	(152,699)
Net accretion on bond premiums/discounts	56,128
<p>Compensated absences expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.</p>	
	(117,723)
<p>Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Position.</p>	
Loan program receipts	(137,678)
Accrued interest on loans	137,194
<p>Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.</p>	
	3,412
<p>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.</p>	
Pension expense related to deferred outflows and inflows of resources	(1,558,908)
OPEB expense related to deferred outflows and inflows of resources	172,286
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental funds.</p>	
	<u>1,307,205</u>
Change in net position of governmental activities	<u>\$ (1,807,565)</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities			
	Major Funds			
	Water	Wastewater	Solid Waste	Airport
ASSETS				
Current Assets				
Cash and investments	\$ 23,705,824	\$ 20,185,983	\$ 9,897,512	\$ 17,959
Accounts receivable, net	1,841,800	1,766,422	928,168	69,255
Interest receivable	27,744	23,338	11,677	19
Taxes receivable	-	-	-	505
Prepaid items	40,154	28,525	39,636	14,503
Inventory	-	-	-	76,381
Total Current Assets	25,615,522	22,004,268	10,876,993	178,622
Non Current Assets				
Advances to other funds	-	-	1,006,200	-
Capital assets, net of accumulated depreciation	162,062,348	172,995,821	5,584,282	6,180,920
Total Non-Current Assets	162,062,348	172,995,821	6,590,482	6,180,920
Total Assets	187,677,870	195,000,089	17,467,475	6,359,542
DEFERRED OUTFLOWS OF RESOURCES				
Changes in the net pension liability	439,119	299,965	518,948	116,022
Changes in net OPEB liability	86,538	84,850	102,425	17,159
Total Deferred Outflows of Resources	525,657	384,815	621,373	133,181
LIABILITIES				
Current Liabilities				
Accounts payable	3,404,711	2,358,627	239,008	36,062
Accrued salaries and benefits	38,899	29,931	34,971	4,526
Deposits payable	111,000	400,000	-	49,310
Due to other funds	-	-	-	16,896
Unearned revenue	11,338	-	12,193	25,457
Compensated absences - current	142,011	80,963	129,232	7,108
Lease payable - current	-	-	-	-
Total Current Liabilities	3,707,959	2,869,521	415,404	139,359
Non-Current Liabilities				
Advances from other funds	-	699,380	-	6,261,944
Compensated absences - noncurrent	35,503	20,241	32,308	1,777
Lease payable - noncurrent	-	-	-	-
Postclosure liability	-	-	593,224	-
Net pension liability	1,582,486	1,114,562	1,779,742	386,237
Net OPEB liability	711,933	711,613	854,050	142,358
Total Non-Current Liabilities	2,329,922	2,545,796	3,259,324	6,792,316
Total Liabilities	6,037,881	5,415,317	3,674,728	6,931,675
DEFERRED INFLOWS OF RESOURCES				
Changes in the net pension liability	125,854	94,873	121,537	23,321
Changes in net OPEB liability	(301)	(8)	(114)	(34)
Total Deferred Inflows of Resources	125,553	94,865	121,423	23,287
NET POSITION:				
Net investment in capital assets	162,062,348	172,995,821	5,584,282	6,180,920
Restricted for public facility element	6,465,063	-	2,839,085	-
Unrestricted	13,512,682	16,878,901	5,869,330	(6,643,159)
Total Net Position	\$ 182,040,093	\$ 189,874,722	\$ 14,292,697	\$ (462,239)

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Business-Type Activities</u>		<u>Governmental Activities</u>
	<u>Major Funds</u>		<u>Internal Service Funds</u>
	<u>Transit</u>	<u>Total</u>	
ASSETS			
Current Assets			
Cash and investments	\$ 223,094	\$ 54,030,372	\$ 2,774,186
Accounts receivable, net	-	4,605,645	12,103
Interest receivable	249	63,027	4,168
Taxes receivable	-	505	-
Prepaid items	13,105	135,923	162,250
Inventory	-	76,381	-
Total Current Assets	<u>236,448</u>	<u>58,911,853</u>	<u>2,952,707</u>
Non Current Assets			
Advances to other funds	-	1,006,200	-
Capital assets, net of accumulated depreciation	680,182	347,503,553	2,395,186
Total Non-Current Assets	<u>680,182</u>	<u>348,509,753</u>	<u>2,395,186</u>
Total Assets	<u>916,630</u>	<u>407,421,606</u>	<u>5,347,893</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in the net pension liability	105,119	1,479,173	-
Changes in net OPEB liability	16,347	307,319	-
Total Deferred Outflows of Resources	<u>121,466</u>	<u>1,786,492</u>	<u>-</u>
LIABILITIES			
Current Liabilities			
Accounts payable	279,823	6,318,231	170,628
Accrued salaries and benefits	687	109,014	65,977
Deposits payable	-	560,310	-
Due to other funds	-	16,896	-
Unearned revenue	134,889	183,877	-
Compensated absences - current	800	360,114	304,936
Lease payable - current	-	-	133,758
Total Current Liabilities	<u>416,199</u>	<u>7,548,442</u>	<u>675,299</u>
Non-Current Liabilities			
Advances from other funds	-	6,961,324	-
Compensated absences - noncurrent	201	90,030	76,234
Lease payable - noncurrent	-	-	1,165,876
Postclosure liability	-	593,224	-
Net pension liability	343,660	5,206,687	-
Net OPEB liability	142,205	2,562,159	-
Total Non-Current Liabilities	<u>486,066</u>	<u>15,413,424</u>	<u>1,242,110</u>
Total Liabilities	<u>902,265</u>	<u>22,961,866</u>	<u>1,917,409</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability	20,216	385,801	-
Changes in net OPEB liability	107	(350)	-
Total Deferred Inflows of Resources	<u>20,323</u>	<u>385,451</u>	<u>-</u>
NET POSITION:			
Net investment in capital assets	680,182	347,503,553	1,095,552
Restricted for public facility element	-	9,304,148	-
Unrestricted	(564,674)	29,053,080	2,334,932
Total Net Position	<u>\$ 115,508</u>	<u>\$ 385,860,781</u>	<u>\$ 3,430,484</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities			
	Major Funds			
	Water	Wastewater	Solid Waste	Airport
<u>OPERATING REVENUES</u>				
Charges for services	\$ 15,648,841	\$ 10,914,957	\$ 7,219,663	\$ 1,578,138
Connection fees	12,400	-	10,487	-
Other revenue	<u>12,147</u>	<u>-</u>	<u>14,427</u>	<u>7,678</u>
Total Operating Revenue	<u>15,673,388</u>	<u>10,914,957</u>	<u>7,244,577</u>	<u>1,585,816</u>
<u>OPERATING EXPENSES</u>				
Salaries and benefits	1,528,792	1,259,345	1,658,018	257,567
Services and supplies	13,590,635	7,760,846	2,202,717	868,044
Support services	661,201	2,041,039	1,121,344	138,252
Depreciation	<u>3,194,810</u>	<u>4,936,341</u>	<u>471,151</u>	<u>271,683</u>
Total Operating Expenses	<u>18,975,438</u>	<u>15,997,571</u>	<u>5,453,230</u>	<u>1,535,546</u>
Operating Income (Loss)	<u>(3,302,050)</u>	<u>(5,082,614)</u>	<u>1,791,347</u>	<u>50,270</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Taxes	-	-	-	34,308
Intergovernmental	2,918	539	2,058	-
Interest income	1,017,659	767,783	399,106	33
Other non-operating revenues	(8,480)	73,351	-	-
Gain (loss) on sale of capital assets	7,160	9,986	(260,093)	1,671
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,768)</u>
Total Non-Operating Revenues (Expenses)	<u>1,019,257</u>	<u>851,659</u>	<u>141,071</u>	<u>1,244</u>
Income (Loss) Before Transfers and Contributions	<u>(2,282,793)</u>	<u>(4,230,955)</u>	<u>1,932,418</u>	<u>51,514</u>
<u>TRANSFERS AND CONTRIBUTIONS</u>				
Capital grants and contributions	(5,338)	-	-	13,814
Capital connection fees	569,736	611,666	98,243	-
Transfers in	-	-	-	-
Transfers out	<u>(368,821)</u>	<u>(343,815)</u>	<u>(1,235,076)</u>	<u>(52,768)</u>
Total Transfers and Contributions	<u>195,577</u>	<u>267,851</u>	<u>(1,136,833)</u>	<u>(38,954)</u>
Change in net position	(2,087,216)	(3,963,104)	795,585	12,560
Net Position - July 1, 2018	<u>184,127,309</u>	<u>193,837,826</u>	<u>13,497,112</u>	<u>(474,799)</u>
Net Position - June 30, 2019	<u>\$ 182,040,093</u>	<u>\$ 189,874,722</u>	<u>\$ 14,292,697</u>	<u>\$ (462,239)</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities</u>		<u>Governmental Activities</u>
	<u>Major Funds</u>		<u>Internal Service Funds</u>
	<u>Transit</u>	<u>Total</u>	
<u>OPERATING REVENUES</u>			
Charges for services	\$ 1,344	\$ 35,362,943	\$ 6,129,814
Connection fees	-	22,887	-
Other revenue	30	34,282	96,560
Total Operating Revenue	<u>1,374</u>	<u>35,420,112</u>	<u>6,226,374</u>
<u>OPERATING EXPENSES</u>			
Salaries and benefits	139,364	4,843,086	3,406,348
Services and supplies	582,330	25,004,572	2,323,397
Support services	60,932	4,022,768	-
Depreciation	48,919	8,922,904	84,025
Total Operating Expenses	<u>831,545</u>	<u>42,793,330</u>	<u>5,813,770</u>
Operating Income (Loss)	<u>(830,171)</u>	<u>(7,373,218)</u>	<u>412,604</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Taxes	93,405	127,713	-
Intergovernmental	392,849	398,364	-
Interest income	6,890	2,191,471	71,473
Other non-operating revenues	-	64,871	-
Gain (loss) on sale of capital assets	-	(241,276)	-
Interest expense	-	(34,768)	(25,723)
Total Non-Operating Revenues (Expenses)	<u>493,144</u>	<u>2,506,375</u>	<u>45,750</u>
Income (Loss) Before Transfers and Contributions	<u>(337,027)</u>	<u>(4,866,843)</u>	<u>458,354</u>
<u>TRANSFERS AND CONTRIBUTIONS</u>			
Capital grants and contributions	-	8,476	-
Capital connection fees	-	1,279,645	-
Transfers in	-	-	848,851
Transfers out	(22,140)	(2,022,620)	-
Total Transfers and Contributions	<u>(22,140)</u>	<u>(734,499)</u>	<u>848,851</u>
Change in net position	(359,167)	(5,601,342)	1,307,205
Net Position - July 1, 2018	<u>474,675</u>	<u>391,462,123</u>	<u>2,123,279</u>
Net Position - June 30, 2019	<u>\$ 115,508</u>	<u>\$ 385,860,781</u>	<u>\$ 3,430,484</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities			
	Major Funds			
	Water	Wastewater	Solid Waste	Airport
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 16,325,473	\$ 10,949,420	\$ 7,245,609	\$ 1,861,099
Cash paid to suppliers	(14,844,612)	(10,012,797)	(3,486,163)	(1,125,393)
Cash paid to employees	(1,396,195)	(1,145,639)	(1,491,268)	(278,308)
Net Cash Provided by (Used For) Operating Activities	<u>84,666</u>	<u>(209,016)</u>	<u>2,268,178</u>	<u>457,398</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Intergovernmental and other nonoperating	2,918	73,890	2,058	-
Taxes	-	-	-	35,587
Transfers from other funds	4,200,000	-	-	-
Transfers to other funds	(4,568,821)	(398,106)	(1,241,276)	(461,766)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(365,903)</u>	<u>(324,216)</u>	<u>(1,239,218)</u>	<u>(426,179)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Capital grant contributions	(5,338)	-	-	13,814
Connection fees	569,736	611,666	98,243	-
Proceeds from capital lease	-	-	-	-
Acquisition of capital assets	(6,163,113)	(1,602,612)	(480,154)	(43,635)
Principal paid on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	(34,768)
Net Cash Used for Capital and Related Financing Activities	<u>(5,598,715)</u>	<u>(990,946)</u>	<u>(381,911)</u>	<u>(64,589)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Proceeds from sale of investments	7,161	9,986	4,783	1,671
Interest and dividends	1,010,779	759,878	394,216	14
Net Cash Provided by Investing Activities	<u>1,017,940</u>	<u>769,864</u>	<u>398,999</u>	<u>1,685</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,862,012)	(754,314)	1,046,048	(31,685)
Cash and Cash Equivalents - July 1, 2018	<u>28,567,836</u>	<u>20,940,297</u>	<u>8,851,464</u>	<u>49,644</u>
Cash and Cash Equivalents - June 30, 2019	<u>\$ 23,705,824</u>	<u>\$ 20,185,983</u>	<u>\$ 9,897,512</u>	<u>\$ 17,959</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ (3,302,050)	\$ (5,082,614)	\$ 1,791,347	\$ 50,270
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	3,194,810	4,936,341	471,151	271,683
Pension expense	94,077	79,647	98,534	15,678
OPEB expense	(13,252)	(11,591)	(14,505)	(2,505)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	586,747	(15,537)	(11,161)	249,036
Increase in prepaid expenses	(8,189)	(6,749)	(10,760)	(2,222)
Increase in inventory	-	-	-	(33,701)
Decrease in accounts payable	(584,587)	(204,163)	(52)	(83,174)
Increase (decrease) in accrued wages	20,136	14,402	14,504	402
Increase in deposits	54,000	50,000	-	790
Increase (decrease) in compensated absences	31,636	31,248	68,217	(34,316)
Increase (decrease) in unearned revenue	11,338	-	12,193	25,457
Decrease in postclosure liability	-	-	(151,290)	-
Net Cash Provided by (Used For) Operating Activities	<u>\$ 84,666</u>	<u>\$ (209,016)</u>	<u>\$ 2,268,178</u>	<u>\$ 457,398</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities		Governmental Activities
	Major Funds		Internal Service Funds
	Transit	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ (63,108)	\$ 36,318,493	\$ 6,229,486
Cash paid to suppliers	(913,317)	(30,382,282)	(2,434,365)
Cash paid to employees	(155,048)	(4,466,458)	(3,665,013)
Net Cash Provided by (Used For) Operating Activities	(1,131,473)	1,469,753	130,108
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Intergovernmental and other nonoperating	392,849	471,715	-
Taxes	93,405	128,992	-
Transfers from other funds	-	4,200,000	848,851
Transfers to other funds	(22,140)	(6,692,109)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	464,114	(1,891,402)	848,851
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital grant contributions	-	8,476	-
Connection fees	-	1,279,645	-
Proceeds from capital lease	-	-	1,441,993
Acquisition of capital assets	(202,160)	(8,491,674)	(1,598,724)
Principal paid on long-term debt	-	-	(142,359)
Interest paid on long-term debt	-	(34,768)	(25,724)
Net Cash Used for Capital and Related Financing Activities	(202,160)	(7,238,321)	(324,814)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from sale of investments	-	23,601	8,204
Interest and dividends	7,460	2,172,347	60,498
Net Cash Provided by Investing Activities	7,460	2,195,948	68,702
Net Increase (Decrease) in Cash and Cash Equivalents	(862,059)	(5,464,022)	722,847
Cash and Cash Equivalents - July 1, 2018	1,085,153	59,494,394	2,051,339
Cash and Cash Equivalents - June 30, 2019	\$ 223,094	\$ 54,030,372	\$ 2,774,186
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (830,171)	\$ (7,373,218)	\$ 412,604
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	48,919	8,922,904	84,025
Pension expense	8,819	296,755	-
OPEB expense	(1,706)	(43,559)	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	809,085	3,112
Increase in prepaid expenses	(773)	(28,693)	(44,826)
Increase in inventory	-	(33,701)	-
Decrease in accounts payable	(269,282)	(1,141,258)	(66,142)
Increase (decrease) in accrued wages	(882)	48,562	(59,311)
Increase in deposits	-	104,790	-
Increase (decrease) in compensated absences	(21,915)	74,870	(199,354)
Increase (decrease) in unearned revenue	(64,482)	(15,494)	-
Decrease in postclosure liability	-	(151,290)	-
Net Cash Provided by (Used For) Operating Activities	\$ (1,131,473)	\$ 1,469,753	\$ 130,108

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Redevelopment Obligation Retirement Fund	OPEB Trust Fund	Agency Funds
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 1,380,063	\$ -	\$ 24,818,797
Assessments receivable	-	-	77,297
Interest receivable	1,739	-	30,982
Prepaid expenses	3,061	-	-
Deferred costs	44,965	-	-
Restricted cash and investments (Note 2)	21	5,012,579	15,599,267
Loans receivable	305,168	-	-
Capital assets, net of accumulated depreciation (Note 18)	<u>488,436</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,223,453</u>	<u>\$ 5,012,579</u>	<u>\$ 40,526,343</u>
<u>LIABILITIES</u>			
Accounts payable and other liabilities	\$ -	\$ -	\$ 10,630
Interest payable	82,783	-	1,132
Deposits payable	-	-	113,200
Due to property owners	-	-	40,370,818
Advances from the City (Note 18)	3,955,192	-	-
Agency obligations	-	-	30,563
Long-term liabilities (Note 18)	<u>7,377,560</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 11,415,535</u>	<u>\$ -</u>	<u>\$ 40,526,343</u>
<u>NET POSITION</u>			
Held in trust	\$ (9,192,082)	\$ -	\$ -
Restricted for OPEB	<u>-</u>	<u>5,012,579</u>	<u>-</u>
Total Net Position	<u>\$ (9,192,082)</u>	<u>\$ 5,012,579</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Redevelopment Obligation Retirement Fund	OPEB Trust Fund
<u>ADDITIONS</u>		
Property taxes	\$ 1,751,737	\$ -
Interest and investment income	36,253	263,014
Contributions from employer	-	965,035
Other contributions	9,660	-
Gain (loss) on disposal of assets	<u>(1,411,821)</u>	<u>-</u>
Total Additions	<u>385,829</u>	<u>1,228,049</u>
<u>DEDUCTIONS</u>		
Program expense	42,382	-
Administrative expense	-	13,083
Interest expense	395,474	-
Depreciation	<u>82,198</u>	<u>-</u>
Total Deductions	<u>520,054</u>	<u>13,083</u>
Change in Fiduciary Net Position	(134,225)	1,214,966
Fiduciary Net Position - July 1, 2018	<u>(9,057,857)</u>	<u>3,797,613</u>
Fiduciary Net Position - June 30, 2019	<u><u>\$ (9,192,082)</u></u>	<u><u>\$ 5,012,579</u></u>

See accompanying notes to the basic financial statements.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lincoln (the City) was incorporated in March 1878 under the laws and regulations of the State of California. The City operates under a City Manager - Council form of government and provides the following services: public safety (Police and Fire), highways and streets, water, sewer, sanitation, airport, culture, recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Lincoln conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council.

Blended Component Units

Lincoln Public Financing Authority - The Authority was formed by the execution of a Joint Powers Authority Agreement between the City of Lincoln and the former City of Lincoln Redevelopment Agency. The purpose of the Authority is to provide financing of public capital improvements through the acquisition, construction and improvement thereof by the Authority, or the loan of funds to the City to enable the City to provide for the acquisition construction and improvement of public capital improvements. The Authority is the lessor for the City's various bond issuances and makes debt service payments on behalf of the City and the Successor Agency to the City of Lincoln Redevelopment Agency. The City Council is the governing body of the Authority and because its financial and operational relationship with the City is closely integrated, the Authority debt is reported as bonds payable in the governmental activities, and long-term debt in the private purpose trust funds. Separate financial statements for the Lincoln Public Financing Authority are not issued.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

Joint Agencies

The City is a participant in Northern California Cities Self-Insurance Fund (NCCSIF), the purpose of which is for member cities to share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by a board of directors appointed by the member cities. Complete financial information can be obtained from the Program Administrator, 2180 Harvard Street, Suite 460, Sacramento, CA 95815. The City is not financially accountable for this organization and therefore it is not a considered a component unit.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. These standards require that the financial statements described below be presented.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information on all of the nonfiduciary activities of the City, and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflow of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The fund types of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Internal Service Funds - Internal service funds are used to account for, and finance, services and commodities furnished by a designated department of a governmental unit to other departments of the same governmental unit. The City's internal service funds account for the City's fleet maintenance and insurance programs, vehicle and equipment replacement, facility maintenance, and technology programs.

Fiduciary Funds (not included in government-wide statements)

The City reports the following additional fund types:

Private-Purpose Trust Funds - Private-Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Pension (and Other Employee Benefit) Trust Funds - Pension (and Other Employee Benefit) Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Agency Funds - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Major Funds

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - The General fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities as public safety, culture and recreation services, public works and facilities, education, and economic development services.

Public Facility Element - The Public Facility Element (PFE) fund is a special revenue fund used to account for the fees collected from developers and community services fees for public facilities improvements including, but not limited to, police, fire, and City administration facilities. Funding comes primarily from developer fees and facility fees.

Water Connections - The Water Connections fund is a special revenue fund used to account for water connection fees collected from developers and property owners that are required by the California Government Code to be expended for capacity expansion. Funding comes primarily from connection fees and investment earnings.

Special Assessment Districts - The Special Assessment Districts fund is a special revenue fund used to account for resources received to provide improvements and maintenance to public property within a district. Funding comes primarily from special assessments.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Low/Moderate Income Housing - The Low/Moderate Income Housing fund is a special revenue fund used to account for the housing loans established as part of the former Redevelopment Agency of the City of Lincoln. The major source of revenue for the fund is from program revenue received from the repayment of housing loans.

The City reports the following major proprietary funds in the accompanying financial statements:

Water Fund - The Water fund is an enterprise fund used to account for the activities of the water operating and non-operating funds of the City of Lincoln's public services department. Activities include accounting for the Lincoln residents water use, water pipeline installation and repairs, and water meter installation and repairs.

Wastewater Fund - The Wastewater fund is an enterprise fund used to account for the activities of the wastewater operating and non-operating funds of the City of Lincoln's public services department. Activities include wastewater services and repair.

Solid Waste Fund - The Solid Waste fund is an enterprise fund used to account for the activities of the solid waste operating and non-operating funds of the City of Lincoln's public services department. Activities include accounting for the City of Lincoln's residents' solid waste (garbage) services.

Airport Fund - The Airport fund is an enterprise fund used to account for the activities of the publicly owned Lincoln Regional Airport. The airport was established in 1947 as a regional center for general and corporate aviation.

Transit Fund - The Transit fund is an enterprise fund used to account for transit activities. The transit activity is operated by Placer County.

The City also reports the following additional fund types:

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

Internal Service Funds - Internal Service funds account for the City's fleet maintenance and insurance programs and for the City's vehicle and equipment replacement program. These funds provide services to other departments on a cost reimbursement basis.

Private Purpose Trust Fund - The Private Purpose Trust fund was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

OPEB Trust Fund - The OPEB Trust fund is used to report resources that are held in trust for the members and beneficiaries of the City's other postemployment benefit plan.

Agency Funds - The Agency funds account for resources held by the City as a trustee or an agent for individuals, private organizations, and other governmental entities. These resources include fees collected on behalf of bonded assessment districts, the Little League organization, and the preservation of the library.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and proprietary activities are presented using the economic resources measurement focus as defined in item "b" below.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.
- c. As agency funds report only assets and liabilities, they do not have a measurement focus. However, they use the accrual basis of accounting to recognize receivables and payables. The "economic resources" measurement focus and the accrual basis of accounting is used for trust funds.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and proprietary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. 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 operations. The principal operating revenues of the enterprise and internal service funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, 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.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased including amounts held in the City's investment pool, to be cash and cash equivalents.

E. Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash and investment balance at quarter end in relation to the total pool cash and investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

F. Accounts and Interest Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. Management records an allowance for doubtful accounts based on historical trends and the periodic aging of receivables. The allowance for doubtful accounts as of June 30, 2019 totaled \$247,497, for business-type activities. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, fines, interest, and other fees. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund financial statements, but are recorded as deferred inflows of resources to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

G. Inventory

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Inventories of proprietary funds are stated at average cost. Inventory recorded by proprietary funds includes supplies for the airport. Proprietary fund inventories are recorded as expenses when consumed.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Expenses

Payments made for services that will benefit periods beyond June 30, 2019 are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital outlay with a cost of \$5,000 or more and a useful life of one year or longer are capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and improvements	20 - 50 years
Machinery and equipment	5 - 15 years
Land improvements	20 years
Infrastructure	15 - 75 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

J. Property Taxes

Placer County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

L. Unearned Revenue

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave. Unused vacation and compensatory time off benefits are paid to employees upon termination. For employees with over five years continuous employment, unused sick leave benefits are paid ratably in accordance with the length of service upon termination. In the government-wide financial statements the accrued compensated absences are recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences are recorded as an expense and related liability in the year earned. The City includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 - June 30, 3018

P. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding are included in interest expense.

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

Q. Deferred Outflows/Inflow of Resources

In addition to assets, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

R. Equity Classifications

Government-wide Statements

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the Government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Restricted net position - Consists of net position with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the City Council's intent to be used for specific purposes through a resolution, but are neither restricted or committed. The City Council assigns fund balances for specific purposes by resolution adopting the annual budget for the upcoming fiscal year, or by an amending budget resolution during the fiscal year.
- e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

Further detail about the City's fund balance classification is described in Note 10.

S. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

T. Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

U. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2018, the City implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. As the City does not have any AROs, there was no impact to the financial statements as a result of this statement.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 88

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this statement is to clarify which liabilities governments should include in their note disclosures related to debt. GASB is requiring debt borrowings and direct placements to be presented separately because they may expose a government to risks that are different from, or in addition to, risks related to other types of debt. The new standard also requires the disclosure of additional essential debt-related information for all types of debt, including amounts of unused lines of credit and assets pledged as collateral for debt. Also required to be disclosed are terms specified in debt agreements related to: (1) significant events of default with finance-related consequences, (2) significant termination events with finance-related consequences, (3) significant subjective acceleration clauses.

V. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2019 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

CITY OF LINCOLN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 90

In August 2018 , GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2020.

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 were classified in the accompanying financial statements as follows:

	<u>Cash and Investments</u>	<u>Restricted Cash and Investments</u>	<u>Total</u>
Governmental activities	\$ 89,273,272	\$ 13,291,772	\$ 102,565,044
Business-type activities	<u>54,030,372</u>	<u>-</u>	<u>54,030,372</u>
Total government-wide cash and investments	<u>143,303,644</u>	<u>13,291,772</u>	<u>156,595,416</u>
Fiduciary activities	<u>26,198,860</u>	<u>20,611,867</u>	<u>46,810,727</u>
Total cash and investments	<u>\$ 169,502,504</u>	<u>\$ 33,903,639</u>	<u>\$ 203,406,143</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash and investments were carried at fair value as of June 30, 2019 and consisted of the following:

Cash on hand	\$ 2,138
Cash in banks	<u>1,363,431</u>
Total cash	<u>1,365,569</u>
Money market funds	29,619,555
Mutual funds	5,012,579
U.S. treasury obligations	61,793,961
Government agency securities	31,314,902
Medium term corporate notes	47,588,280
Local Agency Investment Fund (LAIF)	<u>26,711,297</u>
Total investments	<u>202,040,574</u>
Total cash and investments	<u>\$ 203,406,143</u>

Authorized Investments of the City

Pursuant to Section 53646 of the Government Code, the City prepares an investment policy annually and presents it to the City Council for review and approval. The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that addresses interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
United States Treasury bills, bonds and notes	5 years	100%	None
Federal Agency or U.S Government-sponsored obligations	5 years	100%	None
Local Agency Investment Fund (LAIF)	As permitted by law	As permitted by law	None
Bankers' acceptances	180 days	40%	15%
Commercial paper	270 days	15%	15%
Negotiable certificates of deposit	5 years	30%	15%
Medium term corporate notes	5 years	30%	15%
California local agency obligations	5 years	15%	15%

Investment Valuation

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period.

The City's position in external investment pools is in its self regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2019, the City had the following recurring fair value measurements:

Investments	Fair Value Measurements Using			Fair Value
	Level 1 Inputs	Level 2 inputs	Level 3 inputs	
Money market funds	\$ -	\$ 29,619,555	\$ -	\$ 29,619,555
Mutual funds	-	5,012,579	-	5,012,579
U.S. treasury obligations	-	61,793,961	-	61,793,961
Government agency securities	-	31,314,902	-	31,314,902
Medium term corporate notes	-	47,588,280	-	47,588,280
Certificates of deposit	-	<u>26,711,297</u>	-	<u>26,711,297</u>
Total Investments	\$ -	\$ <u>202,040,574</u>	\$ -	\$ <u>202,040,574</u>

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the City Council.

Information about the sensitivity of the fair values of the City's investments (excluding investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2019:

	Interest Rates	Remaining Maturity		Fair Value
		< 12 months	1-5 years	
Money market funds	0.875%	\$ 29,619,555	\$ -	\$ 29,619,555
Mutual funds	Variable	5,012,579	-	5,012,579
U.S. treasury obligations	1.00% - 3.625%	11,755,756	50,038,205	61,793,961
Government agency securities	0.75% - 5.05%	653,549	30,661,353	31,314,902
Medium term corporate notes	1.65% - 6.95%	5,423,649	42,164,631	47,588,280
Local Agency Investment Fund	Variable	<u>26,711,297</u>	<u>-</u>	<u>26,711,297</u>
		<u>\$ 79,176,385</u>	<u>\$ 122,864,189</u>	<u>\$ 202,040,574</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments that were highly sensitive to interest rate fluctuations as of June 30, 2019.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

	Total	Rating as of Fiscal Year End		
		Minimum Legal Rating	S&P	Moody's
Money market funds	\$ 29,619,555	N/A	Not rated	Not rated
Mutual funds	5,012,579	N/A	Not rated	Not rated
U.S. Treasury obligations	58,283,699	N/A	N/A	AAA
U.S. Treasury obligations	2,466,156	N/A	N/A	WR
U.S. Treasury obligations	747,596	N/A	N/R	AAA
U.S. Treasury obligations	296,510	N/A	-	AAA
Government agency securities	26,692,817	N/A	AA+	AAA
Government agency securities	260,877	N/A	AA+	N/A
Government agency securities	1,459,532	N/A	AA+	WR
Government agency securities	2,901,676	N/A	Not rated	WR
Medium term corporate notes	2,387,288	A	A	A1
Medium term corporate notes	4,906,750	A	A	A2
Medium term corporate notes	377,388	A	A	A3
Medium term corporate notes	769,678	A	A	BAA1
Medium term corporate notes	253,621	A	A	BAA2
Medium term corporate notes	6,480,104	A	A-	A2
Medium term corporate notes	2,441,242	A	A-	A3
Medium term corporate notes	2,352,719	A	A-	BAA1
Medium term corporate notes	267,537	A	A-	BAA2
Medium term corporate notes	3,417,635	A	A+	A1
Medium term corporate notes	499,544	A	A+	A2
Medium term corporate notes	712,522	A	A+	A3
Medium term corporate notes	1,609,821	A	A+	AA3
Medium term corporate notes	106,553	A	AA+	AA2
Medium term corporate notes	760,950	A	AA-	A1
Medium term corporate notes	1,146,069	A	AA-	A3
Medium term corporate notes	2,617,759	A	AA-	AA3
Medium term corporate notes	2,054,054	A	AA+	AA1
Medium term corporate notes	402,015	A	BBB	BAA2
Medium term corporate notes	260,312	A	BBB	BAA3
Medium term corporate notes	2,952,666	A	BBB+	A3
Medium term corporate notes	1,547,992	A	BBB+	BAA1
Medium term corporate notes	504,736	A	BBB+	BAA2
Medium term corporate notes	1	A	N/A	N/A
Medium term corporate notes	1,859,857	A	N/R	WR
Medium term corporate notes	5,360,000	A	-	N/A
Medium term corporate notes	1,539,467	A	-	-
Local Agency Investment Fund	<u>26,711,297</u>	N/A	Not rated	Not rated
	<u>\$ 202,040,574</u>			

CITY OF LINCOLN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2019, that represent 5 percent or more of total City investments are as follows:

<u>Issuers</u>	<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Banks	Government agency securities	\$ 12,293,594

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all of its managed investments shall be held in the name of the City in safekeeping by a third party bank trust department.

The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized.

As of June 30, 2019, the carrying amount of the City's deposits was \$1,363,431 and bank balances were \$4,743,407. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated quarterly based on the ending cash balances of the previous quarter in each fund receiving interest.

NOTE 3: LOANS RECEIVABLE

The City has made various business loans to qualifying businesses through programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. In addition, the City has made various loans under the Community Development Block Grant (CDBG) revolving loan program, the Home Investment Partnerships (HOME) program, and the CalHome program. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms.

The balance of the loans receivable, net of allowance, has been offset in the fund financial statements by deferred inflows of resources as they are not deemed measurable and available (within 60 days). In the government-wide Statement of Net Position, the City has provided a 100% allowance for all loans receivable subject to long-term deferral and/or payment from future refinancing except those accounts that have current payment and activity and are not delinquent. Individual loans range from \$2,500 to \$2,000,000.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3: LOANS RECEIVABLE (CONTINUED)

Total loans receivable, including accrued interest, net of allowance as of June 30, 2019 was as follows:

	<u>Loans Receivable</u>	<u>Accrued Interest</u>	<u>Allowance</u>	<u>Total Loans Receivable, net</u>
Community development block grants	\$ 357,853	\$ 115,404	\$ -	\$ 473,257
Home investment partnership	1,325,034	430,387	-	1,755,421
CalHOME	660,138	24,396	-	684,534
Housing Successor Agency	<u>2,358,000</u>	<u>1,080,049</u>	-	<u>3,438,049</u>
Totals	<u>\$ 4,701,025</u>	<u>\$ 1,650,236</u>	<u>\$ -</u>	<u>\$ 6,351,261</u>

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS

Due to/from Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The composition of due to/from other funds as of June 30, 2019 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Federal Grants	Overdrawn cash	\$ 645,596
General Fund	Airport	Overdrawn cash	<u>16,896</u>
Total Governmental Funds			<u>\$ 662,492</u>

The overdrawn cash noted above in the Federal Grants and Airport funds was a result of expenditures incurred in advance of receipt of grant revenues.

Advances to/from Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance in applicable governmental funds to indicate they are not in spendable form. The composition of advances to/from other funds as of June 30, 2019 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Maturity</u>	<u>Amount</u>
<u>Governmental Funds</u>				
General	Airport	Fund deficit	June 2079	\$ 4,950,000
Water Connections	Public Facility Element	Capital project funding	June 2026	5,354,060
Oak Tree Mitigation	Public Facility Element	Capital project funding	June 2026	2,323,460
LPFA Series 2016	Airport	Capital lease refinance	October 2028	1,311,944
Public Facility Element	Public Facility Element	Capital project funding	June 2028	1,016,262
Public Facility Element	Wastewater	Conveyance	2020	200,160
Public Facility Element	Wastewater	Oversizing	2020	474,174
Public Facility Element	Wastewater	Conveyance	2020	<u>25,046</u>
Total Governmental Funds				<u>\$ 15,655,106</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

<u>Proprietary Funds</u>				
Solid Waste	Public Facility Element	Capital project funding	June 2028	\$ <u>1,006,200</u>
			Total Proprietary Funds	\$ <u>1,006,200</u>

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	LPFA Refunding Series 2016	Debt service	\$ 295,290
	Vehicle/Equipment Replacement	Debt service	140,000
	Facility Maintenance	Maintenance costs	308,849
	Technology Fund	Citywide software	121,971
	Special Assessment Districts	LLAD general benefits costs	859,190
Special Assessment Districts	LPFA Refunding Series 2016	Debt service	46,647
	General Fund	Police department expenses	33,000
Gas Tax	Technology Fund	Citywide software	29,379
	LPFA Refunding Series 2016	Debt service	24,819
Street Fund	Technology Fund	Citywide software	7,657
	LPFA Refunding Series 2016	Debt service	73,460
Supplemental Fees Development Services	Technology Fund	Citywide software	11,342
	General Fund	Annual budget transfer	346,272
State Grants	LPFA Refunding Series 2016	Debt service	194,010
	Technology Fund	Citywide software	20,709
Capital Projects	Gas Tax	Capital projects	432,311
	Street Fund	Capital projects	269,207
Hwy 65 Bypass LPFA Series 2000	Park In-Lieu	Capital projects	199,326
	Parks and Recreation Tax	Capital projects	124,935
	Gas Tax	Close out fund	482
	LPFA Refunding Series 2016	Debt service	<u>1,783,596</u>
Total Governmental Interfund Transfers			\$ <u>5,322,452</u>
<u>Proprietary Funds</u>			
Water	LPFA Refunding Series 2016	Debt service	\$ 282,397
	Technology Fund	Citywide software	86,424
Wastewater	LPFA Refunding Series 2016	Debt service	272,123
	Technology Fund	Citywide software	71,692
Solid Waste	LPFA Refunding Series 2016	Debt service	345,551
	General Fund	Franchise fees	853,902
Airport	Technology Fund	Citywide software	35,623
	General Fund	Debt service	5,147
Transit	LPFA Refunding Series 2016	Debt service	37,444
	Technology Fund	Citywide software	10,177
	LPFA Refunding Series 2016	Debt service	17,112
	Technology Fund	Citywide software	<u>5,028</u>
Total Proprietary Interfund Transfers			\$ <u>2,022,620</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

Return of Unused Bond Funds

During the fiscal year ended June 30, 2019, the City reported a return of unused bond funds in the Capital Projects and Lincoln Crossing non-major capital projects funds. The funds were returned to the Special Tax Revenue Bond A & B agency fund and applied to the issuance of the City of Lincoln Community Facilities District No. 2003-1 (Lincoln Crossing) Special Tax Refunding Bonds, Series 2018.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

	<u>Balance at July 1, 2018</u>	<u>Prior Period Adjustment</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2019</u>
Capital assets not being depreciated						
Land	\$ 14,361,627	\$ -	\$ 550,363	\$ -	\$ -	\$ 14,911,990
Easements	242,604	-	-	-	-	242,604
Construction-in-progress	<u>13,583,933</u>	<u>(208,910)</u>	<u>8,717,025</u>	<u>-</u>	<u>(6,540,719)</u>	<u>15,551,329</u>
Total capital assets not being depreciated	<u>28,188,164</u>	<u>(208,910)</u>	<u>9,267,388</u>	<u>-</u>	<u>(6,540,719)</u>	<u>30,705,923</u>
Capital assets being depreciated						
Buildings and improvements	76,700,582	-	692,543	-	835,799	78,228,924
Machinery and equipment	9,897,863	-	1,968,334	(326,912)	13,458	11,552,743
Infrastructure	436,013,710	-	860,110	-	5,436,119	442,309,939
Land improvements	<u>27,931,548</u>	<u>-</u>	<u>1,104,137</u>	<u>-</u>	<u>255,343</u>	<u>29,291,028</u>
Total capital assets being depreciated	<u>550,543,703</u>	<u>-</u>	<u>4,625,124</u>	<u>(326,912)</u>	<u>6,540,719</u>	<u>561,382,634</u>
Less accumulated depreciation						
Buildings and improvements	(17,918,271)	-	(1,959,724)	-	-	(19,877,995)
Machinery and equipment	(6,989,528)	-	(642,838)	326,912	-	(7,305,454)
Infrastructure	(178,081,029)	-	(11,075,240)	-	-	(189,156,269)
Land improvements	<u>(7,422,536)</u>	<u>-</u>	<u>(1,146,962)</u>	<u>-</u>	<u>-</u>	<u>(8,569,498)</u>
Total accumulated depreciation	<u>(210,411,364)</u>	<u>-</u>	<u>(14,824,764)</u>	<u>326,912</u>	<u>-</u>	<u>(224,909,216)</u>
Total capital assets being depreciated, net	<u>340,132,339</u>	<u>-</u>	<u>(10,199,640)</u>	<u>-</u>	<u>6,540,719</u>	<u>336,473,418</u>
Total Capital Assets, net	<u>\$ 368,320,503</u>	<u>\$ (208,910)</u>	<u>\$ (932,252)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,179,341</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General government	\$ 627,416
Public safety	751,149
Public works and facilities	13,330,796
Culture and recreation	31,378
Internal service funds	<u>84,025</u>

Total governmental activities depreciation expense \$ 14,824,764

Business-type Activities:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2019</u>
Capital assets not being depreciated					
Land	\$ 1,549,390	\$ -	\$ -	\$ -	\$ 1,549,390
Easements	42,250	-	-	-	42,250
Construction-in-progress	<u>5,844,480</u>	<u>4,142,905</u>	<u>-</u>	<u>(2,824,177)</u>	<u>7,163,208</u>
Total capital assets not being depreciated	<u>7,436,120</u>	<u>4,142,905</u>	<u>-</u>	<u>(2,824,177)</u>	<u>8,754,848</u>
Capital assets being depreciated					
Buildings and improvements	25,292,167	-	-	-	25,292,167
Machinery and equipment	11,457,455	1,620,603	(427,401)	-	12,650,657
Infrastructure	433,193,785	2,728,166	(8,481)	2,824,177	438,737,647
Land improvements	<u>1,154,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,154,850</u>
Total capital assets being depreciated	<u>471,098,257</u>	<u>4,348,769</u>	<u>(435,882)</u>	<u>2,824,177</u>	<u>477,835,321</u>
Less accumulated depreciation					
Buildings and improvements	(12,915,012)	(471,083)	-	-	(13,386,095)
Machinery and equipment	(5,997,604)	(672,147)	162,526	-	(6,507,225)
Infrastructure	(111,042,531)	(7,703,968)	-	-	(118,746,499)
Land improvements	<u>(371,091)</u>	<u>(75,706)</u>	<u>-</u>	<u>-</u>	<u>(446,797)</u>
Total accumulated depreciation	<u>(130,326,238)</u>	<u>(8,922,904)</u>	<u>162,526</u>	<u>-</u>	<u>(139,086,616)</u>
Total capital assets being depreciated, net	<u>340,772,019</u>	<u>(4,574,135)</u>	<u>(273,356)</u>	<u>2,824,177</u>	<u>338,748,705</u>
Total Capital Assets, net	<u>\$ 348,208,139</u>	<u>\$ (431,230)</u>	<u>\$ (273,356)</u>	<u>\$ -</u>	<u>\$ 347,503,553</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the business-type functions as follows:

Business-type Activities:

Water	\$ 3,194,810
Wastewater	4,936,341
Solid Waste	471,151
Airport	271,683
Transit	<u>48,919</u>
Total business-type activities depreciation expense	<u>\$ 8,922,904</u>

NOTE 6: UNEARNED REVENUE

At June 30, 2019, components of unearned revenue were as follows:

	<u>Amount</u>
<u>Governmental Funds</u>	
General Fund	
Zip Books Library Grant advance	\$ 3,013
USA Softball of Sacramento grant advance	<u>1,700</u>
Total Governmental Funds	<u>\$ 4,713</u>
<u>Proprietary Funds</u>	
Water	
Prop 84 IRWM Drought Grant advance	\$ 11,338
Wastewater	
Beverage Container Recycling Program advance	12,193
Airport	
Airport Improvement Program grant advances	25,457
Transit	
State grant advances	<u>134,889</u>
Total Proprietary Funds	<u>\$ 183,877</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7: LONG-TERM LIABILITIES

A. Governmental Activities

Governmental activities long-term debt issued and outstanding at June 30, 2019 was comprised of the following:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2019</u>
LPFA Refunding Bonds Series 2016A	2037	5.69-6.12%	\$ 18,296,066	\$ 13,555,000
LPFA Refunding Bonds Series 2016B	2022	2.44%	10,710,450	2,395,000
Bond issuance premiums (discounts)				
Series 2016A net premium				1,048,813
Series 2016B discount				(5,494)
Capital leases			1,594,692	1,443,636
Compensated absences				<u>2,234,840</u>
Total Governmental Activities				<u>\$ 20,671,795</u>

The following is a summary of changes in the City's governmental long-term liabilities for the fiscal year ended June 30, 2019:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
Governmental Activities:					
Bonds and leases payable:					
LPFA Refunding Bonds Series 2016A	\$ 13,555,000	\$ -	\$ -	\$ 13,555,000	\$ -
LPFA Refunding Bonds Series 2016B	3,305,000	-	(910,000)	2,395,000	925,000
Premium (discount) on bonds, net	1,099,447	-	(56,128)	1,043,319	56,128
Capital leases	<u>-</u>	<u>1,594,692</u>	<u>(151,056)</u>	<u>1,443,636</u>	<u>162,107</u>
Total bonds and leases payable	<u>17,959,447</u>	<u>1,594,692</u>	<u>(1,117,184)</u>	<u>18,436,955</u>	<u>1,143,235</u>
Other liabilities:					
Compensated absences	<u>2,316,471</u>	<u>1,063,727</u>	<u>(1,145,358)</u>	<u>2,234,840</u>	<u>1,787,872</u>
Total Governmental Activities	<u>\$ 20,275,918</u>	<u>\$ 2,658,419</u>	<u>\$ (2,262,542)</u>	<u>\$ 20,671,795</u>	<u>\$ 2,931,107</u>

A description of the long-term liabilities related to governmental activities at June 30, 2019 follows:

LPFA Refunding Bonds Series 2016 A&B

In October 2016, the City approved the issuance of the Lincoln Public Financing Authority Revenue Refunding Bonds, Series 2016A in the aggregate principal amount of \$13,355,000, and Series 2016B in the aggregate principal amount of \$4,205,000 to provide funds to refinance (i) the Authority's Lease Revenue Refunding Bonds, Series 2003; (ii) the Authority's Lease Revenue Refunding Bonds, Series 2006; (iii) Airport capital improvements financed through a lease dated July 8, 2008 between CaLease Public Funding Corporation and the City, and to pay costs of issuance incurred in connection with the issuance, sale and delivery of the bonds. The net proceeds of the bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liabilities for the bonds have been removed from the City's liabilities. The advance refunding was done in order to reduce debt payments in the short-term. The net present savings on the debt payments was approximately \$3,147,000.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Interest on the bonds is payable on April 1 and October 1 of each year, commencing on April 1, 2017 with interest rates ranging from 1.35% to 4.00%. The bonds are payable solely from and secured by a pledge of revenues and certain other monies pledged as listed in the trust agreement. The Series 2016 A bonds mature in October 2036 while the Series 2016B bonds mature in October 2021. Future debt service payments on the bonds are as follows:

For the Year Ending June 30,	2016A		2016B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ -	\$ 510,838	\$ 925,000	\$ 39,081	\$ 925,000	\$ 549,919
2021	-	510,838	945,000	21,394	945,000	532,232
2022	445,000	501,938	525,000	5,854	970,000	507,792
2023	1,000,000	473,038	-	-	1,000,000	473,038
2024	1,045,000	432,138	-	-	1,045,000	432,138
2025 - 2029	5,730,000	1,490,190	-	-	5,730,000	1,490,190
2030 - 2034	3,170,000	615,465	-	-	3,170,000	615,465
2035 - 2039	2,165,000	105,218	-	-	2,165,000	105,218
Total	<u>\$ 13,555,000</u>	<u>\$ 4,639,663</u>	<u>\$ 2,395,000</u>	<u>\$ 66,329</u>	<u>\$ 15,950,000</u>	<u>\$ 4,705,992</u>

Premium/Discount on Bonds

Net capitalized premiums (discount) on bonds related to the above issuances have been recorded in the amount of \$1,043,319 and netted with the balance of the bonds as presented on the government-wide financial statements. The balance is amortized using the straight line method over the bond term. Net accretion for the year ended June 30, 2019 totaled \$(56,128).

Capital Lease

In February 2019, the City entered into a capital lease with CSI Leasing in the initial amount of \$152,699 for the purchase of audio visual equipment. Principal and interest payments of \$2,993 are due monthly until January 2024. Interest on the lease is 6.57%. At June 30, 2019, equipment, net of accumulated depreciation under the capital lease totaled \$152,699.

In January 2019, the City entered into a capital lease with Lease Servicing Center, Inc. dba National Cooperative Leasing in the initial amount of \$104,599 for the purchase three police vehicles. Principal and interest payments of \$2,000 are due monthly until January 2024. Interest on the lease is 5.54%. At June 30, 2019, equipment, net of accumulated depreciation under the capital lease totaled \$104,599.

In July 2018, the City entered into a capital lease with US Bancorp Government Leasing and Finance, Inc. in the initial amount of \$1,337,394 for the purchase of fire trucks. Principal and interest payments of \$157,586 are due annually until February 2028. Interest on the lease is 3.43%. At June 30, 2019, equipment, net of accumulated depreciation under the capital lease totaled \$1,337,394.

Future debt service payments on the leases is as follows:

For the Year Ending June 30,	Principal	Interest
2020	\$ 162,107	\$ 54,742
2021	169,565	47,819
2022	176,809	40,574
2023	184,394	32,990
2024	170,223	25,239
2025 - 2029	<u>580,538</u>	<u>50,342</u>
Total	<u>\$ 1,443,636</u>	<u>\$ 251,706</u>

CITY OF LINCOLN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred.

Total Governmental Activities Long-Term Liabilities Future Debt Service

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,087,107	\$ 604,661
2021	1,114,565	580,051
2022	1,146,809	548,366
2023	1,184,394	506,028
2024	1,215,223	457,377
2025 - 2029	6,310,538	1,540,532
2030 - 2034	3,170,000	615,465
2035 - 2039	<u>2,165,000</u>	<u>105,218</u>
Total	<u>\$ 17,393,636</u>	<u>\$ 4,957,698</u>

B. Business-type Activities

Business-type activities long-term debt issued and outstanding at June 30, 2019 was comprised of the following:

<u>Type of Indebtedness</u>	<u>Outstanding June 30, 2019</u>
Compensated absences	\$ <u>450,144</u>

The following is a summary of changes in the City's business-type long-term liabilities for the fiscal year ended June 30, 2019:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
Business-Type Activities:					
Other liabilities:					
Compensated absences	\$ <u>375,274</u>	\$ <u>352,547</u>	\$ <u>(277,677)</u>	\$ <u>450,144</u>	\$ <u>360,114</u>
Total Business-Type Activities	<u>\$ 375,274</u>	<u>\$ 352,547</u>	<u>\$ (277,677)</u>	<u>\$ 450,144</u>	<u>\$ 360,114</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8: SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

The City reports the debt service transactions of various special assessment issues for which the City is not obligated in any manner, in Agency funds. The debt will be paid from and is secured solely by the revenues of these special assessment districts and does not constitute an indebtedness of the City. At June 30, 2019, the principal amount of special assessment debt outstanding for which the City is not obligated was as follows:

Assessment Debt	Project Description	Original Amount	Outstanding June 30, 2019
Special Tax Bonds, Series 1998 Lincoln Airpark 98-1	Lincoln Airpark	\$ 3,380,000	\$ 1,095,000
Refunding Bond, Series 2011A Twelve Bridges Series 2004	Twelve Bridges	28,305,000	16,250,000
Refunding Bond, Series 2011B Twelve Bridges Series 2004	Twelve Bridges	13,495,000	8,064,000
Special Tax Refunding Bonds 2018 CFD Lincoln Crossing Project Series 2018	Lincoln Crossing	64,470,000	64,470,000
Special Tax Revenue Bonds, Series 2009 CFD Sorrento Series 2009	Sorrento Project	2,190,000	1,875,000
Special Tax Revenue Bonds, Series 2013 Lakeside Series 2013	Lakeside	4,830,000	4,715,000
Special Tax Revenue Bonds, Series 2013 CFD Sorrento Series 2013	Sorrento Project	5,165,000	1,365,000
Special Tax Revenue Bonds, Series 2014 CFD Sorrento Series 2014	Sorrento Project	5,680,000	5,680,000
Special Tax Revenue Bonds, Series 2017 CFD Lakeside Series 2006-1	Lakeside	6,235,000	6,085,000
Special Tax Revenue Bonds, Series 2016 CFD Sorrento Series 2005-1	Sorrento Project	8,860,000	8,735,000
Special Tax Revenue Bonds, Series 2017 CFD Foskett Ranch 2017-1	Foskett Ranch	2,975,000	<u>2,855,000</u>
			<u>\$ 121,189,000</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: POSTCLOSURE

The City of Lincoln has postclosure responsibility for one closed landfill site. State and federal laws and regulations require the City to place a final cover over its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years following its closure. Closure procedures have been performed and postclosure activity is recorded in the Solid Waste enterprise fund. The estimated liability for postclosure care costs is estimated to be \$593,224 as of June 30, 2019. The estimate of post-closure care costs is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2019. However, the actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance postclosure care costs. The costs of these procedures is funded on a pay as you go basis. The City has not adopted a pledge of revenue to fund these costs. The estimated postclosure maintenance costs and any additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations) may need to be covered by an increase in the rate of the franchise surcharge assessed against refuse collection fees.

NOTE 10: FUND BALANCE

As prescribed by GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The City established the following fund balance policies:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaids and long-term advances as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with consent of resource providers.

Committed: Amounts that can only be used for the specific purposes determined by formal action of the City's highest level of decision-making authority. The City Council is the City's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted or committed. The City Council has authorized the City Manager and Finance Manager as officials authorized to assign fund balance to a specific purpose.

Unassigned: This classification includes the residual balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than \$500,000. If the unassigned fund balance at fiscal year end falls below the goal, the City shall develop a restoration plan to achieve and maintain the minimum fund balance. In the event that at the end of the prior fiscal year there is an increase in the General Fund Unassigned Fund Balance, based on the annual audited financial statements, 50% of the increase will be used as identified in the General Fund Reserve Policy. The transfer of funds will occur during the budget process following each year in which an increase occurs.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10: FUND BALANCE (CONTINUED)

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The fund balances for all major and nonmajor governmental funds as of June 30, 2019, were distributed as follows:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable				
Prepaid items	\$ 421,094	\$ 9,142	\$ 75,776	\$ 506,012
Advances to other funds	4,950,000	-	-	4,950,000
Endowments - principal	-	-	356,659	356,659
Total Nonspendable	<u>5,371,094</u>	<u>9,142</u>	<u>432,435</u>	<u>5,812,671</u>
Restricted				
Public facility improvements	-	2,051,106	-	2,051,106
Water capacity expansion	-	39,537,519	-	39,537,519
Public improvements and maintenance	-	7,931,921	-	7,931,921
Parks and recreation	-	-	1,388,561	1,388,561
Streets and roads	-	-	5,933,632	5,933,632
Grants	-	-	247,743	247,743
Debt service	-	-	3,452,680	3,452,680
Loan programs	-	-	1,690,384	1,690,384
Capital projects	-	-	16,285,589	16,285,589
Housing	-	1,623,213	-	1,623,213
Oak tree replacement	-	-	3,783,837	3,783,837
Mandated training fee	-	-	90,270	90,270
Endowments - open space preservation	-	-	174,423	174,423
Total Restricted	<u>-</u>	<u>51,143,759</u>	<u>33,047,119</u>	<u>84,190,878</u>
Committed				
Catastrophic reserve	-	-	-	-
Economic reserve	-	-	-	-
Youth programs	84,697	-	-	84,697
OPEB	2,094,818	-	-	2,094,818
Operating reserve	4,674,039	-	-	4,674,039
Capital replacement	351,150	-	-	351,150
Total Committed	<u>7,204,704</u>	<u>-</u>	<u>-</u>	<u>7,204,704</u>
Assigned				
PERS UAL	678,711	-	-	678,711
Fees for future improvements	-	-	4,757,518	4,757,518
Total Assigned	<u>678,711</u>	<u>-</u>	<u>4,757,518</u>	<u>5,436,229</u>
Unassigned				
	<u>3,860,869</u>	<u>-</u>	<u>(1,572,478)</u>	<u>2,288,391</u>
Total Fund Balance	<u>\$ 17,115,378</u>	<u>\$ 51,152,901</u>	<u>\$ 36,664,594</u>	<u>\$ 104,932,873</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11: DEFICIT FUND BALANCE / UNRESTRICTED NET POSITION

Governmental Funds

As of June 30, 2019, the following governmental funds had a fund deficit:

<u>Governmental Fund</u>	<u>Amount</u>
Federal Grants	\$ 1,044,920
Lincoln Crossing	527,558

The deficit in the Federal Grants fund of \$1,044,920 was a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues.

The deficit in the Lincoln Crossing fund of was a result of a return of unused bond funds.

Proprietary Funds

As of June 30, 2019, the following proprietary funds had a negative unrestricted net position:

<u>Proprietary Fund</u>	<u>Amount</u>
Airport	\$ 6,643,159
Transit	564,674

The Airport fund had a negative unrestricted net position of \$6,643,159. This fund does not have an immediate revenue source to cover this negative amount. The unrestricted net position deficit is due to airport revenue generating activities such as fuel sales, tie downs, and hanger rentals which have not kept up with operating expenses and capital improvement costs.

The Transit fund had a negative unrestricted net position of \$564,674. The unrestricted net position deficit is due to the implementation of GASB 75 in the prior year.

NOTE 12: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pensions Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five plans (three miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 62 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Prior to February 13, 2011	Between February 13, 2011 and January 1, 2013	On or After January 1, 2013
Hire Date	Tier I	Tier II	PEPRA
Benefit Formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 - 55	50 - 60	52 - 62
Monthly Benefits, as a % of Eligible Compensation	2.000 - 2.700%	1.092 - 2.418%	1.000 - 2.500%
Required Employee Contribution Rates	7.00%	6.250%	6.250%
Required Employer Contribution Rates*	32.345%	7.972%	6.913%
	Safety		
Hire Date	Prior to January 1, 2013	On or After January 1, 2013	On or After January 1, 2013
	Tier I	PEPRA Fire	PEPRA Police
Benefit Formula	3.0% @ 50	2.7% @ 57	2.7% @ 57
Final compensation	Three-year average	Three-year average	Three-year average
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50	50 - 57	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3.0%	2.0% - 2.7%	2.0% - 2.7%
Required Employee Contribution Rates	9.0%	11.50%	11.50%
Required Employer Contribution Rates*	28.415%	13.241%	13.013%

* The employer contribution rate is the sum of the plan's employer normal cost plus the employer unfunded accrued liability.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The City's contributions to the Plan for the year ending June 30, 2019 were \$2,537,589.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$20,988,366. \$15,781,679 of the liability is reported in governmental activities and \$5,206,687 of the liability is reported in business-type activities.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.21651%
Proportion - June 30, 2018	0.21781%
Change - Increase (Decrease)	0.00129%

For the year ended June 30, 2019, the City recognized a pension expense of \$4,401,375. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 2,537,589	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	281,968	97,137
Differences between actual and expected experience	680,349	178,009
Changes in assumptions	2,275,170	477,606
Adjustment due to differences in proportions	801,610	541,172
Net differences between projected and actual earnings on plan investments	<u>117,280</u>	<u>-</u>
Total	<u>\$ 6,693,966</u>	<u>\$ 1,293,924</u>

\$2,537,589 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>For the Fiscal Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ 2,310,780
2021	1,382,597
2022	(657,449)
2023	(173,478)

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% net of pension plan investment expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent Scale MP 2016. For more details on this table, please refer to the April 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on CalPERS website.

Other significant actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates.

Changes in Assumptions

In December 2017, the CalPERS Board adopted new mortality assumptions for plan participants participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF LINCOLN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)

- (a) An expected inflation of 2.0% used for this period
 (b) An expected inflation of 2.92% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	<u>Discount Rate -1%</u> <u>(6.15%)</u>	<u>Current Discount Rate</u> <u>(7.15%)</u>	<u>Discount Rate +1%</u> <u>(8.15%)</u>
Net Pension Liability (Asset)	\$ 32,466,108	\$ 20,988,366	\$ 11,543,261

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 13: OTHER POST EMPLOYMENT BENEFITS

Plan Description

Plan administration: The City administers a single employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. The City maintains the same medical plans for its retirees as for its active employees.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Benefits provided: Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of service. For retirees hired prior to January 1, 1998, the City pays the full premium of the retiree, spouse, and eligible dependents. Supplemental contributions are paid from a City-funded Retirement Medical Account to the extent necessary to achieve compliance with PEMHCA's equal contribution method with respect to these retirees. For all others, the City pays 50% of the applicable "State Formula" dollar amount for retirees with 10 years of service, plus an additional 5% per year of service, to a maximum of 100% after 20 years. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 26. The 2017 State Formula monthly dollar amounts are \$707 single, \$1,349 two-party, and \$1,727 family, and for 2018 the corresponding amounts are \$725, \$1,377, and \$1,766. In addition, the City pays a 0.33%-of-premium administrative fee to PEMHCA for each retiree.

Employees Covered

As of the July 1, 2017 actuarial valuation, membership consisted of the following:

Active plan members	142
Inactive plan members or beneficiaries currently receiving benefit payments	53
Total	195

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements.

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017 (June 30, 2017). Standard actuarial update procedures were used to project/discount from valuation to measurement dates. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Funding Method	Entry Age, level percent of pay
Long Term Return on Assets	7.00%
Discount Rate	7.00%
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Assumed Wage Inflation	3.00% per annum
Salary Increases	3.00% per annum
General Inflation Rate	3.00% per annum
Investment Rate of Return	7.00%, net of OPEB plan investment expense
Healthcare Cost Trend Rate	6.00% for 2017; 5.00% for 2018 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return¹</u>
Domestic Equity	40%	4.4%
Fixed Income	45%	1.5%
International Equity	10%	5.2%
Real Estate	5%	3.7%

¹Considers relevant, historical and current economic data.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments - to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher - to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City's total OPEB liability is based on these requirements and the following information:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long-Term Expected Return of Plan Investments (if any)</u>	<u>Municipal Bond 20-Year High Grade Rate Index</u>	<u>Discount Rate</u>
June 30, 2019	June 30, 2018	7.00%	3.62%	7.00%

<u>Changes in the Net OPEB Liability</u>	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Total OPEB Liability June 30, 2018	\$ 17,039,723	\$ 2,852,120	\$ 14,187,603
Service cost	458,434	-	458,434
Interest cost	1,170,689	-	1,170,689
Employer contributions	-	1,387,317	(1,387,317)
Net investment income	-	232,736	(232,736)
Benefit payments	(642,049)	(642,049)	-
Administrative expense	-	(32,510)	32,510
Net change during 2018-19	<u>987,074</u>	<u>945,494</u>	<u>41,580</u>
Balance at June 30, 2019	<u>\$ 18,026,797</u>	<u>\$ 3,797,614</u>	<u>\$ 14,229,183</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$ 16,736,822	\$ 14,229,183	\$ 12,168,480

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease (4.00%)	Current Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability (Asset)	\$ 11,862,768	\$ 14,229,183	\$ 17,144,142

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,390,763. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,680,769	\$ -
Net difference between projected and actual return on investments	-	2,670
Total	\$ 1,680,769	\$ 2,670

\$1,680,769 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2020	\$ (3,218)
2021	(3,218)
2022	(3,220)
2023	6,986

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14: ENDOWMENTS

The City's permanent funds account for the financial activities and balances of donor-restricted endowments for open space and wetland preservation and maintenance. Interest earned on the funds may be used pursuant to California Government Code for purposes that meet the criteria of the endowments. It is the City's policy for the City Council to authorize all approved expenditures according to the trust. At June 30, 2019, the nonspendable amount was \$356,659 and the spendable amount was \$174,423.

NOTE 15: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There were no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three fiscal years.

The City is a member of Northern California Cities Self-Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured retention amount for liability and workers' compensation. The City pays an annual premium to NCCSIF for its insurance coverage.

General Liability Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Lincoln, self-insures for the first \$50,000 of each loss. Participating cities share in loss occurrences in excess of \$50,000 up to a maximum of \$500,000. Premiums accrue based on the ultimate cost of the experience of the group of Cities. Coverage in excess of \$500,000 is provided through the California Joint Powers Insurance Risk Management Authority, a joint powers authority organized to provide excess coverage for its members.

Workers' Compensation Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City self-insured for the first \$100,000 of each loss and has purchased excess coverage with limits of \$5,000,000 per occurrence.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Lincoln council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15: RISK MANAGEMENT (CONTINUED)

The City's investment in the NCCSIF of \$807,246 is recorded in the funds as Prepaid Insurance. The net change is shown as an income or expenditure/expense item in the funds.

NOTE 16: EXCESS EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

The following funds incurred expenditures and transfers in excess of appropriations in the following amounts for the year ended June 30, 2019:

Fund	Excess Expenditures and Transfers
Supplemental Fees	\$ 29,999
State Grants	37,275
Police Grants	39,517
HOME Investment Partnership Program	4,375
CalHOME Grants	3,282

The excess expenditures were covered by available fund balance in the funds.

NOTE 17: CONTINGENCIES AND COMMITMENTS

Grant Awards

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Litigation

With the exception of the litigation described below, the City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City for such lawsuits, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

On April 25, 2017, the City was sued over the residential water rate structure. The City and the proponents of the lawsuit reached settlement in October 2017. On March 13, 2018, City Council directed staff to issue additional refunds to any customer who paid greater than the cost to provide service (set by the settlement agreement at \$2.76 per thousand gallons) throughout the entire rate period of January 1, 2014 through September 30, 2018, when new rates were adopted and implemented. At June 30, 2018, the City estimated the liability due to customers at \$1,394,599 and recorded a liability for this amount. However, during fiscal year 2018/19, the City paid \$3,362,043 in refunds to customers. The total amount of refunds due as of June 30, 2019 are estimated and accrued in the City's water fund at \$181,105.

In December of 2015, the City became engaged in litigation arising from the termination of a construction contract arising from threats of non-performance pursuant to the contract documents. During fiscal year 2018/19, the City and contractor entered into a settlement agreement and the City paid the contractor \$1,850,000 to settle the litigation. Of this amount, the City had accrued \$500,000 as a liability at June 30, 2018.

Contracts

At June 30, 2019, the City had construction contracts outstanding of approximately \$14,347,736 related to various capital projects.

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17: CONTINGENCIES AND COMMITMENTS (CONTINUED)

Joint Powers Agreement

On October 16, 2013, the City of Lincoln entered into a Construction, Operations and Joint Exercise of Powers Agreement (Agreement) with the County of Placer (County). The Agreement governs the relationship between the City and the County during the construction and operation of the Mid-Western Placer Regional Sewer Project (Regional Project). The Regional Project included a transmission pipeline and expansion of the City's Wastewater Treatment and Reclamation Facility (WWTRF).

Upon completion of the Regional Project, Section 5.3.13 of the Agreement estimated unused treatment capacity at the WWTRF and the reservation of .4 mgd of the unused capacity for the County. The reservation period was one year from the substantial completion of the WWTRF expansion. Placer County provided payment of \$6,917,917 to the City on June 22, 2017 for the reserved capacity of .4 mgd.

NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

In accordance with Assembly Bill 1X26 and Assembly Bill 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. The activity of the Successor Agency Trust for assets of the Former Redevelopment Agency (Successor Agency) is recorded in a private purpose trust fund.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City. Amounts owed to the City are included in Advances to Successor Agency and consisted of \$3,955,192 due to the Water Connections fund.

Capital assets activity for the year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets, not being depreciated				
Land	\$ 1,038,799	\$ -	\$ (550,363)	\$ 488,436
Total capital assets, not being depreciated	<u>1,038,799</u>	<u>-</u>	<u>(550,363)</u>	<u>488,436</u>
Capital assets being depreciated				
Buildings	179,708	-	(179,708)	-
Land improvements	<u>1,554,048</u>	<u>-</u>	<u>(1,554,048)</u>	<u>-</u>
Total capital assets, being depreciated	<u>1,733,756</u>	<u>-</u>	<u>(1,733,756)</u>	<u>-</u>
Less accumulated depreciation				
Buildings	(46,047)	(4,493)	50,540	-
Land improvements	<u>(744,053)</u>	<u>(77,705)</u>	<u>821,758</u>	<u>-</u>
Total accumulated depreciation	<u>(790,100)</u>	<u>(82,198)</u>	<u>872,298</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>943,656</u>	<u>(82,198)</u>	<u>(861,458)</u>	<u>-</u>
Capital assets, net	<u>\$ 1,982,455</u>	<u>\$ (82,198)</u>	<u>\$ (1,411,821)</u>	<u>\$ 488,436</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

**NOTE 18: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
Tax Allocation Refunding Series 2016A	\$ 6,100,000	\$ -	\$ -	\$ 6,100,000	\$ -
Tax Allocation Refunding Series 2016B	1,640,000	-	(690,000)	950,000	705,000
Premium (discount) on bonds, net	<u>344,847</u>	<u>-</u>	<u>(17,287)</u>	<u>327,560</u>	<u>17,287</u>
Total Long-Term Liabilities	<u>\$ 8,084,847</u>	<u>\$ -</u>	<u>\$ (707,287)</u>	<u>\$ 7,377,560</u>	<u>\$ 722,287</u>

A description of the long-term liabilities related to the Successor Agency at June 30, 2019 follows:

Tax Allocation Refunding Bonds Series 2016 A&B

In September 2016, the Oversight Board of the Successor Agency approved the issuance of the Tax Allocation Refunding Bonds, Series 2016A in the aggregate principal amount of \$6,100,000, and Series 2016B in the aggregate principal amount of \$2,105,000 to provide funds to (i) refund certain obligations of the dissolved redevelopment agency of the City that were incurred in connection with certain redevelopment activities of the dissolved redevelopment agency; (ii) to pay the premiums for a policy of bond issuance and a municipal bond debt service insurance policy; and (iii) to pay the cost of issuing the Series 2016 bonds.

The net proceeds of the bonds were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liabilities for the bonds have been removed from the Successor Agency's liabilities. The refunding was done in order to reduce debt payments in the short-term. The net present savings on the debt payments was approximately \$589,000.

Interest on the bonds is payable on March 15 and September 15 of each year, commencing on March 15, 2017 with interest rates ranging from 1.60% - 5.00%. The Series 2016 bonds are payable from and secured by the tax revenues deposited in the redevelopment property tax trust fund. The Series 2016 A bonds mature in September 2033 while the Series 2016B bonds mature in September 2020. Future debt service payments on the bonds are as follows:

For the Year Ending June 30,	<u>2016A</u>		<u>2016B</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ -	\$ 258,606	\$ 705,000	\$ 12,870	\$ 705,000	\$ 271,476
2021	475,000	249,106	245,000	2,910	720,000	252,016
2022	745,000	224,706	-	-	745,000	224,706
2023	775,000	194,306	-	-	775,000	194,306
2024	805,000	158,681	-	-	805,000	158,681
2025 - 2029	2,670,000	287,060	-	-	2,670,000	287,060
2030 - 2034	<u>630,000</u>	<u>60,978</u>	<u>-</u>	<u>-</u>	<u>630,000</u>	<u>60,978</u>
Total	<u>\$ 6,100,000</u>	<u>\$ 1,433,443</u>	<u>\$ 950,000</u>	<u>\$ 15,780</u>	<u>\$ 7,050,000</u>	<u>\$ 1,449,223</u>

CITY OF LINCOLN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19: PRIOR PERIOD ADJUSTMENT

Governmental Activities

The following governmental activities prior period adjustment was recorded by the City, effectively decreasing net position as of July 1, 2018 by \$208,910. The net decrease resulted from the following:

Remove items incorrectly capitalized in prior year	\$ <u>(208,910)</u>
Total governmental activities prior period restatement	\$ <u>(208,910)</u>

NOTE 20: SUBSEQUENT EVENTS

In August 2019, the City Council approved a 5-year lease agreement in the amount of \$144,708 for the acquisition of three new fully equipped patrol vehicles. The acquisition is funded by General fund capital replacement reserves transferred to the Vehicle Replacement fund.

In October 2019, the City Council finalized proceedings for the formation of a Mello-Roos Community Service District designated "City of Lincoln Community Services District No. 2019-1 Independence at Lincoln" (District). The District will be funded through a special tax levy adopted by the City Council beginning with fiscal year 2019/20.

Management has evaluated subsequent events through December 18, 2019 the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LINCOLN
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Prepared for the City's Miscellaneous and Safety Plan, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2019
Last 10 Years ***

	Measurement Period				
	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.21781 %	0.21651 %	0.21666 %	0.22580 %	0.22100 %
Proportionate share of the net pension liability	\$ 20,988,366	\$ 21,472,079	\$ 18,748,220	\$ 15,498,852	\$ 13,410,759
Covered payroll	\$ 12,408,728	\$ 11,448,542	\$ 11,091,872	\$ 9,853,264	\$ 9,416,587
Proportionate share of the net pension liability as a percentage of covered payroll	169.14 %	187.55 %	169.03 %	157.30 %	142.42 %
Plan fiduciary net position as a percentage of the total pension liability	75.30 %	73.31 %	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Changes in assumptions. In 2018, assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. In 2017, the discount rate was lowered from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**CITY OF LINCOLN
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION CONTRIBUTIONS
Prepared for the City's Miscellaneous and Safety Plan, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2019
Last 10 Years ***

	Fiscal Year-End				
	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 2,357,589	\$ 2,387,695	\$ 2,413,504	\$ 2,325,521	\$ 2,175,731
Contributions in relation to the actuarially determined contributions	<u>2,357,589</u>	<u>2,387,695</u>	<u>2,413,504</u>	<u>2,325,521</u>	<u>2,175,731</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Covered payroll	\$ 12,523,804	\$ 12,408,728	\$ 11,448,542	\$ 11,091,872	\$ 9,853,264
Contributions as a percentage of covered payroll	18.82 %	19.24 %	21.08 %	20.97 %	22.08 %

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**CITY OF LINCOLN
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
For the Measurement Periods Ended June 30
Last 10 Years***

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 458,434	\$ 428,445
Interest	1,170,689	1,108,069
Benefit payments	<u>(642,049)</u>	<u>(641,837)</u>
Net change in total OPEB liability	987,074	894,677
Total OPEB liability, beginning	<u>17,039,723</u>	<u>16,145,046</u>
Total OPEB liability, ending (a)	<u>\$ 18,026,797</u>	<u>\$ 17,039,723</u>
 Plan fiduciary net position		
Contributions - employer	\$ 1,387,317	\$ 641,837
Net investment income	232,736	265,305
Benefit payments	(642,049)	(641,837)
Administrative expenses	<u>(32,510)</u>	<u>(31,048)</u>
Net change in plan fiduciary net position	945,494	234,257
Plan fiduciary net position, beginning	<u>2,852,120</u>	<u>2,617,863</u>
Plan fiduciary net position, ending (b)	<u>\$ 3,797,614</u>	<u>\$ 2,852,120</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 14,229,183</u>	<u>\$ 14,187,603</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.07 %	16.74 %
Covered-employee payroll	\$ 14,446,929	\$ 13,889,533
Net OPEB liability as a percentage of covered-employee payroll	98.49 %	102.15 %

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only two years are shown. Additional years' information will be displayed as it becomes available.

**CITY OF LINCOLN
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF OPEB CONTRIBUTIONS
For the Fiscal Year Ended June 30
Last 10 Years***

	2019	2018
Actuarially Determined Contribution (ADC)	\$ 1,291,605	\$ 1,222,832
Contributions in relation to the ADC	<u>(1,680,769)</u>	<u>(1,461,479)</u>
Contribution deficiency (excess)	<u>\$ (389,164)</u>	<u>\$ (238,647)</u>
Covered-employee payroll	14,446,929	13,889,533
Contributions as a percentage of covered-employee payroll	11.63%	10.52%

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only two years are shown. Additional years' information will be displayed as it becomes available.

CITY OF LINCOLN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
REVENUES				
Taxes and assessments	\$ 15,218,564	\$ 15,270,564	\$ 15,938,260	\$ 667,696
Licenses and permits	772,600	772,600	901,957	129,357
Intergovernmental	282,500	282,500	316,939	34,439
Fines and forfeitures	65,000	75,700	68,102	(7,598)
Use of money and property	63,000	63,000	636,348	573,348
Charges for services	1,824,478	2,021,578	2,053,541	31,963
Other revenues	<u>303,300</u>	<u>507,325</u>	<u>360,436</u>	<u>(146,889)</u>
Total Revenues	<u>18,529,442</u>	<u>18,993,267</u>	<u>20,275,583</u>	<u>1,282,316</u>
EXPENDITURES				
Current:				
General Government				
Administration allocation	2,288,242	2,229,370	1,989,137	240,233
City council	262,336	251,336	198,322	53,014
City treasurer	649	649	648	1
City attorney	188,072	231,944	183,576	48,368
City manager administration	25,000	25,000	14,323	10,677
Human resources	27,872	27,872	7,688	20,184
Economic development	267,730	276,148	219,914	56,234
Administrative services	-	30,961	-	30,961
IT	20,700	37,487	25,585	11,902
Finance	<u>322,910</u>	<u>327,910</u>	<u>398,312</u>	<u>(70,402)</u>
Total General Government	<u>3,403,511</u>	<u>3,438,677</u>	<u>3,037,505</u>	<u>401,172</u>
Public Safety				
Fire operations	4,916,021	5,271,897	5,219,420	52,477
Police operations	<u>5,736,356</u>	<u>5,721,893</u>	<u>5,621,940</u>	<u>99,953</u>
Total Public Safety	<u>10,652,377</u>	<u>10,993,790</u>	<u>10,841,360</u>	<u>152,430</u>
Public Works and Facilities				
Parks	270,402	295,402	266,639	28,763
Facilities Maintenance	<u>674,865</u>	<u>787,465</u>	<u>566,058</u>	<u>221,407</u>
Total Public Works	<u>945,267</u>	<u>1,082,867</u>	<u>832,697</u>	<u>250,170</u>
Culture and Recreation				
Recreation and administration	279,049	279,049	275,866	3,183
Adult sports	88,819	78,819	57,503	21,316
Youth sports	190,195	180,195	148,946	31,249
Community classes/facility rental	226,639	239,459	215,060	24,399
Special events	97,551	98,551	67,288	31,263
Contract classes	118,656	103,656	97,056	6,600
Aquatic programs	<u>114,190</u>	<u>114,190</u>	<u>110,202</u>	<u>3,988</u>
Total Culture and Recreation	<u>1,115,099</u>	<u>1,093,919</u>	<u>971,921</u>	<u>121,998</u>

CITY OF LINCOLN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Urban Development and Housing				
Development services administration	230,041	268,541	257,623	10,918
Planning	148,785	121,785	96,014	25,771
Engineering	62,457	52,457	43,228	9,229
Building	<u>387,923</u>	<u>362,923</u>	<u>274,027</u>	<u>88,896</u>
Total Urban Development and Housing	<u>829,206</u>	<u>805,706</u>	<u>670,892</u>	<u>134,814</u>
Education				
Twelve Bridges library	<u>607,218</u>	<u>594,318</u>	<u>565,894</u>	<u>28,424</u>
Total Education	<u>607,218</u>	<u>594,318</u>	<u>565,894</u>	<u>28,424</u>
Capital Outlay				
City Council	-	-	152,699	(152,699)
Facilities maintenance	20,000	20,000	5,820	14,180
Library operations	<u>-</u>	<u>-</u>	<u>5,937</u>	<u>(5,937)</u>
Total Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>164,456</u>	<u>(144,456)</u>
Debt Service				
Principal	-	-	8,697	(8,697)
Interest	<u>-</u>	<u>-</u>	<u>3,275</u>	<u>(3,275)</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>11,972</u>	<u>(11,972)</u>
Total Expenditures	<u>17,572,678</u>	<u>18,029,277</u>	<u>17,096,697</u>	<u>932,580</u>
Excess (deficiency) of revenues over expenditures	<u>956,764</u>	<u>963,990</u>	<u>3,178,886</u>	<u>2,214,896</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital lease	-	-	152,699	152,699
Transfers in	346,273	346,273	1,238,321	892,048
Transfers out	<u>(1,446,051)</u>	<u>(1,446,051)</u>	<u>(1,725,300)</u>	<u>(279,249)</u>
Total Other Financing Sources (Uses)	<u>(1,099,778)</u>	<u>(1,099,778)</u>	<u>(334,280)</u>	<u>765,498</u>
Net change in fund balance	<u>\$ (143,014)</u>	<u>\$ (135,788)</u>	2,844,606	<u>\$ 2,980,394</u>
Fund balance - July 1, 2018			<u>14,270,772</u>	
Fund balance - June 30, 2019			<u>\$ 17,115,378</u>	

CITY OF LINCOLN
PUBLIC FACILITY ELEMENT (PFE) - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
REVENUES				
Intergovernmental	\$ -	\$ 5,049	\$ 5,049	\$ -
Use of money and property	9,000	9,000	362,631	353,631
Charges for services	2,239,302	1,482,102	1,409,649	(72,453)
Other revenues	-	-	526,140	526,140
	<u>-</u>	<u>-</u>	<u>526,140</u>	<u>526,140</u>
Total Revenues	<u>2,248,302</u>	<u>1,496,151</u>	<u>2,303,469</u>	<u>807,318</u>
EXPENDITURES				
Current:				
Public works and facilities	2,020	53,479	29,491	23,988
Education	82,000	86,500	81,010	5,490
Capital outlay	1,030,000	1,488,910	498,533	990,377
Debt service:				
Interest and fiscal charges	<u>20,248</u>	<u>20,248</u>	<u>38,302</u>	<u>(18,054)</u>
Total Expenditures	<u>1,134,268</u>	<u>1,649,137</u>	<u>647,336</u>	<u>1,001,801</u>
Net change in fund balance	<u>\$ 1,114,034</u>	<u>\$ (152,986)</u>	1,656,133	<u>\$ 1,809,119</u>
Fund balance - July 1, 2018			<u>394,973</u>	
Fund balance - June 30, 2019			<u>\$ 2,051,106</u>	

CITY OF LINCOLN
WATER CONNECTIONS - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Use of money and property	\$ 293,000	\$ 293,000	\$ 1,294,101	\$ 1,001,101
Charges for services	<u>4,044,186</u>	<u>2,404,186</u>	<u>1,954,188</u>	<u>(449,998)</u>
Total Revenues	<u>4,337,186</u>	<u>2,697,186</u>	<u>3,248,289</u>	<u>551,103</u>
<u>EXPENDITURES</u>				
Current:				
Public works and facilities	-	72,380	81,194	(8,814)
Capital outlay	<u>-</u>	<u>7,938,181</u>	<u>4,110,533</u>	<u>3,827,648</u>
Total Expenditures	<u>-</u>	<u>8,010,561</u>	<u>4,191,727</u>	<u>3,818,834</u>
Net change in fund balance	<u>\$ 4,337,186</u>	<u>\$ (5,313,375)</u>	(943,438)	<u>\$ 4,369,937</u>
Fund balance - July 1, 2018			<u>40,480,957</u>	
Fund balance - June 30, 2019			<u>\$ 39,537,519</u>	

CITY OF LINCOLN
SPECIAL ASSESSMENT DISTRICTS - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 3,842,609	\$ 3,842,609	\$ 3,578,233	\$ (264,376)
Use of money and property	4,145	4,145	262,996	258,851
Charges for services	-	-	122,900	122,900
Other revenues	<u>-</u>	<u>-</u>	<u>160,948</u>	<u>160,948</u>
Total Revenues	<u>3,846,754</u>	<u>3,846,754</u>	<u>4,125,077</u>	<u>278,323</u>
<u>EXPENDITURES</u>				
Current:				
General government	57,980	79,436	55,839	23,597
Public safety	1,842	1,842	1,543	299
Public works and facilities	3,869,027	4,308,748	3,504,413	804,335
Capital outlay	<u>44,233</u>	<u>1,189,578</u>	<u>133,592</u>	<u>1,055,986</u>
Total Expenditures	<u>3,973,082</u>	<u>5,579,604</u>	<u>3,695,387</u>	<u>1,884,217</u>
Excess (deficiency) of revenues over expenditures	<u>(126,328)</u>	<u>(1,732,850)</u>	<u>429,690</u>	<u>2,162,540</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	797,790	797,790	859,190	61,400
Transfers out	<u>(106,026)</u>	<u>(106,026)</u>	<u>(109,026)</u>	<u>(3,000)</u>
Total Other Financing Sources (Uses)	<u>691,764</u>	<u>691,764</u>	<u>750,164</u>	<u>58,400</u>
Net change in fund balance	<u>\$ 565,436</u>	<u>\$ (1,041,086)</u>	1,179,854	<u>\$ 2,220,940</u>
Fund balance - July 1, 2018			<u>6,761,209</u>	
Fund balance - June 30, 2019			<u>\$ 7,941,063</u>	

**CITY OF LINCOLN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds, and is controlled at the department level for the City. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The City has not formally adopted a budget for revenues and expenditures in the Low/Moderate Income Housing major special revenue fund, or the debt service and capital project funds. The following procedures are performed by the City in establishing the budgetary data reflected in the financial statements:

- (1) In May of each year the Finance Department is to submit to the City Council a recommended operating budget for the fiscal year commencing the following July 1. The operating budget includes recommended expenditures and the means of financing them.

Public hearings are to be conducted at City Hall to obtain taxpayer comments. Generally by the first of July, after adjustment as appropriate by the City Council, the budget is to be legally enacted through council motion.

- (2) Council approval is required for transfers between funds, or for an increase in total appropriations. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
- (3) Formal budgetary integration is employed as a management control device during the year for the General fund and special revenue funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant adjustments.
- (4) All unused appropriations for budgeted amounts lapse at the end of the year.
- (5) Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate document presenting this information is available. The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following General Fund departments had an excess of expenditures over appropriations at the legal level of budgetary control as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
Finance	\$ 327,910	\$ 398,312	\$ 70,402
Library operations	-	5,937	5,937
Debt service - principal	-	8,697	8,697
Debt service - interest	-	3,275	3,275

COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or assigned to expenditure for specific purposes other than debt service or capital projects. Nonmajor special revenue funds used by the City are listed below:

Park In-Lieu

Accounts for fees collected from developers in lieu of dedicating land for park or recreational purposes. Fees are used for the development of public parks and recreational facilities and the acquisition of land for parks and recreational facilities.

Gas Tax

Accounts for receipts and expenditures of monies apportioned for street improvements under the Street and Highway Code Section 2105, 2106, 2107 and 2107.5 of the State of California.

Street Fund

Accounts for monies received from Placer County Transportation Planning Agency (PCTPA) and used for streets and roads as well as bikes and pedestrian expenditures.

Supplemental Fees

Accounts for supplemental activities that are supported by external sources of funds.

Parks and Recreation Tax

Accounts for revenues collected pursuant to Municipal Code 3.12.030 to be used solely for the development of public park and recreational facilities, the improvement of existing parks and recreational facilities, and the acquisition of land for parks and recreational facilities.

Development Services

Accounts for monies received in relation to all aspects of developing property and/or projects within the City. The activities are accounted for within the community development and public works departments. Monies are received from license and permit costs and additional fees for services within the City of Lincoln and the surrounding areas.

State Grants

Accounts for state grants received and used for capital projects.

Police Grants

Accounts for revenues and expenditures of the State of California Funded Supplemental Law Enforcement Services grant.

Revitalization and Rehabilitation Loans

Accounts for revitalization and rehabilitation monies lent to local businesses and residents for revitalizing and rehabilitating homes and buildings.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Community Development Block Grant (CDBG)

Accounts for the City's participation in the Community Development Block Grant programs, which provides loans to businesses to generate jobs for new employees in the targeted income group (generally low income).

HOME Investment Partnership Program

Accounts for HOME Investment Partnership grants received for community services.

Cal Home Grants

Accounts for Cal Home grants received and used to provide loans to local residents.

Oak Tree Mitigation

Accounts for monies received from developers to replace oak trees that have been removed for development of land.

Federal Grants

Accounts for Federal grant revenues and project expenditures.

CAPITAL PROJECT FUNDS

The Capital Projects Funds are used to account for financial resources that are restricted, committed or assigned to expenditure for capital outlay. Nonmajor capital project funds used by the City are listed below:

Capital Projects

Accounts for the monies provided and used for City capital improvements.

Twelve Bridges Capital Project

Accounts for monies provided and used for the Twelve Bridges capital project.

Hwy 65 Bypass

Accounts for monies provided and used for the Highway 65 bypass project.

Aiken Ranch Financial District Improvement

Accounts for monies provided and used for the Aiken Ranch financial district improvement.

Sorrento Project Series

Accounts for monies provided and used for the Sorrento Project improvement area.

Lakeside CFD Improvement Area

Accounts for monies provided and used for the Lakeside CFD improvement area.

Lincoln Crossing

Accounts for monies provided and used for Lincoln crossing improvements.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS (CONTINUED)

Foskett Ranch Series 2004-3

Accounts for monies provided and used for Foskett Ranch improvements.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Nonmajor debt service funds used by the City are listed below:

Lincoln Public Financing Authority Series 2000

Accounts for debt service payments on the 2000 Tax Allocation Revenue Bonds issued to finance certain public capital improvements.

Lincoln Public Financing Authority Series 2016

Accounts for the 2016 LPFA Revenue Refunding Bonds which were issued to refund the 2003 and 2006 refunding bonds as well as the Airport capital lease.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs. Nonmajor permanent funds of the City are listed below:

Stormwater Retention Maintenance

Accounts for resources received for the purpose of protecting open space easements surrounding the stormwater retention area.

Suncal Open Space Endowment

Accounts for the resources received for the purpose of preserving the open space endowment at the Suncal-Lincoln Crossing.

Brookview Open Space Maintenance Trust

Accounts for the resources received for the purpose of preserving the open space within the Brookview 4 subdivision.

Sterling Point Endowment

Accounts for the resources received for the purpose of protecting the open space and wetland habitat at Sterling Point.

WWTRF Tertiary Storage Basin Maintenance

Accounts for the resources received for the purpose of providing erosion protection and vegetation control for the WWTRF storage basins.

Lincoln Aircenter

Accounts for resources received for the purpose of providing open space maintenance and management of the Lincoln Aircenter Open Space.

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

Special Revenue Funds

	Park In-Lieu	Gas Tax	Street Fund	Supplemental Fees	Parks and Recreation Tax
ASSETS					
Cash and investments	\$ 1,013,888	\$ 3,406,562	\$ 3,016,512	\$ 1,595,019	\$ 381,208
Accounts receivable	-	83,538	-	-	-
Interest receivable	1,198	3,919	3,818	1,885	451
Intergovernmental receivable	-	-	-	-	-
Prepaid items	-	7,309	15,046	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Loans receivable, net	-	-	-	-	-
Total Assets	\$ 1,015,086	\$ 3,501,328	\$ 3,035,376	\$ 1,596,904	\$ 381,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ -	\$ 302,303	\$ 319,642	\$ -	\$ 683
Accrued salaries and benefits	-	13,304	7,696	-	4,202
Accrued liabilities	-	-	-	-	-
Retention payable	3,299	-	22,771	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	3,299	315,607	350,109	-	4,885
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable	-	7,309	15,046	-	-
Restricted	1,011,787	3,178,412	2,670,221	-	376,774
Assigned	-	-	-	1,596,904	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	1,011,787	3,185,721	2,685,267	1,596,904	376,774
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,015,086	\$ 3,501,328	\$ 3,035,376	\$ 1,596,904	\$ 381,659

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Special Revenue Funds				
	Development Services	State Grants	Police Grants	Revitalization and Rehabilitation Loans	Community Development Block Grant (CDBG)
ASSETS					
Cash and investments	\$ 5,635,973	\$ 225,187	\$ 46,516	\$ 864,274	\$ 153,004
Accounts receivable	71,774	-	-	-	-
Interest receivable	6,262	-	53	1,021	180
Intergovernmental receivable	-	-	-	-	-
Prepaid items	53,421	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Loans receivable, net	-	-	-	-	473,257
Total Assets	\$ 5,767,430	\$ 225,187	\$ 46,569	\$ 865,295	\$ 626,441
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ 578,901	\$ 19,105	\$ -	\$ -	\$ 370
Accrued salaries and benefits	22,208	-	3,234	-	-
Accrued liabilities	1	-	-	-	-
Retention payable	-	1,674	-	-	-
Deposits payable	1,818,160	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	2,419,270	20,779	3,234	-	370
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	43,855	-	-	-	473,257
FUND BALANCES (DEFICITS):					
Nonspendable	53,421	-	-	-	-
Restricted	90,270	204,408	43,335	865,295	152,814
Assigned	3,160,614	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	3,304,305	204,408	43,335	865,295	152,814
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 5,767,430	\$ 225,187	\$ 46,569	\$ 865,295	\$ 626,441

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Special Revenue Funds				Capital Project Funds
	HOME Investment Partnership Program	Cal Home Grants	Oak Tree Mitigation	Federal Grants	Capital Projects
ASSETS					
Cash and investments	\$ 256,219	\$ 415,892	\$ 1,458,653	\$ 70	\$ 2,641,549
Accounts receivable	-	-	-	40,000	-
Interest receivable	303	491	1,724	-	3,122
Intergovernmental receivable	-	-	-	1,048,671	-
Prepaid items	-	-	-	-	-
Advances to other funds	-	-	2,323,460	-	-
Restricted cash and investments	-	-	-	-	-
Loans receivable, net	1,755,421	684,534	-	-	-
Total Assets	\$ 2,011,943	\$ 1,100,917	\$ 3,783,837	\$ 1,088,741	\$ 2,644,671
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ 360	\$ 270	\$ -	\$ 327,400	\$ 5,538
Accrued salaries and benefits	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Retention payable	-	-	-	85,258	21,033
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	645,596	-
Total Liabilities	360	270	-	1,058,254	26,571
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	1,755,421	684,534	-	1,075,407	-
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	-	-
Restricted	256,162	416,113	3,783,837	-	2,618,100
Assigned	-	-	-	-	-
Unassigned	-	-	-	(1,044,920)	-
Total Fund Balances (Deficits)	256,162	416,113	3,783,837	(1,044,920)	2,618,100
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 2,011,943	\$ 1,100,917	\$ 3,783,837	\$ 1,088,741	\$ 2,644,671

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Capital Project Funds				
	Twelve Bridges Capital Project	Hwy 65 Bypass	Aiken Ranch Financial District Improvement	Sorrento Project Series 2006	Lakeside CFD Improvement Area
ASSETS					
Cash and investments	\$ 506,927	\$ -	\$ 10,276	\$ -	\$ 8,821
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	13	-	10
Intergovernmental receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and investments	11,064,782	-	-	2,068,736	156
Loans receivable, net	-	-	-	-	-
Total Assets	\$ 11,571,709	\$ -	\$ 10,289	\$ 2,068,736	\$ 8,987
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ 22,015	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Retention payable	6,388	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	28,403	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	-	-
Restricted	11,543,306	-	10,289	2,068,736	8,987
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	11,543,306	-	10,289	2,068,736	8,987
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 11,571,709	\$ -	\$ 10,289	\$ 2,068,736	\$ 8,987

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Capital Project Funds		Debt Service Funds		Permanent Funds
	Lincoln Crossing	Foskett Ranch Series 2004-3	Lincoln Public Financing Authority Series 2000	Lincoln Public Financing Authority Series 2016	Stormwater Retention Maintenance
ASSETS					
Cash and investments	\$ 66,800	\$ 46,018	\$ -	\$ 2,138,424	\$ 34,918
Accounts receivable	-	-	-	-	-
Interest receivable	1	55	-	2,187	41
Intergovernmental receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Advances to other funds	-	-	-	1,311,944	-
Restricted cash and investments	58,849	-	-	125	-
Loans receivable, net	-	-	-	-	-
Total Assets	\$ 125,650	\$ 46,073	\$ -	\$ 3,452,680	\$ 34,959
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	\$ 594,359	\$ 2,118	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Retention payable	58,849	7,784	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	653,208	9,902	-	-	-
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	-	25,439
Restricted	-	36,171	-	3,452,680	9,520
Assigned	-	-	-	-	-
Unassigned	(527,558)	-	-	-	-
Total Fund Balances (Deficits)	(527,558)	36,171	-	3,452,680	34,959
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 125,650	\$ 46,073	\$ -	\$ 3,452,680	\$ 34,959

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

	Permanent Funds					Total Non-major Governmental Funds
	Suncal Open Space Endowment	Brookview Open Space Maintenance Trust	Sterling Point Endowment	WWTRF Tertiary Storage Basin Maintenance	Lincoln Aircenter	
ASSETS						
Cash and investments	\$ 261,913	\$ -	\$ 64,339	\$ 65,029	\$ 88,275	\$ 24,402,266
Accounts receivable	-	-	-	-	-	195,312
Interest receivable	310	-	76	77	105	27,302
Intergovernmental receivable	-	-	-	-	-	1,048,671
Prepaid items	-	-	-	-	-	75,776
Advances to other funds	-	-	-	-	-	3,635,404
Restricted cash and investments	-	16,238	-	-	-	13,208,886
Loans receivable, net	-	-	-	-	-	2,913,212
Total Assets	\$ 262,223	\$ 16,238	\$ 64,415	\$ 65,106	\$ 88,380	\$ 45,506,829
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ -	\$ 239	\$ -	\$ -	\$ -	\$ 2,173,303
Accrued salaries and benefits	-	-	-	-	-	50,644
Accrued liabilities	-	-	-	-	-	1
Retention payable	-	-	-	-	-	207,056
Deposits payable	-	-	-	-	-	1,818,160
Due to other funds	-	-	-	-	-	645,596
Total Liabilities	-	239	-	-	-	4,894,760
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues	-	-	-	-	-	4,032,474
FUND BALANCES (DEFICITS):						
Nonspendable	221,220	5,000	50,000	50,000	5,000	432,435
Restricted	41,003	10,999	14,415	15,106	83,380	32,962,120
Assigned	-	-	-	-	-	4,757,518
Unassigned	-	-	-	-	-	(1,572,478)
Total Fund Balances (Deficits)	262,223	15,999	64,415	65,106	88,380	36,579,595
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 262,223	\$ 16,238	\$ 64,415	\$ 65,106	\$ 88,380	\$ 45,506,829

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

Special Revenue Funds

	<u>Park In-Lieu</u>	<u>Gas Tax</u>	<u>Street Fund</u>	<u>Supplemental Fees</u>	<u>Parks and Recreation Tax</u>
<u>REVENUES</u>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,884,529	2,760,787	-	-
Use of money and property	39,631	109,522	74,611	58,430	16,293
Charges for services	12,288	-	-	27,299	95,087
Other revenue	-	5	18,162	-	-
Total Revenues	<u>51,919</u>	<u>1,994,056</u>	<u>2,853,560</u>	<u>85,729</u>	<u>111,380</u>
<u>EXPENDITURES</u>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works and facilities	-	898,679	1,565,307	-	-
Urban redevelopment and housing	-	-	-	-	-
Capital outlay	74,480	1,470,512	1,205,250	-	110,283
Debt service:					
Principal	-	-	-	-	-
Interest (accretion) and other charges	-	-	-	-	-
Total Expenditures	<u>74,480</u>	<u>2,369,191</u>	<u>2,770,557</u>	<u>-</u>	<u>110,283</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(22,561)</u>	<u>(375,135)</u>	<u>83,003</u>	<u>85,729</u>	<u>1,097</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Return of bond funds	-	-	-	-	-
Transfers in	199,326	432,793	269,207	-	124,935
Transfers out	-	(32,476)	(84,802)	(346,272)	-
Total Other Financing Sources (Uses)	<u>199,326</u>	<u>400,317</u>	<u>184,405</u>	<u>(346,272)</u>	<u>124,935</u>
Net change in fund balances	176,765	25,182	267,408	(260,543)	126,032
Fund balances (deficits) - July 1, 2018	<u>835,022</u>	<u>3,160,539</u>	<u>2,417,859</u>	<u>1,857,447</u>	<u>250,742</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 1,011,787</u>	<u>\$ 3,185,721</u>	<u>\$ 2,685,267</u>	<u>\$ 1,596,904</u>	<u>\$ 376,774</u>

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Development Services	State Grants	Police Grants	Revitalization and Rehabilitation Loans	Community Development Block Grant (CDBG)
REVENUES					
Licenses and permits	\$ 740,483	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	15,000	148,747	-	-
Use of money and property	190,806	-	1,794	32,131	5,679
Charges for services	1,480,129	-	-	2,130	-
Other revenue	49,564	-	7,190	-	-
Total Revenues	<u>2,460,982</u>	<u>15,000</u>	<u>157,731</u>	<u>34,261</u>	<u>5,679</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	5,825
Public safety	-	-	139,517	-	-
Public works and facilities	2,294,307	3,919	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Capital outlay	3,486	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest (accretion) and other charges	-	-	-	-	-
Total Expenditures	<u>2,297,793</u>	<u>3,919</u>	<u>139,517</u>	<u>-</u>	<u>5,825</u>
Excess (Deficiency) of Revenues over Expenditures	<u>163,189</u>	<u>11,081</u>	<u>18,214</u>	<u>34,261</u>	<u>(146)</u>
OTHER FINANCING SOURCES (USES)					
Return of bond funds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(214,719)	(701,518)	-	-	-
Total Other Financing Sources (Uses)	<u>(214,719)</u>	<u>(701,518)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(51,530)	(690,437)	18,214	34,261	(146)
Fund balances (deficits) - July 1, 2018	<u>3,355,835</u>	<u>894,845</u>	<u>25,121</u>	<u>831,034</u>	<u>152,960</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 3,304,305</u>	<u>\$ 204,408</u>	<u>\$ 43,335</u>	<u>\$ 865,295</u>	<u>\$ 152,814</u>

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				Capital Project Funds
	HOME Investment Partnership Program	Cal Home Grants	Oak Tree Mitigation	Federal Grants	Capital Projects
REVENUES					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,443,331	-
Use of money and property	11,941	15,514	55,575	2,413	113,903
Charges for services	4,361	-	147,720	-	-
Other revenue	-	-	-	-	8,818
Total Revenues	<u>16,302</u>	<u>15,514</u>	<u>203,295</u>	<u>1,445,744</u>	<u>122,721</u>
EXPENDITURES					
Current:					
General government	4,375	-	-	-	-
Public safety	-	-	-	-	-
Public works and facilities	-	-	29,709	2,119	29,130
Urban redevelopment and housing	-	3,282	-	-	-
Capital outlay	-	-	-	1,292,296	537,531
Debt service:					
Principal	-	-	-	-	-
Interest (accretion) and other charges	-	-	-	-	-
Total Expenditures	<u>4,375</u>	<u>3,282</u>	<u>29,709</u>	<u>1,294,415</u>	<u>566,661</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,927</u>	<u>12,232</u>	<u>173,586</u>	<u>151,329</u>	<u>(443,940)</u>
OTHER FINANCING SOURCES (USES)					
Return of bond funds	-	-	-	-	(1,987,342)
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(324,261)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,311,603)</u>
Net change in fund balances	11,927	12,232	173,586	151,329	(2,755,543)
Fund balances (deficits) - July 1, 2018	<u>244,235</u>	<u>403,881</u>	<u>3,610,251</u>	<u>(1,196,249)</u>	<u>5,373,643</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 256,162</u>	<u>\$ 416,113</u>	<u>\$ 3,783,837</u>	<u>\$ (1,044,920)</u>	<u>\$ 2,618,100</u>

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Project Funds				
	Twelve Bridges Capital Project	Hwy 65 Bypass	Aiken Ranch Financial District Improvement	Sorrento Project Series 2006	Lakeside CFD Improvement Area
REVENUES					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	260,544	309	2,109	33,769	368
Charges for services	-	-	-	-	-
Other revenue	935,365	-	-	-	-
Total Revenues	<u>1,195,909</u>	<u>309</u>	<u>2,109</u>	<u>33,769</u>	<u>368</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works and facilities	202	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-
Capital outlay	275,051	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest (accretion) and other charges	-	-	-	-	-
Total Expenditures	<u>275,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>920,656</u>	<u>309</u>	<u>2,109</u>	<u>33,769</u>	<u>368</u>
OTHER FINANCING SOURCES (USES)					
Return of bond funds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(482)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(482)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	920,656	(173)	2,109	33,769	368
Fund balances (deficits) - July 1, 2018	<u>10,622,650</u>	<u>173</u>	<u>8,180</u>	<u>2,034,967</u>	<u>8,619</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 11,543,306</u>	<u>\$ -</u>	<u>\$ 10,289</u>	<u>\$ 2,068,736</u>	<u>\$ 8,987</u>

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Project Funds		Debt Service Funds		Permanent Funds
	Lincoln Crossing	Foskett Ranch Series 2004-3	Lincoln Public Financing Authority Series 2000	Lincoln Public Financing Authority Series 2016	Stormwater Retention Maintenance
REVENUES					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	19,672	3,033	-	98,292	1,298
Charges for services	-	-	-	-	-
Other revenue	460,428	-	-	-	-
Total Revenues	<u>480,100</u>	<u>3,033</u>	<u>-</u>	<u>98,292</u>	<u>1,298</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works and facilities	-	-	-	12,063	-
Urban redevelopment and housing	-	-	-	-	-
Capital outlay	1,228,683	50,225	-	-	-
Debt service:					
Principal	-	-	-	910,000	-
Interest (accretion) and other charges	-	-	-	579,528	-
Total Expenditures	<u>1,228,683</u>	<u>50,225</u>	<u>-</u>	<u>1,501,591</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(748,583)</u>	<u>(47,192)</u>	<u>-</u>	<u>(1,403,299)</u>	<u>1,298</u>
OTHER FINANCING SOURCES (USES)					
Return of bond funds	(2,422,712)	-	-	-	-
Transfers in	-	-	-	3,372,449	-
Transfers out	-	-	(1,783,596)	-	-
Total Other Financing Sources (Uses)	<u>(2,422,712)</u>	<u>-</u>	<u>(1,783,596)</u>	<u>3,372,449</u>	<u>-</u>
Net change in fund balances	(3,171,295)	(47,192)	(1,783,596)	1,969,150	1,298
Fund balances (deficits) - July 1, 2018	<u>2,643,737</u>	<u>83,363</u>	<u>1,783,596</u>	<u>1,483,530</u>	<u>33,661</u>
Fund balances (deficits) - June 30, 2019	<u><u>\$ (527,558)</u></u>	<u><u>\$ 36,171</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,452,680</u></u>	<u><u>\$ 34,959</u></u>

CITY OF LINCOLN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Permanent Funds					Total Non-major Governmental Funds
	Suncal Open Space Endowment	Brookview Open Space Maintenance Trust	Sterling Point Endowment	WWTRF Tertiary Storage Basin Maintenance	Lincoln Aircenter	
REVENUES						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740,483
Intergovernmental	-	-	-	-	-	6,252,394
Use of money and property	9,739	2	2,391	2,407	3,283	1,165,459
Charges for services	-	-	-	-	-	1,769,014
Other revenue	-	-	-	-	-	1,479,532
Total Revenues	<u>9,739</u>	<u>2</u>	<u>2,391</u>	<u>2,407</u>	<u>3,283</u>	<u>11,406,882</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	10,200
Public safety	-	-	-	-	-	139,517
Public works and facilities	-	-	-	-	-	4,835,435
Urban redevelopment and housing	-	-	-	-	-	3,282
Capital outlay	-	-	-	-	-	6,247,797
Debt service:						
Principal	-	-	-	-	-	910,000
Interest (accretion) and other charges	-	-	-	-	-	579,528
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,725,759</u>
Excess (Deficiency) of Revenues over Expenditures	<u>9,739</u>	<u>2</u>	<u>2,391</u>	<u>2,407</u>	<u>3,283</u>	<u>(1,318,877)</u>
OTHER FINANCING SOURCES (USES)						
Return of bond funds	-	-	-	-	-	(4,410,054)
Transfers in	-	-	-	-	-	4,398,710
Transfers out	-	-	-	-	-	(3,488,126)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,499,470)</u>
Net change in fund balances	9,739	2	2,391	2,407	3,283	(4,818,347)
Fund balances (deficits) - July 1, 2018	<u>252,484</u>	<u>15,997</u>	<u>62,024</u>	<u>62,699</u>	<u>85,097</u>	<u>41,397,942</u>
Fund balances (deficits) - June 30, 2019	<u>\$ 262,223</u>	<u>\$ 15,999</u>	<u>\$ 64,415</u>	<u>\$ 65,106</u>	<u>\$ 88,380</u>	<u>\$ 36,579,595</u>

CITY OF LINCOLN
PARK IN-LIEU - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,200	\$ 1,200	\$ 39,631	\$ 38,431
Charges for services	<u>16,896</u>	<u>6,896</u>	<u>12,288</u>	<u>5,392</u>
Total Revenues	<u>18,096</u>	<u>8,096</u>	<u>51,919</u>	<u>43,823</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>50,000</u>	<u>75,599</u>	<u>74,480</u>	<u>1,119</u>
Total Expenditures	<u>50,000</u>	<u>75,599</u>	<u>74,480</u>	<u>1,119</u>
Excess (deficiency) of revenues over expenditures	<u>(31,904)</u>	<u>(67,503)</u>	<u>(22,561)</u>	<u>44,942</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	<u>199,326</u>	<u>199,326</u>
Total Other Financing Sources (Uses)	-	-	<u>199,326</u>	<u>199,326</u>
Net change in fund balance	<u>\$ (31,904)</u>	<u>\$ (67,503)</u>	176,765	<u>\$ 244,268</u>
Fund balance - July 1, 2018			<u>835,022</u>	
Fund balance - June 30, 2019			<u>\$ 1,011,787</u>	

CITY OF LINCOLN
GAS TAX - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ 2,032,714	\$ 1,848,714	\$ 1,884,529	\$ 35,815
Use of money and property	-	-	109,522	109,522
Other revenues	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
Total Revenues	<u>2,032,714</u>	<u>1,848,714</u>	<u>1,994,056</u>	<u>145,342</u>
<u>EXPENDITURES</u>				
Current:				
Public works and facilities	1,139,857	1,140,991	898,679	242,312
Capital outlay	<u>1,325,466</u>	<u>2,750,074</u>	<u>1,470,512</u>	<u>1,279,562</u>
Total Expenditures	<u>2,465,323</u>	<u>3,891,065</u>	<u>2,369,191</u>	<u>1,521,874</u>
Excess (deficiency) of revenues over expenditures	<u>(432,609)</u>	<u>(2,042,351)</u>	<u>(375,135)</u>	<u>1,667,216</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	432,793	432,793
Transfers out	<u>(32,476)</u>	<u>(32,476)</u>	<u>(32,476)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(32,476)</u>	<u>(32,476)</u>	<u>400,317</u>	<u>432,793</u>
Net change in fund balance	<u>\$ (465,085)</u>	<u>\$ (2,074,827)</u>	25,182	<u>\$ 2,100,009</u>
Fund balance - July 1, 2018			<u>3,160,539</u>	
Fund balance - June 30, 2019			<u>\$ 3,185,721</u>	

CITY OF LINCOLN
STREET FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Intergovernmental	\$ 1,907,747	\$ 1,907,747	\$ 2,760,787	\$ 853,040
Use of money and property	2,300	2,300	74,611	72,311
Other revenues	<u>-</u>	<u>2,300</u>	<u>18,162</u>	<u>15,862</u>
Total Revenues	<u>1,910,047</u>	<u>1,912,347</u>	<u>2,853,560</u>	<u>941,213</u>
<u>EXPENDITURES</u>				
Current:				
Public works and facilities	1,951,821	1,969,411	1,565,307	404,104
Capital outlay	<u>480,000</u>	<u>1,954,579</u>	<u>1,205,250</u>	<u>749,329</u>
Total Expenditures	<u>2,431,821</u>	<u>3,923,990</u>	<u>2,770,557</u>	<u>1,153,433</u>
Excess (deficiency) of revenues over expenditures	<u>(521,774)</u>	<u>(2,011,643)</u>	<u>83,003</u>	<u>2,094,646</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	269,207	269,207
Transfers out	<u>(84,802)</u>	<u>(84,802)</u>	<u>(84,802)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(84,802)</u>	<u>(84,802)</u>	<u>184,405</u>	<u>269,207</u>
Net change in fund balance	<u>\$ (606,576)</u>	<u>\$ (2,096,445)</u>	267,408	<u>\$ 2,363,853</u>
Fund balance - July 1, 2018			<u>2,417,859</u>	
Fund balance - June 30, 2019			<u>\$ 2,685,267</u>	

CITY OF LINCOLN
SUPPLEMENTAL FEES - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
			Amounts	(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,300	\$ 1,300	\$ 58,430	\$ 57,130
Charges for services	<u>104,780</u>	<u>36,580</u>	<u>27,299</u>	<u>(9,281)</u>
Total Revenues	<u>106,080</u>	<u>37,880</u>	<u>85,729</u>	<u>47,849</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(316,273)</u>	<u>(316,273)</u>	<u>(346,272)</u>	<u>(29,999)</u>
Total Other Financing Sources (Uses)	<u>(316,273)</u>	<u>(316,273)</u>	<u>(346,272)</u>	<u>(29,999)</u>
Net change in fund balance	<u>\$ (210,193)</u>	<u>\$ (278,393)</u>	(260,543)	<u>\$ 17,850</u>
Fund balance - July 1, 2018			<u>1,857,447</u>	
Fund balance - June 30, 2019			<u>\$ 1,596,904</u>	

CITY OF LINCOLN
PARKS AND RECREATION TAX - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 500	\$ 500	\$ 16,293	\$ 15,793
Charges for services	<u>78,300</u>	<u>37,800</u>	<u>95,087</u>	<u>57,287</u>
Total Revenues	<u>78,800</u>	<u>38,300</u>	<u>111,380</u>	<u>73,080</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>38,000</u>	<u>183,340</u>	<u>110,283</u>	<u>73,057</u>
Total Expenditures	<u>38,000</u>	<u>183,340</u>	<u>110,283</u>	<u>73,057</u>
Excess (deficiency) of revenues over expenditures	<u>40,800</u>	<u>(145,040)</u>	<u>1,097</u>	<u>146,137</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	<u>125,000</u>	<u>124,935</u>	<u>(65)</u>
Total Other Financing Sources (Uses)	-	<u>125,000</u>	<u>124,935</u>	<u>(65)</u>
Net change in fund balance	<u>\$ 40,800</u>	<u>\$ (20,040)</u>	126,032	<u>\$ 146,072</u>
Fund balance - July 1, 2018			<u>250,742</u>	
Fund balance - June 30, 2019			<u>\$ 376,774</u>	

CITY OF LINCOLN
DEVELOPMENT SERVICES - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
License and permits	\$ 1,901,600	\$ 1,040,200	\$ 740,483	\$ (299,717)
Use of money and property	4,000	4,000	190,806	186,806
Charges for services	852,226	1,171,142	1,480,129	308,987
Other revenues	<u>397,000</u>	<u>-</u>	<u>49,564</u>	<u>49,564</u>
Total Revenues	<u>3,154,826</u>	<u>2,215,342</u>	<u>2,460,982</u>	<u>245,640</u>
<u>EXPENDITURES</u>				
Current:				
Public works and facilities	2,799,267	2,633,947	2,294,307	339,640
Capital outlay	<u>1,500</u>	<u>3,456</u>	<u>3,486</u>	<u>(30)</u>
Total Expenditures	<u>2,800,767</u>	<u>2,637,403</u>	<u>2,297,793</u>	<u>339,610</u>
Excess (deficiency) of revenues over expenditures	<u>354,059</u>	<u>(422,061)</u>	<u>163,189</u>	<u>585,250</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(214,719)</u>	<u>(214,719)</u>	<u>(214,719)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(214,719)</u>	<u>(214,719)</u>	<u>(214,719)</u>	<u>-</u>
Net change in fund balance	\$ <u>139,340</u>	\$ <u>(636,780)</u>	(51,530)	\$ <u>585,250</u>
Fund balance - July 1, 2018			<u>3,355,835</u>	
Fund balance - June 30, 2019			<u>\$ 3,304,305</u>	

CITY OF LINCOLN
STATE GRANTS - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 77,996	\$ 77,996	\$ 15,000	\$ (62,996)
Total Revenues	<u>77,996</u>	<u>77,996</u>	<u>15,000</u>	<u>(62,996)</u>
EXPENDITURES				
Current:				
Public works and facilities	-	-	3,919	(3,919)
Capital outlay	<u>77,996</u>	<u>668,162</u>	<u>-</u>	<u>668,162</u>
Total Expenditures	<u>77,996</u>	<u>668,162</u>	<u>3,919</u>	<u>664,243</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(590,166)</u>	<u>11,081</u>	<u>601,247</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(701,518)</u>	<u>(701,518)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(701,518)</u>	<u>(701,518)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (590,166)</u>	<u>(690,437)</u>	<u>\$ (100,271)</u>
Fund balance - July 1, 2018			<u>894,845</u>	
Fund balance - June 30, 2019			<u>\$ 204,408</u>	

CITY OF LINCOLN
POLICE GRANTS - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 148,747	\$ 48,747
Use of money and property	100	100	1,794	1,694
Other revenues	<u>-</u>	<u>-</u>	<u>7,190</u>	<u>7,190</u>
Total Revenues	<u>100,100</u>	<u>100,100</u>	<u>157,731</u>	<u>57,631</u>
<u>EXPENDITURES</u>				
Current:				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>139,517</u>	<u>(39,517)</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>139,517</u>	<u>(39,517)</u>
Net change in fund balance	<u>\$ 100</u>	<u>\$ 100</u>	18,214	<u>\$ 18,114</u>
Fund balance - July 1, 2018			<u>25,121</u>	
Fund balance - June 30, 2019			<u>\$ 43,335</u>	

CITY OF LINCOLN
REVITALIZATION AND REHABILITATION LOANS - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
REVENUES				
Use of money and property	\$ 600	\$ 600	\$ 32,131	\$ 31,531
Charges for services	<u>-</u>	<u>-</u>	<u>2,130</u>	<u>2,130</u>
Total Revenues	<u>600</u>	<u>600</u>	<u>34,261</u>	<u>33,661</u>
Net change in fund balance	<u>\$ 600</u>	<u>\$ 600</u>	34,261	<u>\$ 33,661</u>
Fund balance - July 1, 2018			<u>831,034</u>	
Fund balance - June 30, 2019			<u>\$ 865,295</u>	

CITY OF LINCOLN
COMMUNITY DEVELOPMENT BLOCK GRANT - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
REVENUES				
Use of money and property	\$ 500	\$ 500	\$ 5,679	\$ 5,179
Total Revenues	<u>500</u>	<u>500</u>	<u>5,679</u>	<u>5,179</u>
EXPENDITURES				
Current:				
General government	<u>17,900</u>	<u>17,900</u>	<u>5,825</u>	<u>12,075</u>
Total Expenditures	<u>17,900</u>	<u>17,900</u>	<u>5,825</u>	<u>12,075</u>
Net change in fund balance	<u>\$ (17,400)</u>	<u>\$ (17,400)</u>	(146)	<u>\$ 17,254</u>
Fund balance - July 1, 2018			<u>152,960</u>	
Fund balance - June 30, 2019			<u>\$ 152,814</u>	

CITY OF LINCOLN
HOME INVESTMENT PARTNERSHIP PROGRAM - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,500	\$ 2,500	\$ 11,941	\$ 9,441
Charges for services	<u>-</u>	<u>-</u>	<u>4,361</u>	<u>4,361</u>
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>16,302</u>	<u>13,802</u>
<u>EXPENDITURES</u>				
Current:				
General government	<u>-</u>	<u>-</u>	<u>4,375</u>	<u>(4,375)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>4,375</u>	<u>(4,375)</u>
Net change in fund balance	<u>\$ 2,500</u>	<u>\$ 2,500</u>	11,927	<u>\$ 9,427</u>
Fund balance - July 1, 2018			<u>244,235</u>	
Fund balance - June 30, 2019			<u>\$ 256,162</u>	

CITY OF LINCOLN
CAL HOME GRANTS - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 6,000	\$ 6,000	\$ 15,514	\$ 9,514
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>15,514</u>	<u>9,514</u>
<u>EXPENDITURES</u>				
Current:				
Urban development and housing	-	-	3,282	(3,282)
Total Expenditures	-	-	3,282	(3,282)
Net change in fund balance	<u>\$ 6,000</u>	<u>\$ 6,000</u>	12,232	<u>\$ 6,232</u>
Fund balance - July 1, 2018			<u>403,881</u>	
Fund balance - June 30, 2019			<u>\$ 416,113</u>	

CITY OF LINCOLN
OAK TREE MITIGATION - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Actual	Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 55,575	\$ 54,575
Charges for services	<u>15,000</u>	<u>15,000</u>	<u>147,720</u>	<u>132,720</u>
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>203,295</u>	<u>187,295</u>
<u>EXPENDITURES</u>				
Parks works and facilities	<u>-</u>	<u>30,000</u>	<u>29,709</u>	<u>291</u>
Total Expenditures	<u>-</u>	<u>30,000</u>	<u>29,709</u>	<u>291</u>
Net change in fund balance	<u>\$ 16,000</u>	<u>\$ (14,000)</u>	173,586	<u>\$ 187,586</u>
Fund balance - July 1, 2018			<u>3,610,251</u>	
Fund balance - June 30, 2019			<u>\$ 3,783,837</u>	

CITY OF LINCOLN
FEDERAL GRANTS - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2018 - 2019		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Intergovernmental	\$ 4,223,492	\$ 4,223,492	\$ 1,443,331	\$ (2,780,161)
Use of money and property	<u>-</u>	<u>-</u>	<u>2,413</u>	<u>2,413</u>
Total Revenues	<u>4,223,492</u>	<u>4,223,492</u>	<u>1,445,744</u>	<u>(2,777,748)</u>
<u>EXPENDITURES</u>				
Current:				
Public works and facilities	-	-	2,119	(2,119)
Capital outlay	<u>4,223,492</u>	<u>8,442,112</u>	<u>1,292,296</u>	<u>7,149,816</u>
Total Expenditures	<u>4,223,492</u>	<u>8,442,112</u>	<u>1,294,415</u>	<u>7,147,697</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (4,218,620)</u>	151,329	<u>\$ 4,369,949</u>
Fund balance (deficit) - July 1, 2018			<u>(1,196,249)</u>	
Fund balance (deficit) - June 30, 2019			<u>\$ (1,044,920)</u>	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments on a cost-reimbursement basis. Internal Service Funds used at the City are listed below:

Internal Services

Accounts for the City's Fleet maintenance and insurance programs which provide services to other departments on a cost reimbursement basis.

Vehicle/Equipment Replacement

Accounts for the City's vehicle and equipment replacement program which provides services to other departments on a cost reimbursement basis.

Facility Maintenance

Accounts for the City's facility maintenance program which provides services to other departments on a cost reimbursement basis.

Technology Fund

Accounts for the City's technology programs which provide services to other departments on a cost reimbursement basis.

CITY OF LINCOLN
COMBINING SCHEDULE OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Internal Services	Vehicle/ Equipment Replacement	Facility Maintenance	Technology Fund	Total Internal Service Funds
<u>ASSETS</u>					
Current Assets					
Cash and investments	\$ 1,072,989	\$ 473,725	\$ 403,131	\$ 824,341	\$ 2,774,186
Accounts receivable, net	12,103	-	-	-	12,103
Interest receivable	2,156	560	478	974	4,168
Prepaid items	<u>162,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,250</u>
Total Current Assets	<u>1,249,498</u>	<u>474,285</u>	<u>403,609</u>	<u>825,315</u>	<u>2,952,707</u>
Non Current Assets					
Non-depreciable capital assets	-	-	21,920	-	21,920
Depreciable capital assets, net	<u>320,222</u>	<u>1,556,407</u>	<u>406,175</u>	<u>90,462</u>	<u>2,373,266</u>
Total Non-Current Assets	<u>320,222</u>	<u>1,556,407</u>	<u>428,095</u>	<u>90,462</u>	<u>2,395,186</u>
Total Assets	<u>1,569,720</u>	<u>2,030,692</u>	<u>831,704</u>	<u>915,777</u>	<u>5,347,893</u>
<u>LIABILITIES</u>					
Current Liabilities					
Accounts payable	170,583	-	45	-	170,628
Accrued salaries and benefits	65,977	-	-	-	65,977
Compensated absences	304,936	-	-	-	304,936
Lease Payable	<u>-</u>	<u>133,758</u>	<u>-</u>	<u>-</u>	<u>133,758</u>
Total Current Liabilities	<u>541,496</u>	<u>133,758</u>	<u>45</u>	<u>-</u>	<u>675,299</u>
Non-Current Liabilities					
Compensated absences - noncurrent	76,234	-	-	-	76,234
Lease Payable - noncurrent	<u>-</u>	<u>1,165,876</u>	<u>-</u>	<u>-</u>	<u>1,165,876</u>
Total Non-Current Liabilities	<u>76,234</u>	<u>1,165,876</u>	<u>-</u>	<u>-</u>	<u>1,242,110</u>
Total Liabilities	<u>617,730</u>	<u>1,299,634</u>	<u>45</u>	<u>-</u>	<u>1,917,409</u>
<u>NET POSITION:</u>					
Net investment in capital assets	320,222	256,773	428,095	90,462	1,095,552
Unrestricted	<u>631,768</u>	<u>474,285</u>	<u>403,564</u>	<u>825,315</u>	<u>2,334,932</u>
Total Net Position	<u>\$ 951,990</u>	<u>\$ 731,058</u>	<u>\$ 831,659</u>	<u>\$ 915,777</u>	<u>\$ 3,430,484</u>

CITY OF LINCOLN
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Internal Services	Vehicle/ Equipment Replacement	Facility Maintenance	Technology Fund	Total Internal Service Funds
<u>OPERATING REVENUES</u>					
Charges for services	\$ 6,129,814	\$ -	\$ -	\$ -	\$ 6,129,814
Other revenue	<u>25,451</u>	<u>71,109</u>	<u>-</u>	<u>-</u>	<u>96,560</u>
Total Operating Revenue	<u>6,155,265</u>	<u>71,109</u>	<u>-</u>	<u>-</u>	<u>6,226,374</u>
<u>OPERATING EXPENSES</u>					
Salaries and benefits	3,406,348	-	-	-	3,406,348
Services and supplies	2,323,086	311	-	-	2,323,397
Depreciation	<u>44,543</u>	<u>10,605</u>	<u>16,268</u>	<u>12,609</u>	<u>84,025</u>
Total Operating Expenses	<u>5,773,977</u>	<u>10,916</u>	<u>16,268</u>	<u>12,609</u>	<u>5,813,770</u>
Operating Income (Loss)	<u>381,288</u>	<u>60,193</u>	<u>(16,268)</u>	<u>(12,609)</u>	<u>412,604</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Interest income	12,631	19,070	8,568	31,204	71,473
Interest expense	<u>-</u>	<u>(25,723)</u>	<u>-</u>	<u>-</u>	<u>(25,723)</u>
Total Non-Operating Revenues (Expenses)	<u>12,631</u>	<u>(6,653)</u>	<u>8,568</u>	<u>31,204</u>	<u>45,750</u>
Income (Loss) Before Transfers	<u>393,919</u>	<u>53,540</u>	<u>(7,700)</u>	<u>18,595</u>	<u>458,354</u>
<u>TRANSFERS</u>					
Transfers in	<u>-</u>	<u>140,000</u>	<u>308,849</u>	<u>400,002</u>	<u>848,851</u>
Total Transfers	<u>-</u>	<u>140,000</u>	<u>308,849</u>	<u>400,002</u>	<u>848,851</u>
Change in net position	393,919	193,540	301,149	418,597	1,307,205
Net Position - July 1, 2018	<u>558,071</u>	<u>537,518</u>	<u>530,510</u>	<u>497,180</u>	<u>2,123,279</u>
Net Position - June 30, 2019	<u>\$ 951,990</u>	<u>\$ 731,058</u>	<u>\$ 831,659</u>	<u>\$ 915,777</u>	<u>\$ 3,430,484</u>

CITY OF LINCOLN
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				Total Internal Service Funds
	Internal Services	Vehicle/ Equipment Replacement	Facility Maintenance	Technology Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers	\$ 6,158,377	\$ 71,109	\$ -	\$ -	\$ 6,229,486
Cash paid to suppliers	(2,420,733)	(311)	(4,140)	(9,181)	(2,434,365)
Cash paid to employees	(3,665,013)	-	-	-	(3,665,013)
Net Cash Provided by (Used for) Operating Activities	<u>72,631</u>	<u>70,798</u>	<u>(4,140)</u>	<u>(9,181)</u>	<u>130,108</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Transfers from other funds	-	140,000	308,849	400,002	848,851
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>140,000</u>	<u>308,849</u>	<u>400,002</u>	<u>848,851</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Proceeds from capital lease	-	1,441,993	-	-	1,441,993
Acquisition of capital assets	(56,624)	(1,484,719)	(42,575)	(14,806)	(1,598,724)
Principal paid on long-term debt	-	(142,359)	-	-	(142,359)
Interest paid on long-term debt	-	(25,724)	-	-	(25,724)
Net Cash Used for Capital and Related Financing Activities	<u>(56,624)</u>	<u>(210,809)</u>	<u>(42,575)</u>	<u>(14,806)</u>	<u>(324,814)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Proceeds from sale of investments	-	-	8,204	-	8,204
Interest and dividends	11,091	18,848	-	30,559	60,498
Net Cash Provided by Investing Activities	<u>11,091</u>	<u>18,848</u>	<u>8,204</u>	<u>30,559</u>	<u>68,702</u>
Net Increase (Decrease) in Cash and Cash Equivalents	27,098	18,837	270,338	406,574	722,847
Cash and Cash Equivalents - July 1, 2018	1,045,891	454,888	132,793	417,767	2,051,339
Cash and Cash Equivalents - June 30, 2019	<u>\$ 1,072,989</u>	<u>\$ 473,725</u>	<u>\$ 403,131</u>	<u>\$ 824,341</u>	<u>\$ 2,774,186</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>					
Operating Income (Loss)	381,288	60,193	(16,268)	(12,609)	412,604
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	44,543	10,605	16,268	12,609	84,025
Changes in assets and liabilities:					
Decrease in accounts receivable	3,112	-	-	-	3,112
Increase in prepaid expenses	(44,826)	-	-	-	(44,826)
Decrease in accounts payable	(52,821)	-	(4,140)	(9,181)	(66,142)
Decrease in accrued wages	(59,311)	-	-	-	(59,311)
Decrease in compensated absences	(199,354)	-	-	-	(199,354)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 72,631</u>	<u>\$ 70,798</u>	<u>\$ (4,140)</u>	<u>\$ (9,181)</u>	<u>\$ 130,108</u>

FIDUCIARY FUNDS

The Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Agency Funds

These funds are used to report resources held by the City in a purely custodial capacity. The agency funds maintained by the City include the following:

Little League Fund

Accounts for monies held as agent for Little League activities.

Lincoln Airpark 98-1

Accounts for monies held from the Community Facilities District No. 1998-1 Special Tax Bonds to finance the acquisition of public improvements to property within the community facilities district and finance wetland mitigation measures. Revenue received from property tax assessment. These bonds are not a liability of the City.

Twelve Bridges Series 2011

Accounts for the monies held from the Twelve Bridges Refunding Bonds Series 2011 for improvements within the assessment district. Monies are received from special tax assessments. These bonds are not a liability of the City.

Foskett Ranch CFD

Accounts for the monies held from the Limited Obligation Revenue Bonds Series 2004-3 and the Special Tax Revenues Bonds Series 2017-1 issued to finance the construction/acquisition of public improvements within the assessment district. Monies are received from special tax assessments. These bonds are not a liability of the City.

Lakeside CFD

Accounts for the monies held from the Special Tax Revenue Bonds Series 2013 and Series 2017 for the acquisition of improvements within the Lakeside Area 2 assessment district. Monies are received from special tax assessments. These bonds are not a liability of the City.

Lincoln Crossing CFD

Accounts for the monies held from the purchase of the Local Obligations to acquire, construct and improve the Lincoln Crossing assessment district. These bonds are not a liability of the City.

Sorrento CFD

Accounts for the monies held from Special Tax Revenue Bonds Series 2009, 2013, 2014 and 2016 for improvements within the Sorrento Project assessment district. Monies are received from special tax assessments. These bonds are not a liability of the City.

Independence Development CFD

Accounts for the monies held from the developer for the formation of the Independence at Lincoln Project Community Facilities District and bond issuance disclosure.

CITY OF LINCOLN
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2019

	<u>Little League</u>	<u>Lincoln Airpark 98-1</u>	<u>Twelve Bridges Series 2011</u>	<u>Foskett Ranch CFD</u>
<u>ASSETS</u>				
Cash and investments	\$ 31,658	\$ 483,927	\$ 7,057,680	\$ 206,334
Assessments receivable	-	1,877	27,630	-
Interest receivable	37	572	9,447	244
Restricted cash and investments	<u>-</u>	<u>226,101</u>	<u>6,732,781</u>	<u>117,787</u>
Total Assets	<u>\$ 31,695</u>	<u>\$ 712,477</u>	<u>\$ 13,827,538</u>	<u>\$ 324,365</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interest payable	1,132	-	-	-
Deposits payable	-	-	-	-
Due to property owners	-	712,477	13,827,538	324,365
Agency obligations	<u>30,563</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 31,695</u>	<u>\$ 712,477</u>	<u>\$ 13,827,538</u>	<u>\$ 324,365</u>

CITY OF LINCOLN
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION (continued)
 AGENCY FUNDS
 JUNE 30, 2019

	<u>Lakeside CFD</u>	<u>Lincoln Crossing CFD</u>	<u>Sorrento CFD</u>	<u>Independence Development CFD</u>	<u>Totals</u>
<u>ASSETS</u>					
Cash and investments	\$ 744,495	\$ 15,593,346	\$ 610,561	\$ 90,796	\$ 24,818,797
Assessments receivable	2,360	43,436	1,994	-	77,297
Interest receivable	879	18,974	722	107	30,982
Restricted cash and investments	<u>560,278</u>	<u>6,483,580</u>	<u>1,478,740</u>	<u>-</u>	<u>15,599,267</u>
Total Assets	<u>\$ 1,308,012</u>	<u>\$ 22,139,336</u>	<u>\$ 2,092,017</u>	<u>\$ 90,903</u>	<u>\$ 40,526,343</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ 4,435	\$ 6,195	\$ 10,630
Interest payable	-	-	-	-	1,132
Deposits payable	-	-	-	113,200	113,200
Due to property owners	1,308,012	22,139,336	2,087,582	(28,492)	40,370,818
Agency obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,563</u>
Total Liabilities	<u>\$ 1,308,012</u>	<u>\$ 22,139,336</u>	<u>\$ 2,092,017</u>	<u>\$ 90,903</u>	<u>\$ 40,526,343</u>

CITY OF LINCOLN
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Little League</u>				
ASSETS				
Cash and investments	\$ 30,495	\$ 1,351	\$ 188	\$ 31,658
Interest receivable	<u>23</u>	<u>98</u>	<u>84</u>	<u>37</u>
Total Assets	<u>\$ 30,518</u>	<u>\$ 1,449</u>	<u>\$ 272</u>	<u>\$ 31,695</u>
LIABILITIES				
Interest payable	\$ -	\$ 1,132	\$ -	\$ 1,132
Agency obligations	<u>30,518</u>	<u>317</u>	<u>272</u>	<u>30,563</u>
Total Liabilities	<u>\$ 30,518</u>	<u>\$ 1,449</u>	<u>\$ 272</u>	<u>\$ 31,695</u>
<u>Lincoln Airpark 98-1</u>				
ASSETS				
Cash and investments	\$ 466,634	\$ 288,227	\$ 270,934	\$ 483,927
Special assessments receivables	580	1,877	580	1,877
Interest receivables	354	1,498	1,280	572
Restricted cash and investments	<u>222,421</u>	<u>287,527</u>	<u>283,847</u>	<u>226,101</u>
Total Assets	<u>\$ 689,989</u>	<u>\$ 579,129</u>	<u>\$ 556,641</u>	<u>\$ 712,477</u>
LIABILITIES				
Accounts payable	\$ 10	\$ 12,746	\$ 12,756	\$ -
Due to property owners	<u>689,979</u>	<u>325,933</u>	<u>303,435</u>	<u>712,477</u>
Total Liabilities	<u>\$ 689,989</u>	<u>\$ 338,679</u>	<u>\$ 316,191</u>	<u>\$ 712,477</u>
<u>Twelve Bridges Series 2011</u>				
ASSETS				
Cash and investments	\$ 7,406,628	\$ 4,924,864	\$ 5,273,812	\$ 7,057,680
Special assessments receivables	97,832	27,631	97,833	27,630
Interest receivables	5,599	24,493	20,645	9,447
Restricted cash and investments	<u>6,306,786</u>	<u>4,710,946</u>	<u>4,284,951</u>	<u>6,732,781</u>
Total Assets	<u>\$ 13,816,845</u>	<u>\$ 9,687,934</u>	<u>\$ 9,677,241</u>	<u>\$ 13,827,538</u>
LIABILITIES				
Accounts payable	\$ 216	\$ 92,603	\$ 92,819	\$ -
Due to property owners	<u>13,816,629</u>	<u>5,306,141</u>	<u>5,295,232</u>	<u>13,827,538</u>
Total Liabilities	<u>\$ 13,816,845</u>	<u>\$ 5,398,744</u>	<u>\$ 5,388,051</u>	<u>\$ 13,827,538</u>

CITY OF LINCOLN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<u>Foskett Ranch CFD</u>				
ASSETS				
Cash and investments	\$ 182,173	\$ 249,902	\$ 225,741	\$ 206,334
Special assessments receivables	2,611	-	2,611	-
Interest receivables	176	488	420	244
Restricted cash and investments	<u>117,363</u>	<u>211,976</u>	<u>211,552</u>	<u>117,787</u>
Total Assets	<u>\$ 302,323</u>	<u>\$ 462,366</u>	<u>\$ 440,324</u>	<u>\$ 324,365</u>
LIABILITIES				
Accounts payable	\$ -	\$ 6,200	\$ 6,200	\$ -
Due to property owners	<u>302,323</u>	<u>253,034</u>	<u>230,992</u>	<u>324,365</u>
Total Liabilities	<u>\$ 302,323</u>	<u>\$ 259,234</u>	<u>\$ 237,192</u>	<u>\$ 324,365</u>
<u>Lakeside CFD</u>				
ASSETS				
Cash and investments	\$ 814,041	\$ 835,573	\$ 905,119	\$ 744,495
Special assessments receivables	5,962	2,360	5,962	2,360
Interest receivables	731	2,035	1,887	879
Restricted cash and investments	<u>570,700</u>	<u>630,659</u>	<u>641,081</u>	<u>560,278</u>
Total Assets	<u>\$ 1,391,434</u>	<u>\$ 1,470,627</u>	<u>\$ 1,554,049</u>	<u>\$ 1,308,012</u>
LIABILITIES				
Accounts payable	\$ -	\$ 13,536	\$ 13,536	\$ -
Due to property owners	<u>1,391,434</u>	<u>857,690</u>	<u>941,112</u>	<u>1,308,012</u>
Total Liabilities	<u>\$ 1,391,434</u>	<u>\$ 871,226</u>	<u>\$ 954,648</u>	<u>\$ 1,308,012</u>
<u>Lincoln Crossing CFD</u>				
ASSETS				
Cash and investments	\$ 15,763,269	\$ 6,635,863	\$ 6,805,786	\$ 15,593,346
Special assessments receivables	120,754	43,436	120,754	43,436
Interest receivables	11,916	49,865	42,807	18,974
Restricted cash and investments	<u>7,652,103</u>	<u>12,699,856</u>	<u>13,868,379</u>	<u>6,483,580</u>
Total Assets	<u>\$ 23,548,042</u>	<u>\$ 19,429,020</u>	<u>\$ 20,837,726</u>	<u>\$ 22,139,336</u>
LIABILITIES				
Accounts payable	\$ -	\$ 18,404	\$ 18,404	\$ -
Due to property owners	<u>23,548,042</u>	<u>13,099,943</u>	<u>14,508,649</u>	<u>22,139,336</u>
Total Liabilities	<u>\$ 23,548,042</u>	<u>\$ 13,118,347</u>	<u>\$ 14,527,053</u>	<u>\$ 22,139,336</u>
<u>Sorrento CFD</u>				
ASSETS				
Cash and investments	\$ 524,705	\$ 704,319	\$ 618,463	\$ 610,561
Special assessments receivables	6,765	1,994	6,765	1,994
Interest receivables	1,315	933	1,526	722
Restricted cash and investments	<u>1,473,155</u>	<u>607,969</u>	<u>602,384</u>	<u>1,478,740</u>
Total Assets	<u>\$ 2,005,940</u>	<u>\$ 1,315,215</u>	<u>\$ 1,229,138</u>	<u>\$ 2,092,017</u>
LIABILITIES				
Accounts payable	\$ -	\$ 15,852	\$ 11,417	\$ 4,435
Due to property owners	<u>2,005,940</u>	<u>714,100</u>	<u>632,458</u>	<u>2,087,582</u>
Total Liabilities	<u>\$ 2,005,940</u>	<u>\$ 729,952</u>	<u>\$ 643,875</u>	<u>\$ 2,092,017</u>

CITY OF LINCOLN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<u>Independence Development CFD</u>				
ASSETS				
Cash and investments	\$ -	\$ 203,996	\$ 113,200	\$ 90,796
Interest receivables	-	107	-	107
Total Assets	<u>\$ -</u>	<u>\$ 204,103</u>	<u>\$ 113,200</u>	<u>\$ 90,903</u>
LIABILITIES				
Accounts payable	-	6,195	-	6,195
Developer deposits	-	113,200	-	113,200
Due to property owners	-	113,768	142,260	(28,492)
Total Liabilities	<u>\$ -</u>	<u>\$ 233,163</u>	<u>\$ 142,260</u>	<u>\$ 90,903</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 25,187,945	\$ 13,844,095	\$ 14,213,243	\$ 24,818,797
Special assessments receivables	234,504	77,298	234,505	77,297
Interest receivables	20,114	79,517	68,649	30,982
Restricted cash and investments	<u>16,342,528</u>	<u>19,148,933</u>	<u>19,892,194</u>	<u>15,599,267</u>
Total Assets	<u>\$ 41,785,091</u>	<u>\$ 33,149,843</u>	<u>\$ 34,408,591</u>	<u>\$ 40,526,343</u>
LIABILITIES				
Accounts payable	\$ 226	\$ 165,536	\$ 155,132	\$ 10,630
Interest payable	-	1,132	-	1,132
Developer deposits	-	113,200	-	113,200
Due to property owners	41,754,347	20,670,609	22,054,138	40,370,818
Agency obligations	<u>30,518</u>	<u>317</u>	<u>272</u>	<u>30,563</u>
Total Liabilities	<u>\$ 41,785,091</u>	<u>\$ 20,950,794</u>	<u>\$ 22,209,542</u>	<u>\$ 40,526,343</u>

STATISTICAL SECTION

STATISTICAL SECTION

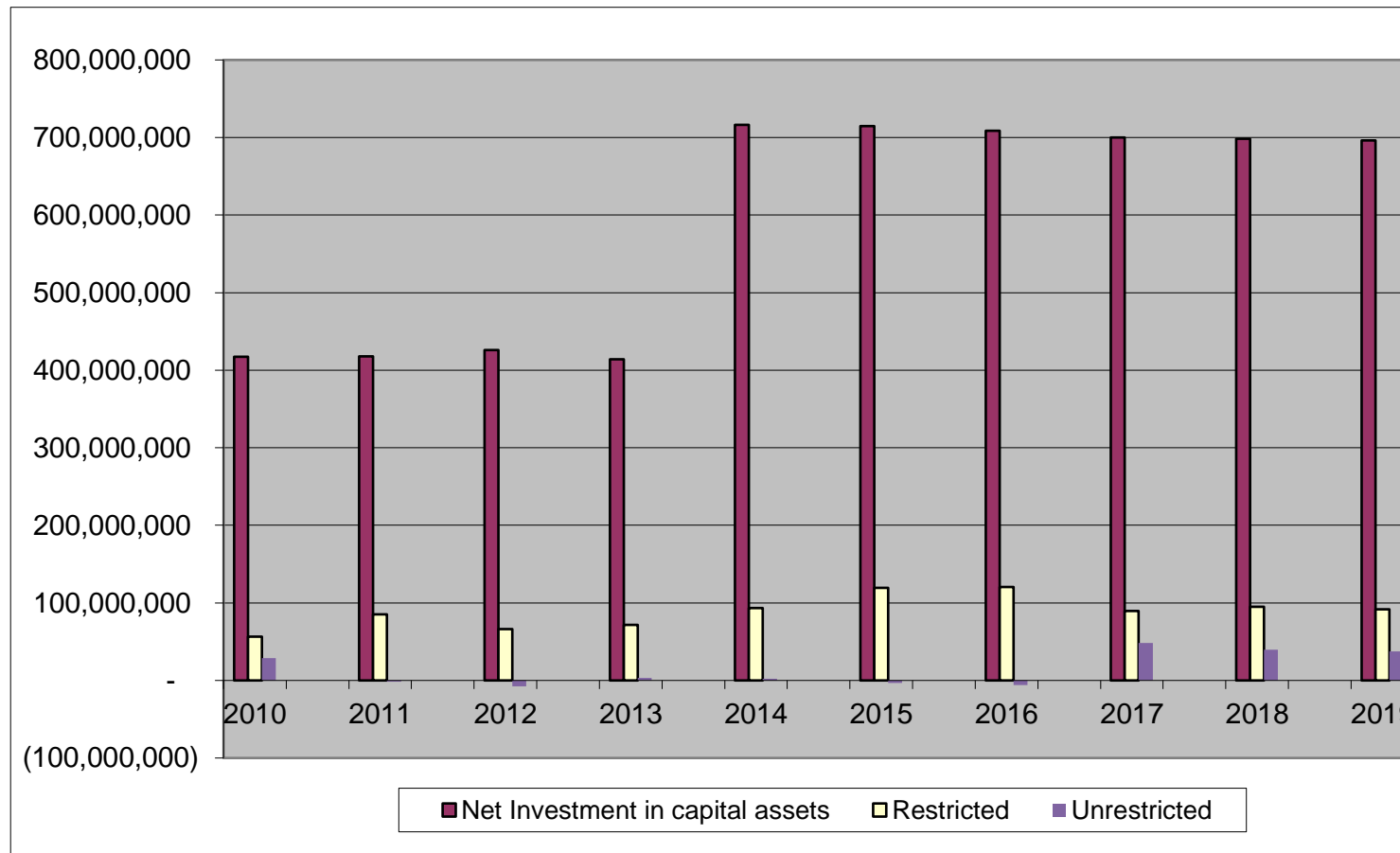
This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122 - 126
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	127 - 130
Debt Capacity	
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.	131 - 133
Economic and Demographic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	134 - 136
Operating Information	
These schedules contain contextual information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	137 - 138

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

City of Lincoln
Net Position by Component
Last Ten Fiscal Years
(Full Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	316,134,425	316,648,571	325,101,751	314,827,035	367,327,505	367,624,105	359,758,260	354,718,311	350,361,056	348,742,386
Restricted	56,455,609	85,179,081	66,398,405	71,770,107	78,880,674	105,113,762	106,251,051	76,398,564	86,266,260	82,496,431
Unrestricted	16,288,802	(17,608,936)	(26,688,143)	(23,075,480)	(16,019,760)	(22,118,189)	(21,706,971)	19,409,294	5,020,121	8,392,145
Total governmental activities net position	<u>388,878,836</u>	<u>384,218,716</u>	<u>364,812,013</u>	<u>363,521,662</u>	<u>430,188,419</u>	<u>450,619,678</u>	<u>444,302,340</u>	<u>450,526,169</u>	<u>441,647,437</u>	<u>439,630,962</u>
Business-type activities										
Net Investment in capital assets	101,091,339	101,243,804	101,133,414	99,076,798	349,214,909	347,013,821	349,180,869	345,150,139	348,208,139	347,503,553
Restricted	-	-	-	-	14,406,184	14,504,672	14,312,412	12,990,446	8,639,096	9,304,148
Unrestricted	12,439,997	15,806,202	18,834,287	26,591,294	18,376,045	18,881,017	15,639,418	28,760,478	34,614,888	29,053,080
Total business-type activities net position	<u>113,531,336</u>	<u>117,050,006</u>	<u>119,967,701</u>	<u>125,668,092</u>	<u>381,997,138</u>	<u>380,399,510</u>	<u>379,132,699</u>	<u>386,901,063</u>	<u>391,462,123</u>	<u>385,860,781</u>
Primary government										
Net Investment in capital assets	417,225,764	417,892,375	426,235,165	413,903,833	716,542,414	714,637,926	708,939,129	699,868,450	698,569,195	696,245,939
Restricted	56,455,609	85,179,081	66,398,405	71,770,107	93,286,858	119,618,434	120,563,463	89,389,010	94,905,356	91,800,579
Unrestricted	28,728,799	(1,802,734)	(7,853,856)	3,515,814	2,356,285	(3,237,172)	(6,067,553)	48,169,772	39,635,009	37,445,225
Total primary government net position	<u>502,410,172</u>	<u>501,268,722</u>	<u>484,779,714</u>	<u>489,189,754</u>	<u>812,185,557</u>	<u>831,019,188</u>	<u>823,435,039</u>	<u>837,427,232</u>	<u>833,109,560</u>	<u>825,491,743</u>
	1.3%	-0.2%	-3.3%	0.9%	66.0%	2.3%	-0.9%	1.7%	-0.5%	-0.9%



Source : City of Lincoln Audited Financial Reports

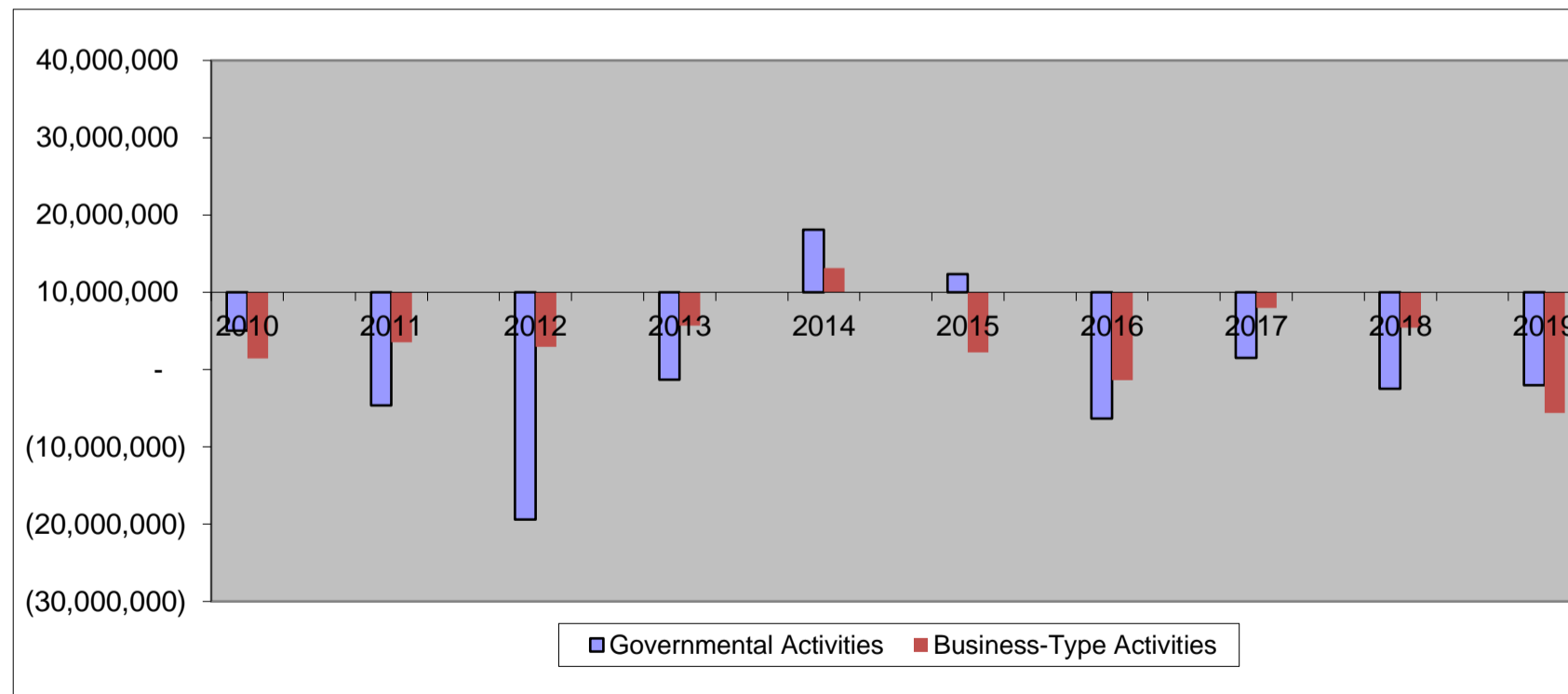
City of Lincoln
Changes in Net Position
Last Ten Fiscal Years
(Full Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
General government	2,672,943	2,816,650	2,574,813	2,583,219	2,534,252	2,465,172	3,936,661	3,135,241	3,697,194	1,517,206
Public safety	10,847,388	10,484,408	9,006,804	8,973,076	8,676,336	9,111,739	11,437,055	9,222,033	11,443,750	12,567,871
Public works and facilities	13,720,906	11,295,372	10,423,827	8,083,773	7,502,426	19,030,793	21,087,881	21,065,618	24,230,516	28,442,592
Culture and recreation	1,059,559	870,049	591,312	743,858	714,789	745,314	839,156	735,780	939,858	1,043,517
Education	877,314	712,886	486,019	666,038	512,756	568,277	786,381	1,139,387	1,006,407	810,164
Urban redevelopment and housing	1,979,294	1,093,409	178,613	420,772	559,449	490,309	545,475	522,402	646,213	489,557
Interest on long-term debt	1,932,458	1,884,470	1,361,643	1,074,815	1,073,464	1,012,610	988,938	1,143,290	576,397	587,288
Total Governmental Activities	<u>33,089,862</u>	<u>29,157,244</u>	<u>24,623,031</u>	<u>22,545,551</u>	<u>21,573,472</u>	<u>33,424,214</u>	<u>39,621,547</u>	<u>36,963,751</u>	<u>42,540,335</u>	<u>45,458,195</u>
Business-Type Activities										
Water	9,330,009	8,798,950	7,821,110	8,410,782	9,626,761	12,418,348	12,618,263	16,370,415	14,598,974	18,975,438
Sewer	5,915,385	4,920,695	5,144,059	10,647,682	7,567,116	10,760,685	12,813,685	13,176,196	14,613,442	15,997,571
Solid Waste	4,427,701	3,952,669	4,369,551	4,460,008	4,576,457	5,087,810	7,355,610	4,448,941	4,983,983	5,713,323
Airport	2,071,412	1,993,639	1,818,658	2,009,793	2,122,836	1,632,005	1,563,378	1,414,739	1,546,662	1,570,314
Transit	1,075,578	1,145,903	939,595	979,330	855,631	980,587	796,960	1,208,851	1,019,402	831,545
Total Business-Type Activities	<u>22,820,085</u>	<u>20,811,856</u>	<u>20,092,973</u>	<u>26,507,595</u>	<u>24,748,801</u>	<u>30,879,435</u>	<u>35,147,896</u>	<u>36,619,142</u>	<u>36,762,463</u>	<u>43,088,191</u>
Total Expenses	<u>55,909,947</u>	<u>49,969,100</u>	<u>44,716,004</u>	<u>49,053,146</u>	<u>46,322,273</u>	<u>64,303,649</u>	<u>74,769,443</u>	<u>73,582,893</u>	<u>79,302,798</u>	<u>88,546,386</u>
Program Revenues										
Governmental Activities										
Charges for Services										
General government	3,787,376	126,476	586,097	1,222,290	1,970,636	1,054,510	1,384,406	1,314,126	1,072,515	1,644,853
Public Safety	592,754	348,360	260,351	555,899	634,161	569,572	746,075	836,963	511,568	698,400
Culture and recreation	1,048,639	959,300	918,670	1,506,132	971,265	909,070	1,252,263	1,317,891	1,459,252	1,405,219
Education	55,307	22,429	38,321	37,835	159,415	7,480	32,185	14,933	18,506	17,420
Urban redevelopment and housing	174,016	8,920	-	-	-	-	-	-	-	-
Public works and facilities	1,549,410	3,636,128	4,436,027	10,939,600	10,979,608	9,447,200	9,179,640	11,226,143	8,943,756	8,832,175
Operating Grants and Contributions	11,351,298	4,129,716	3,455,701	3,614,352	3,248,047	1,673,308	651,321	3,977,143	5,587,725	5,264,119
Capital Grants and Contributions	3,396,988	151,718	1,680,280	881,562	7,957,869	14,184,897	3,255,890	2,685,758	3,806,413	1,354,228
Total Governmental Activities	<u>21,955,788</u>	<u>9,383,047</u>	<u>11,375,447</u>	<u>18,757,670</u>	<u>25,921,001</u>	<u>27,846,037</u>	<u>16,501,780</u>	<u>21,372,957</u>	<u>21,399,735</u>	<u>19,216,414</u>
Business-Type Activities										
Charges for Services										
Water	11,164,332	10,002,881	11,000,418	10,221,213	11,018,047	12,615,858	13,400,117	16,383,662	17,982,749	15,661,241
Wastewater	6,785,503	7,084,463	7,220,843	7,237,746	7,297,551	7,517,029	7,692,439	17,547,426	10,905,805	10,914,957
Solid Waste	4,842,441	4,843,540	4,848,401	5,025,078	5,272,082	5,825,523	6,219,021	6,686,470	7,234,003	7,230,150
Airport	1,294,419	1,244,251	1,449,562	1,558,585	1,785,214	1,261,533	1,253,203	1,259,101	1,426,040	1,578,138
Transit	27,941	43,255	51,090	51,068	47,195	39,289	2,589	1,926	2,842	1,344
Operating Grants and Contributions	1,195,343	1,428,826	1,142,591	6,154,480	1,549,590	1,188,545	2,058,693	478,160	4,901,085	398,364
Capital Grants and Contributions	896,587	480,434	543,189	2,641,668	5,590,940	4,254,405	2,125,839	2,174,326	1,401,690	1,288,121
Total Business-Type Activities	<u>26,206,566</u>	<u>25,127,650</u>	<u>26,256,094</u>	<u>32,889,838</u>	<u>32,560,619</u>	<u>32,702,182</u>	<u>32,751,901</u>	<u>44,531,071</u>	<u>43,854,214</u>	<u>37,072,315</u>
Total Program Revenues	<u>48,162,354</u>	<u>34,510,697</u>	<u>37,631,541</u>	<u>51,647,508</u>	<u>58,481,620</u>	<u>60,548,219</u>	<u>49,253,681</u>	<u>65,904,028</u>	<u>65,253,949</u>	<u>56,288,729</u>

*The City restated historical data for Airport and Transit

City of Lincoln
Changes in Net Position (continued)
Last Ten Fiscal Years
(Full Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental Activities	(11,134,074)	(19,774,197)	(13,247,584)	(3,787,881)	4,347,529	(5,578,177)	(23,119,767)	(15,590,794)	(21,140,600)	(26,241,781)
Business-Type Activities	3,386,481	4,315,794	6,163,121	6,382,243	7,811,818	1,822,747	(2,395,995)	7,911,929	7,091,751	(6,015,876)
Total Net Expense	(7,747,593)	(15,458,403)	(7,084,463)	2,594,362	12,159,347	(3,755,430)	(25,515,762)	(7,678,865)	(14,048,849)	(32,257,657)
General Revenues										
Governmental Activities										
Taxes:										
Property taxes	9,628,569	9,742,282	8,309,198	7,511,360	7,668,875	9,020,576	8,983,948	9,705,899	10,066,655	10,527,123
Sales and use taxes	1,971,789	1,968,627	2,218,295	2,252,003	2,419,729	2,598,143	2,844,841	3,686,126	3,660,917	4,158,035
Franchise taxes	-	-	-	-	-	837,267	852,458	807,201	802,573	906,237
Other local taxes	988,427	849,872	990,613	975,649	191,278	259,982	222,229	283,663	303,022	346,865
Interest income	2,261,095	1,121,897	733,848	565,913	1,208,941	764,002	1,661,188	584,516	338,114	3,987,398
Miscellaneous	192,290	557,398	478,529	1,717,469	401,427	2,105,907	1,714,705	621,727	602,739	2,485,938
Transfers	2,040,473	1,357,294	2,195,637	-	717,066	1,858,685	-	1,375,484	2,868,785	2,022,620
Extraordinary gain	-	-	4,329,643	525,888	1,159,153	489,374	523,060	-	-	-
Prior period adjustments	(911,706)	(483,293)	(25,414,882)	(11,050,752)	-	-	-	-	-	(208,910)
Total Governmental Activities	16,170,937	15,114,077	(6,159,119)	2,497,530	13,766,469	17,933,936	16,802,429	17,064,616	18,642,805	24,225,306
Business-Type Activities										
Taxes:										
Property taxes	68,526	40,349	43,204	47,684	-	-	-	-	-	-
Sales and use taxes	-	-	-	-	850,659	412,877	492,068	417,342	997,032	127,713
Interest income	(193,548)	335,266	282,286	262,287	550,349	372,555	735,107	75,455	(19,206)	2,191,471
Miscellaneous	237,010	184,555	209,841	1,079,475	168,876	125,745	239,418	984,836	200,260	18,817
Gain on sale of capital assets	-	-	-	-	4,935,797	(39,829)	83,688	(40,665)	1,100	99,153
Transfers	(2,040,473)	(1,357,294)	(2,195,637)	(525,888)	(1,159,153)	(489,374)	(523,060)	(1,375,484)	(2,868,785)	(2,022,620)
Prior period adjustments	-	-	(1,585,120)	(1,545,410)	-	-	-	-	-	-
Total Business-Type Activities	(1,928,485)	(797,124)	(3,245,426)	(681,852)	5,346,528	381,974	1,027,221	61,484	(1,689,599)	414,534
Change in Net Position										
Governmental Activities	5,036,863	(4,660,120)	(19,406,703)	(1,290,351)	18,113,998	12,355,759	(6,317,338)	1,473,822	(2,497,795)	(2,016,475)
Business-Type Activities	1,457,996	3,518,670	2,917,695	5,700,391	13,158,346	2,204,721	(1,368,774)	7,973,413	5,402,152	(5,601,342)
Total Change in Net Position	6,494,859	(1,141,450)	(16,489,008)	4,410,040	31,272,344	14,560,480	(7,686,112)	9,447,235	2,904,357	(7,617,817)

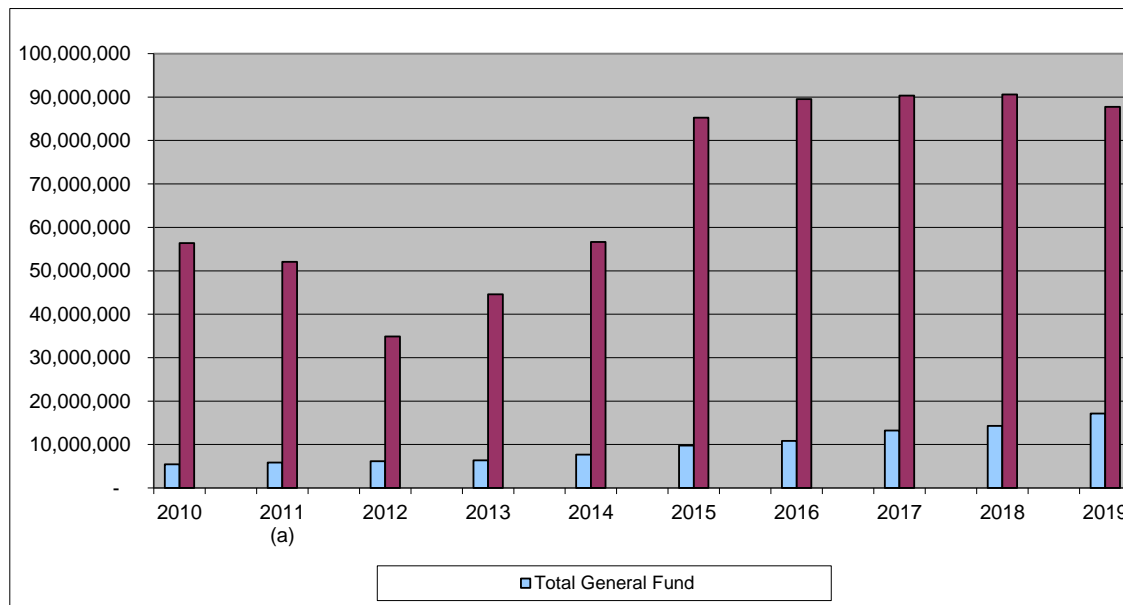


Source : City of Lincoln Audited Financial Reports

City of Lincoln
Fund Balances of Government Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved and Designated	2,880,860	-	-	-	-	-	-	-	-	-
Unreserved	2,540,251	-	-	-	-	-	-	-	-	-
Nonspendable	-	149,424	100,250	613,502	136,582	361,627	387,438	492,748	330,040	5,371,094
Restricted	-	86,096	-	-	-	43	96	-	-	-
Committed	-	1,460,000	2,524,334	2,050,459	3,703,541	3,803,726	3,929,856	4,063,745	11,695,956	7,204,704
Assigned	-	-	-	-	-	-	-	-	678,711	678,711
Unassigned	-	4,132,105	3,533,294	3,715,005	3,819,021	5,580,155	6,530,612	8,685,506	1,566,065	3,860,869
Total General Fund	<u>5,421,111</u>	<u>5,827,625</u>	<u>6,157,878</u>	<u>6,378,966</u>	<u>7,659,144</u>	<u>9,745,551</u>	<u>10,848,002</u>	<u>13,241,999</u>	<u>14,270,772</u>	<u>17,115,378</u>
All Other Governmental Funds										
Reserved	43,364,354	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	(16,545,750)	-	-	-	-	-	-	-	-	-
Capital project funds	29,397,051	-	-	-	-	-	-	-	-	-
Permanent funds	144,382	-	-	-	-	-	-	-	-	-
Nonspendable	-	35,794,414	33,014,706	32,810,398	31,238,435	33,945,141	437,032	12,667,904	424,560	441,577
Restricted	-	51,397,385	33,380,699	33,745,233	41,992,206	65,041,906	99,829,860	76,041,673	86,304,574	84,105,879
Committed	-	2,124,330	-	-	-	-	-	-	-	-
Assigned	-	-	-	5,214,476	5,650,033	6,126,672	5,984,063	5,878,548	5,076,709	4,757,518
Unassigned	-	(37,233,469)	(31,519,259)	(27,173,388)	(22,256,636)	(19,846,487)	(16,713,886)	(4,251,315)	(1,196,249)	(1,572,478)
Total All Other Governmental Funds	<u>56,360,037</u>	<u>52,082,660</u>	<u>34,876,146</u>	<u>44,596,719</u>	<u>56,624,038</u>	<u>85,267,232</u>	<u>89,537,069</u>	<u>90,336,810</u>	<u>90,609,594</u>	<u>87,732,496</u>

(a) The City implemented the provision of GASB Statement 54 in fiscal year 2011, and years prior to 2011 have not been restated to conform with the new presentation.



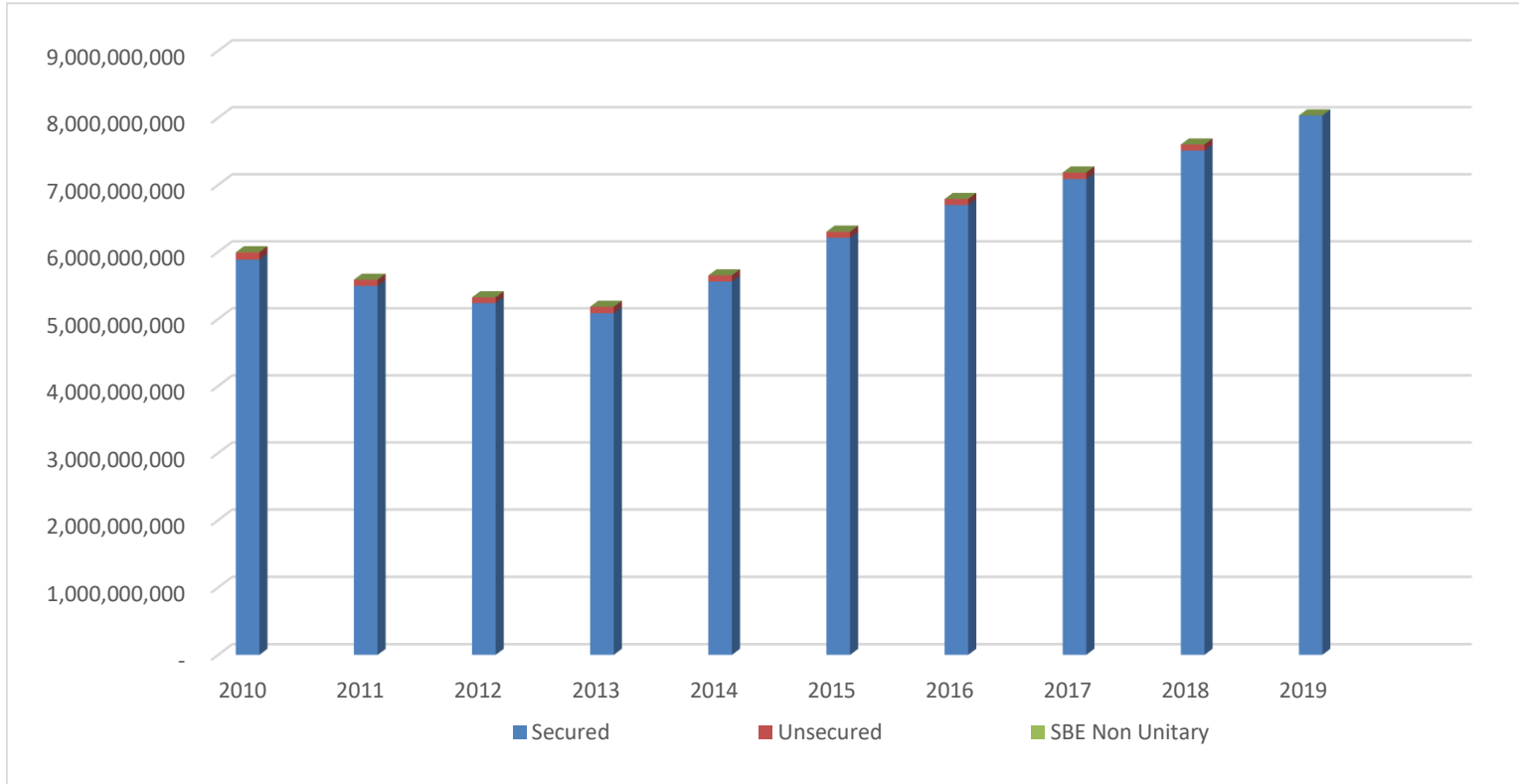
Source: City of Lincoln Audited Financial Reports

City of Lincoln
Changes in Fund Balances of Government Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes and assessments	12,573,987	13,018,727	14,494,396	14,136,484	13,492,395	16,082,063	16,357,235	20,106,114	18,567,904	19,516,493
Licenses and permits	7,766,334	1,092,144	655,747	1,342,696	1,565,818	1,604,400	1,562,852	2,039,503	1,610,635	1,642,440
Fines and penalties	172,751	129,884	115,085	79,606	48,509	74,132	94,962	68,350	64,909	68,102
Interest and investment income	2,239,808	1,141,512	805,847	563,366	1,197,057	747,630	1,620,941	350,746	334,845	3,778,750
Intergovernmental revenue	5,848,961	3,268,014	6,294,565	4,697,951	3,526,877	10,012,367	4,641,768	4,704,926	6,847,168	6,574,382
Charges for services	6,384,352	4,599,914	2,476,782	9,904,756	10,787,334	6,943,205	7,482,996	9,067,969	6,732,616	7,309,292
Contributions from property owners	1,634,852	-	-	-	-	-	-	-	-	-
Other revenue	539,519	695,524	478,529	1,717,469	401,427	2,105,694	1,714,705	459,607	379,952	2,527,056
Total Revenues	37,160,564	23,945,719	25,320,951	32,442,328	31,019,417	37,569,491	33,475,459	36,797,215	34,538,029	41,416,515
Expenditures										
Current										
General government	2,598,301	2,740,006	2,549,256	2,574,534	2,321,201	2,846,091	3,197,417	3,319,937	3,202,404	3,112,059
Public safety	10,192,862	9,746,718	8,478,042	8,723,479	8,116,557	8,881,517	9,356,075	9,740,100	10,640,805	10,982,420
Public works and facilities	12,119,189	8,942,799	7,691,014	5,223,957	4,819,786	5,265,925	7,146,117	7,692,480	9,204,907	9,283,230
Culture and recreation	978,406	812,219	571,875	741,632	646,189	657,331	712,594	762,026	891,065	971,921
Education	876,907	712,472	490,327	665,834	512,755	558,746	710,838	542,818	610,054	674,174
Urban redevelopment and housing	1,938,707	666,240	144,653	418,188	558,740	487,553	510,589	933,166	840,001	646,904
Debt Service										
Principal retirement	1,140,000	1,150,000	1,180,000	700,000	771,784	880,524	911,116	19,386,939	1,008,510	918,697
Interest and bond issuance costs	1,927,946	1,893,176	1,555,009	1,083,203	1,082,887	1,024,729	1,003,612	(51,400)	632,227	621,105
Capital Outlay	8,442,931	2,690,016	2,091,332	2,706,542	4,049,046	7,850,556	5,224,887	8,512,198	9,982,312	11,154,911
Total Expenditures	40,215,249	29,353,646	24,751,508	22,837,369	22,878,945	28,452,972	28,773,245	50,838,264	37,012,285	38,365,421
Excess(Deficiency) of Revenue over Expenditures	(3,054,685)	(5,407,927)	569,443	9,604,959	8,140,472	9,116,519	4,702,214	(14,041,049)	(2,474,256)	3,051,094
Other Financing Sources (Uses)										
Proceeds from Bond Issuance	-	-	-	-	-	-	-	17,760,000	-	-
Return of Bond Funds	-	-	-	-	-	-	-	-	(123,168)	(4,410,054)
Operating transfers in	12,335,882	9,663,693	4,930,996	3,808,876	7,833,725	8,416,800	2,637,544	20,616,774	5,256,776	6,496,221
Operating transfers out	(10,197,886)	(8,126,629)	(2,735,359)	(3,591,758)	(3,601,414)	(7,601,327)	(1,967,470)	(19,241,290)	(2,596,991)	(5,322,452)
Proceeds from sale of capital assets	-	-	-	-	726,942	1,899,900	-	-	-	152,699
Debt proceeds	-	-	-	-	568,873	-	-	(213,523)	-	-
Total Other Financing Sources (Uses)	2,137,996	1,537,064	2,195,637	217,118	5,528,126	2,715,373	670,074	18,921,961	2,536,617	(3,083,586)
Net Change in fund balance before prior period adjustments and extraordinary items	(916,689)	(3,870,863)	2,765,080	9,822,077	13,668,598	11,831,892	5,372,288	4,880,912	62,361	(32,492)
Prior period adjustment	(10,103,695)	-	(13,087,464)	119,584	(361,101)	18,897,709	-	(6,544,385)	1,239,196	-
Extraordinary item										
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor	-	-	(6,553,877)	(6,553,877)	-	-	-	-	-	-
Net Change in fund balance	(11,020,384)	(3,870,863)	(16,876,261)	3,387,784	13,307,497	30,729,601	5,372,288	(1,663,473)	1,301,557	(32,492)
Debt service as a percentage of noncapital expenditures	9.7%	11.4%	12.1%	8.9%	9.8%	9.2%	8.1%	45.7%	6.1%	5.7%

Source : City of Lincoln Audited Financial Reports

CITY OF LINCOLN
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years



Fiscal Year Ending June 30	Secured	Unsecured	SBE Non Unitary	Taxable Assessed Value	% Change	Direct Rate
2010	5,885,076,051	109,793,652	250,900	5,995,120,603	-9.242%	1.170%
2011	5,492,966,752	92,626,121	250,900	5,585,843,773	-6.827%	1.021%
2012	5,236,867,717	86,074,985	250,900	5,323,193,602	-4.702%	1.026%
2013	5,086,007,045	96,083,909	250,900	5,182,341,854	-2.646%	1.026%
2014	5,558,822,669	91,995,204	197,100	5,651,014,973	9.044%	1.026%
2015	6,210,620,359	91,857,194	197,100	6,302,674,653	11.532%	1.025%
2016	6,700,348,821	89,368,958	197,100	6,789,914,879	7.731%	1.032%
2017	7,086,425,439	98,779,370	197,100	7,185,401,909	5.825%	1.039%
2018	7,511,498,201	91,269,260	-	7,602,767,461	5.809%	1.043%
2019	8,035,437,566	95,245,723	-	8,130,683,289	6.944%	1.056%

Notes:

In 1978, the votes of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxes. Each year, the assessed value of property tax may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of the taxable property and is subject to the limitations described above.

Source: California Municipal Statistics and Placer County Auditor-Controller

CITY OF LINCOLN
Property Tax Rates - All Overlapping Governments
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City of Lincoln										
General purpose	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Western Placer Unified School District	0.17%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%	0.06%
Placer County Water Agency Zone 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
	<u>1.17%</u>	<u>1.02%</u>	<u>1.03%</u>	<u>1.03%</u>	<u>1.03%</u>	<u>1.03%</u>	<u>1.03%</u>	<u>1.04%</u>	<u>1.04%</u>	<u>1.06%</u>

Notes:

(1) The above tax rates are applied per \$100 of assessed valuation.

(2) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount.

This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school district bonds.

Source: California Municipal Statistics

**CITY OF LINCOLN
Principal Property Tax Payers
Current Year and Ten Years Ago**

Property Owner	Primary Land Use	Rank	2018-2019	
			Taxable Assessed Value	% of Total City Taxable Assessed Value
PW Fund B LP	Warehouse	1	\$ 96,126,000	1.18%
Sierra Pacific Industries	Heavy Industrial	2	56,903,874	0.70%
JPS Development LLC	Commercial	3	24,988,076	0.31%
Kaiser Foundation Health Plan Inc	Commercial	4	24,555,083	0.30%
Green SRP Owner LLC	Residential- Development	5	22,050,000	0.27%
Lowes HW Inc	Commercial	6	18,585,997	0.23%
Target Corporation	Commercial - Retail	7	18,407,516	0.23%
Safeway Inc.	Commercial	8	18,339,476	0.23%
Auburn Creek Investors	Residential- Apartments	9	17,857,932	0.22%
KB Hom Sacramento Inc.	Residential- Development	10	16,579,536	0.20%
			314,393,490	3.87%
2018-2019 Local Secured Assessed Valuation			8,130,683,289	

Property Owner	Primary Land Use	Rank	2009-2010	
			Taxable Assessed Value	% of Total City Taxable Assessed Value
Sierra Pacific Industries	Heavy Industrial	1	\$ 52,658,538	0.88%
OK an B	Industrial	2	36,290,116	0.61%
Mahsterling Point LLC	Commercial	3	31,182,127	0.52%
Lincoln Village at Twelve Bridges LLC	Commercial	4	25,665,621	0.43%
Kaiser Foundation Health Plan Inc	Commercial	5	24,327,324	0.41%
JSP Development LLC	Commercial	6	18,552,888	0.31%
Target Corporation	Commercial - Retail	7	18,067,929	0.30%
Lincoln Hills Town Center LP	Commercial	8	17,518,500	0.29%
Lawford No 12 Partners Limited	Vacant Property	9	17,345,732	0.29%
Lowes HW Inc	Commercial	10	16,554,240	0.28%
			258,163,015	4.31%
2008-2009 Local Secured Assessed Valuation:			\$ 5,995,120,603	

Source: HDL, Coren & Cone

CITY OF LINCOLN
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percent of Levy</u>
2009 / 2010	4,308,789	4,162,135	96.60%
2010 / 2011	4,039,416	3,940,526	97.55%
2011 / 2012	3,911,676	3,839,152	98.15%
2012 / 2013	3,817,958	3,766,886	98.66%
2013 / 2014	4,132,295	4,093,648	99.06%
2014 / 2015	4,689,175	4,648,015	99.12%
2015 / 2016	5,046,671	5,004,975	99.17%
2016 / 2017	5,366,078	5,324,911	99.23%
2017 / 2018	5,681,659	5,641,895	99.30%
2018 / 2019	6,101,116	6,060,436	99.33%

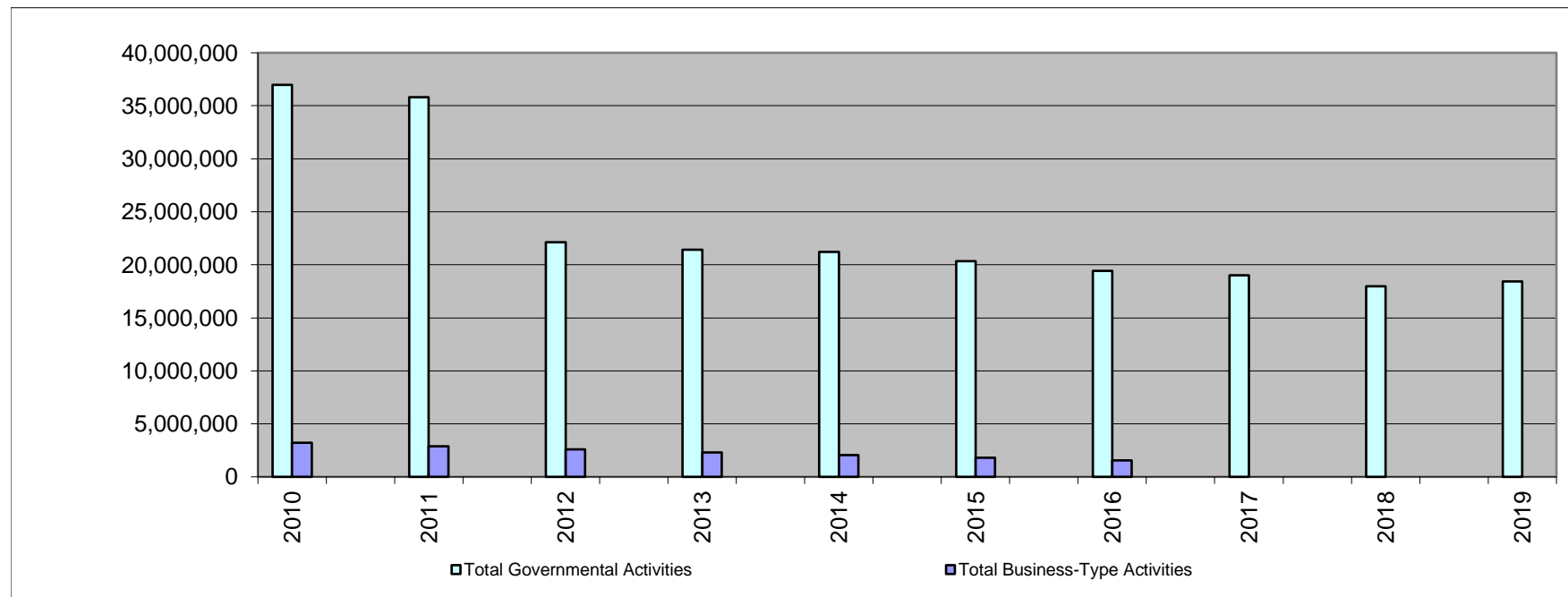
Notes:

Current tax collections beginning in 1993 have been reduced by mandatory tax reallocation imposed by the State of California. Placer County uses an estimate for the delinquency rate and compiles delinquency as a lump sum. Subsequent collections are not out by fiscal year from the County; thus this information is not available.

Source : *Placer County Auditor-Controller*

CITY OF LINCOLN
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities			Business-Type Activities				Legal Bonded Debt Margin			
	Bonds	Capital Lease	Total Governmental Activities	Loans	Bonds	Capital Lease	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Percentage of Assessed Value (2)	Per Capita (1)
2010	36,957,099	-	36,957,099	142,514	1,020,000	2,031,293	3,193,807	40,150,906	2284.16%	0.67%	991
2011	35,814,783	-	35,814,783	124,580	795,000	1,957,869	2,877,449	38,692,232	3488.55%	0.69%	941
2012	22,120,687	-	22,120,687	105,345	590,000	1,880,905	2,576,250	24,696,937	4979.47%	0.46%	567
2013	21,423,295	-	21,423,295	84,716	410,000	1,800,232	2,294,948	23,718,243	5633.95%	0.46%	541
2014	20,710,903	512,089	21,222,992	62,591	260,000	1,715,670	2,038,261	23,261,253	5865.00%	0.41%	515
2015	19,968,511	376,565	20,345,076	38,861	125,000	1,627,033	1,790,894	22,135,970	6266.06%	0.35%	489
2016	19,201,120	235,448	19,436,568	13,410	-	1,534,122	1,547,532	20,984,100	6808.97%	0.31%	443
2017	18,935,573	88,510	19,024,083	-	-	-	-	19,024,083	7720.14%	0.26%	395
2018	17,959,447	-	17,959,447	-	-	-	-	17,959,447	8759.42%	0.24%	370
2019	16,993,319	1,443,636	18,436,955	-	-	-	-	18,436,955	9153.25%	0.23%	382



n/a - information is not available

Source: City of Lincoln Audited Financial Reports

CITY OF LINCOLN
Direct and Overlapping Bonded Debt
As of June 30, 2019

2018-19

\$ 8,130,683,289

	<u>Total Debt</u>	<u>% Applicable (1)</u>	<u>City's Share of</u>
	<u>6/30/2019</u>		<u>Debt 6/30/19</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Sierra Joint Community College District School Facilities Improvement District No. 4	\$ 80,000,000	12.306%	\$ 9,844,800
Western Placer Unified School District	117,820,000	85.555%	100,800,901
Western Placer Unified School District Community Facilities District No. 1	10,373,511	100.00%	10,373,511
City of Lincoln Community Facilities Districts	92,200,000	100.00%	92,200,000
City of Lincoln 1915 Act Bonds	27,169,000	100.00%	27,169,000
California Statewide Communities Development Authority Assessment Districts	3,943,025	100.00%	3,943,025
Total Overlapping Tax and Assessment Debt			<u>\$ 244,331,237</u>
 OVERLAPPING GENERAL FUND DEBT:			
Placer County General Fund Obligations	\$ 25,490,000	10.718%	\$ 2,732,018
Placer County Office of Education Certificates of Participation	910,000	10.718%	97,534
Sierra Joint Community College District Certificates of Participation	3,726,000	8.116%	302,402
Western Placer Unified School District Certificates of Participation	125,505,000	85.555%	107,375,803
City of Lincoln General Fund Obligations	15,950,000	100.000%	15,950,000
Placer Mosquito and Vector Control District Certificates of Participation	2,925,000	10.718%	313,502
Total Overlapping General Fund Debt			<u>\$ 126,771,259</u>
 OVERLAPPING TAX INCREMENT DEBT: (Successor Agency)			
	\$ 7,050,000	100.00%	\$ 7,050,000
Total Direct Debt			<u>\$ 15,950,000</u>
Total Overlapping Debt			<u>362,202,496</u>
 Total Combined Debt			 <u><u>\$ 378,152,496 (2)</u></u>

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.01%
Combined Direct Debt (\$15,950,000)	0.20%
Combined Total Debt	4.65%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$299,831,473):

Total Overlapping Tax Increment Debt	2.35%
--------------------------------------	-------

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics

CITY OF LINCOLN
Computation of Legal Bonded Debt Margin
June 30, 2018

Secured Property Assessed Value, Net of Exempt Real Property	<u>\$ 7,511,498,201</u>	
Bonded debt limit (3.75% of assessed value) (a)		\$ 281,681,183
Amount of Debt Subject to Limit:		
Total Bonded Debt	17,959,447	
Less Total Bonds not subject to limit (b)	<u>-</u>	
Amount of debt not subject to limit		<u>17,959,447</u>
Legal debt margin		<u>\$ 263,721,736</u>

Fiscal Year Ending June 30	Debt Limit	Total net debt applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
2008	247,807,612	38,931,732	208,875,880	15.71%
2009	243,704,320	38,089,415	205,614,905	15.63%
2010	220,690,352	36,957,099	183,733,253	16.75%
2011	205,986,253	35,814,783	170,171,470	17.39%
2012	196,382,539	22,120,687	174,261,852	11.26%
2013	190,725,264	21,423,295	169,301,969	11.23%
2014	208,455,850	20,710,903	187,744,947	9.94%
2015	232,898,263	19,968,511	212,929,752	8.57%
2016	251,263,081	19,201,120	232,061,961	7.64%
2017	265,740,954	17,868,510	247,872,444	6.72%
2018	281,681,183	17,959,447	263,721,736	6.38%

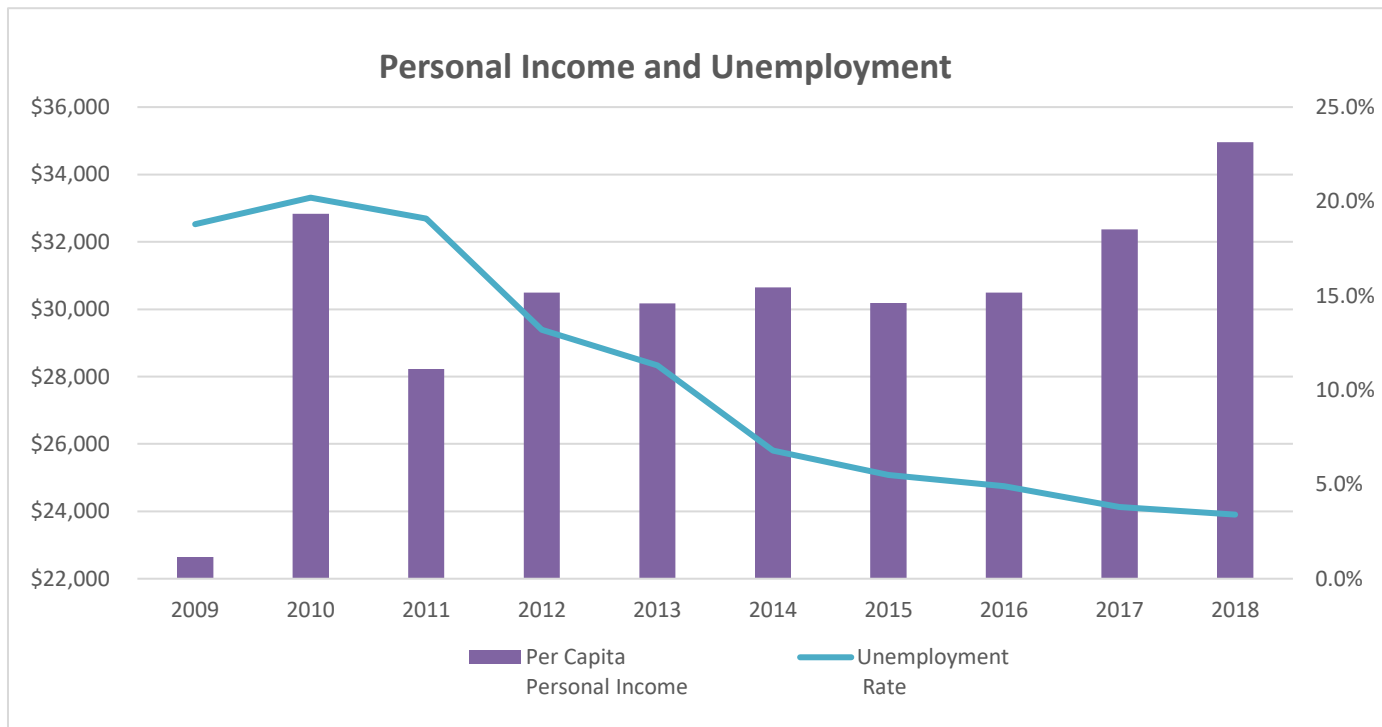
(a) California Government Code Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value at full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

(b) Self-supporting debt such as lease revenue bonds and bonds payable from fees and charges of Enterprise Funds are not subject to limit.

Source : California Municipal Statistics, City of Lincoln Audited Financial Reports

CITY OF LINCOLN
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Median Age	% fo Pop25+ with High Scholl Degree	% fo Pop25+ with Bachelor's Degree
2009	40,502	917,112,000	\$ 22,644	18.8%	31.3	81.8%	11.4%
2010	41,111	1,349,797,000	\$ 32,833	20.2%	42.1	92.1%	29.7%
2011	43,572	1,229,776,000	\$ 28,224	19.1%	40.6	92.4%	30.5%
2012	43,818	1,336,274,000	\$ 30,496	13.2%	40.3	92.8%	30.6%
2013	45,206	1,364,272,000	\$ 30,179	11.3%	40.4	93.4%	32.1%
2014	45,256	1,387,053,000	\$ 30,649	6.8%	41.2	93.7%	32.1%
2015	47,339	1,428,801,000	\$ 30,182	5.5%	42.3	93.5%	32.6%
2016	48,165	1,468,686,000	\$ 30,493	4.9%	42.3	93.0%	33.3%
2017	48,591	1,573,143,000	\$ 32,375	3.8%	42.7	93.0%	34.4%
2018	48,277	1,687,581,000	\$ 34,956	3.4%	43.1	92.4%	33.2%



**CITY OF LINCOLN
Principal Employers
2019**

Company	Business Description	Size (employees)
United Auburn Indian Community	Casino	1,000 to 4,999
Kaiser Foundation Hospitals	Medical	500 to 750
JBR, Inc.	Coffee and Tea Manufacturing	250 to 499
Sierra Pacific Industries	Lumber-Manufacturer	250 to 499
Walmart Inc.	Discount Department Stores	250 to 499
B Z Plumbing Company, Inc.	Plumbing Contractors	100 to 249
Home Depot U.S.A., Inc.	Home Centers	100 to 249
Lincoln Meadows Care Center	Medical	100 to 249
Lowe's Home Centers, LLC	Home Centers	100 to 249
Gladding McBean, LLC	Brick, Clay Common & Face	100 to 249
Horizon Charter School	Charter Schools	100 to 249
Safeway	Supermarkets	100 to 249

Source: EDD, Labor Market Information Division

CITY OF LINCOLN
Sales Tax Producers - Top 25
2019

7 Eleven	Service Stations
Aisle 1	Service Stations
Apex Underground Supply	Building Materials
Arco AM PM	Service Stations
Catta Verdera Country Club	Casual Dining
Chevron	Service Stations
Home Depot	Building Materials
In N Out Burger	Casual Dining
Lowe's	Building Materials
McDonalds	Quick-Service Restaurants
National Building Systems	Building Materials
Patriot It	IT Solutions
Petsmart	Specialty Stores
Raleys	Grocery Stores
Red Robin	Casual Dining
Ross	Family Apparel
Safeway	Grocery Stores
Safeway Fuel	Service Stations
Sun City Lincoln Hills Community Association	Leisure/Entertainment
Target	Discount Dept Stores
TJ Maxx	Family Apparel
Tower Market	Service Stations
Verifone	Electrical Equipment
Walgreens	Dept Stores
Walmart Neighborhood Market	Grocery Stores

Sources: HDL, Coren & Cone

CITY OF LINCOLN
Full Time Equivalent City Government Employees
Last Ten Fiscal Years

	Fiscal Year Ending June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Manager										
Administration	2.5	2.8	2.8	3.8	2.8	2.8	2.0	3.0	2.0	2.0
Human Resources	2.0	2.0	2.0	1.5	1.5	2.5	2.0	2.0	5.0	3.8
Economic Development	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Records Management	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0
City Attorney										
City Attorney	-	-	-	-	-	-	-	-	1.0	1.0
Code Enforcement	-	-	-	-	-	-	-	-	-	2.0
Support Services										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Finance	9.0	8.0	9.0	10.0	10.0	9.0	9.0	9.0	9.0	9.3
Information Technology	2.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Development Services (a)										
Administration	1.0	0.5	4.3	0.3	0.3	1.0	5.0	5.0	5.0	4.0
Planning	5.8	3.4	1.0	4.0	4.5	3.5	3.5	4.0	4.0	3.0
Building	4.5	4.0	4.0	4.0	4.0	4.0	2.0	2.0	2.0	2.0
Development & Engineering	4.0	4.1	1.0	1.0	1.0	3.0	1.0	1.0	1.0	2.0
Financial Analysis	-	1.0	-	-	-	-	-	-	-	-
Public Services										
Administration	9.0	5.0	6.0	7.0	8.5	8.5	1.0	1.0	1.0	7.0
Engineering	-	-	-	-	-	-	-	-	7.0	8.5
Water	9.4	7.5	8.1	8.1	10.0	6.5	10.9	10.9	10.9	8.4
Wastewater	4.0	3.8	3.5	3.5	6.5	6.5	7.8	7.8	7.8	6.5
Solid Waste	14.4	13.6	10.3	12.7	13.9	13.4	13.5	13.5	13.5	15.0
Streets	5.2	4.2	4.2	4.8	6.2	6.2	6.3	6.3	6.3	7.9
Transit	6.5	7.7	7.0	8.0	7.5	7.0	2.0	2.0	2.0	1.0
Airport	3.0	2.3	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks & Facilities	7.0	5.0	6.0	5.0	5.6	6.5	5.0	5.0	5.0	7.0
Fleet Maintenance	6.0	5.0	5.0	5.0	5.5	5.5	5.0	5.0	5.0	5.5
Police										
Administration	5.0	6.0	5.0	2.5	2.5	2.5	2.5	3.5	3.5	4.0
Communications	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Operations	32.0	27.0	21.0	19.5	19.5	19.5	19.5	22.5	22.5	22.5
Fire										
Administration	3.0	3.0	3.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0
Operations	21.0	21.0	19.5	19.0	18.0	18.0	18.0	18.0	18.0	18.0
Library	6.7	5.7	2.0	2.0	3.5	3.9	3.9	5.6	3.4	5.7
Recreation (b)	6.0	5.5	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Redevelopment	3.0	-	-	-	-	-	-	-	-	-
Total Full-Time Equivalents	187.2	163.4	147.0	144.6	155.1	152.8	142.0	149.2	157.0	168.0

(a) A 2011 reorganization changed the Community Development Department to Development Services Department and the Public Works Department to Public Services Department. For comparison purposes, divisions are reported in this table under the department where they are currently located and departments are listed by their current names.

(b) Includes regular employees only, does not include part-time seasonal.

Source: City of Lincoln Original Budget Documents

**CITY OF LINCOLN
Operating Indicators
Last Ten Fiscal Years**

	Fiscal Year Ending June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business Licenses										
Annual business license	498**	1,916	---	1,120	1,182	1,938	1,988	1,979	2,330	2,442
Environment and Utilities										
Gallons of wastewater treated per year (in millions)	1,117	1,239	1,135	1,144	1,095	1,062	1,178	1,935	1,709	1,880
Gallons of wastewater discharged per year (in millions)	1,024	1,144	999	843	1,063	813	969	1,748	1,572	1,765
Fire										
Fires per year	115	114	134	137	121	142	149	152	158	145
Emergency medical calls per year	2,059	2,047	2,212	2,465	2,667	2,637	2,637	3,153	3,280	3,306
Hazardous materials incidents per year	55	45	35	45	49	40	41	58	52	49
Non-emergency service calls per year	836	1,027	857	933	969	749	1,250	1,442	1,261	1,176
Police										
911 calls per year	9,253	9,597	10,187	10,998	8,710	8,852	10,577	11,082	13,095	13,442
Cases investigated per year	2,291	2,134	1,890	1,898	1,142	1,866	1,872	2,288	2,226	2,310
Arrests per year	735	602	458	429	314	479	403	517	786	812
Building Permits										
New Single Family Dwellings	116	56	138	314	280	233	188	252	70	115
Commercial (New and Tenant Improvements)	n/a	n/a	n/a	n/a	125	135	146	132	26	119
All Other	n/a	n/a	n/a	n/a	1,505	2,313	2,820	2,314	1,100	1,847

n/a = information not available

** new licenses applied for

Source : City of Lincoln