City of Lincoln

# Comprehensive Annual Financial Report

## Fiscal Year Ended June 30, 2018

**PREPARED BY FINANCE DIVISION**

**CITY OF LINCOLN**
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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# INTRODUCTORY SECTION

City of Lincoln
Live. Life. Lincoln

March 27, 2019

Honorable Mayor and Members of the City Council:

The purpose of this letter is to present the Comprehensive Annual Financial Report (CAFR) of the City of Lincoln (City) for the fiscal year ended June 30, 2018, 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).

The City initiated a comprehensive business process improvement initiative in December 2018. This initiative is primarily focused on all finance-related activities, and includes the evaluation of all policies and procedures to identify areas where improvement is needed. Improvements are required to address ongoing findings included in several of the past annual financial audits. As noted in this year's audit, three of the previous year's audit findings have been addressed and removed; however, four additional findings were noted for 2017/2018 annual financial audit. This is due to the fact that the comprehensive business process improvement initiative did not begin until well after the end of the fiscal year. Once complete, the improvement initiative will help to ensure the City's financials are accurate and timely and that internal controls are sufficient to better safeguard the City's assets and foster trust within community.

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.

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 Councils' policy direction and overall management of the City. The City provides a full range of 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 the beginning of the fiscal year, which begins July first. 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.

## Local Economy

The City of Lincoln's economic health continues to improve after several years of weathering the national recession. Assessed property values have been steadily rising since 2014 and have been stable at 5% growth over the past two years. Personal per capita income is on the rise, and the unemployment rate has reportedly fallen from a high of 20.2% in 2010, to a reported 3.8% in 2017. In addition, business license activity at the City continues to increase.

## Long-term Financial Planning

In 2011, the City Council adopted a reserve policy, which provides for a minimum of $2 million or 15 percent of General Fund expenditures (whichever is greater) to be set aside in a Catastrophic Reserve to meet operational needs during times of a declared emergency or major catastrophe, and an additional Economic Reserve funded at a minimum or 15 percent of General Fund expenditures to maintain the City's economic vitality and to meet seasonal cash flow shortfalls. The City has maintained this goal for the fiscal year ending June 30, 2018 and closed with the following General fund balances totaling $14,270,772; which includes $1,566,065 unassigned, $11,695,956 committed, $678,711 assigned, and $330,040 nonspendable.

An increased focus on long term financial planning is underway as the City is in the beginning stages of developing long term strategies to address outstanding financial concerns with interfund loans, fund deficits, bond debt and rate structures in a way that promotes the fiscal health of each fund, as well as sustainability of operations and services within each of the City's departments.

## 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 Councils strategic priorities have been identified as economic development, infrastructure, organizational efficiency, and team cohesion.

### Areas of Continued Concern

It is important to note that there are several areas of concern that should be of priority to City Council and staff. These areas are summarized below:

- **General Fund Revenues:** General Fund revenues are still not sufficient 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 exchanges rates between the City and the County. The City should continue to explore the renegotiation of several property tax sharing agreements that were previously entered into with Placer County, and should also continue to increase sales tax revenues through economic development efforts and the implementation of the "Love Lincoln, Shop Local" initiative. Additionally, it is recommended that all new development be required to annex into the Public Services Community Facilities District (CFD 2018-2) to provide for supplemental funding for public safety.
- **Airport:** Consistent with prior years, the Airport still has a long-standing negative fund balance. This deficit associated with the airport has traditionally been addressed at the fiscal year end as a Due to/From transaction, which is a transaction between funds to account for short-term receivables and payables. Accounting for an interfund loan in this manner is not consistent with sound accounting practices. For that reason I will be recommending the consideration of a formal interfund loan agreement to be considered by the City Council to address this issue in the next fiscal year. Additionally, it will be imperative that the City continue the current initiative to increase airport revenue.
- **Lighting and Landscaping District:** Although the Lighting and Landscaping District currently has a positive fund balance, several of the individual zones within the district have annual expenses that exceed revenues. These deficits are required to be paid by the General Fund and as such, it is recommended that the deficits be addressed through increased assessments (which requires voter approval) or by decreasing expenses (decrease in services).
- **Pension Sustainability:** It will be imperative that the City continue to focus on pension sustainability and benefit related cost control steps to ensure the long-term financial health of the City. All recent information issued by California Public Employees Retirement System (CalPERS), indicates that future funding pension requirements will continue to increase.
- **Comprehensive Business Process Improvement Initiative:** The comprehensive business process initiative will remain a priority until complete.

**Acknowledgements**

Preparation of this report was made possible by the efforts of the dedicated and talented staff in the Finance Division of the City's Support Services 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,

Jennifer Hanson
Interim City Manager

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Lincoln**

**California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2017**

Christopher P. Morrill

Executive Director/CEO

**CITY OF LINCOLN**

**CITY OFFICIALS**

**JUNE 30, 2018**

## ELECTED OFFICIALS

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

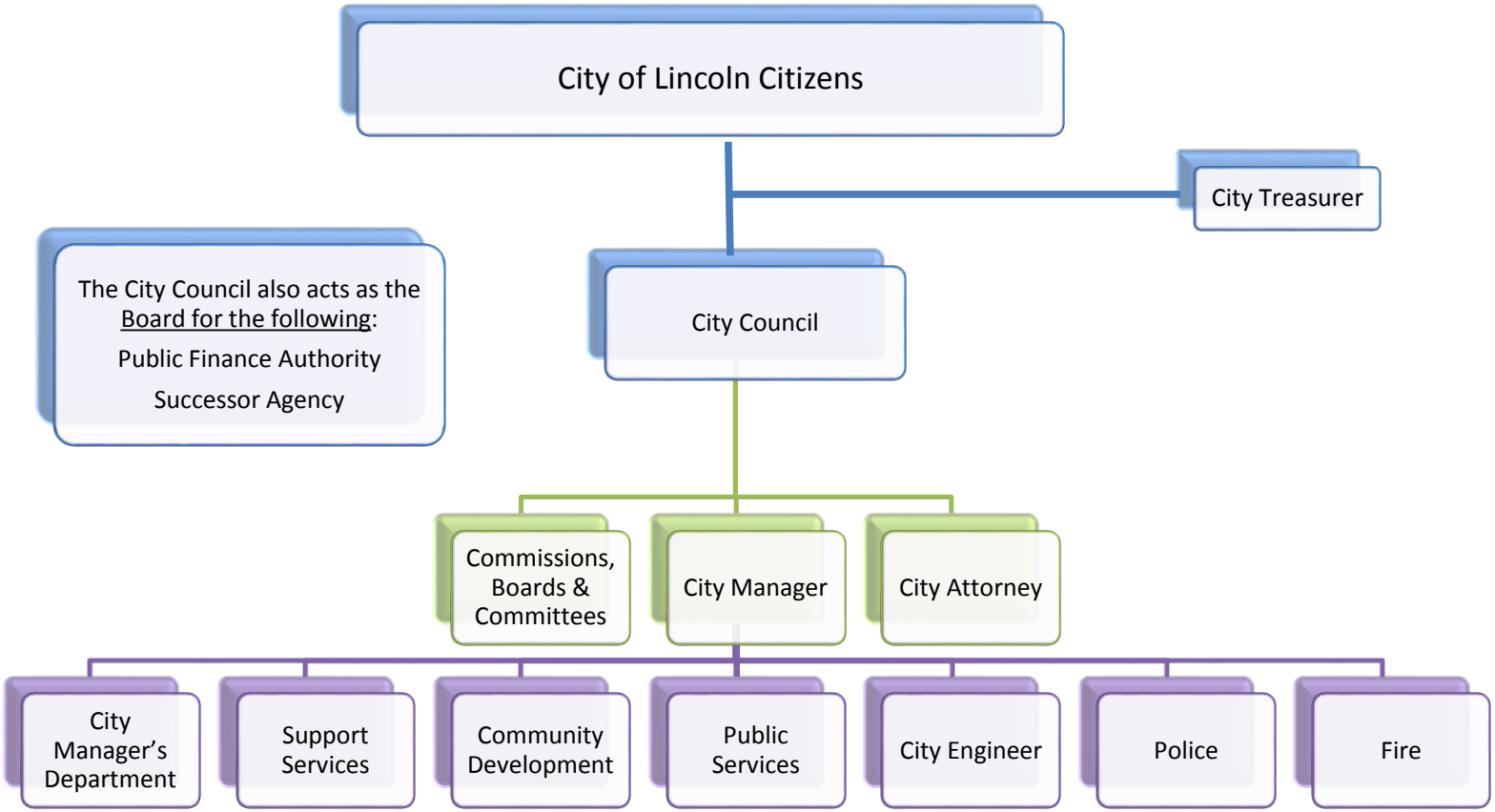
## APPOINTED OFFICIALS

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

## DEPARTMENT HEADS

| | |
|---|---|
| Director of Support Services | Vacant |
| Director of Community Development | Matthew Wheeler |
| Director of Public Services | Jennifer Hanson |
| Chief of Police | Doug Lee |
| Fire Chief | Bill Hack |
| Library Manager | Kathryn Hunt |
| City Engineer | Ray Leftwich |

This listing has been created for the purpose of this CAFR and as a reference of the structure at the time of production.


City of Lincoln Citizens
City Treasurer
The City Council also acts as the Board for the following:
Public Finance Authority
Successor Agency
City Council
Commissions, Boards & Committees
City Manager
City Attorney
City Manager's Department
Support Services
Community Development
Public Services
City Engineer
Police
Fire

# FINANCIAL SECTION

MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

# 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2018, 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.

**Emphasis of Matter**

*Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 March 27, 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.

Maze & Associates CPAs

Sacramento, California
March 27, 2019

**CITY OF LINCOLN**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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 $14,972,844 and total liabilities of $702,072, and a total fund balance of $14,270,772. Of the total fund balance, the unassigned fund balance of the General Fund totaled $1,566,065 or 9% of total General Fund expenditures at year-end.

- The assets of the City of Lincoln exceeded its liabilities at June 30, 2018 by $833,109,560 (net position). Of this amount, $698,569,195 is invested in capital assets, net of related debt; $94,905,356 is restricted for debt service, capital projects, insurance, grants, taxes, and fees; and $39,635,009 is unrestricted.

- The City's total net position decreased by $4,317,672, of which $8,878,732 of the decrease was attributable to governmental activities offset by a $4,561,060 increase generated by business-type activities. This change in net position includes a prior period restatement of $7,222,029 decrease to net position.

- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of $104,880,366, an increase of $62,361 from the prior year's restated balance of $104,818,005. Nonspendable, restricted, committed and assigned fund balances totaled $104,510,550, whereas unassigned fund balance totaled $369,816.

## 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 operations, 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 14 - 15 of this report.

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City 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, Low/Moderate Income Housing fund, and the Federal Grants 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 16 - 21 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 operations, 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 operations, solid waste, airport, and transit, which are considered to be major funds.

The basic proprietary fund financial statements can by found on pages 22 - 27 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 28 - 29 of this report.

***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 30 - 70 of this report.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's 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, Special Assessment Districts fund, and Federal Grants fund can be found on pages 75 - 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 86 - 120.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis of the government-wide data follows.

**Statement of Net Position**
**As of June 30, 2018 and 2017**
**(in thousands)**

| | Governmental Activities | | | Business-Type Activities | | | Total Government | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | Net Change | 2018 | 2017 | Net Change | 2018 | 2017 | Net Change |
| ASSETS | | | | | | | | | |
| Current and other assets | $ 121,921 | $ 119,266 | $ 2,655 | $ 58,688 | $ 52,832 | $ 5,856 | $ 180,609 | $ 172,098 | $ 8,511 |
| Capital assets | 368,321 | 373,742 | (5,421) | 348,208 | 345,150 | 3,058 | 716,529 | 718,892 | (2,363) |
| Total Assets | 490,242 | 493,008 | (2,766) | 406,896 | 397,982 | 8,914 | 897,138 | 890,990 | 6,148 |
| DEFERRED OUTFLOWS OF RESOURCES | 7,958 | 5,870 | 2,088 | 1,955 | 1,399 | 556 | 9,913 | 7,269 | 2,644 |
| LIABILITIES | | | | | | | | | |
| Long-term liabilities | 45,215 | 37,373 | 7,842 | 8,721 | 5,554 | 3,167 | 53,936 | 42,927 | 11,009 |
| Other liabilities | 10,752 | 8,801 | 1,951 | 8,500 | 6,476 | 2,024 | 19,252 | 15,277 | 3,975 |
| Total Liabilities | 55,967 | 46,174 | 9,793 | 17,221 | 12,030 | 5,191 | 73,188 | 58,204 | 14,984 |
| DEFERRED INFLOWS OF RESOURCES | 584 | 2,178 | (1,594) | 168 | 450 | (282) | 752 | 2,628 | (1,876) |
| NET POSITION | | | | | | | | | |
| Net investment in capital assets | 350,361 | 354,718 | (4,357) | 348,207 | 345,149 | 3,058 | 698,569 | 699,868 | (1,299) |
| Restricted | 86,266 | 76,399 | 9,867 | 8,639 | 12,990 | (4,351) | 94,905 | 89,389 | 5,516 |
| Unrestricted | 5,020 | 19,409 | (14,389) | 34,615 | 28,760 | 5,855 | 39,635 | 48,169 | (8,534) |
| Total Net Position | $ 441,647 | $ 450,526 | $ (8,879) | $ 391,461 | $ 386,899 | $ 4,562 | $ 833,109 | $ 837,426 | $ (4,317) |

By far, the largest portion of the City's net position is unspendable ($698,569,195 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 $94,905,356 which are resources subject to external restrictions, and unrestricted net position totaling $39,635,009. Governmental activities decreased the City's net position by $8,878,732 and business-type activities increased the City's net position by $4,561,060.

**Changes in Net Position**
**As of June 30, 2018 and 2017**
**(in thousands)**

| | Governmental Activities | | | Business-Type Activities | | | Total Government | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | Net Change | 2018 | 2017 | Net Change | 2018 | 2017 | Net Change |
| REVENUES: | | | | | | | | | |
| Program Revenues | | | | | | | | | |
| Charges for services | $ 12,006 | $ 14,710 | $ (2,704) | $ 37,551 | $ 41,879 | $ (4,328) | $ 49,557 | $ 56,589 | $ (7,032) |
| Operating grants and contributions | 5,588 | 3,977 | 1,611 | 4,901 | 478 | 4,423 | 10,489 | 4,455 | 6,034 |
| Capital grants and contributions | 3,806 | 2,686 | 1,120 | 1,402 | 2,174 | (772) | 5,208 | 4,860 | 348 |
| General Revenues | | | | | | | | | |
| Property taxes | 10,067 | 9,706 | 361 | - | - | - | 10,067 | 9,706 | 361 |
| Sales taxes | 3,661 | 3,686 | (25) | 997 | 417 | 580 | 4,658 | 4,103 | 555 |
| Franchise taxes | 803 | 807 | (4) | - | - | - | 803 | 807 | (4) |
| Other taxes | 303 | 284 | 19 | - | - | - | 303 | 284 | 19 |
| Investment earnings | 338 | 584 | (246) | (19) | 75 | (94) | 319 | 659 | (340) |
| Other revenues | 603 | 622 | (19) | 200 | 985 | (785) | 803 | 1,607 | (804) |
| Gain on sale of asset | - | - | - | 1 | (41) | 42 | 1 | (41) | 42 |
| Total Revenues | 37,175 | 37,062 | 113 | 45,033 | 45,967 | (934) | 82,208 | 83,029 | (821) |
| EXPENSES: | | | | | | | | | |
| General government | 3,697 | 3,135 | 562 | - | - | - | 3,697 | 3,135 | 562 |
| Public safety | 11,444 | 9,222 | 2,222 | - | - | - | 11,444 | 9,222 | 2,222 |
| Public works and facilities | 24,231 | 21,066 | 3,165 | - | - | - | 24,231 | 21,066 | 3,165 |
| Culture & recreation | 940 | 736 | 204 | - | - | - | 940 | 736 | 204 |
| Urban redevelopment and housing | 1,006 | 1,139 | (133) | - | - | - | 1,006 | 1,139 | (133) |
| Education | 646 | 522 | 124 | - | - | - | 646 | 522 | 124 |
| Interest | 576 | 1,143 | (567) | - | - | - | 576 | 1,143 | (567) |
| Water | - | - | - | 14,599 | 16,370 | (1,771) | 14,599 | 16,370 | (1,771) |
| Wastewater | - | - | - | 14,613 | 13,176 | 1,437 | 14,613 | 13,176 | 1,437 |
| Solid waste | - | - | - | 4,984 | 4,449 | 535 | 4,984 | 4,449 | 535 |
| Airport | - | - | - | 1,547 | 1,415 | 132 | 1,547 | 1,415 | 132 |
| Transit | - | - | - | 1,019 | 1,209 | (190) | 1,019 | 1,209 | (190) |
| Total Expenses | 42,540 | 36,963 | 5,577 | 36,762 | 36,619 | 143 | 79,302 | 73,582 | 5,720 |
| Change in net position before transfers | (5,365) | 99 | (5,464) | 8,271 | 9,348 | (1,077) | 2,906 | 9,447 | (6,541) |
| Transfers | 2,869 | 1,375 | 1,494 | (2,869) | (1,375) | (1,494) | - | - | - |
| Change in net position | (2,496) | 1,474 | (3,970) | 5,402 | 7,973 | (2,571) | 2,906 | 9,447 | (6,541) |
| Net Position Beginning, as restated | 444,145 | 449,052 | (4,907) | 386,060 | 378,928 | 7,132 | 830,205 | 827,980 | 2,225 |
| Net Position Ending | $ 441,649 | $ 450,526 | $ (8,877) | $ 391,462 | $ 386,901 | $ 4,561 | $ 833,111 | $ 837,427 | $ (4,316) |

## Governmental Activities

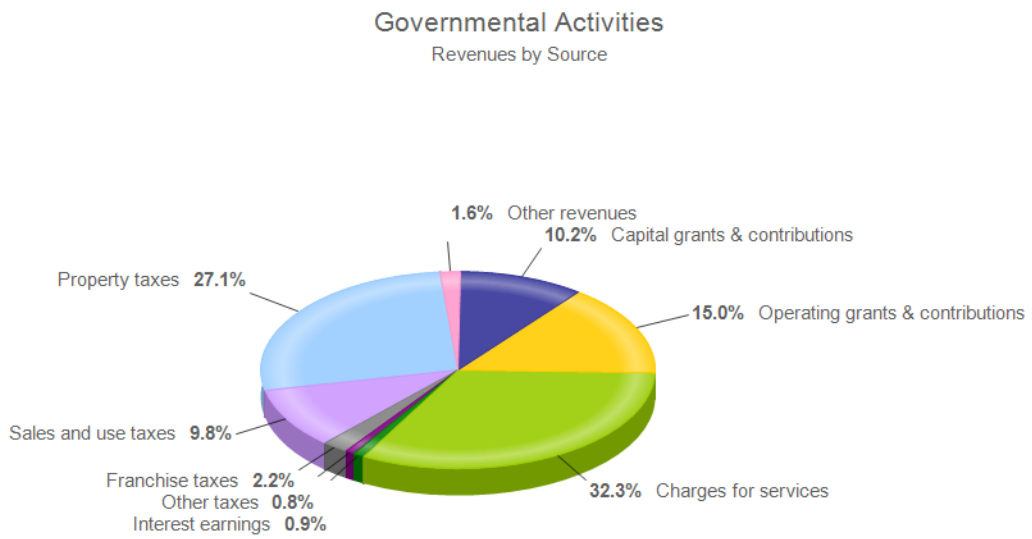
Governmental activities decreased the City's net position by $2,497,795 or 1% as of June 30, 2018.

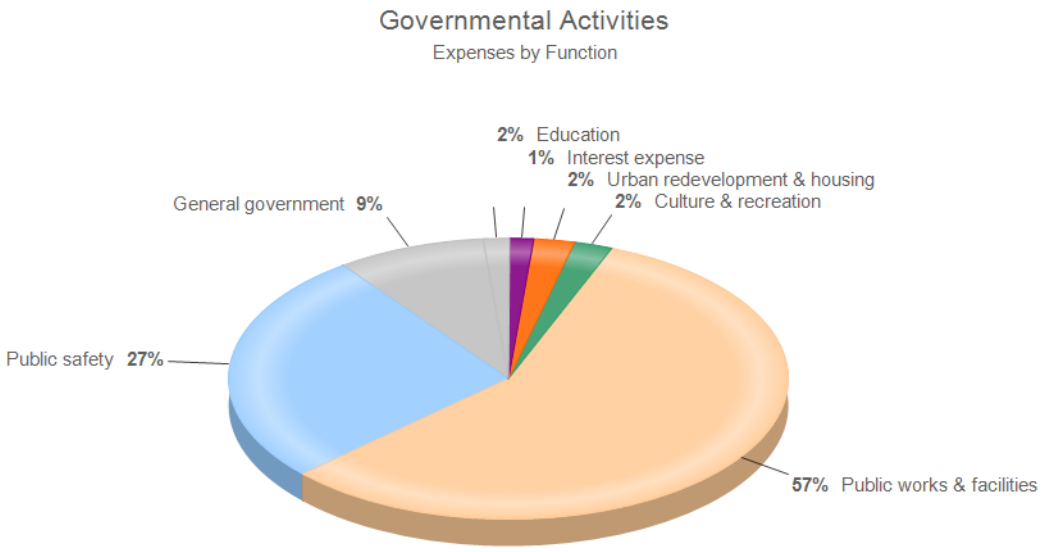
Key elements for the changes in revenues and expenses for governmental activities are as follows:

- Charges for services decreased $2.7 million largely due to a decrease in the collection of water connection fees.
- Operating grants and contributions increased $1.6 million primarily due to increased transportation project funding. Capital grants and contributions increased $1.1 million primarily due to an increase in library and transportation grants.

- Public safety expenses increased by $2,221 (thousands) primarily resulting from increased salaries and benefits costs, professional services, and the purchase of 1 new fire engine.
- Public works and facilities expenses increased by $3,161 (thousands) due primarily to increased capital project expenses, utility costs, and salary increases.

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



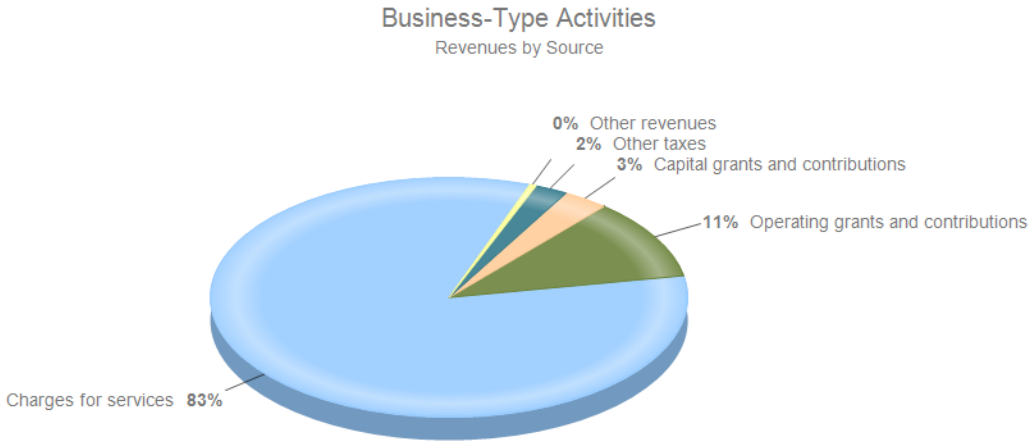
## Business-Type Activities

Business-type activities increased the City's net position by $5,402,152 or 1% as of June 30, 2018.

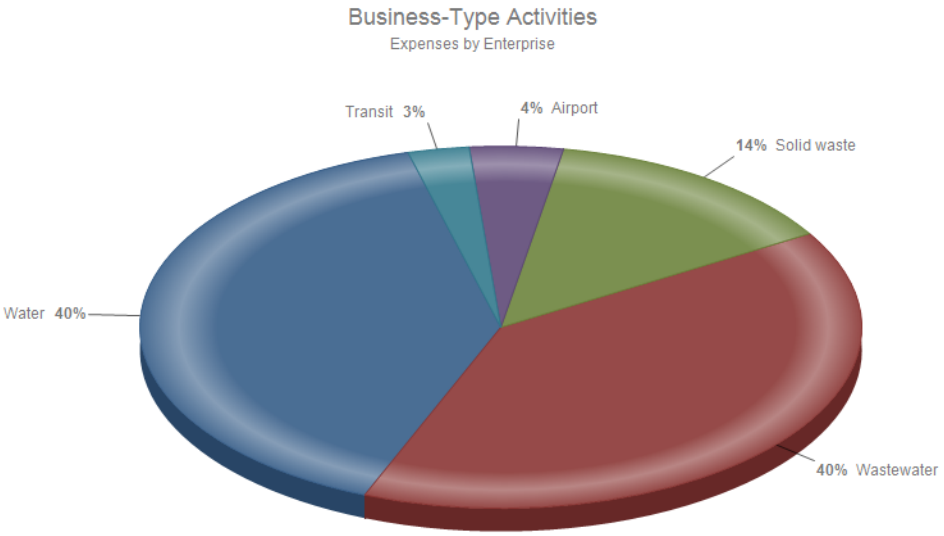
Key elements accounting for the changes in revenues and expenses for business-type activities are as follows:

- Charges for services decreased by 10% when comparing to prior year's balance which contained a one-time contract payment and connection fee.
- Operating grants and contributions increased as a result of grants received for water and airport projects.
- Water expenses decreased primarily due to decreased water consumption.
- Wastewater expenses increased with the completion of the regional sewer project as increased flows were collected and processed at the plant.

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




* Zero Data, Interest earnings



## 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 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 $104,880,366, an increase of $62,361, or less than 1% over the prior year restated balance. The increased 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 decreased 6.1%.

Nonspendable fund balances totaled $754,600, restricted fund balances totaled $86,304,574, committed fund balances totaled $11,695,956, assigned fund balances totaled $5,755,420, and unassigned fund balances totaled $369,816. The General Fund has a positive unassigned fund balance of $1,566,065. The Federal Grants fund has a negative unassigned fund balance of $1,196,249 up from a negative $302,006. 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 following discussion touches on each of the six major governmental funds.

General Fund

The General Fund is the chief operating fund of the City of Lincoln. Fiscal year 2017-18 increased the City's General Fund balance by $993,977 to an ending fund balance of $14,270,772. The unassigned fund balance of the General Fund was $1,566,065. The committed fund balance at year-end was $11,695,956 which contains reserves of $4,420,968 operating reserve, $2,512,000 for OPEB, $2,000,000 for catastrophic, $2,199,243 for economic, $500,000 for capital replacement, and $63,745 for youth programs. The nonspendable fund balance at year-end of $330,040 is invested in the City's insurance programs with a JPA - Northern California Cities Self-Insurance Fund. The City's unassigned fund balance decreased by $7.1 million due to the Council's increased commitment of fund balance to reserves and programs.

General Fund revenues exceeded expenditures by $1,222,104 while other financing sources resulted in a deduction of $228,127 thus resulting in a year-end gain of $993,977. This gain is due to stable increase in all revenue sources with the exception of charges for services which decreased by 10%.

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 9% of total General Fund expenditures, down from 56% in the prior year due to reserve commitments made by the City Council for future emergencies and programs.

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, 2018 and 2017**

| | 2018 | | 2017 | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total | Amount | Percent |
| Taxes and assessments | $ 14,833,167 | 83 % | $ 14,482,889 | 81 % | $ 350,278 | 2 % |
| Licenses and permits | 543,480 | 3 % | 641,538 | 4 % | (98,058) | (15)% |
| Intergovernmental | 290,662 | 2 % | 271,780 | 2 % | 18,882 | 7 % |
| Fines and forfeitures | 64,909 | - % | 68,350 | - % | (3,441) | (5)% |
| Use of money and property | 1,647 | - % | 71,752 | - % | (70,105) | (98)% |
| Charges for services | 1,803,418 | 10 % | 1,998,009 | 11 % | (194,591) | (10)% |
| Other revenues | 350,304 | 2 % | 313,130 | 2 % | 37,174 | 12 % |
| | $ 17,887,587 | 100 % | $ 17,847,448 | 100 % | $ 40,139 | - % |

Total General Fund revenues increased by $40,139 or less than 1% from the prior fiscal year and are driven by a combination of factors:

- Taxes and assessments modestly increased by $350,278 or 2%, which is within the normal range of 2-4%.
- Licenses and permits decreased by $98,058 or 15% resulting largely from decreased building related permitting activities.
- Use of money and property decreased by $70,105 or 98% due to unrealized losses on investments.
- Charges for services decreased by $194,591 due primarily to decreased development activities.

**Expenditures by Function**
**General Fund**
**For the Years Ended June 30, 2018 and 2017**

| | 2018 | | 2017 | | Increase (Decrease) | |
|---|---|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total | Amount | Percent |
| General government | $ 3,135,670 | 19 % | $ 3,245,107 | 21 % | $ (109,437) | (3)% |
| Public safety | 10,511,897 | 63 % | 9,622,595 | 62 % | 889,302 | 9 % |
| Public works & facilities | 583,521 | 4 % | 399,297 | 3 % | 184,224 | 46 % |
| Culture & recreation | 885,799 | 5 % | 762,026 | 5 % | 123,773 | 16 % |
| Urban development & housing | 840,001 | 5 % | 803,043 | 5 % | 36,958 | 5 % |
| Education | 537,738 | 3 % | 479,453 | 3 % | 58,285 | 12 % |
| Capital outlay | 81,160 | - % | - | - % | 81,160 | 100 % |
| Debt principal | 88,510 | 1 % | 146,939 | 1 % | (58,429) | (40)% |
| Debt interest | 1,187 | - % | 6,829 | - % | (5,642) | (83)% |
| | $ 16,665,483 | 100 % | $ 15,465,289 | 100 % | $ 1,200,194 | 8 % |

The above General Fund expenditures remain categorically consistent and increased by $1,200,194 or 8% 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 had experienced a renewed development interest during the past 2 years. During the current year however, development and corresponding charges for services decreased by 38% indicating that development activity has again stalled. This reduced development activity was related to the decreased amount of finished lots that were available to build on.

The PFE fund has a total fund balance of $394,973 at the end of the fiscal year. This is significant improvement from the negative fund balance of $3,961,610 as of June 30, 2017. This improvement over the prior year is primarily the result of the County's purchase of future sewer capacity.

Water Connections Fund

These funds are 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 $40,480,957, or an increase of (1)% from prior fiscal year.

Special Assessment Districts Fund

Special Assessment District funds are used to account for special assessments collected from property owners to be expended for improvements and maintenance to public property within the District. Total Special Assessment District fund balance at year-end was $6,761,209, or a 8% decrease 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 $1,574,513.

Federal Grants Fund

The Federal Grants fund is used to account for federal grant revenues and expenditures. Ending fund balance is a negative $1,196,249 primarily resulting from untimely grant reimbursements which were received in the next year.

## 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, 2018 projected revenue of $17,273,735 and expenditures of $17,284,021, and a decrease in fund balance of $(10,286). The General Fund's actual performance for the year however, ended with revenues totaling $17,887,587 or $613,852 more than than projected and expenditures totaling $16,665,483, or $618,538 less than budgeted, resulting in an annual operating surplus of $1,222,104.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

The City's capital assets includes construction in process, land, buildings and facilities, machinery and equipment, park facilities, and roads. As of June 30, 2018, the City's total investment in capital assets for its governmental and business-type activities totaled $716,528,642 (net of accumulated depreciation) which decreased over the prior fiscal year by $2,363,891 or 0.3%, which is the result of annual depreciation exceeding current year asset investments.

**CAPITAL ASSETS (NET OF DEPRECIATION)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land and easements | $ 14,604,231 | $ 12,805,317 | $ 1,591,640 | $ 1,591,640 | $ 16,195,871 | $ 14,396,957 |
| Construction in progress | 13,583,933 | 22,562,025 | 5,844,480 | 3,404,336 | 19,428,413 | 25,966,361 |
| Buildings & improvements | 79,291,323 | 78,751,460 | 13,160,916 | 13,130,935 | 92,452,239 | 91,882,395 |
| Furniture & equipment | 2,908,335 | 1,919,086 | 5,459,852 | 4,040,322 | 8,368,187 | 5,959,408 |
| Infrastructure | 257,932,681 | 257,704,506 | 322,151,251 | 322,982,906 | 580,083,932 | 580,687,412 |
| Total | $368,320,503 | $373,742,394 | $348,208,139 | $345,150,139 | $716,528,642 | $718,892,533 |

Governmental activities decreased by 5,421,891% or 1% and business-type activities increased by 3,058,000 or 1%. Additional information on the City's capital assets can be found in Note 5 of this report.

***Long-term Debt***

As of June 30, 2018, the City of Lincoln had total debt outstanding of $20,651,192. This amount is comprised of $17,959,447 in bond debt, and $2,691,745 in compensated absences.

**CITY'S OUTSTANDING DEBT**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Bonds, net | $ 17,959,447 | $ 18,935,573 | $ - | $ - | $ 17,959,447 | $ 18,935,573 |
| Capital leases | - | 88,510 | - | - | - | 88,510 |
| Compensated absences | 2,316,471 | 2,344,831 | 375,274 | 353,257 | 2,691,745 | 2,698,088 |
| Total | $ 20,275,918 | $ 21,368,914 | $ 375,274 | $ 353,257 | $ 20,651,192 | $ 21,722,171 |

The City's total debt decreased by $1,070,979 or 5% during the fiscal year due to the continuance of scheduled debt service payments. 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***

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Net pension liability | $ 16,124,680 | $ 13,958,597 | $ 5,347,399 | $ 4,789,623 | $ 21,472,079 | $ 18,748,220 |
| Net OPEB liability | 11,633,832 | 5,016,115 | 2,553,771 | 698,934 | 14,187,603 | 5,715,049 |
| Total | $ 27,758,512 | $ 18,974,712 | $ 7,901,170 | $ 5,488,557 | $ 35,659,682 | $ 24,463,269 |

The City's net pension liability and net OPEB liability increased by $11,196,413 or 46% primarily due to the implementation of GASB 75 in the current year. Implementation of GASB 75 closely mirrors recent changes to pension accounting made under GASB 67/68 and has significantly changed the measurement and reporting standards previously in place under GASB 45. Additional information on the City's net pension liability and net OPEB obligation can be found in notes12 and 13, respectively.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Lincoln's economic health continues to improve after several years of weathering the nationwide recession. Assessed property values have been steadily rising since 2014 and have been stable at 5% growth over the past two years. Personal per capital income is on the rise, and the unemployment rate has fallen from a high of 20.2% in 2010 to a reported 3.8% in 2017. In addition, business license activity increased 18% over the prior year.

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 anticipates undergoing water, wastewater, and sanitation rate studies during the 2018/2019 fiscal year to help 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, 2018

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments (Note 2) | $ 82,473,181 | $ 59,454,696 | $ 141,927,877 |
| Accounts receivable, net | 2,901,612 | 5,414,730 | 8,316,342 |
| Interest receivable | 68,523 | 43,904 | 112,427 |
| Taxes receivable | 523,418 | 1,784 | 525,202 |
| Prepaid items | 515,365 | 107,230 | 622,595 |
| Inventory | - | 42,680 | 42,680 |
| Internal balances | 6,416,463 | (6,416,463) | - |
| Advances to Successor Agency (Note 18) | 4,382,255 | - | 4,382,255 |
| Restricted cash and cash equivalents (Note 2) | 18,288,379 | 39,698 | 18,328,077 |
| Loans receivable, net of allowance (Note 3) | 6,351,764 | - | 6,351,764 |
| Capital assets (Note 5) | | | |
| Land and construction in progress | 28,188,164 | 7,436,120 | 35,624,284 |
| Other capital assets, net of depreciation | 340,132,339 | 340,772,019 | 680,904,358 |
| Total capital assets | 368,320,503 | 348,208,139 | 716,528,642 |
| **Total Assets** | 490,241,463 | 406,896,398 | 897,137,861 |
| **Deferred Outflows of Resources** | | | |
| Changes in the net pension liability (Note 12) | 6,759,610 | 1,691,972 | 8,451,582 |
| Changes in net OPEB liability (Note 13) | 1,198,413 | 263,066 | 1,461,479 |
| **Total Deferred Outflows of Resources** | 7,958,023 | 1,955,038 | 9,913,061 |
| **LIABILITIES** | | | |
| Accounts payable | 5,312,849 | 7,484,535 | 12,797,384 |
| Accrued payroll and benefits | 462,600 | 60,452 | 523,052 |
| Accrued liabilities | 1,715 | - | 1,715 |
| Accrued interest payable | 142,892 | - | 142,892 |
| Retention payable | 285,176 | - | 285,176 |
| Deposits payable | 1,374,886 | 455,520 | 1,830,406 |
| Unearned revenue (Note 6) | 353,009 | 199,371 | 552,380 |
| Net pension liability (Note 12) | | | |
| Due in more than one year | 16,124,680 | 5,347,399 | 21,472,079 |
| Other postemployment benefits (Note 13) | | | |
| Due in more than one year | 11,633,832 | 2,553,771 | 14,187,603 |
| Accrued compensated absences (Note 7): | | | |
| Due within one year | 1,853,177 | 300,219 | 2,153,396 |
| Due in more than one year | 463,294 | 75,055 | 538,349 |
| Post-closure liability (Note 9) | - | 744,514 | 744,514 |
| Long-term liabilities (Note 7): | | | |
| Due within one year | 966,128 | - | 966,128 |
| Due in more than one year | 16,993,319 | - | 16,993,319 |
| **Total Liabilities** | 55,967,557 | 17,220,836 | 73,188,393 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Changes in the net pension liability (Note 12) | 551,031 | 161,133 | 712,164 |
| Changes in net OPEB liability (Note 13) | 33,461 | 7,344 | 40,805 |
| **Total Deferred Inflows of Resources** | 584,492 | 168,477 | 752,969 |
| **NET POSITION** | | | |
| Net investment in capital assets | 350,361,056 | 348,208,139 | 698,569,195 |
| Restricted for: | | | |
| Debt service | 3,267,126 | - | 3,267,126 |
| Capital projects | 20,775,332 | - | 20,775,332 |
| Grants | 919,966 | - | 919,966 |
| Loan programs and housing | 3,206,623 | - | 3,206,623 |
| Assessments and fees | 57,585,251 | - | 57,585,251 |
| Public facility element | - | 8,639,096 | 8,639,096 |
| Endowments | | | |
| Nonexpendable | 356,659 | - | 356,659 |
| Expendable | 155,303 | - | 155,303 |
| Unrestricted | 5,020,121 | 34,614,888 | 39,635,009 |
| **Total Net Position** | $ 441,647,437 | $ 391,462,123 | $ 833,109,560 |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | |
|---|---|---|---|---|---|---|---|
| | | | | | Primary Government | | |
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** | **Governmental Activities** | **Business-Type Activities** | **Total Primary Government** |
| **PRIMARY GOVERNMENT** | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | $ 3,697,194 | $ 1,072,515 | $ 362,326 | $ - | $ (2,262,353) | $ - | $ (2,262,353) |
| Public safety | 11,443,750 | 511,568 | 139,416 | - | (10,792,766) | - | (10,792,766) |
| Public works and facilities | 24,230,516 | 8,943,756 | 5,060,983 | 2,007,499 | (8,218,278) | - | (8,218,278) |
| Culture and recreation | 939,858 | 1,459,252 | - | - | 519,394 | - | 519,394 |
| Urban redevelopment and housing | 1,006,407 | - | - | 1,798,914 | 792,507 | - | 792,507 |
| Education | 646,213 | 18,506 | 25,000 | - | (602,707) | - | (602,707) |
| Interest and fiscal charges | 576,397 | - | - | - | (576,397) | - | (576,397) |
| Total governmental activities | 42,540,335 | 12,005,597 | 5,587,725 | 3,806,413 | (21,140,600) | - | (21,140,600) |
| Business-type activities: | | | | | | | |
| Water | 14,598,974 | 17,982,749 | 7,466 | 474,155 | - | 3,865,396 | 3,865,396 |
| Wastewater operations | 14,613,442 | 10,905,805 | 4,400,610 | 498,314 | - | 1,191,287 | 1,191,287 |
| Solid waste | 4,983,983 | 7,234,003 | 15,241 | 113,328 | - | 2,378,589 | 2,378,589 |
| Airport | 1,546,662 | 1,426,040 | 74,242 | 315,893 | - | 269,513 | 269,513 |
| Transit | 1,019,402 | 2,842 | 403,526 | - | - | (613,034) | (613,034) |
| Total business-type activities | 36,762,463 | 37,551,439 | 4,901,085 | 1,401,690 | - | 7,091,751 | 7,091,751 |
| Total primary government | $ 79,302,798 | $ 49,557,036 | $ 10,488,810 | $ 5,208,103 | $ (21,140,600) | $ 7,091,751 | $ (14,048,849) |
| | General revenues: | | | | | | |
| | Property taxes | | | | $ 10,066,655 | $ - | $ 10,066,655 |
| | Sales and use taxes | | | | 3,660,917 | 997,032 | 4,657,949 |
| | Franchise taxes | | | | 802,573 | - | 802,573 |
| | Other taxes | | | | 303,022 | - | 303,022 |
| | Interest and investment earnings (losses) | | | | 338,114 | (19,206) | 318,908 |
| | Gain on disposal of capital assets | | | | - | 1,100 | 1,100 |
| | Other revenue | | | | 602,739 | 200,260 | 802,999 |
| | Transfers | | | | 2,868,785 | (2,868,785) | - |
| | Total general revenues | | | | 18,642,805 | (1,689,599) | 16,953,206 |
| | Change in net position | | | | (2,497,795) | 5,402,152 | 2,904,357 |
| | Net position - July 1, 2017 | | | | 450,526,169 | 386,901,063 | 837,427,232 |
| | Prior period restatement (Note 19) | | | | (6,380,937) | (841,092) | (7,222,029) |
| | Net position - July 1, 2017, restated | | | | 444,145,232 | 386,059,971 | 830,205,203 |
| | Net position - June 30, 2018 | | | | $ 441,647,437 | $ 391,462,123 | $ 833,109,560 |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

| | General Fund | Public Facility Element (PFE) | Water Connections | Special Assessment Districts |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 12,545,947 | $ 8,345,704 | $ 27,570,373 | $ 7,239,007 |
| Accounts receivable, net | 822,220 | 351,000 | - | - |
| Interest receivable | 9,885 | 7,474 | 25,090 | 5,484 |
| Taxes receivable | 344,828 | - | - | 178,590 |
| Due from other funds | 919,920 | - | 5,250,000 | - |
| Prepaid items | 330,040 | - | - | 4,637 |
| Advances to other funds | - | 1,738,625 | 5,336,040 | - |
| Advances to Successor Agency | - | - | 4,161,639 | - |
| Restricted cash and investments | 4 | - | - | - |
| Loans receivable, net | - | - | - | - |
| Total Assets | $ 14,972,844 | $ 10,442,803 | $ 42,343,142 | $ 7,427,718 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | |
| LIABILITIES | | | | |
| Accounts payable | $ 380,727 | $ 35,150 | $ 1,765,140 | $ 557,359 |
| Accrued payroll and benefits | 295,946 | - | 354 | 9,150 |
| Accrued liabilities | 1,695 | - | - | - |
| Retention payable | 3,375 | - | 96,691 | - |
| Deposits and other payables | 18,320 | - | - | 100,000 |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | 9,661,680 | - | - |
| Unearned revenue | 2,009 | 351,000 | - | - |
| Total Liabilities | 702,072 | 10,047,830 | 1,862,185 | 666,509 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues | - | - | - | - |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable | 330,040 | - | - | 4,637 |
| Restricted | - | 394,973 | 40,480,957 | 6,756,572 |
| Committed | 11,695,956 | - | - | - |
| Assigned | 678,711 | - | - | - |
| Unassigned | 1,566,065 | - | - | - |
| Total Fund Balances (Deficits) | 14,270,772 | 394,973 | 40,480,957 | 6,761,209 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 14,972,844 | $ 10,442,803 | $ 42,343,142 | $ 7,427,718 |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2018

| | Low/Moderate Income Housing | Federal Grants | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 1,353,069 | $ - | $ 23,367,742 | $ 80,421,842 |
| Accounts receivable, net | - | 1,629,363 | 83,814 | 2,886,397 |
| Interest receivable | 828 | - | 18,384 | 67,145 |
| Taxes receivable | - | - | - | 523,418 |
| Due from other funds | - | - | - | 6,169,920 |
| Prepaid items | - | - | 63,264 | 397,941 |
| Advances to other funds | - | - | 3,753,478 | 10,828,143 |
| Advances to Successor Agency | 220,616 | - | - | 4,382,255 |
| Restricted cash and investments | - | - | 18,288,375 | 18,288,379 |
| Loans receivable, net | 3,347,729 | - | 3,004,035 | 6,351,764 |
| Total Assets | $ 4,922,242 | $ 1,629,363 | $ 48,579,092 | $ 130,317,204 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | |
| LIABILITIES | | | | |
| Accounts payable | $ - | $ 847,416 | $ 1,490,287 | $ 5,076,079 |
| Accrued payroll and benefits | - | 845 | 31,017 | 337,312 |
| Accrued liabilities | - | - | 20 | 1,715 |
| Retention payable | - | 86,233 | 98,877 | 285,176 |
| Deposits and other payables | - | - | 1,256,566 | 1,374,886 |
| Due to other funds | - | 815,820 | 104,100 | 919,920 |
| Advances from other funds | - | - | - | 9,661,680 |
| Unearned revenue | - | - | - | 353,009 |
| Total Liabilities | - | 1,750,314 | 2,980,867 | 18,009,777 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues | 3,347,729 | 1,075,298 | 3,004,034 | 7,427,061 |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable | - | - | 419,923 | 754,600 |
| Restricted | 1,574,513 | - | 37,097,559 | 86,304,574 |
| Committed | - | - | - | 11,695,956 |
| Assigned | - | - | 5,076,709 | 5,755,420 |
| Unassigned | - | (1,196,249) | - | 369,816 |
| Total Fund Balances (Deficits) | 1,574,513 | (1,196,249) | 42,594,191 | 104,880,366 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 4,922,242 | $ 1,629,363 | $ 48,579,092 | $ 130,317,204 |

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, 2018

| | |
|---|---|
| Total fund balances of governmental funds | $ 104,880,366 |
| 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 $209,564,776. | 367,439,998 |
| 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. | 6,351,764 |
| Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds. | 1,075,297 |
| Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period. | 6,759,610 |
| Deferred outflows of resources related to changes in the net OPEB liability are not applicable to the current period. | 1,198,413 |
| Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds. | |
| Net pension liability | (16,124,680) |
| Net OPEB liability | (11,633,832) |
| Compensated absences | (1,735,947) |
| Long-term liabilities net of premiums and discounts | (17,959,447) |
| Deferred inflows related to changes in the net pension liability | (551,031) |
| Deferred inflows related to changes in the net pension liability | (33,461) |
| Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds. | (142,892) |
| 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. | 2,123,279 |
| Net position of governmental activities | $ 441,647,437 |

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, 2018

| | General Fund | Public Facility Element (PFE) | Water Connections | Special Assessment Districts |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes and assessments | $ 14,833,167 | $ - | $ - | $ - |
| Special assessments | - | - | - | 3,734,737 |
| License and permits | 543,480 | - | - | - |
| Intergovernmental | 290,662 | - | - | - |
| Fines and forfeitures | 64,909 | - | - | - |
| Use of money and property | 1,647 | 3,110 | 48,338 | 2,879 |
| Charges for services | 1,803,418 | 1,226,933 | 2,403,662 | - |
| Other revenues | 350,304 | - | - | 4,227 |
| Total Revenues | 17,887,587 | 1,230,043 | 2,452,000 | 3,741,843 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 3,135,670 | 775 | - | 40,837 |
| Public safety | 10,511,897 | - | - | 1,492 |
| Public works and facilities | 583,521 | 5,084 | 6,567 | 4,080,957 |
| Cultural and recreation | 885,799 | - | - | - |
| Urban development and housing | 840,001 | - | - | - |
| Education | 537,738 | 72,316 | - | - |
| Capital outlay | 81,160 | 77,175 | 2,684,242 | 37,636 |
| Debt service: | | | | |
| Principal | 88,510 | - | - | - |
| Interest (accretion) and fiscal charges | 1,187 | 44,102 | - | - |
| Total Expenditures | 16,665,483 | 199,452 | 2,690,809 | 4,160,922 |
| Excess (Deficiency) of Revenues over Expenditures | 1,222,104 | 1,030,591 | (238,809) | (419,079) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Return of bond funds | - | - | - | - |
| Transfers in | 441,580 | 2,939,419 | - | - |
| Transfers out | (669,707) | - | - | (157,871) |
| Total Other Financing Sources (Uses) | (228,127) | 2,939,419 | - | (157,871) |
| Net Change in Fund Balances | 993,977 | 3,970,010 | (238,809) | (576,950) |
| Fund Balances (Deficits) - July 1, 2017 | 13,241,999 | (3,961,610) | 40,719,766 | 7,338,159 |
| Prior period adjustment (Note 19) | 34,796 | 386,573 | - | - |
| Fund Balances (Deficits) - July 1, 2017, restated | 13,276,795 | (3,575,037) | 40,719,766 | 7,338,159 |
| Fund Balances (Deficits) - June 30, 2018 | $ 14,270,772 | $ 394,973 | $ 40,480,957 | $ 6,761,209 |

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, 2018

| | Low/Moderate Income Housing | Federal Grants | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes and assessments | $ - | $ - | $ - | $ 14,833,167 |
| Special assessments | - | - | - | 3,734,737 |
| License and permits | - | - | 1,067,155 | 1,610,635 |
| Intergovernmental | - | 1,148,064 | 5,408,442 | 6,847,168 |
| Fines and forfeitures | - | - | - | 64,909 |
| Use of money and property | 3,714 | - | 275,157 | 334,845 |
| Charges for services | - | - | 1,298,603 | 6,732,616 |
| Other revenues | - | - | 25,421 | 379,952 |
| Total Revenues | 3,714 | 1,148,064 | 8,074,778 | 34,538,029 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | 25,122 | 3,202,404 |
| Public safety | - | - | 127,416 | 10,640,805 |
| Public works and facilities | - | 9,209 | 4,519,569 | 9,204,907 |
| Cultural and recreation | - | - | 5,266 | 891,065 |
| Urban development and housing | - | - | - | 840,001 |
| Education | - | - | - | 610,054 |
| Capital outlay | - | 2,033,098 | 5,069,001 | 9,982,312 |
| Debt service: | | | | |
| Principal | - | - | 920,000 | 1,008,510 |
| Interest (accretion) and fiscal charges | - | - | 586,938 | 632,227 |
| Total Expenditures | - | 2,042,307 | 11,253,312 | 37,012,285 |
| Excess (Deficiency) of Revenues over Expenditures | 3,714 | (894,243) | (3,178,534) | (2,474,256) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Return of bond funds | - | - | (123,168) | (123,168) |
| Transfers in | - | - | 1,875,777 | 5,256,776 |
| Transfers out | - | - | (1,769,413) | (2,596,991) |
| Total Other Financing Sources (Uses) | - | - | (16,804) | 2,536,617 |
| Net Change in Fund Balances | 3,714 | (894,243) | (3,195,338) | 62,361 |
| Fund Balances (Deficits) - July 1, 2017 | 1,570,799 | (302,006) | 44,971,702 | 103,578,809 |
| Prior period adjustment (Note 19) | - | - | 817,827 | 1,239,196 |
| Fund Balances (Deficits) - July 1, 2017, restated | 1,570,799 | (302,006) | 45,789,529 | 104,818,005 |
| Fund Balances (Deficits) - June 30, 2018 | $ 1,574,513 | $ (1,196,249) | $ 42,594,191 | $ 104,880,366 |

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, 2018

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 | $ 62,361 |
| 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. | |
| Capital asset purchases | 10,623,459 |
| Depreciation expense | (14,169,093) |
| Capital contribution | 1,798,914 |
| 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. | 748,059 |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | |
| Debt principal payments | 1,008,510 |
| Net accretion on bond premiums/discounts | 56,126 |
| 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. | 82,022 |
| 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. | |
| Loan program receipts | (137,300) |
| Loans made during the year | 118,327 |
| Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period. | (298) |
| 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. | |
| Pension expense related to deferred outflows and inflows of resources | (1,810,802) |
| OPEB expense related to deferred outflows and inflows of resources | (36,604) |
| 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. | (841,476) |
| Change in net position of governmental activities | $ (2,497,795) |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Major Funds | | | |
| | Water | Wastewater Operations | Solid Waste | Airport |
| **ASSETS** | | | | |
| Current Assets | | | | |
| Cash and investments | $ 28,528,138 | $ 20,940,297 | $ 8,851,464 | $ 49,644 |
| Accounts receivable, net | 2,428,547 | 1,750,885 | 917,007 | 318,291 |
| Interest receivable | 20,864 | 15,433 | 6,787 | - |
| Taxes receivable | - | - | - | 1,784 |
| Prepaid items | 31,965 | 21,776 | 28,876 | 12,281 |
| Inventory | - | - | - | 42,680 |
| **Total Current Assets** | 31,009,514 | 22,728,391 | 9,804,134 | 424,680 |
| Non Current Assets | | | | |
| Restricted cash and investments | 39,698 | - | - | - |
| Advances to other funds | - | - | 1,000,000 | - |
| Capital assets, net of accumulated depreciation | 159,102,526 | 176,329,550 | 5,840,155 | 6,408,968 |
| **Total Non-Current Assets** | 159,142,224 | 176,329,550 | 6,840,155 | 6,408,968 |
| **Total Assets** | 190,151,738 | 199,057,941 | 16,644,289 | 6,833,648 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Changes in the net pension liability | 506,580 | 357,077 | 589,606 | 127,265 |
| Changes in net OPEB liability | 73,074 | 73,074 | 87,688 | 14,615 |
| **Total Deferred Outflows of Resources** | 579,654 | 430,151 | 677,294 | 141,880 |
| **LIABILITIES** | | | | |
| Current Liabilities | | | | |
| Accounts payable | 3,989,298 | 2,587,836 | 239,060 | 119,236 |
| Accrued salaries and benefits | 18,763 | 15,529 | 20,467 | 4,124 |
| Deposits payable | 57,000 | 350,000 | - | 48,520 |
| Due to other funds | - | - | - | 5,250,000 |
| Unearned revenue | - | - | - | - |
| Compensated absences - current | 116,702 | 55,965 | 74,658 | 34,561 |
| **Total Current Liabilities** | 4,181,763 | 3,009,330 | 334,185 | 5,456,441 |
| Non-Current Liabilities | | | | |
| Advances from other funds | - | 728,625 | - | 1,437,838 |
| Compensated absences - noncurrent | 29,176 | 13,991 | 18,665 | 8,640 |
| Postclosure liability | - | - | 744,514 | - |
| Net pension liability | 1,627,095 | 1,152,326 | 1,826,463 | 393,672 |
| Net OPEB liability | 709,380 | 709,380 | 851,256 | 141,877 |
| **Total Non-Current Liabilities** | 2,365,651 | 2,604,322 | 3,440,898 | 1,982,027 |
| **Total Liabilities** | 6,547,414 | 5,613,652 | 3,775,083 | 7,438,468 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Changes in the net pension liability | 54,629 | 34,574 | 46,940 | 11,451 |
| Changes in net OPEB liability | 2,040 | 2,040 | 2,448 | 408 |
| **Total Deferred Inflows of Resources** | 56,669 | 36,614 | 49,388 | 11,859 |
| **NET POSITION:** | | | | |
| Net investment in capital assets | 159,102,526 | 176,329,550 | 5,840,155 | 6,408,968 |
| Restricted for public facility element | 5,818,016 | - | 2,821,080 | - |
| Unrestricted | 19,206,767 | 17,508,276 | 4,835,877 | (6,883,767) |
| **Total Net Position** | $ 184,127,309 | $ 193,837,826 | $ 13,497,112 | $ (474,799) |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
JUNE 30, 2018

| | Business-Type Activities | | Governmental Activities |
|---|---|---|---|
| | Major Funds | | |
| | Transit | Total | Internal Service Funds |
| **ASSETS** | | | |
| Current Assets | | | |
| Cash and investments | $ 1,085,153 | $ 59,454,696 | $ 2,051,339 |
| Accounts receivable, net | - | 5,414,730 | 15,215 |
| Interest receivable | 820 | 43,904 | 1,378 |
| Taxes receivable | - | 1,784 | - |
| Prepaid items | 12,332 | 107,230 | 117,424 |
| Inventory | - | 42,680 | - |
| **Total Current Assets** | 1,098,305 | 65,065,024 | 2,185,356 |
| Non Current Assets | | | |
| Restricted cash and investments | - | 39,698 | - |
| Advances to other funds | - | 1,000,000 | - |
| Capital assets, net of accumulated depreciation | 526,940 | 348,208,139 | 880,505 |
| **Total Non-Current Assets** | 526,940 | 349,247,837 | 880,505 |
| **Total Assets** | 1,625,245 | 414,312,861 | 3,065,861 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Changes in the net pension liability | 111,444 | 1,691,972 | - |
| Changes in net OPEB liability | 14,615 | 263,066 | - |
| **Total Deferred Outflows of Resources** | 126,059 | 1,955,038 | - |
| **LIABILITIES** | | | |
| Current Liabilities | | | |
| Accounts payable | 549,105 | 7,484,535 | 236,770 |
| Accrued salaries and benefits | 1,569 | 60,452 | 125,288 |
| Deposits payable | - | 455,520 | - |
| Due to other funds | - | 5,250,000 | - |
| Unearned revenue | 199,371 | 199,371 | - |
| Compensated absences - current | 18,333 | 300,219 | 464,419 |
| **Total Current Liabilities** | 768,378 | 13,750,097 | 826,477 |
| Non-Current Liabilities | | | |
| Advances from other funds | - | 2,166,463 | - |
| Compensated absences - noncurrent | 4,583 | 75,055 | 116,105 |
| Postclosure liability | - | 744,514 | - |
| Net pension liability | 347,843 | 5,347,399 | - |
| Net OPEB liability | 141,878 | 2,553,771 | - |
| **Total Non-Current Liabilities** | 494,304 | 10,887,202 | 116,105 |
| **Total Liabilities** | 1,262,682 | 24,637,299 | 942,582 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Changes in the net pension liability | 13,539 | 161,133 | - |
| Changes in net OPEB liability | 408 | 7,344 | - |
| **Total Deferred Inflows of Resources** | 13,947 | 168,477 | - |
| **NET POSITION:** | | | |
| Net investment in capital assets | 526,940 | 348,208,139 | 880,505 |
| Restricted for public facility element | - | 8,639,096 | - |
| Unrestricted | (52,265) | 34,614,888 | 1,242,774 |
| **Total Net Position** | $ 474,675 | $ 391,462,123 | $ 2,123,279 |

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, 2018

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Major Funds | | | |
| | Water | Wastewater Operations | Solid Waste | Airport |
| **OPERATING REVENUES** | | | | |
| Charges for services | $ 17,966,749 | $ 10,905,805 | $ 7,163,578 | $ 1,426,040 |
| Connection fees | 16,000 | - | 70,425 | - |
| Other revenue | 26,331 | 30,573 | 2,250 | 7,506 |
| **Total Operating Revenue** | 18,009,080 | 10,936,378 | 7,236,253 | 1,433,546 |
| **OPERATING EXPENSES** | | | | |
| Salaries and benefits | 1,320,877 | 1,098,691 | 1,513,855 | 291,170 |
| Services and supplies | 9,495,733 | 7,424,791 | 2,322,921 | 904,459 |
| Support services | 718,069 | 1,134,127 | 791,997 | 116,925 |
| Depreciation | 3,064,295 | 4,955,833 | 351,399 | 217,736 |
| **Total Operating Expenses** | 14,598,974 | 14,613,442 | 4,980,172 | 1,530,290 |
| **Operating Income (Loss)** | 3,410,106 | (3,677,064) | 2,256,081 | (96,744) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | |
| Taxes | - | - | - | 34,506 |
| Intergovernmental | 7,466 | 4,400,610 | 15,241 | 74,242 |
| Interest income (loss) | (10,448) | (20,003) | 10,314 | 19 |
| Other non-operating revenues | 359 | 133,221 | - | - |
| Gain (loss) on sale of capital assets | 1,100 | - | (3,811) | - |
| Capital asset transfers | - | - | - | - |
| Interest expense | - | - | - | (16,372) |
| **Total Non-Operating Revenues (Expenses)** | (1,523) | 4,513,828 | 21,744 | 92,395 |
| **Income (Loss) Before Transfers and Contributions** | 3,408,583 | 836,764 | 2,277,825 | (4,349) |
| **TRANSFERS AND CONTRIBUTIONS** | | | | |
| Capital grants and contributions | 19,800 | - | - | 315,893 |
| Capital connection fees | 454,355 | 498,314 | 113,328 | - |
| Transfers in | 867,010 | - | - | - |
| Transfers out | (228,064) | (224,698) | (3,237,964) | (25,939) |
| **Total Transfers and Contributions** | 1,113,101 | 273,616 | (3,124,636) | 289,954 |
| Change in net position | 4,521,684 | 1,110,380 | (846,811) | 285,605 |
| Net Position - July 1, 2017 | 179,627,948 | 193,118,969 | 14,685,539 | (737,745) |
| Prior period adjustment (Note 19) | (22,323) | (391,523) | (341,616) | (22,659) |
| Net Position - July 1, 2017, restated | 179,605,625 | 192,727,446 | 14,343,923 | (760,404) |
| Net Position - June 30, 2018 | $ 184,127,309 | $ 193,837,826 | $ 13,497,112 | $ (474,799) |

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, 2018

| | Business-Type Activities | | Governmental Activities |
|---|---|---|---|
| | Major Funds | | |
| | Transit | Total | Internal Service Funds |
| **OPERATING REVENUES** | | | |
| Charges for services | $ 2,842 | $ 37,465,014 | $ 5,661,068 |
| Connection fees | - | 86,425 | - |
| Other revenue | - | 66,660 | 104,459 |
| **Total Operating Revenue** | 2,842 | 37,618,099 | 5,765,527 |
| **OPERATING EXPENSES** | | | |
| Salaries and benefits | 203,618 | 4,428,211 | 3,928,476 |
| Services and supplies | 701,402 | 20,849,306 | 2,344,513 |
| Support services | 66,191 | 2,827,309 | - |
| Depreciation | 48,191 | 8,637,454 | 20,069 |
| **Total Operating Expenses** | 1,019,402 | 36,742,280 | 6,293,058 |
| **Operating Income (Loss)** | (1,016,560) | 875,819 | (527,531) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | |
| Taxes | 962,526 | 997,032 | - |
| Intergovernmental | 403,526 | 4,901,085 | - |
| Interest income (loss) | 912 | (19,206) | 3,270 |
| Other non-operating revenues | 20 | 133,600 | - |
| Gain (loss) on sale of capital assets | - | (2,711) | - |
| Capital asset transfers | - | - | (526,215) |
| Interest expense | - | (16,372) | - |
| **Total Non-Operating Revenues (Expenses)** | 1,366,984 | 5,993,428 | (522,945) |
| **Income (Loss) Before Transfers and Contributions** | 350,424 | 6,869,247 | (1,050,476) |
| **TRANSFERS AND CONTRIBUTIONS** | | | |
| Capital grants and contributions | - | 335,693 | - |
| Capital connection fees | - | 1,065,997 | - |
| Transfers in | - | 867,010 | 300,000 |
| Transfers out | (19,130) | (3,735,795) | (91,000) |
| **Total Transfers and Contributions** | (19,130) | (1,467,095) | 209,000 |
| Change in net position | 331,294 | 5,402,152 | (841,476) |
| Net Position - July 1, 2017 | 206,352 | 386,901,063 | 2,964,755 |
| Prior period adjustment (Note 19) | (62,971) | (841,092) | - |
| Net Position - July 1, 2017, restated | 143,381 | 386,059,971 | 2,964,755 |
| Net Position - June 30, 2018 | $ 474,675 | $ 391,462,123 | $ 2,123,279 |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Major Funds | | | |
| | Water | Wastewater Operations | Solid Waste | Airport |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Cash received from customers | $ 17,987,207 | $ 10,871,990 | $ 7,191,955 | $ 1,268,088 |
| Cash paid to suppliers | (8,727,382) | (6,828,400) | (3,252,871) | (1,000,709) |
| Cash paid to employees | (839,016) | (1,053,838) | (1,323,403) | (261,374) |
| Net Cash Provided by (Used For) Operating Activities | 8,420,809 | 2,989,752 | 2,615,681 | 6,005 |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | | | |
| Intergovernmental and other nonoperating | 7,825 | 4,487,073 | 15,241 | 74,242 |
| Taxes | - | - | - | 32,722 |
| Interfund receipts (payments) | - | 252,035 | 2,892,285 | 82,002 |
| Transfers from other funds | 867,010 | - | - | - |
| Transfers to other funds | (228,064) | (224,698) | (3,237,964) | (25,939) |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | 646,771 | 4,514,410 | (330,438) | 163,027 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Capital grant contributions | 19,800 | - | - | 315,893 |
| Connection fees | 400,685 | 498,314 | 113,328 | - |
| Proceeds from sale of capital assets | 978 | 118 | 34,723 | - |
| Acquisition of capital assets | (6,581,838) | (2,953,803) | (1,715,868) | (430,339) |
| Interest paid on long-term debt | - | - | - | (16,372) |
| Net Cash Used for Capital and Related Financing Activities | (6,160,375) | (2,455,371) | (1,567,817) | (130,818) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Interest and dividends | (26,054) | (31,424) | 5,002 | 19 |
| Net Cash Provided by (Used for) Investing Activities | (26,054) | (31,424) | 5,002 | 19 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,881,151 | 5,017,367 | 722,428 | 38,233 |
| Cash and Cash Equivalents - July 1, 2017 | 25,686,685 | 15,922,930 | 8,129,036 | 11,411 |
| Cash and Cash Equivalents - June 30, 2018 | $ 28,567,836 | $ 20,940,297 | $ 8,851,464 | $ 49,644 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:** | | | | |
| Operating Income (Loss) | $ 3,410,106 | $ (3,677,064) | $ 2,256,081 | $ (96,744) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation expense | 3,064,295 | 4,955,833 | 351,399 | 217,736 |
| Pension expense | (3,074) | 13,207 | (13,348) | (7,370) |
| OPEB expense | 445,883 | 44,070 | 192,040 | 40,200 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (60,873) | (114,388) | (44,298) | (185,083) |
| Decrease in prepaid expenses | 13,436 | 12,904 | 30,867 | 3,945 |
| Increase in inventory | - | - | - | (13,616) |
| Decrease in due from successor agency | - | 307,992 | - | - |
| (Increase) decrease in accounts payable | 1,472,984 | 1,409,622 | (46,957) | 30,346 |
| (Increase) decrease in accrued wages | 2,442 | 1,678 | 2,736 | (193) |
| Increase in deposits | 39,000 | 50,000 | - | 19,625 |
| Increase (decrease) in compensated absences | 36,610 | (14,102) | 9,024 | (2,841) |
| Decrease in postclosure liability | - | - | (121,863) | - |
| Net Cash Provided by (Used For) Operating Activities | $ 8,420,809 | $ 2,989,752 | $ 2,615,681 | $ 6,005 |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Business-Type Activities | | Governmental Activities |
|---|---|---|---|
| | Major Funds | | |
| | Transit | Total | Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from customers | $ 2,842 | $ 37,322,082 | $ 5,766,062 |
| Cash paid to suppliers | (623,474) | (20,432,836) | (2,266,550) |
| Cash paid to employees | (188,902) | (3,666,533) | (3,804,788) |
| Net Cash Provided by (Used For) Operating Activities | (809,534) | 13,222,713 | (305,276) |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | | |
| Intergovernmental and other nonoperating | 259,995 | 4,844,376 | - |
| Taxes | 962,526 | 995,248 | - |
| Interfund receipts (payments) | - | 3,226,322 | - |
| Transfers from other funds | - | 867,010 | 406,737 |
| Transfers to other funds | (19,130) | (3,735,795) | (723,952) |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | 1,203,391 | 6,197,161 | (317,215) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Capital grant contributions | - | 335,693 | - |
| Connection fees | - | 1,012,327 | - |
| Proceeds from sale of capital assets | - | 35,819 | - |
| Acquisition of capital assets | (52,137) | (11,733,985) | (710,650) |
| Interest paid on long-term debt | - | (16,372) | - |
| Net Cash Used for Capital and Related Financing Activities | (52,137) | (10,366,518) | (710,650) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest and dividends | 200 | (52,257) | 2,454 |
| Net Cash Provided by (Used for) Investing Activities | 200 | (52,257) | 2,454 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 341,920 | 9,001,099 | (1,330,687) |
| Cash and Cash Equivalents - July 1, 2017 | 743,233 | 50,493,295 | 3,382,026 |
| Cash and Cash Equivalents - June 30, 2018 | $ 1,085,153 | $ 59,494,394 | $ 2,051,339 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:** | | | |
| Operating Income (Loss) | $ (1,016,560) | $ 875,819 | $ (527,531) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation expense | 48,191 | 8,637,454 | 20,069 |
| Pension expense | (13,539) | (24,124) | - |
| OPEB expense | 35,830 | 758,023 | - |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | - | (404,642) | 535 |
| Decrease in prepaid expenses | 2,570 | 63,722 | 44,731 |
| Increase in inventory | - | (13,616) | - |
| Decrease in due from successor agency | - | 307,992 | - |
| (Increase) decrease in accounts payable | 141,549 | 3,007,544 | 33,232 |
| (Increase) decrease in accrued wages | (901) | 5,762 | 70,026 |
| Increase in deposits | - | 108,625 | - |
| Increase (decrease) in compensated absences | (6,674) | 22,017 | 53,662 |
| Decrease in postclosure liability | - | (121,863) | - |
| Net Cash Provided by (Used For) Operating Activities | $ (809,534) | $ 13,222,713 | $ (305,276) |

See accompanying notes to the basic financial statements.

**CITY OF LINCOLN**
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

| | Redevelopment Obligation Retirement Fund | OPEB Trust Fund | Agency Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments (Note 2) | $ 1,083,065 | $ - | $ 25,187,945 |
| Assessments receivable | - | - | 234,504 |
| Interest receivable | 580 | - | 20,114 |
| Prepaid expenses | 3,061 | - | - |
| Deferred costs | 50,978 | - | - |
| Restricted cash and investments (Note 2) | 72 | 3,797,613 | 16,342,528 |
| Loans receivable | 349,507 | - | - |
| Capital assets, net of accumulated depreciation (Note 18) | 1,982,455 | - | - |
| **Total Assets** | $ 3,469,718 | $ 3,797,613 | $ 41,785,091 |
| **LIABILITIES** | | | |
| Accounts payable and other liabilities | $ 477 | $ - | $ 226 |
| Interest payable | 59,996 | - | - |
| Due to property owners | - | - | 41,754,347 |
| Advances from the City (Note 18) | 4,382,255 | - | - |
| Agency obligations | - | - | 30,518 |
| Long-term liabilities (Note 18) | 8,084,847 | - | - |
| **Total Liabilities** | $ 12,527,575 | $ - | $ 41,785,091 |
| **NET POSITION** | | | |
| Held in trust | $ (9,057,857) | $ - | $ - |
| Restricted for OPEB | - | 3,797,613 | - |
| **Total Net Position** | $ (9,057,857) | $ 3,797,613 | $ - |

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, 2018

| | Redevelopment Obligation Retirement Fund | OPEB Trust Fund |
|---|---|---|
| **ADDITIONS** | | |
| Property taxes | $ 1,025,444 | $ - |
| Interest and investment income | 143,203 | 232,736 |
| Contributions from employer | - | 745,267 |
| Other contributions | 729,551 | - |
| **Total Additions** | 1,898,198 | 978,003 |
| **DEDUCTIONS** | | |
| Program expense | 2,028,091 | - |
| Administrative expense | - | 32,511 |
| Interest expense | 311,713 | - |
| Depreciation | 82,197 | - |
| **Total Deductions** | 2,422,001 | 32,511 |
| Change in Fiduciary Net Position | (523,803) | 945,492 |
| Fiduciary Net Position - July 1, 2017 | (8,534,054) | 2,852,121 |
| Fiduciary Net Position - June 30, 2018 | $ (9,057,857) | $ 3,797,613 |

See accompanying notes to the basic financial statements.

## 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.

## 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.

**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) Fee 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.

**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.

Federal Grants - The Federal Grants fund is a special revenue fund used to account for federal grant revenues and project expenditures. The major source of revenue for the fund is from federal grants.

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 Operations Fund - The Wastewater Operations 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.

**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 for 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.

## 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 balance at quarter end in relation to the total pool 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, 2018 totaled $263,364, 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 accrue 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.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### H. Prepaid Expenses

Payments made for services that will benefit periods beyond June 30, 2018 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.

## 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.

## 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 | June 30, 2017 |
| Measurement Date | June 30, 2017 |
| Measurement Period | July 1, 2016 - June 30, 3017 |

### 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

<u>Government-wide Statements</u>

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.

**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 "invested in capital assets, net of related debt."

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, 2017, the City implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB), and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB. See footnotes 13 and 19 for the prior period restatement recorded as a result of implementing this standard.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement seeks to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (i.e., pensions and other post-employment benefits (OPEB)).

Governmental Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources (i.e., resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the purpose of extinguishing debt. Additionally, this Statement amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in-substance defeasance, regardless of how the cash and other monetary assets were acquired.

**V. Future Governmental Accounting Standards Board Statements**

These statements are not effective until July 1, 2018 or later. The City has not determined the effects on the financial statements.

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. 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, 2019.

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Additionally, this Statement describes four fiduciary funds that should be reported, as well as provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. 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.

## 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. 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. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. 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.

Governmental 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 No. 61*. The purpose of this statement is 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. The new standard clarifies the differences between a majority equity interest reported as an investment and majority equity interest reported as a component unit of the governmental entity. 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.

## NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 were classified in the accompanying financial statements as follows:

| | Cash and Investments | Restricted Cash and Investments | Total |
|---|---|---|---|
| Governmental activities | $ 82,473,181 | $ 18,288,379 | $ 100,761,560 |
| Business-type activities | 59,454,696 | 39,698 | 59,494,394 |
| **Total government-wide cash and investments** | 141,927,877 | 18,328,077 | 160,255,954 |
| Fiduciary activities | 26,271,010 | 20,140,213 | 46,411,223 |
| **Total cash and investments** | $ 168,198,887 | $ 38,468,290 | $ 206,667,177 |

## NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash and investments were carried at fair value as of June 30, 2018 and consisted of the following:

| | |
|---|---|
| Cash on hand | $ 2,185 |
| Cash in banks | 14,935,791 |
| Total cash | 14,937,976 |
| Money market funds | 34,617,858 |
| Mutual funds | 3,797,613 |
| U.S. treasury obligations | 38,015,233 |
| Government agency securities | 39,919,728 |
| Corporate bonds | 41,117,149 |
| Certificates of deposit | 6,440,266 |
| Local Agency Investment Fund (LAIF) | 27,821,354 |
| Total investments | 191,729,201 |
| Total cash and investments | $ 206,667,177 |

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.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in one Issuer |
|---|---|---|---|
| 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% |
| Repurchase agreements | 90 days | 100% | 15% |
| Reverse purchase agreements | 90 days | 20% | 15% |
| Time certificates of deposit | 1 year | 25% | 15% |
| Medium term corporate notes | 5 years | 30% | 15% |
| California local agency obligations | 5 years | 15% | 15% |

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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

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, 2018, the City had the following recurring fair value measurements:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| Investments | Level 1 Inputs | Level 2 inputs | Level 3 inputs | Fair Value |
| Money market funds | $ - | $ 34,617,858 | $ - | $ 34,617,858 |
| Mutual funds | - | 3,797,613 | - | 3,797,613 |
| U.S. treasury obligations | - | 38,015,233 | - | 38,015,233 |
| Government agency securities | - | 39,919,728 | - | 39,919,728 |
| Corporate bonds | - | 41,117,149 | - | 41,117,149 |
| Certificates of deposit | - | 6,440,266 | - | 6,440,266 |
| Total Investments | $ - | $ 163,907,847 | $ - | $ 163,907,847 |

At June 30, 2018, the City held corporate bonds that were not in compliance with the California Government Code or the City's investment policy.

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.

**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, 2018:

| | | Remaining Maturity | | |
|---|---|---|---|---|
| | Interest Rates | < 12 months | 1-5 years | Fair Value |
| Money market funds | 0.875% | $ 34,617,858 | $ - | $ 34,617,858 |
| Mutual funds | Variable | 3,797,613 | - | 3,797,613 |
| U.S. treasury obligations | 1.00% - 3.625% | 8,479,066 | 29,536,167 | 38,015,233 |
| Government agency securities | 0.75% - 5.05% | 4,762,491 | 35,157,237 | 39,919,728 |
| Corporate bonds | 1.65% - 6.95% | 9,012,926 | 32,104,223 | 41,117,149 |
| Certificates of deposit | 1.40% - 2.40% | - | 6,440,266 | 6,440,266 |
| Local Agency Investment Fund | Variable | 27,821,354 | - | 27,821,354 |
| | | $ 88,491,308 | $ 103,237,893 | $ 191,729,201 |

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, 2018.

**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.

| | | Rating as of Fiscal Year End | | |
|---|---|---|---|---|
| | Total | Minimum Legal Rating | S&P | Moodys |
| Money market funds | $ 34,617,858 | N/A | Not rated | Not rated |
| Mutual funds | 3,797,613 | N/A | Not rated | Not rated |
| U.S. Treasury obligations | 1,489,744 | N/A | AA+ | AAA |
| U.S. Treasury obligations | 27,851,216 | N/A | AAA | AAA |
| U.S. Treasury obligations | 8,674,273 | N/A | Not rated | AAA |
| Government agency securities | 36,425,344 | N/A | AA+ | AAA |
| Government agency securities | 2,227,112 | N/A | AAA | AAA |
| Government agency securities | 1,267,272 | N/A | Not rated | AAA |
| Corporate bonds | 437,284 | A | A | A1 |
| Corporate bonds | 7,199,443 | A | A | A2 |
| Corporate bonds | 633,751 | A | A | A3 |
| Corporate bonds | 449,597 | A | A | AA3 |
| Corporate bonds | 1,066,395 | A | A | BAA1 |
| Corporate bonds | 628,920 | A | A | BAA2 |
| Corporate bonds | 1,173,829 | A | A- | A2 |
| Corporate bonds | 6,349,054 | A | A- | A3 |
| Corporate bonds | 1,966,779 | A | A- | BAA1 |
| Corporate bonds | 3,884,627 | A | A- | BAA2 |
| Corporate bonds | 1,086,734 | A | A+ | A1 |
| Corporate bonds | 3,260,720 | A | A+ | A2 |
| Corporate bonds | 1,107,118 | A | A+ | A3 |
| Corporate bonds | 243,034 | A | A+ | AA2 |
| Corporate bonds | 297,697 | A | AA | A2E |
| Corporate bonds | 248,539 | A | AA | AA1 |
| Corporate bonds | 102,824 | A | AA | AA2 |
| Corporate bonds | 1,670,537 | A | AA- | A1 |
| Corporate bonds | 248,648 | A | AA- | A1E |
| Corporate bonds | 228,736 | A | AA- | AA1 |
| Corporate bonds | 250,492 | A | AA- | AA2 |
| Corporate bonds | 1,497,183 | A | AA- | AA3 |
| Corporate bonds | 250,524 | A | AA- | BAA1 |
| Corporate bonds | 199,708 | A | AA+ | A1 |
| Corporate bonds | 1,482,962 | A | AA+ | AA1 |
| Corporate bonds | 247,530 | A | AA+ | AA3 |
| Corporate bonds | 498,112 | A | AAA | AAA |
| Corporate bonds | 259,467 | A | BBB | A3 |
| Corporate bonds | 401,041 | A | BBB+ | A2 |
| Corporate bonds | 3,472,374 | A | BBB+ | A3 |
| Corporate bonds | 242,990 | A | BBB+ | A3e |
| Corporate bonds | 30,500 | A | Not rated | Not rated |
| Certificates of deposits | 6,440,266 | A | Not rated | AAA |
| Local Agency Investment Fund | 27,821,354 | N/A | Not rated | Not rated |
| | $ 191,729,201 | | | |

## 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, 2018, that represent 5 percent or more of total City investments are as follows:

| Issuers | Investment Type | Amount |
|---|---|---|
| Federal Farm Credit Bank | Government agency securities | $ 9,804,558 |
| Federal National Mortgage Association | Government agency securities | 10,292,705 |

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, 2018, the carrying amount of the City's deposits was $14,935,791 and bank balances were $15,346,600. 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 monthly based on the ending cash balances of the previous month 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 Partnership (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.

**NOTE 3: LOANS RECEIVABLE (CONTINUED)**

Total loans receivable, including accrued interest, net of allowance as of June 30, 2018 was as follows:

| | Loans Receivable | Accrued Interest | Allowance | Total Loans Receivable, net |
|---|---|---|---|---|
| Revitalization and rehab loans | $ 2,355 | $ - | $ - | $ 2,355 |
| Community development block grants | 357,853 | 102,408 | - | 460,261 |
| Home investment partnership | 1,428,421 | 432,851 | - | 1,861,272 |
| CalHOME | 660,138 | 20,009 | - | 680,147 |
| Housing Successor Agency | 2,358,000 | 989,729 | - | 3,347,729 |
| Totals | $ 4,806,767 | $ 1,544,997 | $ - | $ 6,351,764 |

**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, 2018 was as follows:

| Receivable Fund | Payable Fund | Description | Amount |
|---|---|---|---|
| Governmental Funds | | | |
| General | Federal Grants | Overdrawn cash | $ 815,820 |
| General | Twelve Bridges | Overdrawn cash | 104,100 |
| Water Connections | Airport | Overdrawn cash | 5,250,000 |
| | | Total Governmental Funds | $ 6,169,920 |

**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, 2018 was as follows:

| Receivable Fund | Payable Fund | Description | Maturity | Amount |
|---|---|---|---|---|
| Governmental Funds | | | | |
| Water Connections | Public Facility Element | Capital project funding | June 2026 | $ 5,336,040 |
| Oak Tree Mitigation | Public Facility Element | Capital project funding | June 2026 | 2,315,640 |
| LPFA Series 2016 | Airport | Capital lease refinance | October 2028 | 1,437,838 |
| Public Facility Element | Public Facility Element | Capital project funding | June 2028 | 1,010,000 |
| Public Facility Element | Wastewater | Conveyance | 2020 | 76,620 |
| Public Facility Element | Wastewater | Oversizing | 2020 | 652,005 |
| | | | Total Governmental Funds | $ 10,828,143 |

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

| Receivable Fund | Payable Fund | Description | Maturity | Amount |
|---|---|---|---|---|
| Proprietary Funds | | | | |
| Solid Waste | Public Facility Element | Capital project funding | June 2028 | $ 1,000,000 |
| | | | Total Proprietary Funds | $ 1,000,000 |

**Interfund Transfers to/from Other Funds**

Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

| Transfer From | Transfer To | Description of Transfer | Amount |
|---|---|---|---|
| Governmental Funds | | | |
| General Fund | LPFA Series 2006-1 | Debt service | $ 846 |
| | LPFA Refunding Series 2016 A & B | Debt service | 368,861 |
| | Vehicle/Equipment Replacement | Debt service | 300,000 |
| Special Assessment Districts | LPFA Refunding Series 2016 A & B | Debt service | 53,871 |
| Special Assessment Districts | General Fund | Budget Transfer | 104,000 |
| Gas Tax | LPFA Refunding Series 2016 A & B | Debt service | 31,303 |
| Street Fund | LPFA Refunding Series 2016 A & B | Debt service | 81,488 |
| Supplemental Fees | General Fund | Annual budget transfer | 316,273 |
| Development Services | LPFA Refunding Series 2016 A & B | Debt service | 244,456 |
| Capital Projects | Water | Capital projects | 867,010 |
| Hwy 65 Bypass | Lincoln Crossing | Close out fund | 228,403 |
| Lincoln Crossing | Hwy 65 Bypass | Close out fund | 173 |
| LPFA Series 2003 | General Fund | Close out fund | 4 |
| LPFA Series 2006-1 | General Fund | Close out fund | 303 |
| | | **Total Governmental Interfund Transfers** | $ 2,596,991 |
| Proprietary Funds | | | |
| Water | LPFA Refunding Series 2016 A & B | Debt service | $ 228,064 |
| Wastewater Operations | LPFA Refunding Series 2016 A & B | Debt service | 216,820 |
| | LPFA Series 2000 | Debt service | 7,878 |
| Solid Waste | LPFA Refunding Series 2016 A & B | Debt service | 298,545 |
| | Public Facility Element | Connection fees | 2,939,419 |
| Airport | LPFA Refunding Series 2016 A & B | Debt service | 25,939 |
| Transit | LPFA Refunding Series 2016 A & B | Debt service | 19,130 |
| Facility Maintenance | General Fund | HVAC Project | 21,000 |
| | Capital Projects | HVAC Project | 70,000 |
| | | **Total Proprietary Interfund Transfers** | $ 3,826,795 |

**Intra-fund Transfers between Funds**

The following table represents intra-fund transfers made during the year ended June 30, 2018:

| Transfer From | Transfer To | Description | Amount |
|---|---|---|---|
| PFE - Library | PFE - Fire | Del-Webb project reallocation | $ 882,301 |
| | PFE - Parks | Del-Webb project reallocation | 427,474 |
| | PFE - Drainage | Del-Webb project reallocation | 1,000,000 |
| | | Total PFE Intra-fund Transfers | $ 2,309,775 |

## NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

**Governmental Activities:**

| | Balance at July 1, 2017 | Prior Period Adjustment | Additions | Retirements | Transfers | Balance at June 30, 2018 |
|---|---|---|---|---|---|---|
| Capital assets not being depreciated | | | | | | |
| Land | $ 12,562,713 | $ - | $ 1,798,914 | $ - | $ - | $ 14,361,627 |
| Easements | 242,604 | - | - | - | - | 242,604 |
| Construction-in-progress | 22,562,025 | (4,365,752) | 7,071,348 | - | (11,683,688) | 13,583,933 |
| Total capital assets not being depreciated | 35,367,342 | (4,365,752) | 8,870,262 | - | (11,683,688) | 28,188,164 |
| Capital assets being depreciated | | | | | | |
| Buildings and improvements | 73,607,586 | - | 1,353,150 | - | 1,739,846 | 76,700,582 |
| Machinery and equipment | 8,801,305 | - | 1,417,991 | (321,433) | - | 9,897,863 |
| Infrastructure | 424,988,844 | - | 1,342,005 | - | 9,682,861 | 436,013,710 |
| Land improvements | 27,520,952 | - | 149,615 | - | 260,981 | 27,931,548 |
| Total capital assets being depreciated | 534,918,687 | - | 4,262,761 | (321,433) | 11,683,688 | 550,543,703 |
| Less accumulated depreciation | | | | | | |
| Buildings and improvements | (16,076,259) | - | (1,842,012) | - | - | (17,918,271) |
| Machinery and equipment | (6,882,219) | - | (428,742) | 321,433 | - | (6,989,528) |
| Infrastructure | (167,284,338) | - | (10,796,691) | - | - | (178,081,029) |
| Land improvements | (6,300,819) | - | (1,121,717) | - | - | (7,422,536) |
| Total accumulated depreciation | (196,543,635) | - | (14,189,162) | 321,433 | - | (210,411,364) |
| Total capital assets being depreciated, net | 338,375,052 | - | (9,926,401) | - | 11,683,688 | 340,132,339 |
| **Total Capital Assets, net** | $ 373,742,394 | $ (4,365,752) | $ (1,056,139) | $ - | $ - | $ 368,320,503 |

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

| | |
|---|---|
| General government | $ 32,470 |
| Public safety | 391,881 |
| Public works and facilities | 13,739,758 |
| Culture and recreation | 4,374 |
| Education | 610 |
| Internal service funds | 20,069 |
| Total governmental activities depreciation expense | $ 14,189,162 |

## NOTE 5: CAPITAL ASSETS (CONTINUED)

**Business-type Activities:**

| | Balance at July 1, 2017 | Additions | Retirements | Transfers | Balance at June 30, 2018 |
|---|---|---|---|---|---|
| Capital assets not being depreciated | | | | | |
| Land | $ 1,549,390 | $ - | $ - | $ - | $ 1,549,390 |
| Easements | 42,250 | - | - | - | 42,250 |
| Construction-in-progress | 3,404,336 | 5,031,252 | - | (2,591,108) | 5,844,480 |
| Total capital assets not being depreciated | 4,995,976 | 5,031,252 | - | (2,591,108) | 7,436,120 |
| Capital assets being depreciated | | | | | |
| Buildings and improvements | 24,685,500 | 596,433 | - | 10,233 | 25,292,166 |
| Machinery and equipment | 9,863,338 | 1,974,610 | (380,494) | - | 11,457,454 |
| Infrastructure | 426,517,928 | 4,131,690 | - | 2,544,164 | 433,193,782 |
| Land improvements | 1,118,139 | - | - | 36,711 | 1,154,850 |
| Total capital assets being depreciated | 462,184,905 | 6,702,733 | (380,494) | 2,591,108 | 471,098,252 |
| Less accumulated depreciation | | | | | |
| Buildings and improvements | (12,340,425) | (574,584) | - | - | (12,915,009) |
| Machinery and equipment | (5,823,016) | (516,549) | 341,963 | - | (5,997,602) |
| Infrastructure | (103,535,022) | (7,507,509) | - | - | (111,042,531) |
| Land improvements | (332,279) | (38,812) | - | - | (371,091) |
| Total accumulated depreciation | (122,030,742) | (8,637,454) | 341,963 | - | (130,326,233) |
| Total capital assets being depreciated, net | 340,154,163 | (1,934,721) | (38,531) | 2,591,108 | 340,772,019 |
| **Total Capital Assets, net** | $ 345,150,139 | $ 3,096,531 | $ (38,531) | $ - | $ 348,208,139 |

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

Business-type Activities:

| | |
|---|---|
| Water | $ 3,064,295 |
| Wastewater Operations | 4,955,833 |
| Solid Waste | 351,399 |
| Airport | 217,736 |
| Transit | 48,191 |
| Total business-type activities depreciation expense | $ 8,637,454 |

## NOTE 6: UNEARNED REVENUE

At June 30, 2018, components of unearned revenue were as follows:

| | Amount |
|---|---|
| Governmental Funds | |
| General Fund | |
| July 2018 rent received in advance | $ 2,009 |
| Public Facility Element | |
| Jiminez Park Tennis Courts advance | 351,000 |
| Total Governmental Funds | $ 353,009 |
| Proprietary Funds | |
| Transit | |
| State grant advances | $ 199,371 |
| Total Proprietary Funds | $ 199,371 |

## NOTE 7: LONG-TERM LIABILITIES

### A. Governmental Activities

Governmental activities long-term debt issued and outstanding at June 30, 2018 was comprised of the following:

| Type of Indebtedness | Maturity | Interest Rates | Authorized and Issued | Outstanding June 30, 2018 |
|---|---|---|---|---|
| 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 | 3,305,000 |
| Bond issuance premiums (discounts) | | | | |
| Series 2016A net premium | | | | 1,108,819 |
| Series 2016B discount | | | | (9,372) |
| Compensated absences | | | | 2,316,471 |
| Total Governmental Activities | | | | $ 20,275,918 |

**NOTE 7: LONG-TERM LIABILITES (CONTINUED)**

The following is a summary of changes in the City's governmental long-term liabilities for the fiscal year ended June 30, 2018:

| | Balance at July 1, 2017 | Additions | Reductions | Balance June 30, 2018 | Current Portion |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Bonds and leases payable: | | | | | |
| LPFA Refunding Series 2000 | $ 20,000 | $ - | $ (20,000) | $ - | $ - |
| LPFA Refunding Bonds Series 2016A | 13,555,000 | - | - | 13,555,000 | - |
| LPFA Refunding Bonds Series 2016B | 4,205,000 | - | (900,000) | 3,305,000 | 910,000 |
| Premium (discount) on bonds, net | 1,155,573 | - | (56,126) | 1,099,447 | 56,128 |
| Capital leases | 88,510 | - | (88,510) | - | - |
| Total bonds and leases payable | 19,024,083 | - | (1,064,636) | 17,959,447 | 966,128 |
| Other liabilities: | | | | | |
| Compensated absences | 2,344,831 | 1,245,728 | (1,274,088) | 2,316,471 | 1,853,177 |
| **Total Governmental Activities** | $ 21,368,914 | $ 1,245,728 | $ (2,338,724) | $ 20,275,918 | $ 2,819,305 |

A description of the long-term liabilities related to governmental activities at June 30, 2018 follows:

LPFA Refunding Bonds Series 2000

Lincoln Public Financing Authority Revenue Refunding Bonds Series 2000 issued December 2000, in the total amount of $12,275,000 of which $2,300,000 is considered a liability of the governmental activities and is payable in annual installments of $20,000 to $130,000 with interest rates ranging from 4.25% to 5.90% and maturity on September 15, 2017. The bonds were used to finance certain public capital improvements. The bonds were paid off during the fiscal year ended June 30, 2018.

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-tem. The net present savings on the debt payments was approximately $3,147,000.

**NOTE 7: LONG-TERM LIABILITES (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 | 2016A | | 2016B | | Total | |
|---|---|---|---|---|---|---|
| June 30, | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ - | $ 510,838 | $ 910,000 | $ 53,907 | $ 910,000 | $ 564,745 |
| 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 - 2028 | 5,650,000 | 1,717,790 | - | - | 5,650,000 | 1,717,790 |
| 2029 - 2033 | 3,620,000 | 741,290 | - | - | 3,620,000 | 741,290 |
| 2034 - 2038 | 2,840,000 | 183,931 | - | - | 2,840,000 | 183,931 |
| Total | $ 13,555,000 | $ 5,150,501 | $ 3,305,000 | $ 120,236 | $ 16,860,000 | $ 5,270,737 |

Premium/Discount on Bonds

Net capitalized premiums (discount) on bonds related to the above issuances have been recorded in the amount of $1,099,447 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, 2018 totaled $(56,126).

Compensated Absences

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred. The net other postemployment benefit obligation and net pension liability for the governmental activities is generally liquidated by the fund where the accrued liability occurred.

**Total Governmental Activities Long-Term Liabilities Future Debt Service**

| For the Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2019 | $ 910,000 | $ 564,745 |
| 2020 | 925,000 | 549,919 |
| 2021 | 945,000 | 532,232 |
| 2022 | 970,000 | 507,792 |
| 2023 | 1,000,000 | 473,038 |
| 2024 - 2028 | 5,650,000 | 1,717,790 |
| 2029 - 2033 | 3,620,000 | 741,290 |
| 2034 - 2038 | 2,840,000 | 183,931 |
| Total | $ 16,860,000 | $ 5,270,737 |

## NOTE 7: LONG-TERM LIABILITES (CONTINUED)

### B. Business-type Activities

Business-type activities long-term debt issued and outstanding at June 30, 2018 was comprised of the following:

| Type of Indebtedness | Outstanding June 30, 2018 |
|---|---|
| Compensated absences | $ 375,274 |

The following is a summary of changes in the City's business-type long-term liabilities for the fiscal year ended June 30, 2018:

| | Balance at July 1, 2017 | Additions | Reductions | Balance June 30, 2018 | Current Portion |
|---|---|---|---|---|---|
| **Business-Type Activities:** | | | | | |
| Other liabilities: | | | | | |
| Compensated absences | $ 353,257 | $ 229,111 | $ (207,094) | $ 375,274 | $ 300,219 |
| **Total Business-Type Activities** | $ 353,257 | $ 229,111 | $ (207,094) | $ 375,274 | $ 300,219 |

## 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, 2018, 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, 2018 |
|---|---|---|---|
| Special Tax Bonds, Series 1998<br>Lincoln Airpark 98-1 | Lincoln Airpark | $ 3,380,000 | $ 1,280,000 |
| Refunding Bond, Series 2011A<br>Twelve Bridges Series 2004 | Twelve Bridges | 28,305,000 | 18,100,000 |
| Refunding Bond, Series 2011B<br>Twelve Bridges Series 2004 | Twelve Bridges | 13,495,000 | 8,914,000 |
| Special Tax Revenue Bonds 2007<br>Special Tax Revenue Bond 2007 A&B | Lincoln Crossing | 102,870,000 | 87,098,300 |
| Special Tax Revenue Bonds, Series 2009<br>CFD Sorrento Series 2009 | Sorrento Project | 2,190,000 | 1,925,000 |
| Special Tax Revenue Bonds, Series 2013<br>Lakeside Series 2013 | Lakeside | 4,830,000 | 4,740,000 |
| Special Tax Revenue Bonds, Series 2013<br>CFD Sorrento Series 2013 | Sorrento Project | 5,165,000 | 1,385,000 |
| Special Tax Revenue Bonds, Series 2014<br>CFD Sorrento Series 2014 | Sorrento Project | 5,680,000 | 5,680,000 |

**NOTE : SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT (CONTINUED)**

| Assessment Debt | Project Description | Original Amount | Outstanding June 30, 2018 |
|---|---|---|---|
| Special Tax Revenue Bonds, Series 2017 CFD Lakeside Series 2006-1 | Lakeside | 6,235,000 | 6,235,000 |
| Special Tax Revenue Bonds, Series 2016 CFD Sorrento Series 2005-1 | Sorrento Project | 8,860,000 | 8,795,000 |
| Special Tax Revenue Bonds, Series 2017 CFD Foskett Ranch 2017-1 | Foskett Ranch | 2,975,000 | 2,975,000 |
| | | | $ 147,127,300 |

**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 $744,514 as of June 30, 2018. 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, 2018. 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.

**NOTE 10: FUND BALANCE (CONTINUED)**

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.

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, 2018, were distributed as follows:

| | General Fund | Other Major Funds | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Nonspendable | | | | |
| Prepaid items | $ 330,040 | $ 4,637 | $ 63,264 | $ 397,941 |
| Endowments - principal | - | - | 356,659 | 356,659 |
| Total Nonspendable | 330,040 | 4,637 | 419,923 | 754,600 |
| Restricted | | | | |
| Public facility improvements | - | 394,973 | - | 394,973 |
| Water capacity expansion | - | 40,480,957 | - | 40,480,957 |
| Public improvements and maintenance | - | 6,756,572 | - | 6,756,572 |
| Parks and recreation | - | - | 1,085,764 | 1,085,764 |
| Streets and roads | - | - | 5,561,437 | 5,561,437 |
| Grants | - | - | 919,966 | 919,966 |
| Debt service | - | - | 3,267,126 | 3,267,126 |
| Loan programs | - | - | 1,632,110 | 1,632,110 |
| Capital projects | - | - | 20,775,332 | 20,775,332 |
| Housing | - | 1,574,513 | - | 1,574,513 |
| Oak tree replacement | - | - | 3,610,251 | 3,610,251 |
| Mandated training fee | - | - | 90,270 | 90,270 |
| Endowments - open space preservation | - | - | 155,303 | 155,303 |
| Total Restricted | - | 49,207,015 | 37,097,559 | 86,304,574 |

**NOTE 10: FUND BALANCE (CONTINUED)**

| | General Fund | Other Major Funds | Non-Major Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Committed | | | | |
| Catastrophic reserve | 2,000,000 | - | - | 2,000,000 |
| Economic reserve | 2,199,243 | - | - | 2,199,243 |
| Youth programs | 63,745 | - | - | 63,745 |
| OPEB | 2,512,000 | - | - | 2,512,000 |
| Operating reserve | 4,420,968 | - | - | 4,420,968 |
| Capital replacement | 500,000 | - | - | 500,000 |
| Total Committed | 11,695,956 | - | - | 11,695,956 |
| Assigned | | | | |
| PERS UAL | 678,711 | - | - | 678,711 |
| Fees for future improvements | - | - | 5,076,709 | 5,076,709 |
| Total Assigned | 678,711 | - | 5,076,709 | 5,755,420 |
| Unassigned | 1,566,065 | (1,196,249) | - | 369,816 |
| Total Fund Balance | $ 14,270,772 | $ 48,015,403 | $ 42,594,191 | $ 104,880,366 |

**NOTE 11: DEFICIT FUND BALANCE / UNRESTRICTED NET POSITION**

**Governmental Funds**

As of June 30, 2018, the following governmental funds had a fund deficit:

| Governmental Fund | Amount |
|---|---|
| Federal Grants | $ 1,196,249 |

The deficit in the Federal Grants fund of $1,196,249 was a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues.

**Proprietary Funds**

As of June 30, 2018, the following proprietary funds had a negative unrestricted net position:

| Proprietary Fund | Amount |
|---|---|
| Airport | $ 6,883,767 |
| Transit | 52,265 |

The Airport fund had a negative unrestricted net position of $6,883,767. 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 $52,265. The unrestricted net position deficit is due to the implementation of GASB 75 in the current 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.

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, 2018, are summarized as follows:

| | **Miscellaneous** | | |
|---|---|---|---|
| Hire Date | Prior to February 13, 2011 | Between February 13, 2011 and January 1, 2013 | On or After January 1, 2013 |
| | 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* | 30.703% | 7.363% | 6.557% |

**NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

| | Safety | |
|---|---|---|
| Hire Date | Prior to January 1, 2013 | On or After January 1, 2013 |
| | Tier I | PEPRA |
| Benefit Formula | 3.0% @ 50 | 2.7% @ 57 |
| Final compensation | Three-year average | Three-year average |
| Benefit Vesting Schedule | 5 years service | 5 years service |
| Benefit Payments | monthly for life | monthly for life |
| Retirement Age | 50 | 50 - 57 |
| Monthly Benefits, as a % of Eligible Compensation | 3.0% | 2.0% - 2.7% |
| Required Employee Contribution Rates | 9.0% | 11.50% |
| Required Employer Contribution Rates* | 28.974% | 12.155% |

* 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, 2018 were $2,387,695.

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

As of June 30, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $21,472,079. $16,124,680 of the liability is reported in governmental activities and $5,347,399 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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

| | |
|---|---|
| Proportion - June 30, 2016 | 0.21666% |
| Proportion - June 30, 2017 | 0.21651% |
| Change - Increase (Decrease) | (0.00015)% |

**NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For the year ended June 30, 2018, the City recognized a pension expense of $4,711,782. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to the measurement date | $ 2,387,695 | $ - |
| Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution | 645,630 | - |
| Differences between actual and expected experience | 107,120 | 247,517 |
| Changes in assumptions | 3,264,083 | 249,519 |
| Adjustment due to differences in proportions | 1,319,629 | 215,128 |
| Net differences between projected and actual earnings on plan investments | 727,425 | - |
| Total | $ 8,451,582 | $ 712,164 |

$2,387,695 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| For the Fiscal Year Ending June 30, | Net Deferred Outflows (Inflows) of Resources |
|---|---|
| 2018 | $ 1,936,089 |
| 2019 | 2,355,470 |
| 2020 | 1,489,570 |
| 2021 | (429,406) |

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| 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 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter |

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 CalPERS Experience Study and Review of Actuarial Assumptions report (based on CalPERS demographic data from 1997 to 2011).

**NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Other actuarial assumptions used in the June 30, 2016 valuation were based on the results of the actuarial experience study for the period 1997 to 2011.

Changes in Assumptions

In Fiscal Year 2016/17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. Deferred inflows of resources for changes of assumptions presented in the deferred outflows/inflows table above represent the unamortized portion of this assumption change.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website at https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

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.

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 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 adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017.

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.

| Asset Class | New Strategic Allocation | Real Return Years 1-10 (a) | Real Return Years 11+ (b) |
|---|---|---|---|
| Global Equity | 47.0% | 4.90% | 5.38% |
| Fixed Income | 19.0% | 0.80% | 2.27% |
| Inflation Assets | 6.0% | 0.60% | 1.39% |
| Private Equity | 12.0% | 6.60% | 6.63% |
| Real Estate | 11.0% | 2.80% | 5.21% |
| Infrastructure and Forestland | 3.0% | 3.90% | 5.36% |
| Liquidity | 2.0% | (0.40%) | (0.90%) |

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

## NOTE 12: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 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 1-percentage point lower or 1-percentage point higher than the current rate:

| | Discount Rate -1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate +1% (8.15%) |
|---|---|---|---|
| Net Pension Liability (Asset) | $ 32,241,120 | $ 21,472,079 | $ 12,600,177 |

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.

*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 other, 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.

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

Net OPEB Liability

The City's net OPEB liability ("NOL") was measured as of June 30, 2017 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.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of return of 7.00 percent.

| Asset Category | Target Allocation | Long-Term Expected Real Rate of Return[1] |
|---|---|---|
| Domestic Equity | 40% | 4.9% |
| Fixed Income | 45% | 2.5% |
| International Equity | 10% | 5.4% |
| Real Estate | 5% | 6.3% |

[1]Considers 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.

**NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

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:

| Reporting Date | Measurement Date | Long-Term Expected Return of Plan Investments (if any) | Municipal Bond 20-Year High Grade Rate Index | Discount Rate |
|---|---|---|---|---|
| June 30, 2018 | June 30, 2017 | 7.00% | 3.13% | 7.00% |

| Changes in the Net OPEB Liability | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c) = (a) - (b) |
|---|---|---|---|
| Total OPEB Liability June 30, 2017 | $ 16,145,046 | $ 2,617,863 | $ 13,527,183 |
| Service cost | 428,445 | - | 428,445 |
| Interest cost | 1,108,069 | - | 1,108,069 |
| Employer contributions | - | 641,837 | (641,837) |
| Net investment income | - | 265,305 | (265,305) |
| Benefit payments | (641,837) | (641,837) | - |
| Administrative expense | - | (31,048) | 31,048 |
| Net change during 2017-18 | 894,677 | 234,257 | 660,420 |
| Balance at June 30, 2018 | $ 17,039,723 | $ 2,852,120 | $ 14,187,603 |

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) | $ 16,605,440 | $ 14,187,603 | $ 12,205,012 |

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) | $ 12,051,805 | $ 14,187,603 | $ 16,813,867 |

## NOTE 13: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of $1,343,062. As of fiscal year ended June 30, 2018, 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 | $ 1,461,479 | $ - |
| Net difference between projected and actual return on investments | - | 40,805 |
| Total | $ 1,461,479 | $ 40,805 |

$1,461,479 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 |
|---|---|
| 2019 | $ (10,201) |
| 2020 | (10,201) |
| 2021 | (10,201) |
| 2022 | (10,202) |

## 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, 2018, the nonspendable amount was $356,659 and the spendable amount was $155,303.

## 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.

## NOTE 15: RISK MANAGEMENT (CONTINUED)

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.

The City's investment in the NCCSIF of $625,656 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, 2018:

| Fund | Excess Expenditures |
|---|---|
| Park In-Lieu | $ 45,246 |
| Police Grants | 27,416 |

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. The total amount of refunds due as of June 30, 2018 are estimated and accrued in the City's water fund at $1,394,599.

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. The City and contractor have filed competing motions for summary judgment for a ruling on which cost recovery methodology is applicable. The case have been continued and the motion is currently scheduled to be heard in January 2019. As of June 30, 2018, the City estimates total liability accrued at $500,000.

Contracts

At June 30, 2018, the City had construction contracts outstanding of approximately $8,234,847 related to various capital projects.

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.

The City and County are together evaluating the actual unused capacity at the WWTRF based on actual flows since the completion of the project. Tentative discussions have indicated that the unused capacity could be less than the .4 mgd reservation. Upon completion of the analysis of the WWTRF capacity, the City and County agree that a portion of the $6,917,917 payment may be refunded from the City to the County.

## 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 $4,161,639 due to the Water Connections fund and $220,616 to the Low/Moderate Income Housing Fund.

Capital assets activity for the year ended June 30, 2018, was as follows:

| | Balance July 1, 2017 | Additions | Retirements | Balance June 30, 2018 |
|---|---|---|---|---|
| Capital assets, not being depreciated | | | | |
| Land | $ 2,837,713 | $ - | $ (1,798,914) | $ 1,038,799 |
| Total capital assets, not being depreciated | 2,837,713 | - | (1,798,914) | 1,038,799 |
| Capital assets being depreciated | | | | |
| Buildings | 179,708 | - | - | 179,708 |
| Land improvements | 1,554,048 | - | - | 1,554,048 |
| Total capital assets, being depreciated | 1,733,756 | - | - | 1,733,756 |
| Less accumulated depreciation | | | | |
| Buildings | (41,555) | (4,492) | - | (46,047) |
| Land improvements | (666,348) | (77,705) | - | (744,053) |
| Total accumulated depreciation | (707,903) | (82,197) | - | (790,100) |
| Total capital assets, being depreciated, net | 1,025,853 | (82,197) | - | 943,656 |
| | - | - | - | - |
| Capital assets, net | $ 3,863,566 | $ (82,197) | $ (1,798,914) | $ 1,982,455 |

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

| | Balance at July 1, 2017 | Additions | Reductions | Balance June 30, 2018 | Current Portion |
|---|---|---|---|---|---|
| LPFA Refunding Series 2000 | $ 295,000 | $ - | $ (295,000) | $ - | $ - |
| Tax Allocation Refunding Series 2016A | 6,100,000 | - | - | 6,100,000 | - |
| Tax Allocation Refunding Series 2016B | 2,150,000 | - | (510,000) | 1,640,000 | 690,000 |
| Premium (discount) on bonds, net | 362,134 | - | (17,287) | 344,847 | 17,287 |
| **Total Long-Term Liabilities** | $ 8,907,134 | $ - | $ (822,287) | $ 8,084,847 | $ 707,287 |

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

A description of the long-term liabilities related to the Successor Agency at June 30, 2018 follows:

LPFA Revenue Refunding Bonds Series 2000

Lincoln Public Financing Authority Revenue Refunding Bonds Series 2000 issued December 2000 in the total amount of $12,275,000, of which $5,625,000 is considered a liability of the former Redevelopment Agency and is payable in annual installment of $235,000 to $580,000, with interest rates ranging from 4.25% to 5.90% and maturing on September 15, 2017. The bonds were used to refund the 1989 Refunding Revenue Bonds and the Lincoln Public Financing Authority Revenue Bonds Series 1994. The bonds were fully retired at June 30, 2018.

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-tem. 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 | 2016A | | 2016B | | Total | |
|---|---|---|---|---|---|---|
| June 30, | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | $ - | $ 258,606 | $ 690,000 | $ 26,751 | $ 690,000 | $ 285,357 |
| 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 - 2028 | 3,360,000 | 420,512 | - | - | 3,360,000 | 420,512 |
| 2029 - 2033 | 610,000 | 83,591 | - | - | 610,000 | 83,591 |
| 2034 - 2038 | 135,000 | 2,616 | - | - | 135,000 | 2,616 |
| Total | $ 6,100,000 | $ 1,692,049 | $ 1,640,000 | $ 42,531 | $ 7,740,000 | $ 1,734,580 |

## NOTE 19: PRIOR PERIOD ADJUSTMENTS

Governmental Funds

The following governmental fund prior period adjustments were recorded by the City, effectively increasing fund balance as of July 1, 2017 by $1,239,196. The net increase resulted from the following:

| | |
|---|---|
| Deferred inflows of resources were incorrectly recorded in prior year | $ 34,796 |
| Developer deposits not recorded | 194,556 |
| Lincoln By-pass relinquishment fund received | 816,519 |
| SCIP funds not properly recognized in prior years | 171,138 |
| Close capital projects fund 590 | 22,187 |
| Total government funds prior period restatement | $ 1,239,196 |

Proprietary Funds

The following proprietary fund prior period adjustments were recorded by the City, effectively decreasing fund balance as of July 1, 2017 by $841,092. The net decrease resulted from the following:

| | |
|---|---|
| Implementation of GASB 75 in current year | $ (1,011,629) |
| Correction of deferred outflows/inflows of resources related to the net pension liability | 536,738 |
| Developer deposits not recorded in the prior year | (697,483) |
| Grant revenue realized but not properly recorded in the prior year | 211,513 |
| SCIP funds not properly recognized in prior years | 100,428 |
| Close capital projects fund 590 | 19,341 |
| Total proprietary funds prior period restatement | $ (841,092) |

Governmental Activities

The following governmental activities prior period adjustments were recorded by the City, effectively decreasing net position as of July 1, 2017 by $6,380,937. The net decrease resulted from the following:

| | |
|---|---|
| Implementation of GASB 75 in current year | $ (5,416,162) |
| Correction of deferred outflows/inflows of resources related to the net pension liability | 2,161,781 |
| Remove WTF planning and design asset incorrectly capitalized in prior year | (4,365,752) |
| Deferred inflows of resources were incorrectly recorded in prior year | 34,796 |
| Developer deposits not recorded | 194,556 |
| Lincoln By-pass relinquishment fund received | 816,519 |
| SCIP funds not properly recognized in prior years | 171,138 |
| Close capital projects fund 590 | 22,187 |
| Total government funds prior period restatement | $ (6,380,937) |

## NOTE 20: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2019 the date on which the financial statements were available for issuance. Management has determined no 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, 2018**
**Last 10 Years ***

| | Measurement Period | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 |
| Proportion of the net pension liability | 0.21651 % | 0.21666 % | 0.22580 % | 0.22100 % |
| Proportionate share of the net pension liability | $ 21,472,079 | $ 18,748,220 | $ 15,498,852 | $ 13,410,759 |
| Covered payroll | $ 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 | 187.55 % | 169.03 % | 157.30 % | 142.42 % |
| Plan fiduciary net position as a percentage of the total pension liability | 73.31 % | 74.06 % | 78.40 % | 79.82 % |

**Notes to Schedule:**

Changes in assumptions. 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 four 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, 2018**
**Last 10 Years ***

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

* Fiscal year 2015 was the 1st year of implementation, therefore only four 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***

| | 2018 |
|---|---|
| **Total OPEB liability** | |
| Service cost | $ 428,445 |
| Interest | 1,108,069 |
| Benefit payments | (641,837) |
| Net change in total OPEB liability | 894,677 |
| Total OPEB liability, beginning | 16,145,046 |
| Total OPEB liability, ending (a) | $ 17,039,723 |
| **Plan fiduciary net position** | |
| Contributions - employer | $ 641,837 |
| Net investment income | 265,305 |
| Benefit payments | (641,837) |
| Administrative expenses | (31,048) |
| Net change in plan fiduciary net position | 234,257 |
| Plan fiduciary net position, beginning | 2,617,863 |
| Plan fiduciary net position, ending (b) | $ 2,852,120 |
| Net OPEB liability, ending (a) - (b) | $ 14,187,603 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 16.74 % |
| Covered-employee payroll | $ 13,889,533 |
| Net OPEB liability as a percentage of covered-employee payroll | 102.15 % |

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only one year is 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***

| | 2018 |
|---|---|
| Actuarially Determined Contribution (ADC) | $ 1,222,832 |
| Contributions in relation to the ADC | (1,461,479) |
| Contribution deficiency (excess) | $ (238,647) |
| Covered-employee payroll | 13,889,533 |
| Contributions as a percentage of covered-employee payroll | 10.52% |

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only one year is 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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Taxes and assessments | $ 13,923,297 | $ 13,923,297 | $ 14,833,167 | $ 909,870 |
| Licenses and permits | 695,650 | 695,650 | 543,480 | (152,170) |
| Intergovernmental | 267,500 | 285,500 | 290,662 | 5,162 |
| Fines and forfeitures | 64,000 | 64,000 | 64,909 | 909 |
| Use of money and property | 182,695 | 182,695 | 1,647 | (181,048) |
| Charges for services | 1,670,954 | 1,799,954 | 1,803,418 | 3,464 |
| Other revenues | 316,039 | 322,639 | 350,304 | 27,665 |
| Total Revenues | 17,120,135 | 17,273,735 | 17,887,587 | 613,852 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | | | | |
| Administration allocation | 2,091,586 | 2,306,200 | 2,137,299 | 168,901 |
| City council | 296,012 | 296,012 | 181,076 | 114,936 |
| City treasurer | 648 | 648 | 640 | 8 |
| City attorney | 202,700 | 230,700 | 115,918 | 114,782 |
| City manager administration | 25,000 | 25,000 | 31,847 | (6,847) |
| Human resources | - | 15,000 | 4,896 | 10,104 |
| Economic development | 275,016 | 275,083 | 218,617 | 56,466 |
| Administrative services | 7,500 | 39,061 | 600 | 38,461 |
| IT | 105,925 | 106,850 | 105,554 | 1,296 |
| Finance | 380,657 | 380,657 | 339,223 | 41,434 |
| **Total General Government** | 3,385,044 | 3,675,211 | 3,135,670 | 539,541 |
| Public Safety | | | | |
| Fire operations | 4,590,027 | 4,703,192 | 5,110,484 | (407,292) |
| Police operations | 5,527,812 | 5,530,538 | 5,401,413 | 129,125 |
| **Total Public Safety** | 10,117,839 | 10,233,730 | 10,511,897 | (278,167) |
| Public Works and Facilities | | | | |
| Parks | 238,474 | 238,474 | 246,800 | (8,326) |
| Facilities Maintenance | 256,666 | 266,666 | 336,721 | (70,055) |
| **Total Public Works** | 495,140 | 505,140 | 583,521 | (78,381) |
| Culture and Recreation | | | | |
| Recreation and administration | 301,005 | 301,005 | 281,653 | 19,352 |
| Adult sports | 99,784 | 99,784 | 55,223 | 44,561 |
| Youth sports | 191,367 | 191,367 | 142,778 | 48,589 |
| Community classes/facility rental | 258,790 | 287,940 | 257,343 | 30,597 |
| Special events | 145,822 | 145,822 | 40,631 | 105,191 |
| Contract classes | - | - | 88 | (88) |
| Aquatic programs | 107,282 | 107,282 | 108,083 | (801) |
| **Total Culture and Recreation** | 1,104,050 | 1,133,200 | 885,799 | 247,401 |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| Urban Development and Housing | | | | |
| Development services administration | 260,244 | 260,244 | 211,805 | 48,439 |
| Planning | 259,768 | 259,768 | 196,088 | 63,680 |
| Engineering | 64,353 | 64,353 | 63,390 | 963 |
| Building | 373,660 | 373,660 | 368,718 | 4,942 |
| **Total Urban Development and Housing** | 958,025 | 958,025 | 840,001 | 118,024 |
| Education | | | | |
| Twelve Bridges library | 566,367 | 598,018 | 537,738 | 60,280 |
| **Total Education** | 566,367 | 598,018 | 537,738 | 60,280 |
| Capital Outlay | | | | |
| Facilities maintenance | 70,000 | 91,000 | 81,160 | 9,840 |
| **Total Capital Outlay** | 70,000 | 91,000 | 81,160 | 9,840 |
| Debt Service | | | | |
| Principal | 88,510 | 88,510 | 88,510 | - |
| Interest | 1,187 | 1,187 | 1,187 | - |
| **Total Debt Service** | 89,697 | 89,697 | 89,697 | - |
| Total Expenditures | 16,786,162 | 17,284,021 | 16,665,483 | 618,538 |
| Excess (deficiency) of revenues over expenditures | 333,973 | (10,286) | 1,222,104 | 1,232,390 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 416,273 | 416,273 | 441,580 | 25,307 |
| Transfers out | (352,259) | (352,259) | (669,707) | (317,448) |
| Total Other Financing Sources (Uses) | 64,014 | 64,014 | (228,127) | (292,141) |
| Net change in fund balance | $ 397,987 | $ 53,728 | 993,977 | $ 940,249 |
| Fund balance - July 1, 2017 | | | 13,241,999 | |
| Prior period adjustment | | | 34,796 | |
| Fund balance - July 1, 2017, restated | | | 13,276,795 | |
| Fund balance - June 30, 2018 | | | $ 14,270,772 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 148,500 | $ 148,500 | $ 3,110 | $ (145,390) |
| Charges for services | 2,008,793 | 1,814,793 | 1,226,933 | (587,860) |
| Total Revenues | 2,157,293 | 1,963,293 | 1,230,043 | (733,250) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | 775 | (775) |
| Public works and facilities | 1,926 | 41,449 | 5,084 | 36,365 |
| Education | 81,000 | 81,000 | 72,316 | 8,684 |
| Capital outlay | 262,000 | 470,150 | 77,175 | 392,975 |
| Debt service: | | | | |
| Interest and fiscal charges | 20,248 | 20,248 | 44,102 | (23,854) |
| Total Expenditures | 365,174 | 612,847 | 199,452 | 413,395 |
| Excess (deficiency) of revenues over expenditures | 1,792,119 | 1,350,446 | 1,030,591 | (319,855) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | 2,939,419 | 2,939,419 |
| Transfers out | (237,626) | (237,626) | - | 237,626 |
| Total Other Financing Sources (Uses) | (237,626) | (237,626) | 2,939,419 | 3,177,045 |
| Net change in fund balance | $ 1,554,493 | $ 1,112,820 | 3,970,010 | $ 2,857,190 |
| Fund balance (deficit) - July 1, 2017 | | | (3,961,610) | |
| Prior period adjustment | | | 386,573 | |
| Fund balance (deficit) - July 1, 2017, restated | | | (3,575,037) | |
| Fund balance - June 30, 2018 | | | $ 394,973 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 436,500 | $ 436,500 | $ 48,338 | $ (388,162) |
| Charges for services | 3,673,442 | 3,198,442 | 2,403,662 | (794,780) |
| Total Revenues | 4,109,942 | 3,634,942 | 2,452,000 | (1,182,942) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works and facilities | - | - | 6,567 | (6,567) |
| Capital outlay | 12,829,000 | 13,498,246 | 2,684,242 | 10,814,004 |
| Total Expenditures | 12,829,000 | 13,498,246 | 2,690,809 | 10,807,437 |
| Net change in fund balance | $ (8,719,058) | $ (9,863,304) | (238,809) | $ 9,624,495 |
| Fund balance - July 1, 2017 | | | 40,719,766 | |
| Fund balance - June 30, 2018 | | | $ 40,480,957 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Taxes and assessments | $ 3,705,447 | $ 3,705,447 | $ 3,734,737 | $ 29,290 |
| Use of money and property | 174,683 | 174,683 | 2,879 | (171,804) |
| Other revenues | - | - | 4,227 | 4,227 |
| Total Revenues | 3,880,130 | 3,880,130 | 3,741,843 | (138,287) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 39,160 | 39,160 | 40,837 | (1,677) |
| Public safety | 340 | 340 | 1,492 | (1,152) |
| Public works and facilities | 3,726,614 | 4,215,685 | 4,080,957 | 134,728 |
| Capital outlay | 1,119,500 | 1,514,461 | 37,636 | 1,476,825 |
| Total Expenditures | 4,885,614 | 5,769,646 | 4,160,922 | 1,608,724 |
| Excess (deficiency) of revenues over expenditures | (1,005,484) | (1,889,516) | (419,079) | 1,470,437 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | (147,657) | (147,657) | (157,871) | (10,214) |
| Total Other Financing Sources (Uses) | (147,657) | (147,657) | (157,871) | (10,214) |
| Net change in fund balance | $ (1,153,141) | $ (2,037,173) | (576,950) | $ 1,460,223 |
| Fund balance - July 1, 2017 | | | 7,338,159 | |
| Fund balance - June 30, 2018 | | | $ 6,761,209 | |

**CITY OF LINCOLN**
FEDERAL GRANTS - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Taxes and assessments | $ 3,499,274 | $ 3,499,274 | $ 1,148,064 | $ (2,351,210) |
| Total Revenues | 3,499,274 | 3,499,274 | 1,148,064 | (2,351,210) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works and facilities | - | - | 9,209 | (9,209) |
| Capital outlay | 3,499,274 | 6,313,598 | 2,033,098 | 4,280,500 |
| Total Expenditures | 3,499,274 | 6,313,598 | 2,042,307 | 4,271,291 |
| Net change in fund balance | $ - | $ (2,814,324) | (894,243) | $ 1,920,081 |
| Fund balance (deficit) - July 1, 2017 | | | (302,006) | |
| Fund balance (deficit) - June 30, 2018 | | | $ (1,196,249) | |

**CITY OF LINCOLN**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGETARY ACCOUNTING AND CONTROL**
**FOR THE YEAR ENDED JUNE 30, 2018**

## 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 devise 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:

| | Appropriations | Expenditures | Excess of Expenditures Over Appropriations |
|---|---|---|---|
| City manager administration | $ 25,000 | $ 31,847 | $ 6,847 |
| Fire operations | 4,703,192 | 5,110,484 | 407,292 |
| Parks | 238,474 | 246,800 | 8,326 |
| Facility maintenance | 266,666 | 336,721 | 70,055 |
| Contract classes | - | 88 | 88 |
| Aquatic programs | 107,282 | 108,083 | 801 |

# COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION

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.

## 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.

## 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 projects funds used by the City are listed below:

Capital Projects

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

Lincoln Public Financing Authority City Hall Series 2006

Accounts for construction of the City administration facility.

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 2006

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.

**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 2003

Accounts for the 2003 Lease Revenue Refunding Bonds which were used to construct the public safety facility and the corporate yard project.

Lincoln Public Financing Authority Series 2006-1

Accounts for debt service payments for the 2006 Lease Revenue Series 2004A bonds which were used to construct the City administration facilities.

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 a 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.

**PERMANENT FUNDS (CONTINUED)**

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, 2018

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | Park In-Lieu | Gas Tax | Street Fund | Supplemental Fees | Parks and Recreation Tax | Development Services |
| **ASSETS** | | | | | | |
| Cash and investments | $ 867,545 | $ 3,696,848 | $ 2,619,554 | $ 1,856,041 | $ 250,551 | $ 4,973,850 |
| Accounts receivable | - | 41,883 | - | - | - | 41,931 |
| Interest receivable | 657 | 2,778 | 2,042 | 1,406 | 191 | 3,705 |
| Prepaid items | - | 7,309 | 9,652 | - | - | 46,303 |
| Advances to other funds | - | - | - | - | - | - |
| Restricted cash and investments | - | 43,815 | - | - | - | - |
| Loans receivable, net | - | - | - | - | - | - |
| **Total Assets** | $ 868,202 | $ 3,792,633 | $ 2,631,248 | $ 1,857,447 | $ 250,742 | $ 5,065,789 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | | | |
| **LIABILITIES:** | | | | | | |
| Accounts payable | $ - | $ 579,057 | $ 194,456 | $ - | $ - | $ 486,116 |
| Accrued salaries and benefits | - | 9,222 | 2,941 | - | - | 15,743 |
| Accrued liabilities | - | - | - | - | - | 20 |
| Retention payable | 33,180 | 43,815 | 15,992 | - | - | - |
| Deposits payable | - | - | - | - | - | 1,208,075 |
| Due to other funds | - | - | - | - | - | - |
| **Total Liabilities** | 33,180 | 632,094 | 213,389 | - | - | 1,709,954 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | | |
| Unavailable revenues | - | - | - | - | - | - |
| **FUND BALANCES (DEFICITS):** | | | | | | |
| Nonspendable | - | 7,309 | 9,652 | - | - | 46,303 |
| Restricted | 835,022 | 3,153,230 | 2,408,207 | - | 250,742 | 90,270 |
| Assigned | - | - | - | 1,857,447 | - | 3,219,262 |
| **Total Fund Balances (Deficits)** | 835,022 | 3,160,539 | 2,417,859 | 1,857,447 | 250,742 | 3,355,835 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)** | $ 868,202 | $ 3,792,633 | $ 2,631,248 | $ 1,857,447 | $ 250,742 | $ 5,065,789 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2018

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | State Grants | Police Grants | Revitalization and Rehabilitation Loans | Community Development Block Grant (CDBG) | HOME Investment Partnership Program | Cal Home Grants |
| **ASSETS** | | | | | | |
| Cash and investments | $ 941,283 | $ 27,618 | $ 830,405 | $ 153,841 | $ 244,006 | $ 403,575 |
| Accounts receivable | - | - | - | - | - | - |
| Interest receivable | 713 | 20 | 629 | 65 | 228 | 306 |
| Prepaid items | - | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - | - |
| Restricted cash and investments | - | - | - | 4 | - | - |
| Loans receivable, net | - | - | 2,355 | 460,261 | 1,861,272 | 680,147 |
| **Total Assets** | $ 941,996 | $ 27,638 | $ 833,389 | $ 614,171 | $ 2,105,506 | $ 1,084,028 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | | | |
| **LIABILITIES:** | | | | | | |
| Accounts payable | $ 46,297 | $ - | $ - | $ 950 | $ - | $ - |
| Accrued salaries and benefits | 594 | 2,517 | - | - | - | - |
| Accrued liabilities | - | - | - | - | - | - |
| Retention payable | 260 | - | - | - | - | - |
| Deposits payable | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| **Total Liabilities** | 47,151 | 2,517 | - | 950 | - | - |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | | |
| Unavailable revenues | - | - | 2,355 | 460,261 | 1,861,271 | 680,147 |
| **FUND BALANCES (DEFICITS):** | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 894,845 | 25,121 | 831,034 | 152,960 | 244,235 | 403,881 |
| Assigned | - | - | - | - | - | - |
| **Total Fund Balances (Deficits)** | 894,845 | 25,121 | 831,034 | 152,960 | 244,235 | 403,881 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)** | $ 941,996 | $ 27,638 | $ 833,389 | $ 614,171 | $ 2,105,506 | $ 1,084,028 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2018

| | Special Revenue | Capital Project Funds | | | | |
|---|---|---|---|---|---|---|
| | Oak Tree Mitigation | Capital Projects | LPFA City Hall Series 2006 | Twelve Bridges Capital Project | Hwy 65 Bypass | Aiken Ranch Financial District Improvement |
| **ASSETS** | | | | | | |
| Cash and investments | $ 1,293,631 | $ 2,393,439 | $ - | $ - | $ - | $ 56,628 |
| Accounts receivable | - | - | - | - | - | - |
| Interest receivable | 980 | 2,471 | - | 43 | 173 | 43 |
| Prepaid items | - | - | - | - | - | - |
| Advances to other funds | 2,315,640 | - | - | - | - | - |
| Restricted cash and investments | - | 2,980,888 | - | 10,799,754 | - | - |
| Loans receivable, net | - | - | - | - | - | - |
| **Total Assets** | $ 3,610,251 | $ 5,376,798 | $ - | $ 10,799,797 | $ 173 | $ 56,671 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | | | |
| **LIABILITIES:** | | | | | | |
| Accounts payable | $ - | $ 3,155 | $ - | $ 73,047 | $ - | $ - |
| Accrued salaries and benefits | - | - | - | - | - | - |
| Accrued liabilities | - | - | - | - | - | - |
| Retention payable | - | - | - | - | - | - |
| Deposits payable | - | - | - | - | - | 48,491 |
| Due to other funds | - | - | - | 104,100 | - | - |
| **Total Liabilities** | - | 3,155 | - | 177,147 | - | 48,491 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | | |
| Unavailable revenues | - | - | - | - | - | - |
| **FUND BALANCES (DEFICITS):** | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 3,610,251 | 5,373,643 | - | 10,622,650 | 173 | 8,180 |
| Assigned | - | - | - | - | - | - |
| **Total Fund Balances (Deficits)** | 3,610,251 | 5,373,643 | - | 10,622,650 | 173 | 8,180 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)** | $ 3,610,251 | $ 5,376,798 | $ - | $ 10,799,797 | $ 173 | $ 56,671 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2018

| | Capital Project Funds | | | | Debt Service |
|---|---|---|---|---|---|
| | Sorrento Project Series 2006 | Lakeside CFD Improvement Area | Lincoln Crossing | Foskett Ranch Series 2004-3 | Lincoln Public Financing Authority Series 2000 |
| **ASSETS** | | | | | |
| Cash and investments | $ - | $ 8,408 | $ 231,234 | $ 195,810 | $ 1,782,472 |
| Accounts receivable | - | - | - | - | - |
| Interest receivable | - | 57 | 3 | 153 | 1,124 |
| Prepaid items | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Restricted cash and investments | 2,034,967 | 154 | 2,412,500 | - | - |
| Loans receivable, net | - | - | - | - | - |
| **Total Assets** | $ 2,034,967 | $ 8,619 | $ 2,643,737 | $ 195,963 | $ 1,783,596 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | | |
| **LIABILITIES:** | | | | | |
| Accounts payable | $ - | $ - | $ - | $ 106,970 | $ - |
| Accrued salaries and benefits | - | - | - | - | - |
| Accrued liabilities | - | - | - | - | - |
| Retention payable | - | - | - | 5,630 | - |
| Deposits payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| **Total Liabilities** | - | - | - | 112,600 | - |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | |
| Unavailable revenues | - | - | - | - | - |
| **FUND BALANCES (DEFICITS):** | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 2,034,967 | 8,619 | 2,643,737 | 83,363 | 1,783,596 |
| Assigned | - | - | - | - | - |
| **Total Fund Balances (Deficits)** | 2,034,967 | 8,619 | 2,643,737 | 83,363 | 1,783,596 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)** | $ 2,034,967 | $ 8,619 | $ 2,643,737 | $ 195,963 | $ 1,783,596 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2018

| | Debt Service Funds | | | Permanent Funds | |
|---|---|---|---|---|---|
| | Lincoln Public Financing Authority Series 2003 | Lincoln Public Financing Authority Series 2006-1 | Lincoln Public Financing Authority Series 2016 | Stormwater Retention Maintenance | Suncal Open Space Endowment |
| **ASSETS** | | | | | |
| Cash and investments | $ - | $ - | $ 45,425 | $ 33,635 | $ 252,293 |
| Accounts receivable | - | - | - | - | - |
| Interest receivable | - | - | 210 | 26 | 191 |
| Prepaid items | - | - | - | - | - |
| Advances to other funds | - | - | 1,437,838 | - | - |
| Restricted cash and investments | - | - | 57 | - | - |
| Loans receivable, net | - | - | - | - | - |
| **Total Assets** | $ - | $ - | $ 1,483,530 | $ 33,661 | $ 252,484 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | | |
| **LIABILITIES:** | | | | | |
| Accounts payable | $ - | $ - | $ - | $ - | $ - |
| Accrued salaries and benefits | - | - | - | - | - |
| Accrued liabilities | - | - | - | - | - |
| Retention payable | - | - | - | - | - |
| Deposits payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| **Total Liabilities** | - | - | - | - | - |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | |
| Unavailable revenues | - | - | - | - | - |
| **FUND BALANCES (DEFICITS):** | | | | | |
| Nonspendable | - | - | - | 25,439 | 221,220 |
| Restricted | - | - | 1,483,530 | 8,222 | 31,264 |
| Assigned | - | - | - | - | - |
| **Total Fund Balances (Deficits)** | - | - | 1,483,530 | 33,661 | 252,484 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)** | $ - | $ - | $ 1,483,530 | $ 33,661 | $ 252,484 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2018

| | Permanent Funds | | | | |
|---|---|---|---|---|---|
| | Brookview Open Space Maintenance Trust | Sterling Point Endowment | WWTRF Tertiary Storage Basin Maintenance | Lincoln Aircenter | **Total Non-major Governmental Funds** |
| **ASSETS** | | | | | |
| Cash and investments | $ - | $ 61,976 | $ 62,641 | $ 85,033 | $ 23,367,742 |
| Accounts receivable | - | - | - | - | 83,814 |
| Interest receivable | - | 48 | 58 | 64 | 18,384 |
| Prepaid items | - | - | - | - | 63,264 |
| Advances to other funds | - | - | - | - | 3,753,478 |
| Restricted cash and investments | 16,236 | - | - | - | 18,288,375 |
| Loans receivable, net | - | - | - | - | 3,004,035 |
| **Total Assets** | $ 16,236 | $ 62,024 | $ 62,699 | $ 85,097 | $ 48,579,092 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)** | | | | | |
| **LIABILITIES:** | | | | | |
| Accounts payable | $ 239 | $ - | $ - | $ - | $ 1,490,287 |
| Accrued salaries and benefits | - | - | - | - | 31,017 |
| Accrued liabilities | - | - | - | - | 20 |
| Retention payable | - | - | - | - | 98,877 |
| Deposits payable | - | - | - | - | 1,256,566 |
| Due to other funds | - | - | - | - | 104,100 |
| **Total Liabilities** | 239 | - | - | - | 2,980,867 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | |
| Unavailable revenues | - | - | - | - | 3,004,034 |
| **FUND BALANCES (DEFICITS):** | | | | | |
| Nonspendable | 5,000 | 50,000 | 50,000 | 5,000 | 419,923 |
| Restricted | 10,997 | 12,024 | 12,699 | 80,097 | 37,097,559 |
| Assigned | - | - | - | - | 5,076,709 |
| **Total Fund Balances (Deficits)** | 15,997 | 62,024 | 62,699 | 85,097 | 42,594,191 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)** | $ 16,236 | $ 62,024 | $ 62,699 | $ 85,097 | $ 48,579,092 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | Park In-Lieu | Gas Tax | Street Fund | Supplemental Fees | Parks and Recreation Tax | Development Services |
| **REVENUES** | | | | | | |
| Licenses and permits | $ - | $ - | $ - | $ - | $ - | $ 1,067,155 |
| Intergovernmental | - | 1,250,935 | 3,765,048 | - | - | - |
| Use of money and property | (483) | 1,015 | 955 | 19 | 361 | 1,160 |
| Charges for services | 96,818 | - | - | 36,484 | 37,750 | 965,667 |
| Other revenue | - | - | 16,859 | - | - | - |
| Total Revenues | 96,335 | 1,251,950 | 3,782,862 | 36,503 | 38,111 | 2,033,982 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works and facilities | - | 747,146 | 1,416,145 | - | - | 2,322,139 |
| Cultural and recreation | 3,747 | - | - | - | 1,519 | - |
| Capital outlay | 809,035 | 1,245,396 | 1,475,762 | - | 171,817 | 8,824 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest (accretion) and other charges | - | - | - | - | - | - |
| Total Expenditures | 812,782 | 1,992,542 | 2,891,907 | - | 173,336 | 2,330,963 |
| Excess (Deficiency) of Revenues over Expenditures | (716,447) | (740,592) | 890,955 | 36,503 | (135,225) | (296,981) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Return of bond funds | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | (31,303) | (81,488) | (316,273) | - | (244,456) |
| Total Other Financing Sources (Uses) | - | (31,303) | (81,488) | (316,273) | - | (244,456) |
| Net change in fund balances | (716,447) | (771,895) | 809,467 | (279,770) | (135,225) | (541,437) |
| Fund balances (deficits) - July 1, 2017 | 1,551,469 | 3,932,434 | 1,493,392 | 2,137,217 | 384,659 | 3,897,272 |
| Prior period adjustment (Note 19) | - | - | 115,000 | - | 1,308 | - |
| Fund balances (deficits) - July 1, 2017, restated | 1,551,469 | 3,932,434 | 1,608,392 | 2,137,217 | 385,967 | 3,897,272 |
| Fund balances (deficits) - June 30, 2018 | $ 835,022 | $ 3,160,539 | $ 2,417,859 | $ 1,857,447 | $ 250,742 | $ 3,355,835 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | Special Revenue Funds | | | | | |
|---|---|---|---|---|---|---|
| | State Grants | Police Grants | Revitalization and Rehabilitation Loans | Community Development Block Grant (CDBG) | HOME Investment Partnership Program | Cal Home Grants |
| **REVENUES** | | | | | | |
| Licenses and permits | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | 156,379 | 139,416 | - | 96,664 | - | - |
| Use of money and property | 1,073 | (26) | 271 | 635 | 2,207 | 37,150 |
| Charges for services | - | - | 3,296 | 56,846 | 3,749 | 87,743 |
| Other revenue | - | - | (256) | - | - | - |
| Total Revenues | 157,452 | 139,390 | 3,311 | 154,145 | 5,956 | 124,893 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | 22,581 | - | (1) |
| Public safety | - | 127,416 | - | - | - | - |
| Public works and facilities | 11,788 | - | - | - | - | - |
| Cultural and recreation | - | - | - | - | - | - |
| Capital outlay | 155,532 | - | - | 523,829 | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest (accretion) and other charges | - | - | - | - | - | - |
| Total Expenditures | 167,320 | 127,416 | - | 546,410 | - | (1) |
| Excess (Deficiency) of Revenues over Expenditures | (9,868) | 11,974 | 3,311 | (392,265) | 5,956 | 124,894 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Return of bond funds | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Net change in fund balances | (9,868) | 11,974 | 3,311 | (392,265) | 5,956 | 124,894 |
| Fund balances (deficits) - July 1, 2017 | 203,194 | 13,147 | 827,723 | 545,225 | 238,279 | 278,987 |
| Prior period adjustment (Note 19) | 701,519 | - | - | - | - | - |
| Fund balances (deficits) - July 1, 2017, restated | 904,713 | 13,147 | 827,723 | 545,225 | 238,279 | 278,987 |
| Fund balances (deficits) - June 30, 2018 | $ 894,845 | $ 25,121 | $ 831,034 | $ 152,960 | $ 244,235 | $ 403,881 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | Special Revenue | Capital Project Funds | | | | |
|---|---|---|---|---|---|---|
| | Oak Tree Mitigation | Capital Projects | LPFA City Hall Series 2006 | Twelve Bridges Capital Project | Hwy 65 Bypass | Aiken Ranch Financial District Improvement |
| **REVENUES** | | | | | | |
| Licenses and permits | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - | - |
| Use of money and property | 8,170 | 17,819 | - | 139,662 | 33 | 9 |
| Charges for services | 10,050 | 200 | - | - | - | - |
| Other revenue | - | 8,818 | - | - | - | - |
| Total Revenues | 18,220 | 26,837 | - | 139,662 | 33 | 9 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works and facilities | - | 2,262 | - | 8,920 | - | - |
| Cultural and recreation | - | - | - | - | - | - |
| Capital outlay | 57,000 | 89,568 | - | 396,593 | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest (accretion) and other charges | - | - | - | - | - | - |
| Total Expenditures | 57,000 | 91,830 | - | 405,513 | - | - |
| Excess (Deficiency) of Revenues over Expenditures | (38,780) | (64,993) | - | (265,851) | 33 | 9 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Return of bond funds | - | - | - | - | - | - |
| Transfers in | - | 70,000 | 846 | - | 173 | - |
| Transfers out | - | (867,010) | - | - | (228,403) | - |
| Total Other Financing Sources (Uses) | - | (797,010) | 846 | - | (228,230) | - |
| Net change in fund balances | (38,780) | (862,003) | 846 | (265,851) | (228,197) | 9 |
| Fund balances (deficits) - July 1, 2017 | 3,649,031 | 6,235,646 | (846) | 10,888,501 | 228,370 | 8,171 |
| Prior period adjustment (Note 19) | - | - | - | - | - | - |
| Fund balances (deficits) - July 1, 2017, restated | 3,649,031 | 6,235,646 | (846) | 10,888,501 | 228,370 | 8,171 |
| Fund balances (deficits) - June 30, 2018 | $ 3,610,251 | $ 5,373,643 | $ - | $ 10,622,650 | $ 173 | $ 8,180 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | Capital Project Funds | | | | Debt Service |
|---|---|---|---|---|---|
| | Sorrento Project Series 2006 | Lakeside CFD Improvement Area | Lincoln Crossing | Foskett Ranch Series 2004-3 | Lincoln Public Financing Authority Series 2000 |
| **REVENUES** | | | | | |
| Licenses and permits | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - |
| Use of money and property | 13,122 | 245 | 31,971 | 1,190 | 1,418 |
| Charges for services | - | - | - | - | - |
| Other revenue | - | - | - | - | - |
| Total Revenues | 13,122 | 245 | 31,971 | 1,190 | 1,418 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 2,250 |
| Public safety | - | - | - | - | - |
| Public works and facilities | - | - | - | - | - |
| Cultural and recreation | - | - | - | - | - |
| Capital outlay | - | - | - | 135,645 | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | 20,000 |
| Interest (accretion) and other charges | - | - | - | - | 9,293 |
| Total Expenditures | - | - | - | 135,645 | 31,543 |
| Excess (Deficiency) of Revenues over Expenditures | 13,122 | 245 | 31,971 | (134,455) | (30,125) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Return of bond funds | - | (123,168) | - | - | - |
| Transfers in | - | - | 228,403 | - | 7,878 |
| Transfers out | - | - | (173) | - | - |
| Total Other Financing Sources (Uses) | - | (123,168) | 228,230 | - | 7,878 |
| Net change in fund balances | 13,122 | (122,923) | 260,201 | (134,455) | (22,247) |
| Fund balances (deficits) - July 1, 2017 | 2,021,845 | 131,542 | 2,383,536 | 217,818 | 1,805,843 |
| Prior period adjustment (Note 19) | - | - | - | - | - |
| Fund balances (deficits) - July 1, 2017, restated | 2,021,845 | 131,542 | 2,383,536 | 217,818 | 1,805,843 |
| Fund balances (deficits) - June 30, 2018 | $ 2,034,967 | $ 8,619 | $ 2,643,737 | $ 83,363 | $ 1,783,596 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | Debt Service Funds | | | Permanent Funds | |
|---|---|---|---|---|---|
| | Lincoln Public Financing Authority Series 2003 | Lincoln Public Financing Authority Series 2006-1 | Lincoln Public Financing Authority Series 2016 | Stormwater Retention Maintenance | Suncal Open Space Endowment |
| **REVENUES** | | | | | |
| Licenses and permits | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - |
| Use of money and property | 1 | (5) | 16,896 | 5 | 39 |
| Charges for services | - | - | - | - | - |
| Other revenue | - | - | - | - | - |
| Total Revenues | 1 | (5) | 16,896 | 5 | 39 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works and facilities | - | - | 11,169 | - | - |
| Cultural and recreation | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | 900,000 | - | - |
| Interest (accretion) and other charges | - | - | 577,645 | - | - |
| Total Expenditures | - | - | 1,488,814 | - | - |
| Excess (Deficiency) of Revenues over Expenditures | 1 | (5) | (1,471,918) | 5 | 39 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Return of bond funds | - | - | - | - | - |
| Transfers in | - | - | 1,568,477 | - | - |
| Transfers out | (4) | (303) | - | - | - |
| Total Other Financing Sources (Uses) | (4) | (303) | 1,568,477 | - | - |
| Net change in fund balances | (3) | (308) | 96,559 | 5 | 39 |
| Fund balances (deficits) - July 1, 2017 | 3 | 308 | 1,386,971 | 33,656 | 252,445 |
| Prior period adjustment (Note 19) | - | - | - | - | - |
| Fund balances (deficits) - July 1, 2017, restated | 3 | 308 | 1,386,971 | 33,656 | 252,445 |
| Fund balances (deficits) - June 30, 2018 | $ - | $ - | $ 1,483,530 | $ 33,661 | $ 252,484 |

**CITY OF LINCOLN**
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

| | Permanent Funds | | | | |
|---|---|---|---|---|---|
| | Brookview Open Space Maintenance Trust | Sterling Point Endowment | WWTRF Tertiary Storage Basin Maintenance | Lincoln Aircenter | **Total Non-major Governmental Funds** |
| **REVENUES** | | | | | |
| Licenses and permits | $ - | $ - | $ - | $ - | $ 1,067,155 |
| Intergovernmental | - | - | - | - | 5,408,442 |
| Use of money and property | - | 6 | 71 | 168 | 275,157 |
| Charges for services | - | - | - | - | 1,298,603 |
| Other revenue | - | - | - | - | 25,421 |
| Total Revenues | - | 6 | 71 | 168 | 8,074,778 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | 23 | - | 114 | 155 | 25,122 |
| Public safety | - | - | - | - | 127,416 |
| Public works and facilities | - | - | - | - | 4,519,569 |
| Cultural and recreation | - | - | - | - | 5,266 |
| Capital outlay | - | - | - | - | 5,069,001 |
| Debt service: | | | | | |
| Principal | - | - | - | - | 920,000 |
| Interest (accretion) and other charges | - | - | - | - | 586,938 |
| Total Expenditures | 23 | - | 114 | 155 | 11,253,312 |
| Excess (Deficiency) of Revenues over Expenditures | (23) | 6 | (43) | 13 | (3,178,534) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Return of bond funds | - | - | - | - | (123,168) |
| Transfers in | - | - | - | - | 1,875,777 |
| Transfers out | - | - | - | - | (1,769,413) |
| Total Other Financing Sources (Uses) | - | - | - | - | (16,804) |
| Net change in fund balances | (23) | 6 | (43) | 13 | (3,195,338) |
| Fund balances (deficits) - July 1, 2017 | 16,020 | 62,018 | 62,742 | 85,084 | 44,971,702 |
| Prior period adjustment (Note 19) | - | - | - | - | 817,827 |
| Fund balances (deficits) - July 1, 2017, restated | 16,020 | 62,018 | 62,742 | 85,084 | 45,789,529 |
| Fund balances (deficits) - June 30, 2018 | $ 15,997 | $ 62,024 | $ 62,699 | $ 85,097 | $ 42,594,191 |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 25,000 | $ 25,000 | $ (483) | $ (25,483) |
| Charges for services | 8,640 | 78,640 | 96,818 | 18,178 |
| Total Revenues | 33,640 | 103,640 | 96,335 | (7,305) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Culture and recreation | - | - | 3,747 | (3,747) |
| Capital outlay | 495,000 | 767,536 | 809,035 | (41,499) |
| Total Expenditures | 495,000 | 767,536 | 812,782 | (45,246) |
| Net change in fund balance | $ (461,360) | $ (663,896) | (716,447) | $ (52,551) |
| Fund balance - July 1, 2017 | | | 1,551,469 | |
| Fund balance - June 30, 2018 | | | $ 835,022 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Intergovernmental | $ 1,324,266 | $ 1,324,266 | $ 1,250,935 | $ (73,331) |
| Use of money and property | 67,000 | 67,000 | 1,015 | (65,985) |
| Total Revenues | 1,391,266 | 1,391,266 | 1,251,950 | (139,316) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works and facilities | 805,078 | 974,804 | 747,146 | 227,658 |
| Capital outlay | 2,924,400 | 3,847,919 | 1,245,396 | 2,602,523 |
| Total Expenditures | 3,729,478 | 4,822,723 | 1,992,542 | 2,830,181 |
| Excess (deficiency) of revenues over expenditures | (2,338,212) | (3,431,457) | (740,592) | 2,690,865 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | - | - | (31,303) | (31,303) |
| Total Other Financing Sources (Uses) | - | - | (31,303) | (31,303) |
| Net change in fund balance | $ (2,338,212) | $ (3,431,457) | (771,895) | $ 2,659,562 |
| Fund balance - July 1, 2017 | | | 3,932,434 | |
| Fund balance - June 30, 2018 | | | $ 3,160,539 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Intergovernmental | $ 2,315,700 | $ 2,315,700 | $ 3,765,048 | $ 1,449,348 |
| Use of money and property | 43,000 | 43,000 | 955 | (42,045) |
| Other revenues | - | - | 16,859 | 16,859 |
| Total Revenues | 2,358,700 | 2,358,700 | 3,782,862 | 1,424,162 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 5,100 | 5,100 | - | 5,100 |
| Public works and facilities | 1,646,991 | 1,790,217 | 1,416,145 | 374,072 |
| Capital outlay | 1,474,820 | 3,052,345 | 1,475,762 | 1,576,583 |
| Total Expenditures | 3,126,911 | 4,847,662 | 2,891,907 | 1,955,755 |
| Excess (deficiency) of revenues over expenditures | (768,211) | (2,488,962) | 890,955 | 3,379,917 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | 52,123 | 52,123 | (81,488) | (133,611) |
| Total Other Financing Sources (Uses) | 52,123 | 52,123 | (81,488) | (133,611) |
| Net change in fund balance | $ (716,088) | $ (2,436,839) | 809,467 | $ 3,246,306 |
| Fund balance - July 1, 2017 | | | 1,493,392 | |
| Prior period adjustment | | | 115,000 | |
| Fund balance - July 1, 2017, restated | | | 1,608,392 | |
| Fund balance - June 30, 2018 | | | $ 2,417,859 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 42,000 | $ 42,000 | $ 19 | $ (41,981) |
| Charges for services | 74,200 | 58,200 | 36,484 | (21,716) |
| Total Revenues | 116,200 | 100,200 | 36,503 | (63,697) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | (316,273) | (316,273) | (316,273) | - |
| Total Other Financing Sources (Uses) | (316,273) | (316,273) | (316,273) | - |
| Net change in fund balance | $ (200,073) | $ (216,073) | (279,770) | $ (63,697) |
| Fund balance - July 1, 2017 | | | 2,137,217 | |
| Fund balance - June 30, 2018 | | | $ 1,857,447 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 2,500 | $ 2,500 | $ 361 | $ (2,139) |
| Charges for services | 65,511 | 57,711 | 37,750 | (19,961) |
| Total Revenues | 68,011 | 60,211 | 38,111 | (22,100) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Culture and recreation | - | - | 1,519 | (1,519) |
| Capital outlay | 283,000 | 353,000 | 171,817 | 181,183 |
| Total Expenditures | 283,000 | 353,000 | 173,336 | 179,664 |
| Net change in fund balance | $ (214,989) | $ (292,789) | (135,225) | $ 157,564 |
| Fund balance - July 1, 2017 | | | 384,659 | |
| Prior period adjustment | | | 1,308 | |
| Fund balance - July 1, 2017, restated | | | 385,967 | |
| Fund balance - June 30, 2018 | | | $ 250,742 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| License and permits | $ 1,429,500 | $ 1,429,500 | $ 1,067,155 | $ (362,345) |
| Use of money and property | 100,000 | 100,000 | 1,160 | (98,840) |
| Charges for services | 761,860 | 761,860 | 965,667 | 203,807 |
| Other revenues | 347,000 | 347,000 | - | (347,000) |
| Total Revenues | 2,638,360 | 2,638,360 | 2,033,982 | (604,378) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 35,000 | 35,000 | - | 35,000 |
| Public works and facilities | 2,578,547 | 2,760,300 | 2,322,139 | 438,161 |
| Capital outlay | - | 12,632 | 8,824 | 3,808 |
| Total Expenditures | 2,613,547 | 2,807,932 | 2,330,963 | 476,969 |
| Excess (deficiency) of revenues over expenditures | 24,813 | (169,572) | (296,981) | (127,409) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | (197,939) | (197,939) | (244,456) | (46,517) |
| Total Other Financing Sources (Uses) | (197,939) | (197,939) | (244,456) | (46,517) |
| Net change in fund balance | $ (173,126) | $ (367,511) | (541,437) | $ (173,926) |
| Fund balance - July 1, 2017 | | | 3,897,272 | |
| Fund balance - June 30, 2018 | | | $ 3,355,835 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Intergovernmental | $ 545,116 | $ 560,116 | $ 156,379 | $ (403,737) |
| Use of money and property | - | - | 1,073 | 1,073 |
| Total Revenues | 545,116 | 560,116 | 157,452 | (402,664) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works and facilities | - | 15,000 | 11,788 | 3,212 |
| Capital outlay | 545,116 | 745,203 | 155,532 | 589,671 |
| Total Expenditures | 545,116 | 760,203 | 167,320 | 592,883 |
| Net change in fund balance | $ - | $ (200,087) | (9,868) | $ 190,219 |
| Fund balance - July 1, 2017 | | | 203,194 | |
| Prior period adjustment | | | 701,519 | |
| Fund balance - July 1, 2017, restated | | | 904,713 | |
| Fund balance - June 30, 2018 | | | $ 894,845 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Intergovernmental | $ 100,000 | $ 100,000 | $ 139,416 | $ 39,416 |
| Use of money and property | - | - | (26) | (26) |
| Total Revenues | 100,000 | 100,000 | 139,390 | 39,390 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public safety | 100,000 | 100,000 | 127,416 | (27,416) |
| Total Expenditures | 100,000 | 100,000 | 127,416 | (27,416) |
| Net change in fund balance | $ - | $ - | 11,974 | $ 11,974 |
| Fund balance - July 1, 2017 | | | 13,147 | |
| Fund balance - June 30, 2018 | | | $ 25,121 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 10,300 | $ 10,300 | $ 271 | $ (10,029) |
| Charges for services | - | - | 3,296 | 3,296 |
| Other revenues | - | - | (256) | (256) |
| Total Revenues | 10,300 | 10,300 | 3,311 | (6,989) |
| Net change in fund balance | $ 10,300 | $ 10,300 | 3,311 | $ (6,989) |
| Fund balance - July 1, 2017 | | | 827,723 | |
| Fund balance - June 30, 2018 | | | $ 831,034 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Intergovernmental | $ - | $ - | $ 96,664 | $ 96,664 |
| Use of money and property | 97,000 | 97,000 | 635 | (96,365) |
| Charges for services | - | - | 56,846 | 56,846 |
| Total Revenues | 97,000 | 97,000 | 154,145 | 57,145 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 92,000 | 99,634 | 22,581 | 77,053 |
| Capital outlay | - | 469,826 | 523,829 | (54,003) |
| Total Expenditures | 92,000 | 569,460 | 546,410 | 23,050 |
| Net change in fund balance | $ 5,000 | $ (472,460) | (392,265) | $ 80,195 |
| Fund balance - July 1, 2017 | | | 545,225 | |
| Fund balance - June 30, 2018 | | | $ 152,960 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 6,000 | $ 6,000 | $ 2,207 | $ (3,793) |
| Charges for services | - | - | 3,749 | 3,749 |
| Total Revenues | 6,000 | 6,000 | 5,956 | (44) |
| Net change in fund balance | $ 6,000 | $ 6,000 | 5,956 | $ (44) |
| Fund balance - July 1, 2017 | | | 238,279 | |
| Fund balance - June 30, 2018 | | | $ 244,235 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 6,000 | $ 6,000 | $ 37,150 | $ 31,150 |
| Charges for services | - | - | 87,743 | 87,743 |
| Total Revenues | 6,000 | 6,000 | 124,893 | 118,893 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | (1) | 1 |
| Total Expenditures | - | - | (1) | 1 |
| Net change in fund balance | $ 6,000 | $ 6,000 | 124,894 | $ 118,894 |
| Fund balance - July 1, 2017 | | | 278,987 | |
| Fund balance - June 30, 2018 | | | $ 403,881 | |

**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, 2018

| | 2017 - 2018 Budgeted Amounts | | | |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual Amounts** | **Variance with Final Budget Positive (Negative)** |
| **REVENUES** | | | | |
| Use of money and property | $ 10,000 | $ 10,000 | $ 8,170 | $ (1,830) |
| Charges for services | 55,000 | 55,000 | 10,050 | (44,950) |
| Total Revenues | 65,000 | 65,000 | 18,220 | (46,780) |
| **EXPENDITURES** | | | | |
| Capital outlay | - | 57,000 | 57,000 | - |
| Total Expenditures | - | 57,000 | 57,000 | - |
| Net change in fund balance | $ 65,000 | $ 8,000 | (38,780) | $ (46,780) |
| Fund balance - July 1, 2017 | | | 3,649,031 | |
| Fund balance - June 30, 2018 | | | $ 3,610,251 | |

## 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, 2018

| | Governmental Activities - Internal Service Funds | | | | |
|---|---|---|---|---|---|
| | **Internal Services** | **Vehicle/ Equipment Replacement** | **Facility Maintenance** | **Technology Fund** | **Total Internal Service Funds** |
| **ASSETS** | | | | | |
| Current Assets | | | | | |
| Cash and investments | $ 1,045,891 | $ 454,888 | $ 132,793 | $ 417,767 | $ 2,051,339 |
| Accounts receivable, net | 15,215 | - | - | - | 15,215 |
| Interest receivable | 598 | 337 | 114 | 329 | 1,378 |
| Prepaid items | 117,424 | - | - | - | 117,424 |
| Total Current Assets | 1,179,128 | 455,225 | 132,907 | 418,096 | 2,185,356 |
| Non Current Assets | | | | | |
| Non-depreciable capital assets | - | 13,458 | 95,411 | - | 108,869 |
| Depreciable capital assets, net | 308,159 | 68,835 | 306,377 | 88,265 | 771,636 |
| Total Non-Current Assets | 308,159 | 82,293 | 401,788 | 88,265 | 880,505 |
| **Total Assets** | 1,487,287 | 537,518 | 534,695 | 506,361 | 3,065,861 |
| **LIABILITIES** | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 223,404 | - | 4,185 | 9,181 | 236,770 |
| Accrued salaries and benefits | 125,288 | - | - | - | 125,288 |
| Compensated absences | 464,419 | - | - | - | 464,419 |
| Total Current Liabilities | 813,111 | - | 4,185 | 9,181 | 826,477 |
| Non-Current Liabilities | | | | | |
| Compensated absences - noncurrent | 116,105 | - | - | - | 116,105 |
| Total Non-Current Liabilities | 116,105 | - | - | - | 116,105 |
| **Total Liabilities** | 929,216 | - | 4,185 | 9,181 | 942,582 |
| **NET POSITION:** | | | | | |
| Net investment in capital assets | 308,159 | 82,293 | 401,788 | 88,265 | 880,505 |
| Unrestricted | 249,912 | 455,225 | 128,722 | 408,915 | 1,242,774 |
| **Total Net Position** | $ 558,071 | $ 537,518 | $ 530,510 | $ 497,180 | $ 2,123,279 |

**CITY OF LINCOLN**
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Governmental Activities - Internal Service Funds | | | | |
|---|---|---|---|---|---|
| | **Internal Services** | **Vehicle/ Equipment Replacement** | **Facility Maintenance** | **Technology Fund** | **Total Internal Service Funds** |
| **OPERATING REVENUES** | | | | | |
| Charges for services | $ 5,661,068 | $ - | $ - | $ - | $ 5,661,068 |
| Other revenue | 41,145 | 63,314 | - | - | 104,459 |
| **Total Operating Revenue** | 5,702,213 | 63,314 | - | - | 5,765,527 |
| **OPERATING EXPENSES** | | | | | |
| Salaries and benefits | 3,928,476 | - | - | - | 3,928,476 |
| Services and supplies | 2,342,071 | - | - | 2,442 | 2,344,513 |
| Depreciation | 9,464 | 10,605 | - | - | 20,069 |
| **Total Operating Expenses** | 6,280,011 | 10,605 | - | 2,442 | 6,293,058 |
| **Operating Income (Loss)** | (577,798) | 52,709 | - | (2,442) | (527,531) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| Interest income | 185 | 1,206 | 1,550 | 329 | 3,270 |
| Capital asset transfers | 106,737 | (599,179) | (33,773) | - | (526,215) |
| **Total Non-Operating Revenues (Expenses)** | 106,922 | (597,973) | (32,223) | 329 | (522,945) |
| **Income (Loss) Before Transfers** | (470,876) | (545,264) | (32,223) | (2,113) | (1,050,476) |
| **TRANSFERS** | | | | | |
| Transfers in | - | 300,000 | - | - | 300,000 |
| Transfers out | - | - | (91,000) | - | (91,000) |
| **Total Transfers** | - | 300,000 | (91,000) | - | 209,000 |
| Change in net position | (470,876) | (245,264) | (123,223) | (2,113) | (841,476) |
| Net Position - July 1, 2017 | 1,028,947 | 782,782 | 653,733 | 499,293 | 2,964,755 |
| Net Position - June 30, 2018 | $ 558,071 | $ 537,518 | $ 530,510 | $ 497,180 | $ 2,123,279 |

**CITY OF LINCOLN**
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Governmental Activities - Internal Service Funds | | | | |
|---|---|---|---|---|---|
| | Internal Services | Vehicle/ Equipment Replacement | Facility Maintenance | Technology Fund | Total Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Cash received from customers | $ 5,695,068 | $ 70,994 | $ - | $ - | $ 5,766,062 |
| Cash paid to suppliers | (2,218,017) | - | (45,288) | (3,245) | (2,266,550) |
| Cash paid to employees | (3,804,788) | - | - | - | (3,804,788) |
| Net Cash Provided by (Used for) Operating Activities | (327,737) | 70,994 | (45,288) | (3,245) | (305,276) |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | | | | |
| Transfers from other funds | 106,737 | 300,000 | - | - | 406,737 |
| Transfers to other funds | - | (599,179) | (124,773) | - | (723,952) |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | 106,737 | (299,179) | (124,773) | - | (317,215) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | | |
| Acquisition of capital assets | (258,846) | (83,133) | (280,406) | (88,265) | (710,650) |
| Net Cash Used for Capital and Related Financing Activities | (258,846) | (83,133) | (280,406) | (88,265) | (710,650) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Interest and dividends | (212) | 1,018 | 1,549 | 99 | 2,454 |
| Net Cash Provided by (Used for) Investing Activities | (212) | 1,018 | 1,549 | 99 | 2,454 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (480,058) | (310,300) | (448,918) | (91,411) | (1,330,687) |
| Cash and Cash Equivalents - July 1, 2017 | 1,525,949 | 765,188 | 581,711 | 509,178 | 3,382,026 |
| Cash and Cash Equivalents - June 30, 2018 | $ 1,045,891 | $ 454,888 | $ 132,793 | $ 417,767 | $ 2,051,339 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:** | | | | | |
| Operating Income (Loss) | (577,798) | 52,709 | - | (2,442) | (527,531) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation expense | 9,464 | 10,605 | - | - | 20,069 |
| Changes in assets and liabilities: | | | | | |
| Decrease (increase) in accounts receivable | (7,145) | 7,680 | - | - | 535 |
| Decrease in prepaid expenses | 44,731 | - | - | - | 44,731 |
| Increase (decrease) in accounts payable | 79,323 | - | (45,288) | (803) | 33,232 |
| Increase in accrued wages | 70,026 | - | - | - | 70,026 |
| Increase in compensated absences | 53,662 | - | - | - | 53,662 |
| Net Cash Provided by (Used for) Operating Activities | $ (327,737) | $ 70,994 | $ (45,288) | $ (3,245) | $ (305,276) |

## 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.

Special Tax Revenue Bond 2007 A&B

Accounts for the monies held from the purchase of the Local Obligations to acquire, construct and improve the Lincoln Crossing 2003-1 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

**CITY OF LINCOLN**
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2018

| | Little League | Lincoln Airpark 98-1 | Twelve Bridges Series 2011 | Foskett Ranch CFD |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 30,495 | $ 466,634 | $ 7,406,628 | $ 182,173 |
| Assessments receivable | - | 580 | 97,832 | 2,611 |
| Interest receivable | 23 | 354 | 5,599 | 176 |
| Restricted cash and investments | - | 222,421 | 6,306,786 | 117,363 |
| **Total Assets** | $ 30,518 | $ 689,989 | $ 13,816,845 | $ 302,323 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 10 | $ 216 | $ - |
| Due to property owners | - | 689,979 | 13,816,629 | 302,323 |
| Agency obligations | 30,518 | - | - | - |
| **Total Liabilities** | $ 30,518 | $ 689,989 | $ 13,816,845 | $ 302,323 |

**CITY OF LINCOLN**
COMBINING SCHEDULE OF FIDUCIARY NET POSITION (continued)
AGENCY FUNDS
JUNE 30, 2018

| | Lakeside CFD | Special Tax Revenue Bond 2007 A & B | Sorrento CFD | Totals |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 814,041 | $ 15,763,269 | $ 524,705 | $ 25,187,945 |
| Assessments receivable | 5,962 | 120,754 | 6,765 | 234,504 |
| Interest receivable | 731 | 11,916 | 1,315 | 20,114 |
| Restricted cash and investments | 570,700 | 7,652,103 | 1,473,155 | 16,342,528 |
| **Total Assets** | $ 1,391,434 | $ 23,548,042 | $ 2,005,940 | $ 41,785,091 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ - | $ - | $ 226 |
| Due to property owners | 1,391,434 | 23,548,042 | 2,005,940 | 41,754,347 |
| Agency obligations | - | - | - | 30,518 |
| **Total Liabilities** | $ 1,391,434 | $ 23,548,042 | $ 2,005,940 | $ 41,785,091 |

**CITY OF LINCOLN**
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|---|---|---|---|---|
| **Little League** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 43,058 | $ 1,323 | $ 13,886 | $ 30,495 |
| Interest receivable | 8 | 47 | 32 | 23 |
| Total Assets | $ 43,066 | $ 1,370 | $ 13,918 | $ 30,518 |
| **LIABILITIES** | | | | |
| Agency obligations | $ 43,066 | $ 13,986 | $ 26,534 | $ 30,518 |
| Total Liabilities | $ 43,066 | $ 13,986 | $ 26,534 | $ 30,518 |
| Markham Ravine Neighborhood Trust | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ - | $ 137 | $ 137 | $ - |
| Total Assets | $ - | $ 137 | $ 137 | $ - |
| **LIABILITIES** | | | | |
| Agency obligations | $ - | $ 138 | $ 138 | $ - |
| Total Liabilities | $ - | $ 138 | $ 138 | $ - |
| **Lincoln Airpark 98-1** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 456,314 | $ 285,199 | $ 274,879 | $ 466,634 |
| Special assessments receivables | 503 | 580 | 503 | 580 |
| Interest receivables | 152 | 708 | 506 | 354 |
| Restricted cash and investments | 220,883 | 254,486 | 252,948 | 222,421 |
| Total Assets | $ 677,852 | $ 540,973 | $ 528,836 | $ 689,989 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 11,334 | $ 11,324 | $ 10 |
| Due to property owners | 677,852 | 310,456 | 298,329 | 689,979 |
| Total Liabilities | $ 677,852 | $ 321,790 | $ 309,653 | $ 689,989 |
| **Twelve Bridges Series 2011** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 7,054,075 | $ 4,732,043 | $ 4,379,490 | $ 7,406,628 |
| Special assessments receivables | 61,690 | 97,832 | 61,690 | 97,832 |
| Interest receivables | 3,061 | 11,198 | 8,660 | 5,599 |
| Restricted cash and investments | 5,942,786 | 4,255,045 | 3,891,045 | 6,306,786 |
| Total Assets | $ 13,061,612 | $ 9,096,118 | $ 8,340,885 | $ 13,816,845 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 48,059 | $ 47,843 | $ 216 |
| Due to property owners | 13,061,612 | 5,420,292 | 4,665,275 | 13,816,629 |
| Total Liabilities | $ 13,061,612 | $ 5,468,351 | $ 4,713,118 | $ 13,816,845 |

**CITY OF LINCOLN**
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|---|---|---|---|---|
| **Foskett Ranch CFD** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ (62,691) | $ 577,562 | $ 332,698 | $ 182,173 |
| Special assessments receivables | 1,372 | 2,611 | 1,372 | 2,611 |
| Interest receivables | 97 | 352 | 273 | 176 |
| Restricted cash and investments | 196,655 | 238,558 | 317,850 | 117,363 |
| Total Assets | $ 135,433 | $ 819,083 | $ 652,193 | $ 302,323 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 10,099 | $ 10,099 | $ - |
| Due to property owners | 135,433 | 689,836 | 522,946 | 302,323 |
| Total Liabilities | $ 135,433 | $ 699,935 | $ 533,045 | $ 302,323 |
| **Lakeside CFD** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 252,158 | $ 1,705,786 | $ 1,143,903 | $ 814,041 |
| Special assessments receivables | 5,815 | 11,925 | 11,778 | 5,962 |
| Interest receivables | 354 | 1,921 | 1,544 | 731 |
| Restricted cash and investments | 633,483 | 668,516 | 731,299 | 570,700 |
| Total Assets | $ 891,810 | $ 2,388,148 | $ 1,888,524 | $ 1,391,434 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 15,661 | $ 15,661 | $ - |
| Due to property owners | 883,951 | 1,698,113 | 1,190,630 | 1,391,434 |
| Agency obligations | 7,859 | 49,218 | 57,077 | - |
| Total Liabilities | $ 891,810 | $ 1,762,992 | $ 1,263,368 | $ 1,391,434 |
| **Special Tax Revenue Bond 2007 A & B** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 14,710,776 | $ 7,686,363 | $ 6,633,870 | $ 15,763,269 |
| Special assessments receivables | 101,742 | 120,754 | 101,742 | 120,754 |
| Interest receivables | 5,075 | 23,832 | 16,991 | 11,916 |
| Restricted cash and investments | 7,599,267 | 6,368,540 | 6,315,704 | 7,652,103 |
| Total Assets | $ 22,416,860 | $ 14,199,489 | $ 13,068,307 | $ 23,548,042 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 16,128 | $ 16,128 | $ - |
| Due to property owners | 22,416,860 | 8,464,790 | 7,333,608 | 23,548,042 |
| Total Liabilities | $ 22,416,860 | $ 8,480,918 | $ 7,349,736 | $ 23,548,042 |
| **Sorrento CFD** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 527,439 | $ 896,885 | $ 899,619 | $ 524,705 |
| Special assessments receivables | 3,024 | 6,765 | 3,024 | 6,765 |
| Interest receivables | 597 | 2,630 | 1,912 | 1,315 |
| Restricted cash and investments | 1,468,583 | 977,406 | 972,834 | 1,473,155 |
| Total Assets | $ 1,999,643 | $ 1,883,686 | $ 1,877,389 | $ 2,005,940 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 23,220 | $ 23,220 | $ - |
| Due to property owners | 1,999,643 | 1,083,393 | 1,077,096 | 2,005,940 |
| Total Liabilities | $ 1,999,643 | $ 1,106,613 | $ 1,100,316 | $ 2,005,940 |

**CITY OF LINCOLN**
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (continued)
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 |
|---|---|---|---|---|
| **Total Agency Funds** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 22,981,129 | $ 15,885,298 | $ 13,678,482 | $ 25,187,945 |
| Special assessments receivables | 174,146 | 240,467 | 180,109 | 234,504 |
| Interest receivables | 9,344 | 40,688 | 29,918 | 20,114 |
| Restricted cash and investments | 16,061,657 | 12,762,551 | 12,481,680 | 16,342,528 |
| Total Assets | $ 39,226,276 | $ 28,929,004 | $ 26,370,189 | $ 41,785,091 |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 124,501 | $ 124,275 | $ 226 |
| Due to property owners | 37,175,708 | 16,583,487 | 14,010,788 | 39,748,407 |
| Agency obligations | 2,050,568 | 1,146,597 | 1,160,707 | 2,036,458 |
| Total Liabilities | $ 39,226,276 | $ 17,854,585 | $ 15,295,770 | $ 41,785,091 |

# STATISTICAL SECTION

## STATISTICAL SECTION

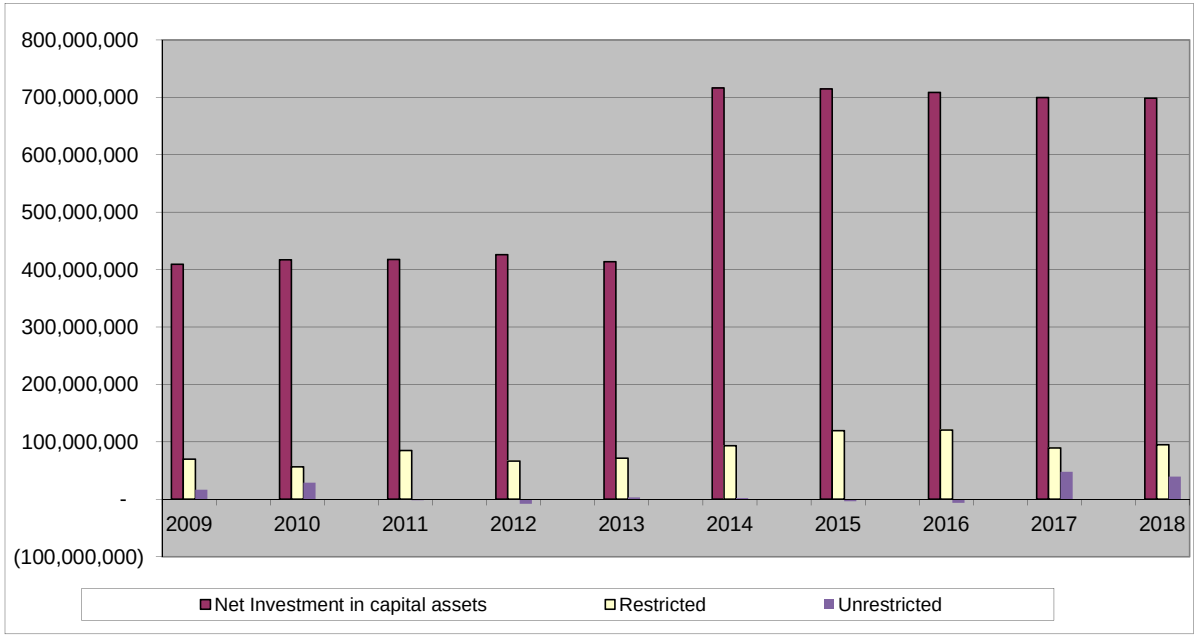
This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.


| Contents | Page |
|---|---|
| **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 activates 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, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| ***Governmental activities*** | | | | | | | | | | |
| Net Investment in capital assets | 308,606,157 | 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 |
| Restricted | 70,016,244 | 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 |
| Unrestricted | 5,219,572 | 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 |
| Total governmental activities net position | 383,841,973 | 388,878,836 | 384,218,716 | 364,812,013 | 363,521,662 | 430,188,419 | 450,619,678 | 444,302,340 | 450,526,169 | 441,647,437 |
| ***Business-type activities*** | | | | | | | | | | |
| Net Investment in capital assets | 100,630,330 | 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 |
| Restricted | - | - | - | - | - | 14,406,184 | 14,504,672 | 14,312,412 | 12,990,446 | 8,639,096 |
| Unrestricted | 11,443,010 | 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 |
| Total business-type activities net position | 112,073,340 | 113,531,336 | 117,050,006 | 119,967,701 | 125,668,092 | 381,997,138 | 380,399,510 | 379,132,699 | 386,901,063 | 391,462,123 |
| ***Primary government*** | | | | | | | | | | |
| Net Investment in capital assets | 409,236,487 | 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 |
| Restricted | 70,016,244 | 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 |
| Unrestricted | 16,662,582 | 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 |
| Total primary government net position | 495,915,313 | 502,410,172 | 501,268,722 | 484,779,714 | 489,189,754 | 812,185,557 | 831,019,188 | 823,435,039 | 837,427,232 | 833,109,560 |
| | *2.1%* | *1.3%* | *-0.2%* | *-3.3%* | *0.9%* | *66.0%* | *2.3%* | *-0.9%* | *1.7%* | *-0.5%* |




***Source*** *: City of Lincoln Audited Financial Reports*

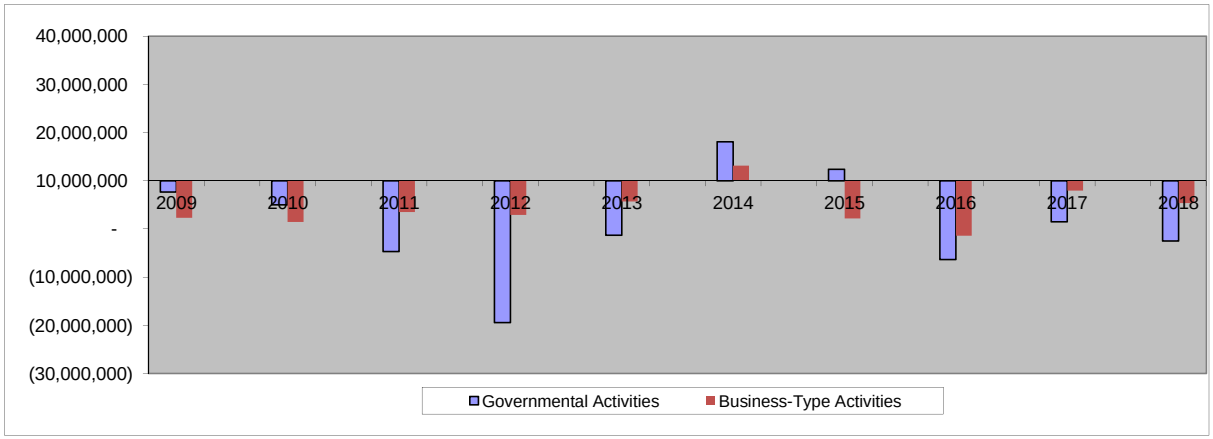
**City of Lincoln**
**Changes in Net Position**
**Last Ten Fiscal Years**
**(Full Accrual Basis of Accounting)**

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| ***Expenses*** | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General government | 3,103,629 | 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 |
| Public safety | 12,158,513 | 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 |
| Public works and facilities | 7,931,581 | 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 |
| Culture and recreation | 1,110,552 | 1,059,559 | 870,049 | 591,312 | 743,858 | 714,789 | 745,314 | 839,156 | 735,780 | 939,858 |
| Education | 1,162,534 | 877,314 | 712,886 | 486,019 | 666,038 | 512,756 | 568,277 | 786,381 | 1,139,387 | 1,006,407 |
| Urban redevelopment and housing | 842,254 | 1,979,294 | 1,093,409 | 178,613 | 420,772 | 559,449 | 490,309 | 545,475 | 522,402 | 646,213 |
| Interest on long-term debt | 2,079,556 | 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 |
| Total Governmental Activities | 28,388,619 | 33,089,862 | 29,157,244 | 24,623,031 | 22,545,551 | 21,573,472 | 33,424,214 | 39,621,547 | 36,963,751 | 42,540,335 |
| Business-Type Activities | | | | | | | | | | |
| Water | 9,561,253 | 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 |
| Sewer | 5,491,924 | 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 |
| Solid Waste | 4,380,483 | 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 |
| Airport | 2,191,656 | 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 |
| Transit | 1,033,824 | 1,075,578 | 1,145,903 | 939,595 | 979,330 | 855,631 | 980,587 | 796,960 | 1,208,851 | 1,019,402 |
| Lincoln Public Financing Authority | - | - | - | - | - | - | - | - | - | - |
| Total Business-Type Activities | 22,659,140 | 22,820,085 | 20,811,856 | 20,092,973 | 26,507,595 | 24,748,801 | 30,879,435 | 35,147,896 | 36,619,142 | 36,762,463 |
| Total Expenses | 51,047,759 | 55,909,947 | 49,969,100 | 44,716,004 | 49,053,146 | 46,322,273 | 64,303,649 | 74,769,443 | 73,582,893 | 79,302,798 |
| ***Program Revenues*** | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| General government | 161,624 | 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 |
| Public Safety | 552,752 | 592,754 | 348,360 | 260,351 | 555,899 | 634,161 | 569,572 | 746,075 | 836,963 | 511,568 |
| Culture and recreation | 1,260,374 | 1,048,639 | 959,300 | 918,670 | 1,506,132 | 971,265 | 909,070 | 1,252,263 | 1,317,891 | 1,459,252 |
| Education | 37,747 | 55,307 | 22,429 | 38,321 | 37,835 | 159,415 | 7,480 | 32,185 | 14,933 | 18,506 |
| Urban redevelopment and housing | 7,920 | 174,016 | 8,920 | - | - | - | - | - | - | - |
| Public works and facilities | 5,436,917 | 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 |
| Operating Grants and Contributions | 10,130,229 | 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 |
| Capital Grants and Contributions | 1,399,632 | 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 |
| Total Governmental Activities | 18,987,195 | 21,955,788 | 9,383,047 | 11,375,447 | 18,757,670 | 25,921,001 | 27,846,037 | 16,501,780 | 21,372,957 | 21,399,735 |
| Business-Type Activities | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| Water | 11,699,450 | 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 |
| Wastewater | 6,427,678 | 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 |
| Solid Waste | 4,838,459 | 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 |
| Airport | 1,361,802 | 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 |
| Transit | 31,741 | 27,941 | 43,255 | 51,090 | 51,068 | 47,195 | 39,289 | 2,589 | 1,926 | 2,842 |
| Operating Grants and Contributions | 652,139 | 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 |
| Capital Grants and Contributions | 1,192,629 | 896,587 | 480,434 | 543,189 | 2,641,668 | 5,590,940 | 4,254,405 | 2,125,839 | 2,174,326 | 1,401,690 |
| Total Business-Type Activities | 26,203,898 | 26,206,566 | 25,127,650 | 26,256,094 | 32,889,838 | 32,560,619 | 32,702,182 | 32,751,901 | 44,531,071 | 43,854,214 |
| Total Program Revenues | 45,191,093 | 48,162,354 | 34,510,697 | 37,631,541 | 51,647,508 | 58,481,620 | 60,548,219 | 49,253,681 | 65,904,028 | 65,253,949 |

**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, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| **Net (Expense)/Revenue** | | | | | | | | | | |
| Governmental Activities | (9,401,424) | (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) |
| Business-Type Activities | 3,544,758 | 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 |
| Total Net Expense | (5,856,666) | (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) |
| **General Revenues** | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 11,035,176 | 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 |
| Sales and use taxes | 1,905,089 | 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 |
| Franchise taxes | | | | | | | 837,267 | 852,458 | 807,201 | 802,573 |
| Other local taxes | 635,042 | 988,427 | 849,872 | 990,613 | 975,649 | 191,278 | 259,982 | 222,229 | 283,663 | 303,022 |
| Interest income | 995,126 | 2,261,095 | 1,121,897 | 733,848 | 565,913 | 1,208,941 | 764,002 | 1,661,188 | 584,516 | 338,114 |
| Unrealized loss on investments | - | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 219,821 | 192,290 | 557,398 | 478,529 | 1,717,469 | 401,427 | 2,105,907 | 1,714,705 | 621,727 | 602,739 |
| Gain on sale of capital assets | - | - | - | - | - | - | | | - | - |
| Transfers | 1,981,900 | 2,040,473 | 1,357,294 | 2,195,637 | - | 717,066 | 1,858,685 | - | 1,375,484 | 2,868,785 |
| Extraordinary gain | - | - | - | 4,329,643 | 525,888 | 1,159,153 | 489,374 | 523,060 | - | - |
| Prior period adjustments | 307,249 | (911,706) | (483,293) | (25,414,882) | (11,050,752) | - | - | - | - | - |
| Total Governmental Activities | 17,079,403 | 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 |
| Business-Type Activities | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 91,060 | 68,526 | 40,349 | 43,204 | 47,684 | - | - | - | - | - |
| Sales and use taxes | - | - | - | - | - | 850,659 | 412,877 | 492,068 | 417,342 | 997,032 |
| Business taxes | - | - | - | - | - | - | - | - | - | - |
| Fines and penalties | - | - | - | - | - | - | - | - | - | - |
| Interest income | 450,245 | (193,548) | 335,266 | 282,286 | 262,287 | 550,349 | 372,555 | 735,107 | 75,455 | (19,206) |
| Miscellaneous | 217,925 | 237,010 | 184,555 | 209,841 | 1,079,475 | 168,876 | 125,745 | 239,418 | 984,836 | 200,260 |
| Gain on sale of capital assets | - | - | - | - | - | 4,935,797 | (39,829) | 83,688 | (40,665) | 1,100 |
| Transfers | (1,981,900) | (2,040,473) | (1,357,294) | (2,195,637) | (525,888) | (1,159,153) | (489,374) | (523,060) | (1,375,484) | (2,868,785) |
| Prior period adjustments | - | - | - | (1,585,120) | (1,545,410) | - | - | - | - | - |
| Total Business-Type Activities | (1,222,670) | (1,928,485) | (797,124) | (3,245,426) | (681,852) | 5,346,528 | 381,974 | 1,027,221 | 61,484 | (1,689,599) |
| **Change in Net Position** | | | | | | | | | | |
| Governmental Activities | 7,677,979 | 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) |
| Business-Type Activities | 2,322,088 | 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 |
| **Total Change in Net Position** | **10,000,067** | **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** |



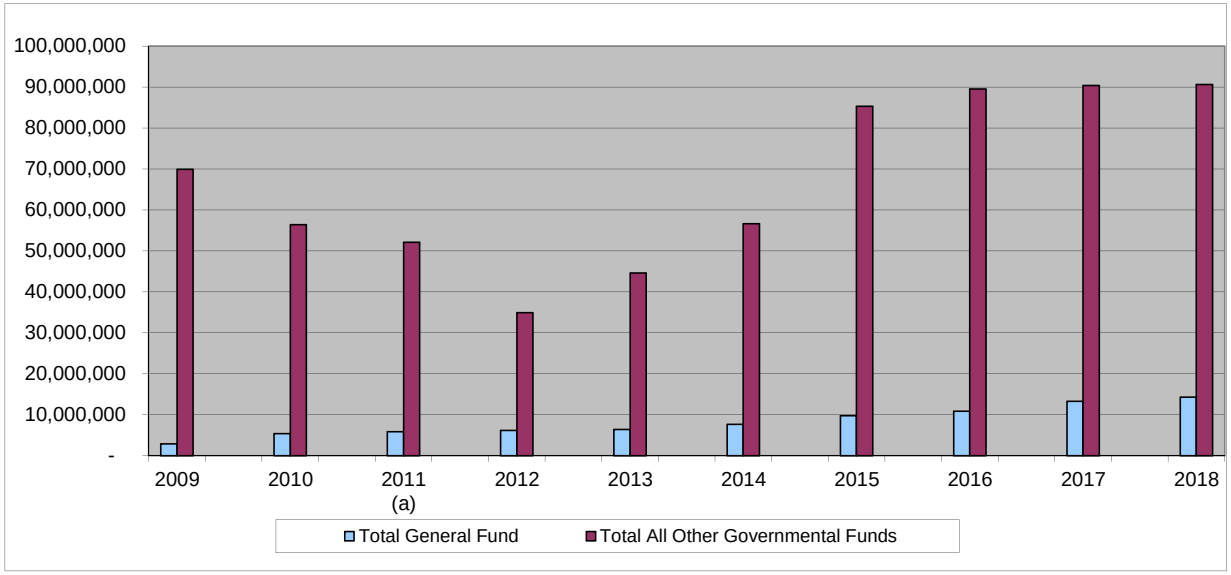



***Source**: City of Lincoln Audited Financial Reports*

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 (a) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| ***General Fund*** | | | | | | | | | | |
| Reserved and Designated | 2,880,860 | 2,880,860 | - | - | - | - | - | - | - | - |
| Unreserved | - | 2,540,251 | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | 149,424 | 100,250 | 613,502 | 136,582 | 361,627 | 387,438 | 492,748 | 330,040 |
| 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 |
| Assigned | - | - | - | - | - | - | - | - | - | 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 |
| Total General Fund | 2,880,860 | 5,421,111 | 5,827,625 | 6,157,878 | 6,378,966 | 7,659,144 | 9,745,551 | 10,848,002 | 13,241,999 | 14,270,772 |
| ***All Other Governmental Funds*** | | | | | | | | | | |
| Reserved | 47,888,812 | 43,364,354 | - | - | - | - | - | - | - | - |
| Unreserved, reported in | | | | | | | | | | |
| Special revenue funds | (11,049,197) | (16,545,750) | - | - | - | - | - | - | - | - |
| Capital project funds | 32,934,551 | 29,397,051 | - | - | - | - | - | - | - | - |
| Permanent funds | 146,506 | 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 |
| 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 |
| Committed | - | - | 2,124,330 | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | 5,214,476 | 5,650,033 | 6,126,672 | 5,984,063 | 5,878,548 | 5,076,709 |
| 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) |
| Total All Other Governmental Funds | 69,920,672 | 56,360,037 | 52,082,660 | 34,876,146 | 44,596,719 | 56,624,038 | 85,267,232 | 89,537,069 | 90,336,810 | 90,609,594 |

*(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.*



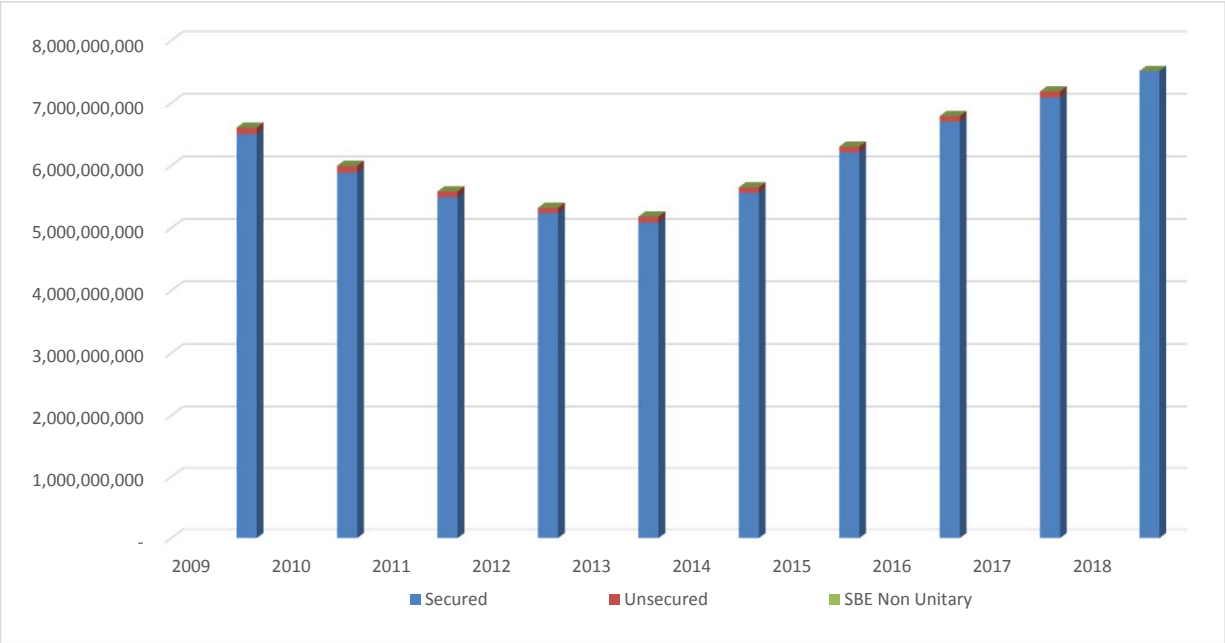

***Source**: City of Lincoln Audited Financial Reports*

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| ***Revenues*** | | | | | | | | | | |
| Taxes and assessments | 13,613,879 | 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 |
| Licenses and permits | 1,235,966 | 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 |
| Fines and penalties | 207,324 | 172,751 | 129,884 | 115,085 | 79,606 | 48,509 | 74,132 | 94,962 | 68,350 | 64,909 |
| Interest and investment income | 1,377,206 | 2,239,808 | 1,141,512 | 805,847 | 563,366 | 1,197,057 | 747,630 | 1,620,941 | 350,746 | 334,845 |
| Intergovernmental revenue | 8,812,824 | 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 |
| Charges for services | 6,544,271 | 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 |
| Contributions from property owners | - | 1,634,852 | - | - | - | - | | - | - | - |
| Other revenue | 2,291,103 | 539,519 | 695,524 | 478,529 | 1,717,469 | 401,427 | 2,105,694 | 1,714,705 | 459,607 | 379,952 |
| Total Revenues | 34,082,573 | 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 |
| ***Expenditures*** | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 3,008,223 | 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 |
| Public safety | 11,431,573 | 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 |
| Public works and facilities | 6,979,895 | 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 |
| Culture and recreation | 1,063,421 | 978,406 | 812,219 | 571,875 | 741,632 | 646,189 | 657,331 | 712,594 | 762,026 | 891,065 |
| Education | 1,159,032 | 876,907 | 712,472 | 490,327 | 665,834 | 512,755 | 558,746 | 710,838 | 542,818 | 610,054 |
| Urban redevelopment and housing | 740,432 | 1,938,707 | 666,240 | 144,653 | 418,188 | 558,740 | 487,553 | 510,589 | 933,166 | 840,001 |
| Debt Service | | | | | | | | | | |
| Principal retirement | 850,000 | 1,140,000 | 1,150,000 | 1,180,000 | 700,000 | 771,784 | 880,524 | 911,116 | 19,386,939 | 1,008,510 |
| Interest and bond issuance costs | 2,084,218 | 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 |
| Capital Outlay | 15,683,974 | 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 |
| Total Expenditures | 43,000,768 | 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 |
| Excess(Deficiency) of Revenue over Expenditures | (8,918,195) | (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) |
| ***Other Financing Sources (Uses)*** | | | | | | | | | | |
| Proceeds from Bond Issuance | - | - | - | - | - | - | - | - | 17,760,000 | - |
| Return of Bond Funds | - | - | - | - | - | - | - | - | - | (123,168) |
| Operating transfers in | 6,661,106 | 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 |
| Operating transfers out | (4,679,206) | (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) |
| Proceeds from sale of capital assets | - | - | - | - | - | 726,942 | 1,899,900 | - | - | - |
| Debt proceeds | - | - | - | - | - | 568,873 | - | - | (213,523) | - |
| Total Other Financing Sources (Uses) | 1,981,900 | 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 |
| Net Change in fund balance before prior period adjustments and extraordinary items | (6,936,295) | (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 |
| 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 | (6,936,295) | (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 |
| Debt service as a percentage of noncapital expenditures | 10.7% | 9.7% | 11.4% | 12.1% | 8.9% | 9.8% | 9.2% | 8.1% | 45.7% | 6.1% |

***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 |
|---|---|---|---|---|---|---|
| 2009 | 6,498,781,868 | 106,544,242 | 252,489 | 6,605,578,599 | -1.460% | 1.147% |
| 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% |

*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 acutal 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, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| 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 | 0.15% | 0.17% | 0.02% | 0.03% | 0.03% | 0.03% | 0.03% | 0.03% | 0.04% | 0.04% |
| Placer County Water Agency Zone 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | 1.15% | 1.17% | 1.02% | 1.03% | 1.03% | 1.03% | 1.03% | 1.03% | 1.04% | 1.04% |

**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

| | | 2017-2018 | | |
|---|---|---|---|---|
| Property Owner | Primary Land Use | Rank | Taxable Assessed Value | % of Total City Taxable Assessed Value |
| Sierra Pacific Industries | Heavy Industrial | 1 | $ 53,761,401 | 0.75% |
| OK and B | Industrial | 2 | 40,266,832 | 0.56% |
| Buzz Oates Enterprises II | Industrial | 3 | 26,875,667 | 0.37% |
| JPS Development LLC | Commercial | 4 | 23,832,718 | 0.33% |
| Target Corporation | Commercial - Retail | 5 | 17,941,247 | 0.25% |
| Auburn Creek Investors | Residential- Apartments | 6 | 17,410,400 | 0.24% |
| Lowes HW Inc | Commercial | 7 | 16,950,000 | 0.24% |
| Safeway Inc. | Commerical | 8 | 16,834,417 | 0.23% |
| Shadowbriar Investments Inc. | Vacant Property | 9 | 16,783,413 | 0.23% |
| Lawford No 12 Partners Limited | Vacant Property | 10 | 15,841,417 | 0.22% |
| | | | 246,497,512 | 3.43% |
| | 2017-2018 Local Secured Assessed Valuation | | 7,185,401,909 | |

| | | 2008-2009 | | |
|---|---|---|---|---|
| Property Owner | Primary Land Use | Rank | Taxable Assessed Value | % of Total City Taxable Assessed Value |
| Sierra Pacific Industires | Heavy Industrial | 1 | $ 49,445,510 | 0.74% |
| OK an B | Industrial | 2 | 41,000,000 | 0.61% |
| Mahsterling Point LLC | Commercial | 3 | 30,570,720 | 0.46% |
| Lincoln Village at Twelve Bridges LLC | Commercial | 4 | 25,162,375 | 0.38% |
| Kaiser Foundation Health Plan Inc | Commercial | 5 | 25,124,369 | 0.37% |
| GHC Twelve Bridges LLC | Vacant Property | 6 | 22,331,284 | 0.33% |
| Parkway Sterling Investors LLC | Vacant Property | 7 | 21,072,125 | 0.31% |
| John Mourier Construction Inc | Residential | 8 | 21,059,758 | 0.31% |
| JSP Development LLC | Commercial | 9 | 20,522,120 | 0.31% |
| Target Corporation | Commercial - Retail | 10 | 18,750,547 | 0.28% |
| | | | 275,038,808 | 4.10% |
| | 2008-2009 Local Secured Assessed Valuation: | | $ 6,703,460,696 | |

*Source: HDL, Coren $ Cone*

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

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | |
|---|---|---|---|
| | | Amount | Percent of Levy |
| 2007 / 2008 | 4,957,971 | 4,770,011 | 96.21% |
| 2008 / 2009 | 4,867,571 | 4,654,481 | 95.62% |
| 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% |

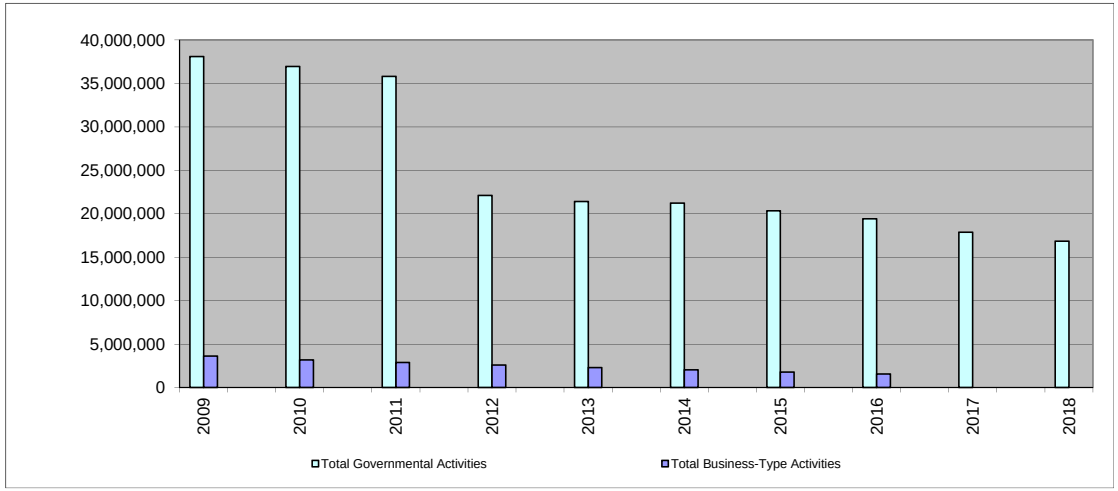
***Notes:***

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

| | Governmental Activities | | | Business-Type Activities | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending June 30 | 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) |
| 2009 | 38,089,415 | - | 38,089,415 | 159,235 | 1,270,000 | 2,203,029 | 3,632,264 | 41,721,679 | 2220.88% | 0.63% | 1,053 |
| 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 | 17,780,000 | 88,510 | 17,868,510 | - | - | - | - | 17,868,510 | 8219.41% | 0.25% | 371 |
| 2018 | 16,860,000 | - | 16,860,000 | - | - | - | - | 16,860,000 | 9330.62% | 0.22% | 347 |




(1) See Demographic and Economic Statistics schedule for personal income and population data.
(2) See Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.
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, 2018

| | | | | | |
|---|---|---|---|---|---|
| 2017-18 | $ 7,602,767,461 | | | | |
| | Total Debt 6/30/2018 | % Applicable (1) | City's Share of Debt 6/30/18 | | |
| **OVERLAPPING TAX AND ASSESSMENT DEBT:** | | | | | |
| Western Placer Unified School District | $ 74,756,418 | 85.319% | $ 63,781,428 | | |
| Western Placer Unified School District Community Facilities District No. 1 | 10,898,403 | 100.00% | 10,898,403 | | |
| City of Lincoln Community Facilities Districts | 115,875,000 | 100.00% | 115,875,000 | (2) | |
| City of Lincoln 1915 Act Bonds | 29,989,000 | 100.00% | 29,989,000 | | |
| California Statewide Communities Development Authority Assessment Districts | 4,022,845 | 100.00% | 4,022,845 | | |
| **Total Overlapping Tax and Assessment Debt** | | | $ 224,566,676 | | |
| **OVERLAPPING GENERAL FUND DEBT:** | | | | | |
| Placer County General Fund Obligations | $ 28,395,000 | 10.679% | $ 3,032,302 | | |
| Placer County Office of Education Certificates of Participation | 1,110,000 | 10.679% | 118,537 | | |
| Sierra Joint Community College District Certificates of Participation | 4,770,000 | 8.080% | 385,416 | | |
| Western Placer Unified School District Certificates of Participation | 127,600,000 | 85.319% | 108,867,044 | | |
| **City of Lincoln General Fund Obligations** | **16,860,000** | **100.000%** | **16,860,000** | | |
| Placer Mosquito and Vector Control District Certificates of Participation | 3,270,000 | 10.679% | 349,203 | | |
| **Total Overlapping General Fund Debt** | | | $ 129,612,503 | | |
| **OVERLAPPING TAX INCREMENT DEBT: (Successor Agency)** | $ 7,740,000 | 100.00% | $ 7,740,000 | | |
| **Total Direct Debt** | | | **$ 16,860,000** | | |
| Total Overlapping Debt | | | 345,059,179 | | |
| **Total Combined Debt** | | | $ 361,919,179 | (3) | |

| | |
|---|---|
| **Ratios to 2015-16Assessed Valuation:** | |
| Total Overlapping Tax and Assessment Debt | 2.95% |
| **Combined Direct Debt ($17,780,000)** | **0.22%** |
| Combined Total Debt | 4.76% |
| **Ratios to Redevelopment Successor Agency Incremental Valuation ($279,557,053)** | |
| Total Overlapping Tax Increment Debt | 2.77% |

(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 refunding issue dated 8/30/18
(3) 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 | $ 7,511,498,201 | |
| Bonded debt limit (3.75% of assessed value) (a) | | $ 281,681,183 |
| Amount of Debt Subject to Limit: | | |
| Total Bonded Debt | 16,860,000 | |
| Less Total Bonds not subject to limit (b) | - | |
| Amount of debt not subject to limit | | 16,860,000 |
| Legal debt margin | | $ 264,821,183 |

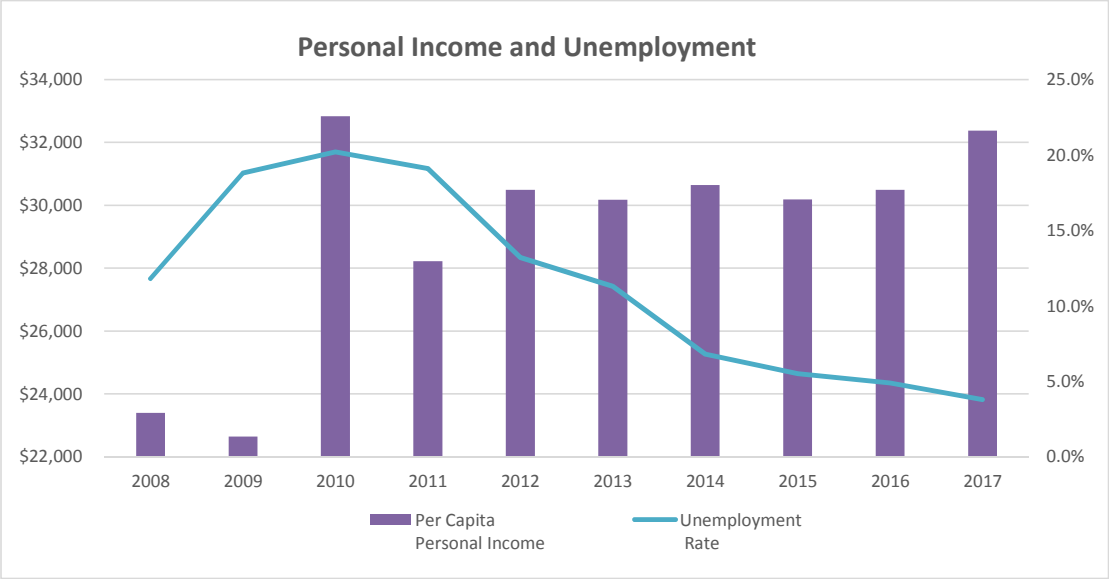
| Fiscal Year Ending June 30 | Debt Limit | Total net debt applicable to Limit | Legal Debt Margin | Total net debt applicable to the limit as a % of debt limit |
|---|---|---|---|---|
| 2008 | 247,807,612 | 38,931,732 | 208,875,880 | 15.71% |
| 2009 | 243,704,320 | 38,089,415 | 205,614,905 | 15.63% |
| 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 | 16,860,000 | 264,821,183 | 5.99% |

(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 |
|---|---|---|---|---|---|---|---|
| 2008 | 39,606 | 926,590,000 | $ 23,395 | 11.8% | | | |
| 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% |



## CITY OF LINCOLN
## Principal Employers
## 2018

| Company | Business Description | Size (employees) |
|---|---|---|
| United Auburn Indian Community | Casino | 1,000 to 4,999 |
| Kaiser Foundation Hospitals | Medical | 500 to 750 |
| Sierra Pacific Industries | Lumber-Manufacturer | 250 to 499 |
| Walmart Inc. | Discount Department Stores | 250 to 499 |
| Pabco Clay Products, LLC/Gladding McBean | Brick, Clay Common & Face | 250 to 499 |
| Partnerships For Student Centered Learning | Charter Schools | 100 to 249 |
| JBR, Inc. | Coffee and Tea Manufacturing | 100 to 249 |
| Sutter Health | Medical | 100 to 249 |
| Target Stores, Inc. | Discount Department Stores | 100 to 249 |
| Calhoun Construction, Inc | Residential Construction | 100 to 249 |
| Expresspoint Technology Services, Inc. | Computer and Office Machine Repair | 100 to 249 |
| Lowe's Home Centers, LLC | Home Centers | 100 to 249 |
| Home Depot U.S.A., Inc. | Home Centers | 100 to 249 |
| In-N-Out Burgers | Quick Service Restaurants | 100 to 249 |
| B Z Plumbing Company, Inc. | Plumbing Contractors | 100 to 249 |
| CRSTB Partners LLC | Golf Courses and Country Clubs | 100 to 249 |
| McE Corporation | Highway, Street, and Bridge Construction | 100 to 249 |
| Raley's | Supermarkets | 100 to 249 |
| County of Placer | Fire Protection | 100 to 249 |
| Verifone, Inc. | Electronics | 100 to 249 |
| Western Placer Unified School District | Elementary and Secondary Schools | 100 to 249 |

*Source: EDD, Labor Market Information Division*

# CITY OF LINCOLN
## Sales Tax Producers - Top 25
## 2018

| | |
|---|---|
| 7 Eleven | Service Stations |
| Arco AM PM | Service Stations |
| Big 5 Sporting Goods | Sporting Goods/Bike Stores |
| Chevron | Service Stations |
| CVS Pharmacy | Drug Stores |
| Home Depot | Building Materials |
| In N Out Burger | Casual Dining |
| Lowes | Building Materials |
| McDonalds | Quick-Service Restaurants |
| National Building Systems | Building Materials |
| Pabco Clay Products | Clay Products Contractors |
| Panda Express | Casual Dining |
| Petsmart | Specialty Stores |
| Raleys | Grocery Stores |
| Ross | Family Apparel |
| Safeway | Grocery Stores |
| Safeway Fuel | Service Stations |
| Siinos Pizza Pasta Grill | Casual Dining |
| Sun City Lincoln Hills Community Association | Leisure/Entertainment |
| Taco Bell | Casual Dining |
| Target | Discount Dept Stores |
| TJ Maxx | Family Apparel |
| Tower Market | Service Stations |
| Verifone | Electrical Equipment |
| 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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| City Manager | | | | | | | | | | |
| Administration | 2.5 | 2.5 | 2.8 | 2.8 | 3.8 | 2.8 | 2.8 | 2.00 | 3.00 | 2.00 |
| Human Resources | 2.5 | 2.0 | 2.0 | 2.0 | 1.5 | 1.5 | 2.5 | 2.00 | 2.00 | 5.00 |
| Economic Development | 0.3 | 0.3 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.00 | 1.00 | 1.00 |
| Records Management | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.00 | 2.00 | 1.00 |
| Support Services | | | | | | | | | | |
| Administration | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.00 | 3.00 | 3.00 |
| Finance | 11.5 | 9.0 | 8.0 | 9.0 | 10.0 | 10.0 | 9.0 | 9.00 | 9.00 | 9.00 |
| Information Technology | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - |
| Central Services | 2.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.00 | 2.00 | 2.00 |
| Development Services (a) | | | | | | | | | | |
| Administration | 1.7 | 1.0 | 0.5 | 4.3 | 0.3 | 0.3 | 1.0 | 5.00 | 5.00 | 5.00 |
| Planning | 6.1 | 5.8 | 3.4 | 1.0 | 4.0 | 4.5 | 3.5 | 3.50 | 4.00 | 4.00 |
| Building | 6.5 | 4.5 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 2.00 | 2.00 | 2.00 |
| Development & Engineering | 8.0 | 4.0 | 4.1 | 1.0 | 1.0 | 1.0 | 3.0 | 1.00 | 1.00 | 1.00 |
| Financial Analysis | - | - | 1.0 | - | - | - | - | - | - | - |
| Public Services | | | | | | | | | | |
| Administration | 7.5 | 9.0 | 5.0 | 6.0 | 7.0 | 8.5 | 8.5 | 1.00 | 1.00 | 1.00 |
| Engineering | - | - | - | - | - | - | - | - | - | 7.00 |
| Water | 12.8 | 9.4 | 7.5 | 8.1 | 8.1 | 10.0 | 6.5 | 10.94 | 10.94 | 10.94 |
| Wastewater | 6.0 | 4.0 | 3.8 | 3.5 | 3.5 | 6.5 | 6.5 | 7.83 | 7.83 | 7.83 |
| Solid Waste | 16.1 | 14.4 | 13.6 | 10.3 | 12.7 | 13.9 | 13.4 | 13.53 | 13.53 | 13.53 |
| Streets | 8.1 | 5.2 | 4.2 | 4.2 | 4.8 | 6.2 | 6.2 | 6.30 | 6.30 | 6.30 |
| Transit | 6.5 | 6.5 | 7.7 | 7.0 | 8.0 | 7.5 | 7.0 | 2.00 | 2.00 | 2.00 |
| Airport | 3.0 | 3.0 | 2.3 | 2.5 | 2.0 | 2.0 | 2.0 | 2.00 | 2.00 | 2.00 |
| Parks & Facilities | 11.0 | 7.0 | 5.0 | 6.0 | 5.0 | 5.6 | 6.5 | 5.00 | 5.00 | 5.00 |
| Fleet Maintenance | 7.5 | 6.0 | 5.0 | 5.0 | 5.0 | 5.5 | 5.5 | 5.00 | 5.00 | 5.00 |
| Police | | | | | | | | | | |
| Administration | 7.0 | 5.0 | 6.0 | 5.0 | 2.5 | 2.5 | 2.5 | 2.50 | 3.50 | 3.50 |
| Communications | 9.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.00 | 6.00 | 6.00 |
| Operations | 39.0 | 32.0 | 27.0 | 21.0 | 19.5 | 19.5 | 19.5 | 19.50 | 22.50 | 22.50 |
| Fire | | | | | | | | | | |
| Administration | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 3.0 | 2.0 | 2.00 | 2.00 | 2.00 |
| Operations | 24.0 | 21.0 | 21.0 | 19.5 | 19.0 | 18.0 | 18.0 | 18.00 | 18.00 | 18.00 |
| Library | 10.5 | 6.7 | 5.7 | 2.0 | 2.0 | 3.5 | 3.9 | 3.90 | 5.58 | 3.35 |
| Recreation (b) | 7.0 | 6.0 | 5.5 | 4.0 | 4.0 | 4.0 | 4.0 | 4.00 | 4.00 | 5.00 |
| Redevelopment | 1.3 | 3.0 | - | - | - | - | - | - | - | - |
| **Total Full-Time Equivalents** | **228.8** | **187.2** | **163.4** | **147.0** | **144.6** | **155.1** | **152.8** | **142.0** | **149.2** | **156.0** |

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

| | Fiscal Year Ending June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Business Licenses | | | | | | | | | | |
| Annual business license | 576 | 498** | 1,916 | --- | 1,120 | 1,182 | 1,938 | 1,988 | 1,979 | 2330 |
| Environment and Utilities | | | | | | | | | | |
| Gallons of wastewater treated per year (in millions) | 1,077 | 1,117 | 1,239 | 1,135 | 1,144 | 1,095 | 1,062 | 1,178 | 1,935 | 1,709 |
| Gallons of wastewater discharged per year (in millions) | 847 | 1,024 | 1,144 | 999 | 843 | 1,063 | 813 | 969 | 1,748 | 1,572 |
| Fire | 133 | 115 | 114 | 134 | 137 | 121 | 142 | 149 | 152 | 158 |
| Fires per year | 2,065 | 2,059 | 2,047 | 2,212 | 2,465 | 2,667 | 2,637 | 2,637 | 3,153 | 3280 |
| Emergency medical calls per year | 58 | 55 | 45 | 35 | 45 | 49 | 40 | 41 | 58 | 52 |
| Hazardous materials incidents per year | 865 | 836 | 1,027 | 857 | 933 | 969 | 749 | 1,250 | 1,442 | 1261 |
| Non-emergency service calls per year | | | | | | | | | | |
| Police | 4,501 | 9,253 | 9,597 | 10,187 | 10,998 | 8,710 | 8,852 | 10,577 | 11,082 | 13,095 |
| 911 calls per year | 2,792 | 2,291 | 2,134 | 1,890 | 1,898 | 1,142 | 1,866 | 1,872 | 2,288 | 2,226 |
| Cases investigated per year | 989 | 735 | 602 | 458 | 429 | 314 | 479 | 403 | 517 | 786 |
| Arrests per year | | | | | | | | | | |
| Building Permits | | | | | | | | | | |
| New Single Family Dwellings | 126 | 116 | 56 | 138 | 314 | 280 | 233 | 188 | 252 | 70 |
| Commercial (New and Tenant Improvements) | n/a | n/a | n/a | n/a | n/a | 125 | 135 | 146 | 132 | 26 |
| All Other | n/a | n/a | n/a | n/a | n/a | 1,505 | 2313 | 2,820 | 2,314 | 1100 |

n/a = information not available

** new licenses applied for

***Source*** *: City of Lincoln*