

CITY OF LINCOLN,
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
June 30, 2013*



*Prepared by the
Administrative Services Department
Finance Division*

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CITY OF LINCOLN
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013

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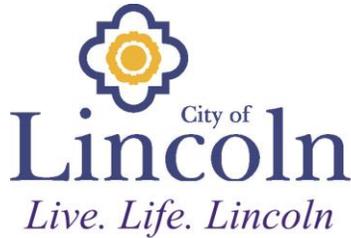
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INTRODUCTORY SECTION

- **Transmittal Letter**
- **List of Officials**
- **Organizational Chart**

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December 24, 2013

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Lincoln (City) for the fiscal year ended June 30, 2013 in accordance with the Lincoln Municipal Code Section 2.20.030(C). The basic financial statements and supporting schedules have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The City contracted with Smith & Newell CPAs, a firm of Certified Public Accountants, to perform the annual independent audit. The independent auditor's report is included in the Financial Section of this report. 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. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Lincoln was incorporated in 1890 and is located 25 miles northeast of Sacramento in the northernmost region of South Placer County. The City occupies 20 square miles and serves a population of 43,818 people. The City of Lincoln was named the 2006 winner of the coveted All-America Cities Award given by the National Civic League – the nation's longest running and most prestigious civic recognition program. 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 hires the City Manager, who is then responsible for all management functions of the City, including development of the budget, delivery of services, hiring of personnel and implementation of capital projects. 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 and general administrative services. The City also operates a municipal airport and transit system.

The City Council adopts an annual budget prior to the beginning of each fiscal year (July 1). This annual budget serves as the foundation for the City of Lincoln's financial planning and control. The City's budget is a detailed operating plan that identifies estimated costs in relation to estimated revenues. Ultimate budgetary control resides at the fund level. However, the City has adopted a number of 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 recovery from the recent economic recession has been slow. The City has, in recent years, seen a significant resurgence of development activity as well as an end to declining property and sales tax revenue which is a positive indication that the City is moving toward stronger economic health.

The City's unemployment rate rose from 9.0 percent in 2004 to a high of 20.2 percent in 2010 and had dropped to 16.9 percent by 2012 (the most recent date official data is available). According to the California Department of Housing and Community Development (HCD), the 2012 median income for a four-person household in Placer County was \$76,100. In 2010, the median household income in Lincoln was \$73,375, slightly below Placer County's median income of \$74,447.

During Fiscal Year 2012-13, the City Council continued its efforts to return the City to fiscal stability by adopting a balanced operating budget with sufficient revenues to cover anticipated expenditures. The City Council approved funding for a comprehensive effort to evaluate economic development opportunities which would encourage additional business activities within the City. Public safety represents the single largest expenditure category within the governmental activities fund group. During the past ten years, expenditures related to public safety have increased not only in amount, but also as a percentage of total expenditures in governmental funds. For the fiscal year ended June 30, 2013, public safety costs totaled \$8.9 million or 39.8 percent of total governmental activities expenditures compared to \$4.4 million (21.5 percent of total governmental activities expenditures) in Fiscal Year 2003-04. Much of this increase reflects a state-wide trend that has seen the salaries and benefits of police and firefighters growing at a faster rate than those of other categories of public-sector employees.

Long-term Financial Planning

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year end was \$5.7 million or 40.6 percent of total General Fund expenditures and transfer-out. This is consistent with the City Council approved General Fund Reserves 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.

Major Initiatives

During the 2012-13 fiscal year, the City implemented a Strategic Action Plan to promote business retention and expansion and to attract and grow new business within the City of

Lincoln. During the past year, the City also saw the completion of the Highway 65 Bypass (the longest stretch of freeway built in California in the last ten years) which will provide improved mobility and economic stimulus for the City's airport and industrial area. In addition, several major residential development projects moved forward and planning and environmental review for the \$73 million Mid-Western Placer Regional Sewer Project was undertaken.

Relevant financial policies

The City of Lincoln has adopted a comprehensive set of financial policies. Recognizing that fiscal stability is an important factor to mitigate current and future risks and to ensure long-term financial planning, a General Fund Reserves Policy has been developed to maintain adequate reserve funds for known and unknown contingencies. Policies providing guidance for inter-fund loans and managing accounts receivable were presented to the City Council for approval during the 2012-13 fiscal year.

Awards and Acknowledgements

The City of Lincoln is submitting this Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) for consideration of award for the Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report was made possible by the dedicated service of the City's Administrative Services Department's Finance Division with support from all City departments. Credit also must be given to the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City of Lincoln in a responsible, professional and fiscally prudent manner.

Respectfully submitted,



Jim Estep
City Manager

CITY OF LINCOLN
City Officials
For the Year Ended June 30, 2013

Elected Officials

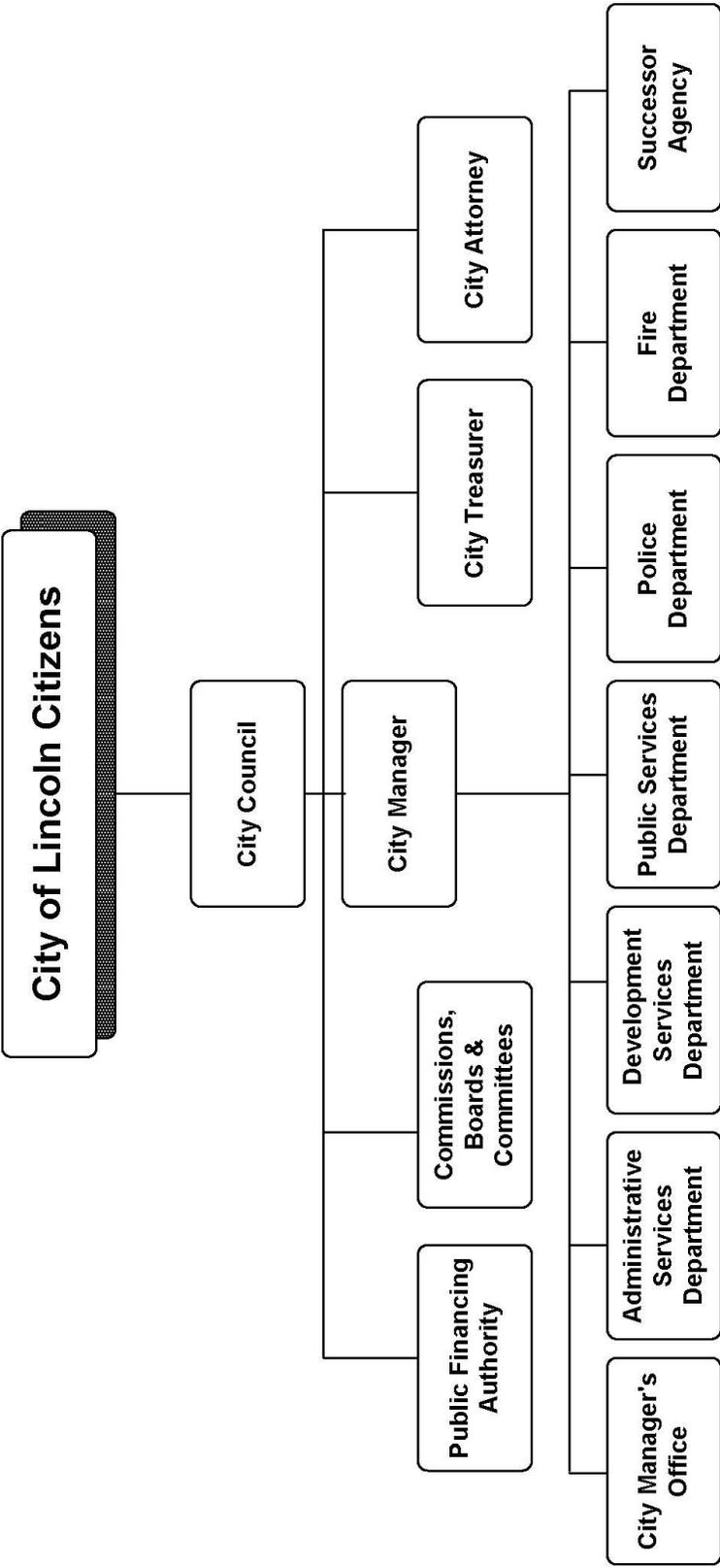
Stan Nader Mayor
Gabriel Hydrick Mayor Pro Tem
Peter Gilbert Councilmember
Paul Joiner. Councilmember
Spencer Short Councilmember
Terrence Dorsey.. . . . City Treasurer

Appointed Officials

Jim Estep. City Manager
Patricia Avila. City Clerk

Department Heads

Rodney Campbell.. . . . Interim Director of Development Services
Dan Ruden. Interim Chief of Police
Mike Davis.. . . . Interim Fire Chief
Jon Torkelson.. . . . Interim Library Director
Mark Miller. Director of Public Services
Vacant. Administrative Services Director



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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining and Individual Fund Statements and Schedules**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of 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, California (City), as of and for the year ended June 30, 2013, 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.

To the Honorable Mayor and
Members of the City Council
City of Lincoln, California

Basis for Adverse Opinion on Governmental Activities, Business-Type Activities and Enterprise Funds

As discussed in Note 1K to the financial statements, management has not recorded developer constructed infrastructure assets in governmental activities, business-type activities and enterprise funds and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those developer constructed assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities and enterprise funds. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and enterprise funds has not been determined.

As discussed in Note 1K to the financial statements, management elected to use the Modified Approach for infrastructure reporting, however, management has not performed condition assessments of the eligible infrastructure assets at least every three years as required by GASB Statement No. 34. Accounting principles generally accepted in the United States of America require that infrastructure assets that are not being accounted for under the Modified Approach be depreciated over the assets estimated useful life in the government-wide financial statements, which would decrease the assets and net position and increase the expenses of the governmental activities. The amount by which this departure would affect the net position and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Governmental Activities, Business-Type Activities and Enterprise Funds” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities, business-type activities and enterprise funds of the City as of June 30, 2013, or the changes in financial position thereof for the year the ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund, the aggregate remaining fund information and the internal service fund information of the City as of June 30, 2013, 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

As discussed in Note 2A to the basic financial statements, errors were detected in prior year net position and fund balance. The correction of these errors resulted in the restatement of beginning net position/fund balance for the year ended June 30, 2013.

As discussed in Note 2B to the basic financial statements, the City currently has negative fund balance/unrestricted net position in certain funds that do not have an immediate revenue source to cover these negative amounts. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

To the Honorable Mayor and
Members of the City Council
City of Lincoln, California

As described in Note 1R to the financial statements, in 2013, the City implemented Governmental Accounting Standards Board (GASB) Statements No. 60, 61, 62, 63 and 66 and implemented GASB 65 in advance during the fiscal year 2013. Among these new GASB Statements, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, have significant impact over the City of Lincoln's financial statements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 schedules 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 schedules 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.

To the Honorable Mayor and
Members of the City Council
City of Lincoln, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 24, 2013 on our consideration of the City'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 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 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's internal control over financial reporting and compliance.


Smith & Newell CPAs
Yuba City, California
December 24, 2013

**Management's Discussion and Analysis
(Unaudited)**

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CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lincoln exceeded its liabilities at the close of the most recent fiscal year by \$489,189,754 (net position). Unrestricted funds showed a positive balance of \$3,515,814.
- The City's total net position increased by \$4,410,040. Governmental activities decreased the City's net position by \$1,290,351 and business-type activities increased the City's net position by \$5,700,391. Included in the governmental activities decrease is a restatement of net position as shown in Note 2 on page 39.
- As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$50,975,685, an increase of \$9,941,661 in comparison with the prior year. Nonspendable, restricted, committed and assigned funds totaled \$74,434,068 whereas unassigned funds registered a negative balance of \$23,458,383.
- At the end of the fiscal year, the unassigned fund balance of the General Fund was \$3,715,005 or 28.1% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Both of the government-wide financial statements distinguish functions of the City 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 included general government, public safety, public works and facilities, culture and recreation, urban redevelopment and housing and education. The business-type activities of the City of Lincoln included water, wastewater, solid-waste, transit and airport.

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.

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

CITY OF LINCOLN MANAGEMENT'S DISCUSSION AND ANALYSIS

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. All of the funds in the City of Lincoln can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Lincoln maintains 73 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Public Facility Element (PFE) funds and Water Connections special revenue fund. All of these are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 18-21 of this report.

Proprietary funds. The City of Lincoln maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statement. The City of Lincoln uses enterprise funds to account for its water, wastewater, solid-waste, transit and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Lincoln uses the internal service fund to account for its vehicle fleet, facility maintenance, administrative services, and for its management of public services. Since all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for its water, wastewater, solid waste and airport operations, as all of these are considered to be major funds of the City of Lincoln. Data from the remaining proprietary fund is combined into a single aggregate presentation.

The basic proprietary fund financial statements can be found on pages 22-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the 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 27-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-65 of this report.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's infrastructure assets reported using the modified approach. The City of Lincoln adopts an annual appropriated budget for its General fund, Public Facility Element (PFE) funds and Water Connections special revenue fund. Budgetary comparison statements have been provided for these three major funds to demonstrate compliance with this budget. The budgetary comparison statements can be found on pages 69-73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and fiduciary funds are presented immediately following the required supplementary information, which is found on pages 74-122.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities: A comparative analysis of the government-wide data follows.

Net Position							
As of June 30, 2013 and 2012							
	Governmental		Business-type		Total		Variance
	Activities		Activities				
	2013	2012	2013	2012	2013	2012	
Assets:							
Current and other assets	\$ 57,637,263	\$ 50,535,859	\$ 33,011,847	\$ 24,284,201	\$ 90,649,110	\$ 74,820,060	\$ 15,829,050
Capital assets	336,250,330	347,222,439	101,371,746	103,709,664	437,622,076	450,932,103	(13,310,027)
Total Assets	\$393,887,593	\$397,758,298	\$ 134,383,593	\$ 127,993,865	\$528,271,186	\$525,752,163	\$ 2,519,023
Liabilities:							
Current and other liabilities	\$ 7,109,175	\$ 8,824,288	\$ 4,030,615	\$ 2,891,654	\$ 11,139,790	\$ 11,715,942	\$ (576,152)
Long-term liabilities	23,256,756	24,121,997	4,684,886	5,134,510	27,941,642	29,256,507	(1,314,865)
Total Liabilities	\$ 30,365,931	\$ 32,946,285	\$ 8,715,501	\$ 8,026,164	\$ 39,081,432	\$ 40,972,449	\$ (1,891,017)
Net Position							
Net investment in capital assets	\$314,827,035	\$325,101,751	\$ 99,076,798	\$ 101,133,414	\$413,903,833	\$426,235,165	\$(12,331,332)
Restricted	71,770,107	66,398,405	-	-	71,770,107	66,398,405	5,371,702
Unrestricted	(23,075,480)	(26,688,143)	26,591,294	18,834,287	3,515,814	(7,853,856)	11,369,670
Total Net Position	\$363,521,662	\$364,812,013	\$ 125,668,092	\$ 119,967,701	\$489,189,754	\$484,779,714	\$ 4,410,040

By far, the largest portion of the City's net position (\$413,903,833 or 84.6%) reflects its net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining City's net position consists of restricted funds of \$71,770,107 which are resources subject to external restrictions on how they may be used and unrestricted net position with a balance of \$3,515,814. Governmental activities decreased the City's net position by \$1,290,351 (see Note 2 on page 39). Business-type activities increased the City's net position by \$5,700,391.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Changes in Net Position
As of June 30, 2013 and 2012**

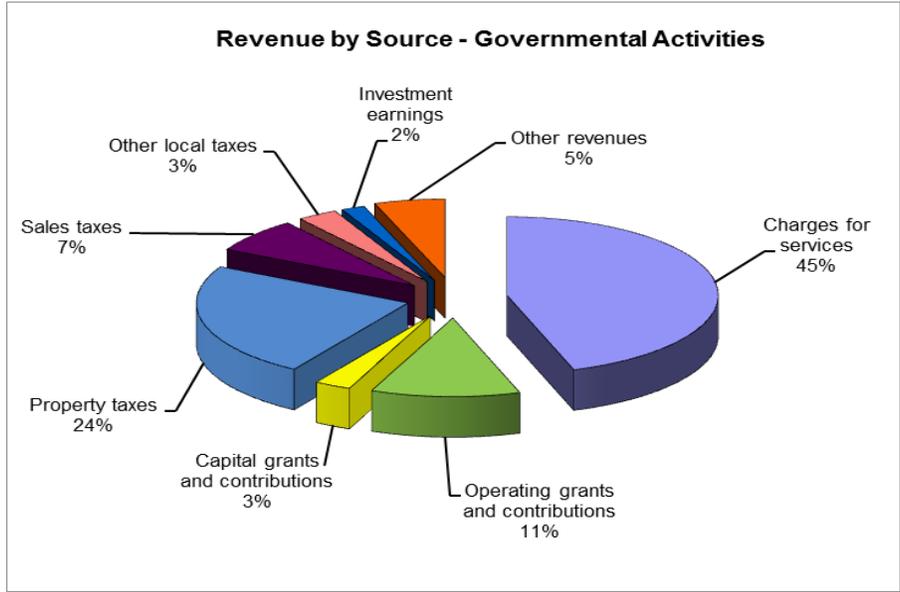
	Governmental		Business-type		Total		Variance
	Activities		Activities				
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Charges for services	\$ 14,261,756	\$ 6,239,466	\$ 24,093,690	\$ 24,570,314	\$ 38,355,446	\$ 30,809,780	\$ 7,545,666
Operating grants and contributions	3,614,352	3,455,701	6,154,480	1,142,591	9,768,832	4,598,292	5,170,540
Capital grants and contributions	881,562	1,680,280	2,641,668	543,189	3,523,230	2,223,469	1,299,761
General revenues:							
Property taxes	7,511,360	8,309,198	-	-	7,511,360	8,309,198	(797,838)
Sales taxes	2,252,003	2,218,295	-	-	2,252,003	2,218,295	33,708
Other taxes	975,649	990,613	47,684	43,204	1,023,333	1,033,817	(10,484)
Investment earnings	565,913	733,848	262,287	282,286	828,200	1,016,134	(187,934)
Other revenues	1,717,469	478,529	1,079,475	209,841	2,796,944	688,370	2,108,574
Total Revenues	31,780,064	24,105,930	34,279,284	26,791,425	66,059,348	50,897,355	15,161,993
Expenses:							
General government	2,583,219	2,574,813	-	-	2,583,219	2,574,813	8,406
Public safety	8,973,076	9,006,804	-	-	8,973,076	9,006,804	(33,728)
Public works and facilities	8,083,773	10,423,827	-	-	8,083,773	10,423,827	(2,340,054)
Culture & recreation	743,858	591,312	-	-	743,858	591,312	152,546
Education	420,772	486,019	-	-	420,772	486,019	(65,247)
Urban development & housing	666,038	178,613	-	-	666,038	178,613	487,425
Interest on long-term debt	1,074,815	1,361,643	-	-	1,074,815	1,361,643	(286,828)
Water	-	-	8,410,782	7,821,110	8,410,782	7,821,110	589,672
Wastewater	-	-	10,647,682	5,144,059	10,647,682	5,144,059	5,503,623
Solid waste	-	-	4,460,008	4,369,551	4,460,008	4,369,551	90,457
Transit	-	-	979,330	939,595	979,330	939,595	39,735
Airport	-	-	2,009,793	1,818,658	2,009,793	1,818,658	191,135
Total Expenses	22,545,551	24,623,031	26,507,595	20,092,973	49,053,146	44,716,004	4,337,142
Changes in net position before transfers	9,234,513	(517,101)	7,771,689	6,698,452	17,006,202	6,181,351	10,824,851
Transfers	525,888	2,195,637	(525,888)	(2,195,637)	-	-	-
Extraordinary gain	-	4,329,643	-	-	-	4,329,643	(4,329,643)
Change in net position	9,760,401	6,008,179	7,245,801	4,502,815	17,006,202	10,510,994	6,495,208
Net Position-Beginning	364,812,013	384,218,716	119,967,701	117,050,006	484,779,714	501,268,722	(16,489,008)
Cumulative effect of change in accounting principle	(553,338)	-	-	-	(553,338)	-	(553,338)
Prior period adjustments	(10,497,414)	(25,414,882)	(1,545,410)	(1,585,120)	(12,042,824)	(27,000,002)	14,957,178
Net Position- Ending	\$ 363,521,662	\$ 364,812,013	\$ 125,668,092	\$ 119,967,701	\$ 489,189,754	\$ 484,779,714	\$ 4,410,040

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

- Charges for service increased by \$8,022,290 or 128.6% due mainly to a significant increase in development related activity.
- Capital grants and contributions for governmental activities decreased by \$798,718 or 47.5% mainly due to the receipt from the State of California for payment of the retention on the Twelve Bridges Library Project in the prior fiscal year.
- Other Revenue increased by \$1,238,940 or 258.9% due to the receipt of one-time revenue from Placer County for reimbursement of Proposition 1A funds (\$746,337) and property tax administration fees (\$308,770).

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

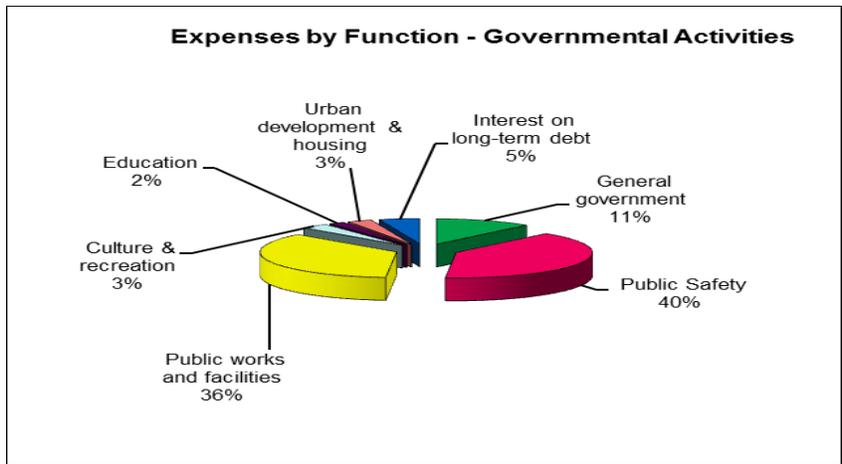
The following chart shows Governmental Activities Revenues by Source:



Key elements of the decrease in expenses for governmental activities are as follows:

- Public works and facilities expenses decreased by \$2,340,054 or 22.4% primarily due to reduced staffing.
- Urban redevelopment and housing expenses increased by \$487,425 or 272.9% due mainly to the transfer of costs previously funded by the former Lincoln Redevelopment Agency to the City.
- Interest on long-term debt decreased by \$286,828 or 21.1% due to the scheduled pay down of outstanding debt.

The following chart shows Governmental Activities Expenses by Function:



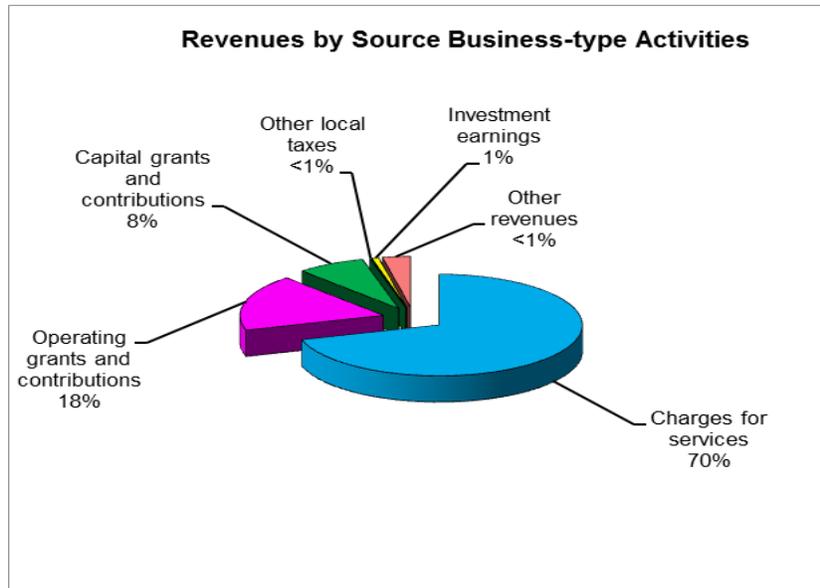
Business-type Activities: Business-type activities increased the City’s net position by \$5,700,391 in the fiscal year ending June 30, 2013.

**CITY OF LINCOLN
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

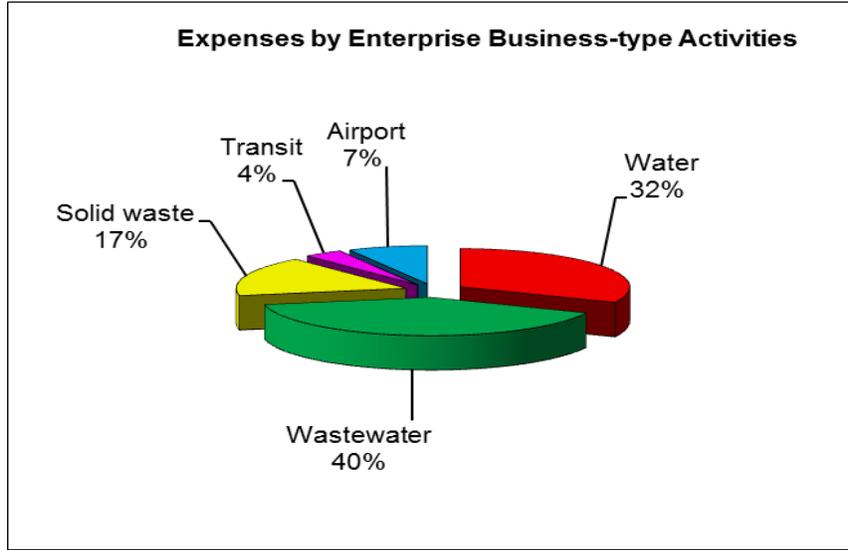
- Operating grants and contributions increased by \$5,011,889 or 438.6% primarily due to the receipt of funding from Placer County for the design costs and environmental review costs of the Regional Sewer Project.
- Capital grants and contributions increased by \$2,098,479 or 386.3% due to the increased receipt of grant funding for the water, wastewater, solid waste and airport enterprise activities.
- Miscellaneous revenue increased by \$869,634 or 414.4%, mainly due to transfers in to the Water and Wastewater funds from the Capital Projects funds.
- Water expenses increased by \$589,672 or 7.5% due mainly to increased water purchases and also slight increases in expenditures for materials and supplies.
- Transit expenses increased by \$39,735 or 4.2%
- Wastewater expenses increased by \$5,503,623 or 107.0% due to costs associated with the beginning of the Regional Sewer Project.

The following chart shows Business-type Activities Revenues by Source:



**CITY OF LINCOLN
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The following chart shows Business-type Activities Expenses by Enterprise:



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. Under the Government Accounting Standards Board Statement 54, fund balances are now 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. Assigned fund balances are amounts constrained by the City’s intent to be used for specific purposes. Unassigned fund balances, residual net resources, is the amount 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 that are available for spending. Such information is useful in assessing the City’s financial requirements.

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$50,975,685, an increase of \$9,941,661 in comparison with the prior year. The increased fund balance is the result of increased revenue from licenses and permits, charges for service and reimbursement of previous years revenue held by the State as well as reduced public works and facilities expenditures.

Nonspendable fund balances total \$33,423,900, restricted fund balances total \$33,745,233, committed fund balances total \$2,050,459, assigned fund balances total \$5,214,476 and unassigned fund balances total a negative \$23,458,383. While the General Fund has a positive unassigned fund balance of \$3,715,005, the Public Facility Element (PFE) funds carry a negative unassigned fund balance of \$27,173,388. These accumulated negative fund balances must be closely monitored to avoid future negative financial impact on the City.

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

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund. The General Fund is the chief operating fund of the City of Lincoln. During Fiscal Year 2012-13, the City's General Fund balance increased by \$221,088 to an ending fund balance of \$6,378,966. The unassigned fund balance of the General fund was \$3,715,005. The committed fund balance at year end was \$2,050,459 which consists of \$2,000,000 committed for Catastrophic Reserve and \$50,459 Mayor's Cup proceeds to be used as recreation scholarships. The nonspendable fund balance at year end was \$613,502, which includes \$81,178 invested in the City's insurance JPA (Northern California Cities Self Insurance Fund) and \$532,324 due to the General Fund from the Federal Grants and Supplemental Law Enforcement Services (SLES) Grant funds.

Revenues exceeded expenditures by \$623,095, transfers out exceeded transfers in by \$402,007, resulting in a year end gain of \$221,088. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 28.1% of total General Fund expenditures.

The following Revenue by Source and Expenditure by Function tables provide a two-year comparison. Accompanying the tables are brief explanations of significant changes.

**Revenue by Source
General Fund**

	FY 2013		FY 2012		Increase/(Decrease)	
	Amount	Percent of	Amount	Percent of	Amount	Percent
		Total		Total		
Taxes and assessments	\$ 11,102,867	80.1%	\$ 10,425,512	85.9%	\$ 677,355	6.5%
Licenses and permits	342,071	2.5%	133,622	1.1%	208,449	156.0%
Fines and penalties	79,606	0.6%	100,522	0.8%	(20,916)	-20.8%
Interest and Investment Inco	47,185	0.3%	67,006	0.6%	(19,821)	-29.6%
Intergovernmental revenue	229,302	1.7%	123,240	1.0%	106,062	86.1%
Charges for services	1,372,684	9.9%	956,339	7.9%	416,345	43.5%
Other revenues	688,573	5.0%	324,194	2.7%	364,379	112.4%
Total	\$13,862,288	100.0%	\$12,130,435	100.0%	\$1,731,853	14.3%

- Total General Fund revenues increased by \$1,731,853 or 14.3% from the prior fiscal year, due mainly to an increase in tax and development-related revenue as the local economy continued to recover.
- Licenses and permits revenue increased by \$208,449 or 156.0% due to a significant increase in development activity within the City.
- Fines and penalties decreased by \$20,916 or 20.8% due mainly to a reduction in vehicle fine revenue.
- Interest and investment income decreased \$19,821 or 29.6%, reflective of a continued decline in investment returns.
- Intergovernmental revenue increased by \$106,062 or 86.1% due to increased library cost sharing revenue and the receipt of various grant funding.
- Charges for services increased by \$416,345 or 43.5% due to increased building plan check revenue, development fees, reimbursement for special fire services, and increased rental revenue for City facilities.
- Other revenues increased by \$364,379 or 112.4% as a result of the receipt of one time funding from the sale of City property, reimbursement for an outstanding insurance claim, library donations and increased public safety POST reimbursement.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Expenditures by Function
General Fund**

	FY2013		FY2012		Increase/(Decrease)	
	Percent of		Percent of		Percent of	
	Amount	Total	Amount	Total	Amount	Total
General Government	\$ 2,337,743	17.7%	\$ 2,249,529	18.9%	\$ 88,214	3.9%
Public safety	8,623,479	65.2%	8,378,080	70.3%	245,399	2.9%
Public works and facilities	495,947	3.8%	274,912	2.3%	221,035	80.4%
Culture and recreation	741,632	5.6%	571,875	4.8%	169,757	29.7%
Urban redevelopment and housing	665,834	5.0%	-	0.0%	665,834	n/a
Education	353,046	2.7%	440,276	3.7%	(87,230)	-19.8%
Total	\$13,217,681	100.0%	\$11,914,672	100.0%	\$ 1,303,009	10.9%

- Total General Fund expenditures increased by \$1,303,009 or 10.9% from the prior fiscal year primarily as a result of costs associated with the former Lincoln Redevelopment Agency being transferred to the General Fund and reclassification of the payment into the OPEB irrevocable trust.
- General Government costs increased by \$88,214 or 3.9% due to the payment to the OPEB irrevocable trust in July 2012.
- Public safety costs increased by \$245,399 or 2.9%, primarily as a result of the cost of the payment into the OPEB irrevocable trust in July 2012 which was partially offset by savings from vacant positions.
- Public works and facilities costs increased by \$221,035 or 80.4%. This increase is the result of the payment into the OPEB irrevocable trust in July 2012.
- Culture and recreation increased by \$169,757 or 29.7% primarily due to the payment into the OPEB irrevocable trust.
- Urban redevelopment and housing increased by \$665,834 due to costs which were previously funded by the former Lincoln Redevelopment Agency now the responsibility of the General Fund.
- Education decreased by \$87,230 or 19.8%. The decrease was primarily due to continuing cost savings measures at the Twelve Bridges Library.

Public Facility Element (PFE) Special Revenue Funds. 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. During the past two years, however, the City has seen renewed development interest. The PFE funds had a total negative fund balance of \$16,670,423 at the end of the 2012-13 fiscal year. This is a significant improvement from the negative fund balance of \$20,658,177 as June 30, 2012. This improvement over the prior year is indicative of a slowly recovering economy. As new development projects are undertaken, new fees will be applied toward these negative fund balances.

Water Connections Special Revenue Funds. 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 Fiscal Year 2012-13 was \$27,819,540 or 16.6% more than the prior fiscal year.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Redevelopment Agency (RDA) Fund. The City of Lincoln Redevelopment Agency was dissolved as a matter of law on January 31, 2012. The RDA had two primary programs – Low/Moderate Income Housing and Redevelopment. On January 24, 2012, the City Council elected to opt-out of the Low/Moderate Income Housing Program, which meant that this program would be turned over to either Placer County or the State of California. The Redevelopment program was discontinued when the RDA was dissolved. The Redevelopment Agency dissolution legislation (AB1X26 and AB1X27) allowed for the originating legislative body (the City Council) to become the Successor Agency to manage the unwinding of the financial affairs of the former RDA. The Successor Agency acts in the capacity as a trustee to pass through the receipt of property tax funds from Placer County and the subsequent payment to creditors of the former RDA. The former RDA funds have now become Private Purpose Trust funds and are not reported in the Government Wide Financial Statements. The private purpose trust funds can be found on pages 113-114 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

In preparing the annual budget, the City develops revenue and expenditure projections 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 that the City's budget provides an accurate measurement of available fiscal resources and City Council priorities.

The final General Fund budget for Fiscal Year 2012-13 projected revenue of \$12,439,963 and expenditures of \$12,141,234, with an anticipated surplus of \$298,729. The results of the General Fund for the year ended June 30, 2013, were more favorable than anticipated. As of the end of the fiscal year, revenue totaled \$14,017,706 or \$1,577,743 more than the budgeted amount. Expenditures totaled \$11,934,611 or \$206,623 less than the approved budget, resulting in an operating surplus of \$2,083,095. Transfers in/out of the General Fund reduced this amount by \$1,862,007 for a net increase in fund balance of \$221,088 as of June 30, 2013, which was just slightly less than the \$235,166 budgeted change to fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$437,622,076. This investment in capital assets includes land, building and facilities, machinery and equipment, park facilities, and roads. Total decrease in the City's investments in capital assets for the 2012-13 fiscal year was \$13,310,027 or 2.9%.

**City's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 11,981,626	\$ 10,157,355	\$ 1,699,900	\$ 1,699,900	\$ 13,681,526	\$ 11,857,255
Infrastructure, modified approach	108,951,075	101,711,250	80,843,459	73,579,495	189,794,534	175,290,745
Construction in progress	127,283,274	154,246,359	9,752,801	19,109,967	137,036,075	173,356,326
Buildings and structures	67,630,953	61,469,728	5,660,543	6,139,610	73,291,496	67,609,338
Machinery and equipment	2,042,251	2,356,943	2,405,456	2,849,681	4,447,707	5,206,624
Land improvement	18,361,151	17,280,804	1,009,587	331,011	19,370,738	17,611,815
Total	\$336,250,330	\$347,222,439	\$101,371,746	\$103,709,664	\$437,622,076	\$450,932,103

Both Governmental Activities and Business-type Activities experienced a decrease in capital assets, net of depreciation. Governmental Activities decreased by \$10,972,109 or 3.2% and Business-type Activities decreased by \$2,337,918 or 2.2%. The major portion of this reduction is due to the adjustment of the construction in progress account to remove items which will not be capitalized.

**CITY OF LINCOLN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by Governmental Accounting Standard (GASB) Statement No. 34. The City has elected to use the modified approach to report its maintained road network. In FY2002-03, the total number of City street miles was recorded at 132.03. The last assessment took place in 2008, with the total number of street miles recorded at 226.03. This is an increase of 94 miles, mainly as a result of new development throughout the City. At that time approximately 12% of the maintained road system fell under the City's established minimum rating of 70 for all street segments. A complete updated valuation of the City's remaining infrastructure is anticipated to be completed during FY2013-14.

Additional information on the City's capital assets can be found in Note 4 on pages 45-47 and required supplemental information on pages 66-68 of this report.

Long-term debt. As of June 30, 2013, the City of Lincoln had total debt outstanding of \$30,393,323. This amount is comprised of \$21,833,295 in bond debt, \$3,366,824 in post employment benefit obligation, \$1,800,232 in capital leases, \$1,918,382 in compensated absences, \$1,389,874 in landfill post closure liability, and \$84,716 in loans payable.

	City's Outstanding Debt					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Bonds	\$ 21,423,295	\$ 22,120,687	\$ 410,000	\$ 590,000	\$ 21,833,295	\$ 22,710,687
Net OPEB obligation	2,256,593	2,444,056	1,110,231	1,236,529	3,366,824	3,680,585
Capital leases	-	-	1,800,232	1,880,905	1,800,232	1,880,905
Loans Payable	-	-	84,716	105,345	84,716	105,345
Postclosure	-	-	1,389,874	1,483,649	1,389,874	1,483,649
Compensated absences	1,566,121	1,326,057	352,261	303,935	1,918,382	1,629,992
Total	\$ 25,246,009	\$ 25,890,800	\$5,147,314	\$ 5,600,363	\$30,393,323	\$ 31,491,163

The City's total debt decreased by \$1,097,840 or 3.5% during Fiscal Year 2012-13. The decrease is primarily attributable to the scheduled payment of debt obligations. Additional information on the City's long-term debt can be found in Note 7 on pages 50-52 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic climate in the City of Lincoln has begun to stabilize after several years of weathering the nation-wide recession. Slight increases are anticipated in the two largest sources of revenue to the General Fund – property tax and sales tax. The City is experiencing a renewed interest in development with a number of new projects moving through the design and permitting process. The cost savings measures that have been implemented over the past several years have placed the City of Lincoln in a position to operate efficiently with limited financial and staffing resources while waiting for the economic recovery to reach a stable and sustainable level. The adopted budget for Fiscal Year 2013-14 is a balanced budget with sufficient revenues anticipated to be available to fund the current level of reduced operating costs. The City Council recently took action to provide for the future stability of the City's water, wastewater and sanitation systems by approving an orderly series to rate adjustments over the next several years to ensure that funding is available to continue to provide quality utility service to the citizens and businesses of this city.

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 write to the Administrative Services Department, City of Lincoln, 600 Sixth Street, Lincoln, CA 95648.

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Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF LINCOLN
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 42,887,912	\$ 28,758,044	\$ 71,645,956
Receivables:			
Accounts, net	1,301,694	4,909,194	6,210,888
Interest	150,628	3,394	154,022
Taxes	569,866	437	570,303
Intergovernmental	1,428,247	90,616	1,518,863
Due from other agencies	4,173,722	296,060	4,469,782
Internal balances	1,098,598	(1,098,598)	-
Investment in JPA	115,271	10,464	125,735
Inventory	-	42,236	42,236
Restricted cash and investments	2,570,718	-	2,570,718
Loans receivable	3,340,607	-	3,340,607
Capital assets:			
Non-depreciable	248,215,975	92,296,160	340,512,135
Depreciable, net	88,034,355	9,075,586	97,109,941
Total capital assets	<u>336,250,330</u>	<u>101,371,746</u>	<u>437,622,076</u>
Total Assets	<u>393,887,593</u>	<u>134,383,593</u>	<u>528,271,186</u>
LIABILITIES			
Accounts payable	1,219,898	3,139,740	4,359,638
Accrued salaries and benefits	437,943	114,208	552,151
Accrued interest payable	419,921	27,989	447,910
Other accrued liabilities	5,828	-	5,828
Due to other governmental agencies	-	117,479	117,479
Deposits payable	799,663	53,805	853,468
Unearned revenue	2,236,669	114,966	2,351,635
Long-term liabilities:			
Due within one year	1,989,253	462,428	2,451,681
Due in more than one year	23,256,756	4,684,886	27,941,642
Total Liabilities	<u>30,365,931</u>	<u>8,715,501</u>	<u>39,081,432</u>
NET POSITION			
Net investment in capital assets	314,827,035	99,076,798	413,903,833
Restricted for:			
General government	9,729,280	-	9,729,280
Public safety	947,964	-	947,964
Public works and facilities	50,152,317	-	50,152,317
Culture and recreation	802,583	-	802,583
Urban redevelopment and housing	1,702,406	-	1,702,406
Education	4,301,553	-	4,301,553
Endowment:			
Nonexpendable	356,659	-	356,659
Expendable	136,468	-	136,468
Debt service	3,492,326	-	3,492,326
Capital projects	148,551	-	148,551
Unrestricted	<u>(23,075,480)</u>	<u>26,591,294</u>	<u>3,515,814</u>
Total Net Position	<u>\$ 363,521,662</u>	<u>\$ 125,668,092</u>	<u>\$ 489,189,754</u>

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

CITY OF LINCOLN
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,583,219	\$ 1,222,290	\$ 70,322	\$ -
Public safety	8,973,076	555,899	112,739	-
Public works and facilities	8,083,773	10,939,600	3,218,602	881,562
Culture and recreation	743,858	1,506,132	12,520	-
Urban redevelopment and housing	666,038	-	-	-
Education	420,772	37,835	200,169	-
Interest on long-term debt	1,074,815	-	-	-
Total Governmental Activities	22,545,551	14,261,756	3,614,352	881,562
Business-Type activities:				
Water	8,410,782	10,221,213	-	1,567,321
Wastewater operations	10,647,682	7,237,746	5,244,070	695,577
Solid waste	4,460,008	5,025,078	20,480	274,711
Airport	2,009,793	1,558,585	-	104,059
Transit	979,330	51,068	889,930	-
Total Business-Type Activities	26,507,595	24,093,690	6,154,480	2,641,668
Total	\$ 49,053,146	\$ 38,355,446	\$ 9,768,832	\$ 3,523,230

General revenues:

Taxes:
 Property taxes
 Sales and use taxes
 Other taxes
Interest and investment earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior period adjustment
Cumulative effect of a change in accounting principle

Net Position - Beginning, Restated

Net Position - Ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business- Type Activities	Totals
\$ (1,290,607)	\$ -	\$ (1,290,607)
(8,304,438)	-	(8,304,438)
6,955,991	-	6,955,991
774,794	-	774,794
(666,038)	-	(666,038)
(182,768)	-	(182,768)
(1,074,815)	-	(1,074,815)
<u>(3,787,881)</u>	<u>-</u>	<u>(3,787,881)</u>
-	3,377,752	3,377,752
-	2,529,711	2,529,711
-	860,261	860,261
-	(347,149)	(347,149)
-	(38,332)	(38,332)
<u>-</u>	<u>6,382,243</u>	<u>6,382,243</u>
<u>(3,787,881)</u>	<u>6,382,243</u>	<u>2,594,362</u>
7,511,360	-	7,511,360
2,252,003	-	2,252,003
975,649	47,684	1,023,333
565,913	262,287	828,200
1,717,469	1,079,475	2,796,944
525,888	(525,888)	-
<u>13,548,282</u>	<u>863,558</u>	<u>14,411,840</u>
<u>9,760,401</u>	<u>7,245,801</u>	<u>17,006,202</u>
364,812,013	119,967,701	484,779,714
(10,497,414)	(1,545,410)	(12,042,824)
(553,338)	-	(553,338)
<u>353,761,261</u>	<u>118,422,291</u>	<u>472,183,552</u>
<u>\$ 363,521,662</u>	<u>\$ 125,668,092</u>	<u>\$ 489,189,754</u>

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF LINCOLN
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Public Facility Element (PFE)	Water Connections	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 5,549,434	\$ 6,536,954	\$ 1,576,841	\$ 28,161,259	\$ 41,824,488
Receivables:					
Accounts, net	318,803	982,311	-	-	1,301,114
Interest	323	373	1,265	148,650	150,611
Taxes	537,637	-	-	32,229	569,866
Intergovernmental	441,906	8,261	-	943,997	1,394,164
Due from other agencies	-	-	4,173,722	-	4,173,722
Due from other funds	532,324	-	21,386,603	7,326	21,926,253
Investment in JPA	81,178	-	-	43,231	124,409
Advances to other funds	-	3,863,738	681,109	2,305,336	6,850,183
Restricted cash and investments	-	-	-	2,570,718	2,570,718
Loans receivable	-	-	-	3,340,607	3,340,607
Total Assets	\$ 7,461,605	\$ 11,391,637	\$ 27,819,540	\$ 37,553,353	\$ 84,226,135
LIABILITIES					
Accounts payable	\$ 233,389	\$ 7,390	\$ -	\$ 782,894	\$ 1,023,673
Accrued salaries and benefits	302,371	-	-	51,979	354,350
Other accrued liabilities	3,195	-	-	2,633	5,828
Deposits payable	14,920	-	-	784,743	799,663
Due to other funds	86,976	16,288,637	-	485,544	16,861,157
Advances from other funds	-	10,824,358	-	-	10,824,358
Unearned revenue	44,858	193,853	-	1,997,958	2,236,669
Total Liabilities	685,709	27,314,238	-	4,105,751	32,105,698
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	396,930	747,822	-	-	1,144,752
Total Deferred Inflows of Resources	396,930	747,822	-	-	1,144,752
FUND BALANCES					
Nonspendable	613,502	3,863,738	26,241,434	2,705,226	33,423,900
Restricted	-	6,639,227	1,578,106	25,527,900	33,745,233
Committed	2,050,459	-	-	-	2,050,459
Assigned	-	-	-	5,214,476	5,214,476
Unassigned	3,715,005	(27,173,388)	-	-	(23,458,383)
Total Fund Balances (Deficits)	6,378,966	(16,670,423)	27,819,540	33,447,602	50,975,685
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,461,605	\$ 11,391,637	\$ 27,819,540	\$ 37,553,353	\$ 84,226,135

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

CITY OF LINCOLN
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2013

Total Fund Balance - Total Governmental Funds	\$ 50,975,685
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 the funds.	336,203,189
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	1,144,752
Interest payable on long-term debt does not require the use of current financial resources and therefore, is not accrued as a liability in the governmental funds balance sheets.	(419,921)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Bonds payable	(21,423,295)
Compensated absences	(1,212,190)
Net OPEB obligation	(2,256,593)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	510,035
Net Position of Governmental Activities	<u>\$ 363,521,662</u>

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

CITY OF LINCOLN
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Public Facility Element (PFE)	Water Connections	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 11,102,867	\$ -	\$ -	\$ 98,919	\$ 11,201,786
Special assessments	-	-	-	2,934,698	2,934,698
Licenses and permits	342,071	-	-	1,000,625	1,342,696
Fines and forfeitures	79,606	-	-	-	79,606
Use of money and property	47,185	64,221	165,579	286,381	563,366
Intergovernmental	229,302	331,044	-	4,137,605	4,697,951
Charges for services	1,372,684	3,700,210	3,798,490	1,033,372	9,904,756
Other revenues	688,573	841,687	28,389	158,820	1,717,469
Total Revenues	13,862,288	4,937,162	3,992,458	9,650,420	32,442,328
EXPENDITURES					
Current:					
General government	2,337,743	-	-	236,791	2,574,534
Public safety	8,623,479	-	-	100,000	8,723,479
Public works and facilities	495,947	9,392	-	4,718,618	5,223,957
Culture and recreation	741,632	-	-	-	741,632
Urban redevelopment and housing	665,834	-	-	-	665,834
Education	353,046	65,142	-	-	418,188
Debt service:					
Principal	-	-	-	700,000	700,000
Interest and other charges	-	32,143	-	1,051,060	1,083,203
Capital outlay	21,512	796,480	26,699	1,861,851	2,706,542
Total Expenditures	13,239,193	903,157	26,699	8,668,320	22,837,369
Excess of Revenues Over (Under) Expenditures	623,095	4,034,005	3,965,759	982,100	9,604,959
OTHER FINANCING SOURCES (USES)					
Transfers in	401,423	512,916	200,000	2,694,537	3,808,876
Transfers out	(803,430)	(559,167)	(200,000)	(2,029,161)	(3,591,758)
Total Other Financing Sources (Uses)	(402,007)	(46,251)	-	665,376	217,118
Net Change in Fund Balances	221,088	3,987,754	3,965,759	1,647,476	9,822,077
Fund Balances (Deficits) - Beginning	6,157,878	(20,658,177)	23,853,781	31,680,542	41,034,024
Prior period adjustment	-	-	-	119,584	119,584
Fund Balances (Deficits) - Beginning, Restated	6,157,878	(20,658,177)	23,853,781	31,800,126	41,153,608
Fund Balances (Deficits) - Ending	\$ 6,378,966	\$ (16,670,423)	\$ 27,819,540	\$ 33,447,602	\$ 50,975,685

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

CITY OF LINCOLN
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 9,822,077
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	2,706,542
Less: current year depreciation	(3,127,384)
Various adjustments affecting capital assets (including sales and capital contribution)	76,647
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal retirements	700,000
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 revenues in the governmental funds.	
Change in unavailable revenue	(741,458)
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 the governmental funds.	
Change in compensated absences payable	(199,035)
Change in net OPEB obligation	187,463
Change in accrued interest payable	10,996
Amortization of bond premium	841
Amortization of bond discount	(3,449)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	
	327,161
Change in Net Position of Governmental Activities	\$ 9,760,401

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

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CITY OF LINCOLN
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
ASSETS				
Current Assets:				
Cash and investments	\$ 15,214,956	\$ 5,489,655	\$ 7,547,733	\$ 100
Receivables:				
Accounts, net	1,569,717	2,520,070	675,569	143,838
Interest	824	2,111	425	-
Taxes	-	-	-	437
Intergovernmental	1,044	96	12,551	76,925
Due from other agencies	-	296,060	-	-
Due from other funds	6,565	4,720,874	8,538	1,283
Investment in JPA	4,801	2,186	955	3,377
Inventory	-	-	-	42,236
Advances to other funds	-	-	4,655,285	-
Total Current Assets	16,797,907	13,031,052	12,901,056	268,196
Noncurrent Assets:				
Capital assets:				
Non-depreciable	29,218,598	59,677,470	42,260	3,357,832
Depreciable, net	122,637	1,075,739	1,743,319	5,416,930
Total Noncurrent Assets	29,341,235	60,753,209	1,785,579	8,774,762
Total Assets	46,139,142	73,784,261	14,686,635	9,042,958
LIABILITIES				
Current Liabilities:				
Accounts payable	819,792	2,022,754	209,197	82,854
Accrued salaries and benefits	36,036	19,983	37,766	7,179
Accrued interest payable	1,378	7,193	-	19,418
Deposits payable	27,000	-	-	26,805
Due to other governmental agencies	-	117,479	-	-
Due to other funds	-	4,717,625	-	5,097,966
Unearned revenue	53,775	46,882	14,309	-
Compensated absences payable	21,455	11,979	17,473	24,119
Capital leases payable	-	-	-	84,562
Bonds payable	20,000	130,000	-	-
Loans payable	22,125	-	-	-
Postclosure	-	-	126,177	-
Total Current Liabilities	\$ 1,001,561	\$ 7,073,895	\$ 404,922	\$ 5,342,903

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

<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 505,600	\$ 28,758,044	\$ 1,063,424
-	4,909,194	580
34	3,394	17
-	437	-
-	90,616	34,083
-	296,060	-
5,558	4,742,818	7,677
(855)	10,464	(9,138)
-	42,236	-
-	4,655,285	-
<u>510,337</u>	<u>43,508,548</u>	<u>1,096,643</u>
-	92,296,160	-
716,961	9,075,586	47,141
<u>716,961</u>	<u>101,371,746</u>	<u>47,141</u>
<u>1,227,298</u>	<u>144,880,294</u>	<u>1,143,784</u>
5,143	3,139,740	196,225
13,244	114,208	83,593
-	27,989	-
-	53,805	-
-	117,479	-
-	9,815,591	-
-	114,966	-
4,538	79,564	296,423
-	84,562	-
-	150,000	-
-	22,125	-
-	126,177	-
<u>\$ 22,925</u>	<u>\$ 13,846,206</u>	<u>\$ 576,241</u>

CITY OF LINCOLN
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
LIABILITIES (CONTINUED)				
Noncurrent Liabilities:				
Advances from other funds	\$ -	\$ 681,110	\$ -	\$ -
Compensated absences payable	122,529	51,620	73,024	5,880
Capital leases payable	-	-	-	1,715,670
Bonds payable	30,000	230,000	-	-
Loans payable	62,591	-	-	-
Postclosure	-	-	1,263,697	-
Net OPEB obligation	346,232	189,226	340,222	79,441
Total Noncurrent Liabilities	561,352	1,151,956	1,676,943	1,800,991
Total Liabilities	1,562,913	8,225,851	2,081,865	7,143,894
NET POSITION				
Net investment in capital assets	29,206,519	60,393,209	1,785,579	6,974,530
Unrestricted	15,369,710	5,165,201	10,819,191	(5,075,466)
Total Net Position	\$ 44,576,229	\$ 65,558,410	\$ 12,604,770	\$ 1,899,064

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

<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ -	\$ 681,110	\$ -
19,644	272,697	57,508
-	1,715,670	-
-	260,000	-
-	62,591	-
-	1,263,697	-
155,110	1,110,231	-
<u>174,754</u>	<u>5,365,996</u>	<u>57,508</u>
<u>197,679</u>	<u>19,212,202</u>	<u>633,749</u>
716,961	99,076,798	47,141
312,658	26,591,294	462,894
<u>\$ 1,029,619</u>	<u>\$ 125,668,092</u>	<u>\$ 510,035</u>

CITY OF LINCOLN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Wastewater Operations</u>	<u>Solid Waste</u>	<u>Airport</u>
OPERATING REVENUES				
Charges for services	\$ 10,097,943	\$ 7,237,353	\$ 4,971,870	\$ 1,558,585
Connection fees	123,270	393	53,208	-
Other revenues	196,248	603,138	63,061	1,300
Total Operating Revenues	<u>10,417,461</u>	<u>7,840,884</u>	<u>5,088,139</u>	<u>1,559,885</u>
OPERATING EXPENSES				
Salaries and benefits	965,328	564,118	1,257,645	235,548
Services and supplies	7,052,915	9,383,301	2,085,630	1,051,925
Support services	363,022	434,232	867,230	295,630
Depreciation	19,120	237,350	249,503	339,783
Total Operating Expenses	<u>8,400,385</u>	<u>10,619,001</u>	<u>4,460,008</u>	<u>1,922,886</u>
Operating Income (Loss)	<u>2,017,076</u>	<u>(2,778,117)</u>	<u>628,131</u>	<u>(363,001)</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes	-	-	-	47,684
Intergovernmental	-	5,244,070	20,480	-
Interest income	118,207	74,313	71,582	-
Other non-operating revenues	102,027	90,838	-	20,777
Interest expense	(10,397)	(28,681)	-	(86,907)
Total Nonoperating Revenues (Expenses)	<u>209,837</u>	<u>5,380,540</u>	<u>92,062</u>	<u>(18,446)</u>
Income (Loss) before Contributions and Transfers	<u>2,226,913</u>	<u>2,602,423</u>	<u>720,193</u>	<u>(381,447)</u>
Capital grants and contributions	-	-	-	104,059
Capital connection fees	1,567,321	695,577	274,711	-
Transfers in	803,000	1,313,380	480,000	-
Transfers out	(1,465,070)	(906,437)	(640,752)	(32,856)
Change in Net Position	<u>3,132,164</u>	<u>3,704,943</u>	<u>834,152</u>	<u>(310,244)</u>
Total Net Position - Beginning	42,415,651	61,853,467	11,813,256	2,740,494
Prior period adjustment	(971,586)	-	(42,638)	(531,186)
Total Net Position - Beginning, Restated	<u>41,444,065</u>	<u>61,853,467</u>	<u>11,770,618</u>	<u>2,209,308</u>
Total Net Position - Ending	<u>\$ 44,576,229</u>	<u>\$ 65,558,410</u>	<u>\$ 12,604,770</u>	<u>\$ 1,899,064</u>

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

Other Enterprise Funds	Totals	Governmental Activities Internal Service Funds
\$ 51,068	\$ 23,916,819	\$ 5,101,147
-	176,871	-
2,086	865,833	26,580
53,154	24,959,523	5,127,727
451,404	3,474,043	2,755,174
193,670	19,767,441	2,375,837
274,980	2,235,094	-
59,276	905,032	10,916
979,330	26,381,610	5,141,927
(926,176)	(1,422,087)	(14,200)
-	47,684	-
889,930	6,154,480	30,044
(1,815)	262,287	2,547
-	213,642	-
-	(125,985)	-
888,115	6,552,108	32,591
(38,061)	5,130,021	18,391
-	104,059	-
-	2,537,609	-
-	2,596,380	308,770
(77,153)	(3,122,268)	-
(115,214)	7,245,801	327,161
1,144,833	119,967,701	182,874
-	(1,545,410)	-
1,144,833	118,422,291	182,874
<u>\$ 1,029,619</u>	<u>\$ 125,668,092</u>	<u>\$ 510,035</u>

CITY OF LINCOLN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater Operations	Solid Waste	Airport
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 10,713,351	\$ 6,321,415	\$ 4,976,125	\$ 1,482,299
Payments to suppliers	(7,349,859)	(8,233,225)	(3,078,912)	(1,389,520)
Payments to employees	(980,538)	(580,568)	(1,277,670)	(240,177)
Net Cash Provided (Used) by Operating Activities	2,382,954	(2,492,378)	619,543	(147,398)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes received	-	-	-	50,924
Intergovernmental revenues received	(622)	5,275,995	8,298	-
Other revenues received	102,027	106,715	6,806	20,777
Transfers from other funds	803,000	1,313,380	480,000	-
Transfers to other funds	(1,465,070)	(906,437)	(640,752)	(32,856)
Interfund loan repayments received	1,739,281	-	5,548	-
Interfund loans made	-	(4,715,358)	(13,824)	(1,283)
Interfund loans received	-	4,719,647	-	362,960
Interfund loans repaid	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,178,616	5,793,942	(153,924)	400,522
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants and contributions	-	-	-	29,660
Connection fees received	1,567,321	695,577	274,711	-
Acquisition of capital assets	-	(31,146)	-	(104,059)
Principal paid on capital debt	(50,629)	(140,000)	-	(90,673)
Interest paid on capital debt	(11,044)	(31,478)	-	(87,952)
Net Cash Provided (Used) for Capital and Related Financing Activities	1,505,648	492,953	274,711	(253,024)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	118,838	74,349	71,900	-
Net Cash Provided (Used) by Investing Activities	118,838	74,349	71,900	-
Net Increase (Decrease) in Cash and Cash Equivalents	5,186,056	3,868,866	812,230	100
Balances - Beginning	10,028,900	1,620,789	6,735,503	-
Balances - Ending	\$ 15,214,956	\$ 5,489,655	\$ 7,547,733	\$ 100

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

<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 53,294	\$ 23,546,484	\$ 5,127,410
(516,465)	(20,567,981)	(2,460,668)
(467,417)	(3,546,370)	(2,711,331)
<u>(930,588)</u>	<u>(567,867)</u>	<u>(44,589)</u>
-	50,924	-
1,901,327	7,184,998	6,441
-	236,325	-
-	2,596,380	308,770
(77,153)	(3,122,268)	-
4,624	1,749,453	444,224
-	(4,730,465)	-
-	5,082,607	-
(443,703)	(443,703)	-
<u>1,385,095</u>	<u>8,604,251</u>	<u>759,435</u>
-	29,660	-
-	2,537,609	-
-	(135,205)	-
-	(281,302)	-
-	(130,474)	-
<u>-</u>	<u>2,020,288</u>	<u>-</u>
(1,843)	263,244	2,650
<u>(1,843)</u>	<u>263,244</u>	<u>2,650</u>
452,664	10,319,916	717,496
52,936	18,438,128	345,928
<u>\$ 505,600</u>	<u>\$ 28,758,044</u>	<u>\$ 1,063,424</u>

CITY OF LINCOLN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Wastewater Operations</u>	<u>Solid Waste</u>	<u>Airport</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,017,076	\$ (2,778,117)	\$ 628,131	\$ (363,001)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	19,120	237,350	249,503	339,783
Decrease (Increase) in:				
Accounts receivable	299,109	(1,515,014)	(7,195)	(77,586)
Prepaid costs	-	261,946	-	-
Investment in JPA	1,851	1,001	2,324	415
Inventory	-	-	-	6,150
Increase (Decrease) in:				
Accounts payable	103,227	1,335,932	(34,601)	(49,790)
Accrued salaries and benefits	5,037	2,336	227	16
Deposits payable	(39,000)	-	-	1,260
Due to other governmental agencies	-	(14,571)	-	-
Unearned revenue	(3,219)	(4,455)	(104,819)	-
Compensated absences payable	21,958	6,194	18,953	3,644
Postclosure	-	-	(93,775)	-
Net OPEB obligation	(42,205)	(24,980)	(39,205)	(8,289)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,382,954</u>	<u>\$ (2,492,378)</u>	<u>\$ 619,543</u>	<u>\$ (147,398)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Correction of construction in progress	\$ (971,586)	\$ -	\$ -	\$ (1,230,694)
Correction of land improvements	-	-	-	699,508
Correction of accumulated depreciation	-	-	(42,638)	-

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

<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ (926,176)	\$ (1,422,087)	\$ (14,200)
59,276	905,032	10,916
140	(1,300,546)	(317)
919	262,865	-
-	5,591	7,281
-	6,150	-
(48,734)	1,306,034	(92,112)
(1,971)	5,645	2,814
-	(37,740)	-
-	(14,571)	-
-	(112,493)	-
(2,423)	48,326	41,029
-	(93,775)	-
(11,619)	(126,298)	-
<u>\$ (930,588)</u>	<u>\$ (567,867)</u>	<u>\$ (44,589)</u>

\$ -	\$ (2,202,280)	\$ -
-	699,508	-
-	(42,638)	-

CITY OF LINCOLN
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 2,408,349	\$ 18,940,202
Receivables:		
Interest	1,367,108	2,091
Special assessments	-	204,771
Investment in JPA	3,061	-
Due to other funds	-	103,162
Advances to other funds	879,388	-
Restricted cash and investments	2,112,059	30,717,400
Loans receivable	6,211,315	-
Capital assets:		
Non-depreciable	2,837,713	-
Depreciable, net	1,354,641	-
	17,173,634	49,967,626
LIABILITIES		
Accounts payable	5,278	141,622
Interest payable	178,683	-
Other accrued liabilities	-	-
Deposits payable	1,000	174,699
Due to other agencies	4,469,782	-
Due to other funds	-	103,162
Due to property owners	-	31,501,210
Unearned revenue	-	536,365
Advances from other funds	879,388	-
Agency obligations	-	17,510,568
Long-term liabilities:		
Due within one year	574,924	-
Due in more than one year	11,406,932	-
	17,515,987	49,967,626
NET POSITION		
Net Position held in trust	(342,353)	-
	\$ (342,353)	\$ -

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

CITY OF LINCOLN
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Property taxes	\$ 1,723,819
Interest and investment income	232,290
Other contributions	8,158
	<hr/>
Total Additions	1,964,267
	<hr/>
DEDUCTIONS	
Distribution to Placer County	161,713
Program expenses	61,441
Interest expense	955,984
Depreciation	82,195
Amortization	5,076
	<hr/>
Total Deductions	1,266,409
	<hr/>
Transfers in	500,053
Transfers out	(500,053)
	<hr/>
Change in Net Position	697,858
	<hr/>
Total Net Position - Beginning	(4,115,343)
Prior period adjustment	3,075,132
	<hr/>
Total Net Position - Beginning, Restated	(1,040,211)
	<hr/>
Total Net Position - Ending	<u>\$ (342,353)</u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of City of Lincoln (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Lincoln 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.

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. Separate financial statements for the Lincoln Public Financing Authority are not issued.

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 or the Agency to enable the City or the Agency to provide for the acquisition construction and improvement of public capital improvements. The Authority is the lessor the City's Revenue Refunding Bonds Series 2000, Lease Revenue Refunding Bonds Series 2003, Lease Revenue Bonds Series 2006, and the City of Lincoln Redevelopment Agency Tax Allocation Bonds Series 2004A and Housing Set Aside Tax Allocation Revenue Bonds Series 2004B 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, business-type activities, Water enterprise fund, Wastewater Operations enterprise fund and Airport enterprise fund financial statements and long-term debt in the private purpose trust funds.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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, 600 Montgomery Street, 9th Floor, San Francisco, CA 94111. The City is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

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. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- 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.
- 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.
- 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.

The City reports the following major proprietary funds:

- 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 Works Department. Activities include accounting for the Lincoln residents water use, water pipeline installation and repairs, and water meter installation and repairs.
- 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 Works Department. Activities include wastewater services and repair.
- 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 Works Department. Activities include accounting for the City of Lincoln's residents' solid waste (garbage) services.
- 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.

The City reports the following additional fund types:

- 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.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

- 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.
- The Private Purpose Trust funds account for property held under other trust arrangement under which principal and income benefit individuals, private organizations or other governments. Private purpose trust funds include the Successor Agency to the Redevelopment Agency of the City of Lincoln.
- 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, preservation of the library, and for the purpose of preserving open space surrounding Markham Ravine area.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Fiduciary funds include trust funds and agency funds. All trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash, Cash Equivalents and 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. Interest from pooled investments is allocated to the various funds based on average balances of the funds entitled to receive interest. Interest is allocated on the basis of average month end cash balance amounts for each fund as a percentage of the total balance.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments, including restricted cash and investments, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

F. Restricted Cash and Investments

Restricted assets in the governmental funds represents cash and investments held in the Community Development Block Grant (CDBG) fund for loans and program income of \$509,276, Lincoln Public Financing Authority Series 2006-1 for debt reserve of \$944,575, Lincoln Public Financing Authority Series 2000 for debt reserve of \$379,878, Lincoln Public Financing Authority Series 2003 for debt reserve of \$720,736 and in the Brookview Open Space Maintenance Trust for maintenance of \$16,253. Restricted assets in the private purpose trust funds represents cash and investments held for debt service and capital projects of \$2,112,059. Restricted assets held in the agency funds represents cash and investments held for capital projects and debt service of \$30,717,400.

G. Receivables

Receivables for governmental activities consist mainly of accounts, interest, taxes, and intergovernmental. Management records an allowance for doubtful accounts based on historical trends and the periodic aging of receivables. At June 30, 2013, the allowance for doubtful accounts was \$145,750.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables (Continued)

Receivables for enterprise funds consist mainly of user fees and interest. Management records an allowance for doubtful accounts based on historical trends and the periodic aging of receivables. At June 30, 2013, the allowance for doubtful accounts was \$173,216.

H. Due from Other Agencies

The following is a summary of amounts included in Due From Other Agencies as of June 30, 2013:

Due from Successor Agency to the Redevelopment Agency of the City of Lincoln - The City of Lincoln Water Connections special revenue fund advanced the former Redevelopment Agency \$4,173,722 and the Wastewater enterprise fund advanced the former Redevelopment Agency \$296,060. When the former Redevelopment Agency was dissolved, the Successor Agency assumed the advances payable. The balance at June 30, 2013 was \$4,173,722 for governmental activities and \$296,060 for business-type activities.

I. Loans Receivable

The following is a summary of the loans receivable outstanding as of June 30, 2013:

Revitalization and Rehabilitation Loan Special Revenue Fund - The City has loaned funds to qualifying individuals. Interest rates vary depending on the terms of the loan. The balance at June 30, 2013 was \$94,411.

Community Development Block Grants (CDBG) Special Revenue Fund - The City has received funding over the years from the California Department of Housing and Community Development for FHA Title 1 and other revolving loans. Notes were issued to borrowers for homebuyers, construction and housing rehabilitation. The notes are secured by first deeds of trust. The notes have various monthly installment amounts and due dates. Interest rates vary depending on the term of the loan. The balance at June 30, 2013 including accrued interest was \$585,300.

Home Investment Partnership Program Special Revenue Fund - The City made various loans to qualifying participants within the City as part of the Federal First Time Homebuyers Program (HOME), which is an owner occupied housing program. Interest rates vary depending the terms of the loan. The notes receivable including accrued interest at June 30, 2013 were \$2,133,896.

Other Special Revenue Funds - The City has made a loan to qualifying participants within the City. The interest rate for this loan is 3%. The balance at June 30, 2013 was \$527,000.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Other Assets

Inventory

Governmental funds inventories are recorded as expenditures at the time 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, sewer, similar items), are defined by the City as an asset with a cost greater than \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

The City has elected to use the modified approach to report its street and pavement system and all other infrastructure systems. Under the modified approach depreciation is not reported for this system and all expenditures, except for betterments and major improvements made to the system, are expensed.

The City uses the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its Street and Pavement System. The City commissioned a physical assessment of the streets' conditions during the 2002/2003 fiscal year. This assessment was to be performed every 3 years, but the City has not complied with this requirement. Each homogeneous segment of the City Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale for 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The following conditions were defined: excellent physical condition is assigned to segments with a scale rating between 100 and 85, good condition is assigned to segments with a scale rating between 84 and 70, fair condition is assigned to segments with a scale rating between 69 and 55, poor condition is assigned to segments with a scale rating between 40 and 54. The City's policy relative to maintaining the street assets is to achieve a minimum rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

While the City also uses the Modified Approach as defined by GASB Statement No. 34 for all other infrastructure systems reporting, the City has not commissioned a physical assessment for the sewer and water systems and therefore is unable to disclose the appropriate required supplemental information for these systems. The City was required by GASB Statement No. 34 to prospectively report its general infrastructure assets beginning with fiscal year 2007. The City has not quantified and recorded the value of developer-constructed infrastructure that has been deeded to the City. Accordingly, amounts for these assets are not reflected in these financial statements. The amount by which the capital assets may be misstated cannot be determined.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Building and structures	20-50 years
Machinery and equipment	5-15 years
Land improvements	20 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.

L. Property Tax

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.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

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

M. Interfund Transactions

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

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transactions (Continued)

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.

N. 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.

O. 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 is 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 is 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.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2013, the City did not have any deferred outflows of resources.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position 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 that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Implementation of Governmental Accounting Standards Board Statements (GASB)

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable to the City of Lincoln, in the current financial statements.

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. This statement improves financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The statement clarifies the reporting of equity interest in legally separate organizations and requires the primary government to report its equity interest in a component unit as an asset.

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This statement improves reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Implementation of Governmental Accounting Standards Board Statements (GASB) (Continued)

Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62. This statement improved accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 54 and No. 62.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position/Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net position/fund balance. During the current year adjustments were required to correct a prior year misstatement of capital assets, loans receivable and unavailable revenue. In addition, during the current year the City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities. The City recorded a cumulative effect of a change in accounting principle for the unamortized costs of issuance.

The impact of the restatements on the net position on the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, June 30, 2012, as previously reported	\$364,812,013	\$ 119,967,701
Adjustment associated with:		
Correction of capital assets	(10,616,998)	(1,545,410)
Correction of loans receivable	97,235	-
Correction of unavailable revenue	22,349	-
Cumulative effect of a change in accounting principle	(553,338)	-
Total Adjustments	(11,050,752)	(1,545,410)
Net Position, July 1, 2012, as restated	<u>\$353,761,261</u>	<u>\$ 118,422,291</u>

The impact of the restatements on the fund balance on the fund financial statements as previously reported is presented below:

	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2012, as previously reported	\$ 31,680,542
Adjustment associated with:	
Correction of loans receivable	97,235
Correction of unavailable revenue	22,349
Total Adjustments	<u>119,584</u>
Fund Balance, July 1, 2012, as restated	<u>\$ 31,800,126</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Net Position/Fund Balance (Continued)

The impact of the restatements on the net position on the proprietary fund financial statements as previously reported is presented below:

	<u>Water</u>	<u>Solid Waste</u>	<u>Airport</u>
Net Position, June 30, 2012, as previously reported	\$42,415,651	\$11,813,256	\$ 2,740,494
Adjustment associated with:			
Correction of capital assets	(971,586)	(42,638)	(531,186)
Total Adjustments	(971,586)	(42,638)	(531,186)
Net Position, July 1, 2012, as restated	<u>\$41,444,065</u>	<u>\$11,770,618</u>	<u>\$ 2,209,308</u>

B. Deficit Fund Balance/Unrestricted Net Position

The following major special revenue fund had a deficit fund balance:

The City's Public Facility Element (PFE) funds, whose primary revenue source is development impact fees, have a negative fund balance of \$16,670,4203 because of funding infrastructure projects, public facilities and parks. These facilities were constructed during a significant growth period in the City, and as the economy slowed and development stopped, revenue into these funds was not sufficient to repay the cost of the projects that had been constructed. As the economy recovers over time and new development increases, it is anticipated that fees collected will be utilized to eliminate the negative balance in this fund.

The following major enterprise fund had a deficit unrestricted net position:

The Airport fund had an unrestricted net position deficit of \$5,075,466, and 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 hangar rentals which have not kept up with operating expenses and capital improvement costs.

C. Rebtable Arbitrage

The Tax Reform act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The City does not expect to incur a liability for rebatable arbitrage at June 30, 2013.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2013, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 45,458,630
Business type activities	28,758,044
Fiduciary funds	<u>54,178,010</u>
Total Cash and Investments	<u>\$128,394,684</u>

As of June 30, 2013, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 2,335
Deposits (less outstanding checks)	5,180,308
Deposits with fiscal agents	<u>35,400,177</u>
Total Cash	<u>40,582,820</u>
Investments:	
In City's pool	<u>87,811,864</u>
Total Investments	<u>87,811,864</u>
Total Cash and Investments	<u>\$128,394,684</u>

B. Cash

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$40,580,485 and the bank balance was \$40,634,987. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition the City had cash on hand of \$2,335.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits 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. 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.

C. Investments

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.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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. Under the provisions of the City's investment policy the City may invest or deposit in the following:

- Banker's Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Mutual Funds
- Medium Term Corporate Notes
- Money Market Funds
- Negotiable Certificates of Deposit
- Repurchase Agreements/Reverse Repurchase Agreements
- Securities of the Federal Government or its Agencies
- Time Certificates of Deposit

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.

As of June 30, 2013, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Government Agency Securities	0.70-6.64%	\$ 3,061,354	\$36,640,532	\$39,701,886	3.07
Corporate Bonds	0.00-6.25%	4,378,506	25,614,694	29,993,200	3.05
Municipal Bonds	3.00-5.50%	-	2,689,969	2,689,969	2.89
Certificates of Deposit	0.95-1.00%	-	404,090	404,090	1.36
Local Agency Investment Fund (LAIF)	Variable	15,022,719	-	15,022,719	-
Total		<u>\$22,462,579</u>	<u>\$65,349,285</u>	<u>\$87,811,864</u>	<u>2.52</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Rating</u>	<u>% of Portfolio</u>
Farmer Mac	N/A	Unrated	Unrated	2.34%
Federal Home Loan Mortgage	N/A	AA2	A	.39%
Federal Home Loan Mortgage	N/A	AAA	AA+	8.78%
Federal Home Loan Bank	N/A	A2	AA-	2.07%
Federal Home Loan Bank	N/A	AAA	AA+	10.90%
Federal National Mortgage Association	N/A	AAA	AA+	20.73%
Corporate Bonds	A	A1	A+	.56%
Corporate Bonds	A	A1	AA+	4.13%
Corporate Bonds	A	A2	A	2.24%
Corporate Bonds	A	A2	A-	.56%
Corporate Bonds	A	A2	A+	3.51%
Corporate Bonds	A	A2	Unrated	1.21%
Corporate Bonds	A	A3	A	2.38%
Corporate Bonds	A	A3	A-	6.63%
Corporate Bonds	A	AA2	AA	1.17%
Corporate Bonds	A	AA3	AA-	.60%
Corporate Bonds	A	AAA	AAA	.57%
Corporate Bonds	A	BAA1	A-	4.40%
Corporate Bonds	A	BAA1	A+	.30%
Corporate Bonds	A	BAA1	BBB+	1.73%
Corporate Bonds	A	BAA1(-)	BBB(-)	.87%
Corporate Bonds	A	BAA2	A-	3.02%
Corporate Bonds	A	Unrated (1)	Unrated (1)	.28%
Municipal Bonds	A	A1	A	1.50%
Municipal Bonds	A	A1	AA-	.31%
Municipal Bonds	A	A2	A-	.92%
Municipal Bonds	A	AA1	AA+	.33%
Certificates of Deposit	A	Unrated	Unrated	.46%
LAIF	N/A	Unrated	Unrated	17.11%
Total				<u>100.00%</u>

(1) Investment in Lehman Brothers. Corporation filed for bankruptcy in 2008 and rating was withdrawn. This investment matures January 24, 2013. The face value is \$1,000,000 and the estimated fair value is \$228,750.

Custodial Credit Risk for Investments - 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 securities owned by the City shall be held in safekeeping by a third party bank trust department.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. 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, 2013, that represent 5 percent or more of total City investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Home Loan Mortgage	\$ 8,049,589	9.17%
Federal Home Loan Bank	11,394,707	12.97%
Federal National Mortgage Association	18,199,849	20.73%

D. Investment in External Investment Pools

Investment in Local Agency Investment Fund - The City of Lincoln is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute.

Investments in LAIF are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the City's position in the pool is the same as the value of the pooled shares. At June 30, 2013 the City's investment position in LAIF was \$15,022,719. The total amount invested by all public agencies in LAIF on that day was \$58,828,474,533. Of that amount, 98.04% is invested in non-derivative financial products and 1.96% in structured notes and asset-backed securities.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	Balance <u>June 30, 2013</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 10,157,355	\$ -	\$ -	\$ 1,824,271	\$ 11,981,626
Infrastructure, modified approach	101,711,250	-	-	7,239,825	108,951,075
Construction in progress	<u>154,246,359</u>	<u>2,749,761</u>	<u>-</u>	<u>(29,712,846)</u>	<u>127,283,274</u>
Total Capital Assets, Not Being Depreciated	<u>266,114,964</u>	<u>2,749,761</u>	<u>-</u>	<u>(20,648,750)</u>	<u>248,215,975</u>
Capital assets, being depreciated:					
Building and improvements	68,593,904	-	-	8,005,448	76,599,352
Machinery and equipment	8,190,462	33,428	(283,000)	(2,364)	7,938,526
Land improvements	<u>19,377,386</u>	<u>-</u>	<u>-</u>	<u>1,751,587</u>	<u>21,128,973</u>
Total Capital Assets, Being Depreciated	<u>96,161,752</u>	<u>33,428</u>	<u>(283,000)</u>	<u>9,754,671</u>	<u>105,666,851</u>
Less accumulated depreciation for:					
Buildings and improvements	(7,124,176)	(1,844,223)	-	-	(8,968,399)
Machinery and equipment	(5,833,519)	(345,008)	283,000	(748)	(5,896,275)
Land improvements	<u>(2,096,582)</u>	<u>(949,069)</u>	<u>-</u>	<u>277,829</u>	<u>(2,767,822)</u>
Total Accumulated Depreciation	<u>(15,054,277)</u>	<u>(3,138,300)</u>	<u>283,000</u>	<u>277,081</u>	<u>(17,632,496)</u>
Total Capital Assets, Being Depreciated, Net	<u>81,107,475</u>	<u>(3,104,872)</u>	<u>\$ -</u>	<u>10,031,752</u>	<u>88,034,355</u>
Governmental Activities Capital Assets, Net	<u>\$347,222,439</u>	<u>(\$ 355,111)</u>	<u>\$ -</u>	<u>(\$ 10,616,998)</u>	<u>\$ 336,250,330</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance <u>June 30, 2013</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,699,900	\$ -	\$ -	\$ -	\$ 1,699,900
Infrastructure, modified approach	73,579,495	-	-	7,263,964	80,843,459
Construction in progress	<u>19,109,967</u>	<u>109,078</u>	<u>-</u>	<u>(9,466,244)</u>	<u>9,752,801</u>
Total Capital Assets, Not Being Depreciated	<u>94,389,362</u>	<u>109,078</u>	<u>-</u>	<u>(2,202,280)</u>	<u>92,296,160</u>
Capital assets, being depreciated:					
Building and improvements	15,573,116	-	-	-	15,573,116
Machinery and equipment	8,005,998	26,127	(296,656)	-	7,735,469
Land improvements	<u>418,631</u>	<u>-</u>	<u>-</u>	<u>699,508</u>	<u>1,118,139</u>
Total Capital Assets, Being Depreciated	<u>23,997,745</u>	<u>26,127</u>	<u>(296,656)</u>	<u>699,508</u>	<u>24,426,724</u>
Less accumulated depreciation for:					
Buildings and improvements	(9,433,506)	(479,067)	-	-	(9,912,573)
Machinery and equipment	(5,156,317)	(405,033)	296,656	(65,319)	(5,330,013)
Land improvements	<u>(87,620)</u>	<u>(20,932)</u>	<u>-</u>	<u>-</u>	<u>(108,552)</u>
Total Accumulated Depreciation	<u>(14,677,443)</u>	<u>(905,032)</u>	<u>296,656</u>	<u>(65,319)</u>	<u>(15,351,138)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,320,302</u>	<u>(878,905)</u>	<u>-</u>	<u>634,189</u>	<u>9,075,586</u>
Business-Type Activities Capital Assets, Net	<u>\$103,709,664</u>	<u>(\$ 769,827)</u>	<u>\$ -</u>	<u>(\$ 1,568,091)</u>	<u>\$101,371,746</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

Public safety	\$ 239,850
Public works and facilities	2,886,717
Culture and recreation	600
Urban redevelopment and housing	<u>217</u>
Subtotal – Governmental Funds	3,127,384
Depreciation on capital assets held by the City’s internal service fund are charged to the various functions based on their usage of the assets	<u>10,916</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 3,138,300</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation (Continued)

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

Water	\$ 19,120
Wastewater Operations	237,350
Solid Waste	249,503
Airport	339,783
Transit	<u>59,276</u>
Total Depreciation Expense – Business-Type Functions	<u>\$ 905,032</u>

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on street reconstruction, civic auditorium/cultural arts center, water wells and water storage tanks.

Construction in progress for business-type activities relates primarily to work performed on water wells, water storage tanks, wastewater improvements and airport arrival and departure building.

NOTE 5: INTERFUND 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 following are due to and due from balances as of June 30, 2013:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 532,324	\$ 86,976
Public Facility Element (PFE)	-	16,288,637
Water Connections	21,386,603	-
Nonmajor Governmental Funds	7,326	485,544
Water	6,565	-
Wastewater Operations	4,720,874	4,717,625
Solid Waste	8,538	-
Airport	1,283	5,097,966
Nonmajor Enterprise Funds	5,558	-
Internal Service Fund	7,677	-
Agency Funds	<u>103,162</u>	<u>103,162</u>
Total	<u>\$26,779,910</u>	<u>\$ 26,779,910</u>

The PFE special revenue fund and the airport enterprise fund have balances due to other funds for which they have not demonstrated the ability to repay within one year of the financial statement date.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Due To/From Other Funds (Continued)

The liability in the PFE fund is due to expenditures incurred in prior years for the construction of various general infrastructure projects of the City. Developer fees and other revenue sources were not sufficient to pay for these projects.

The liability in the Airport fund is due to expenses incurred for capital assets such as the airport hangars and general operating costs. Operating revenues such as fuel sales, tie downs and lease revenue are not sufficient to fund the general operating costs of the airport operation.

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not in spendable form. The following are advances to/from other funds as of June 30, 2013:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Public Facility Element (PFE)	\$ 3,863,738	\$ 10,824,358
Water Connections	681,109	-
Nonmajor Governmental Funds	2,305,336	-
Wastewater Operations	-	681,110
Solid Waste	4,655,285	-
Private Purpose Trust Funds	<u>879,388</u>	<u>879,388</u>
Total	<u>\$ 12,384,856</u>	<u>\$ 12,384,856</u>

The advances to the PFE fund were made to finance the construction of a fire station, the public works building, regional park and regional retention facility. These loans accrue interest at LAIF rates. The loans are due in fiscal years ending 2016, 2017 and 2018.

The advance to the Wastewater Operations fund was made to pay obligations due to the Water Connections fund. This loan accrues interest at LAIF rates. The loan is due in fiscal year ending 2015.

The advance to and from the Private Purpose Trust funds was made by the Low/Moderate Income Housing fund to the Redevelopment Agency.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operation and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2013:

	Transfer In	Transfer Out
General Fund	\$ 401,423	\$ 803,430
Public Facility Element (PFE)	512,916	559,167
Water Connections	200,000	200,000
Nonmajor Governmental Funds	2,694,537	2,029,161
Water	803,000	1,465,070
Wastewater Operations	1,313,380	906,437
Solid Waste	480,000	640,752
Airport	-	32,856
Nonmajor Enterprise Funds	-	77,153
Internal Service Funds	308,770	-
Private Purpose Trust Funds	500,053	500,053
Total	\$ 7,214,079	\$ 7,214,079

NOTE 6: UNEARNED REVENUE

At June 30, 2013, components of unearned revenue were as follows:

	Unearned
General Fund	
Facility fees	\$ 43,732
State grant advance received	1,126
Public Facility Element (PFE)	
Developer Fees	24,022
SCIP 04	169,831
Nonmajor Governmental Funds	
RSTP Exchange Allocation	462,677
State grant advance received	115,000
Developer Fees	1,050,327
SCIP 04	1,308
Federal grant advance received	365,000
Mitigation fee advance received	3,646
Water	
Developer fees	105
SCIP 04	53,670
Wastewater Operations	
Developer fees	124
SCIP 04	46,758
Solid Waste	
State and Federal grant advances received	11,597
Developer fees	2,712
Total	\$ 2,351,635

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds	\$22,190,000	\$ -	(\$ 700,000)	\$ 21,490,000	\$ 715,000
Less: Discount	(82,764)	-	3,449	(79,315)	(3,449)
Plus: Premium	13,451	-	(841)	12,610	841
Bonds, net	22,120,687	-	(697,392)	21,423,295	712,392
Compensated absences	1,326,057	745,530	(505,466)	1,566,121	1,276,861
Net OPEB obligation	2,444,056	1,521,261	(1,708,724)	2,256,593	-
Total Governmental Activities	<u>\$25,890,800</u>	<u>\$2,266,791</u>	<u>(\$ 2,911,582)</u>	<u>\$ 25,246,009</u>	<u>\$1,989,253</u>
Business-Type Activities					
Loans	\$ 105,345	\$ -	(\$ 20,629)	\$ 84,716	\$ 22,125
Bonds	590,000	-	(180,000)	410,000	150,000
Capital leases	1,880,905	-	(80,673)	1,800,232	84,562
Postclosure	1,483,649	-	(93,775)	1,389,874	126,177
Compensated absences	303,935	181,879	(133,553)	352,261	79,564
Net OPEB obligation	1,236,529	11,258	(137,556)	1,110,231	-
Total Business-Type Activities	<u>\$ 5,600,363</u>	<u>\$ 193,137</u>	<u>(\$ 646,186)</u>	<u>\$ 5,147,314</u>	<u>\$ 462,428</u>

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

Individual issues of debt payable outstanding at June 30, 2013, are as follows:

Governmental Activities

Bonds:

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 an interest rate of 4.25% to 5.90% and maturity on September 15, 2017. The bonds were used to finance certain public capital improvements.

\$ 220,000

Lincoln Public Financing Authority Lease Revenue Refunding Bonds (City Facilities Project) Series 2003 issued July 2003, in the amount of \$10,560,000 and payable in annual installments of \$295,000 to \$685,000 with an interest rate of 2.50% to 5.00% and maturity on August 1, 2028. The bonds were used to fund the acquisition and construction of a new public safety facility.

7,855,000

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2013, are as follows: (Continued)

Governmental Activities (Continued)

Bonds: (Continued)

Lincoln Public Financing Authority Lease Revenue Bonds (City Hall Project) Series 2006 issued July 2006 in the amount of \$14,550,000 and payable in annual installments of \$265,000 to \$910,000, with an interest rate of 3.75% to 5.125% and maturity of August 1, 2036. The bonds were used to finance the acquisition, construction, and improvement of new city administration facilities. 13,415,00

Total Bonds 21,490,000

Total Governmental Activities \$ 21,490,000

Business-Type Activities

Loans:

Safe Water Bond Act Loan issued June 1, 1993, in the amount of \$314,594 and payable in semi-annual installments of \$13,887, with an interest rate of 7.125% and maturity on January 1, 2017. Loan proceeds were used to refinance the prior loan. 84,716

Total Loans 84,716

Bonds:

Lincoln Public Financing Authority Revenue Refunding Bonds Series 2000 issued December 2000, in the total amount of \$12,275,000 of which \$4,350,000 is considered a liability of the business-type activities and is payable in annual installments of \$125,000 to \$410,000 with an interest rate of 4.25% to 5.90% and maturity on September 15, 2017. The bonds were used to finance certain water, wastewater and airport improvements. 410,000

Total Bonds 410,000

Total Business-Type Activities \$ 494,716

Following is a schedule of debt payment requirements of governmental activities and business-type activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, capital leases which are reported in Note 8, landfill postclosure costs which are reported in Note 9 and net OPEB obligation which is reported in Note 13.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities

Year Ended June 30	Bonds		
	Principal	Interest	Total
2014	\$ 715,000	\$ 982,331	\$ 1,697,331
2015	745,000	956,086	1,701,086
2016	770,000	928,994	1,698,994
2017	795,000	899,645	1,694,645
2018	800,000	869,195	1,669,195
2019-2023	4,465,000	3,778,248	8,243,248
2024-2028	5,675,000	2,531,828	8,206,828
2029-2033	4,130,000	1,247,969	5,377,969
2034-2037	<u>3,395,000</u>	<u>331,906</u>	<u>3,726,906</u>
Total	<u>\$ 21,490,000</u>	<u>\$12,526,202</u>	<u>\$ 34,016,202</u>

Business-Type Activities

Year Ended June 30	Loans		
	Principal	Interest	Total
2014	\$ 22,125	\$ 5,649	\$ 27,774
2015	23,730	4,044	27,774
2016	25,451	2,323	27,774
2017	<u>13,410</u>	<u>476</u>	<u>13,886</u>
Total	<u>\$ 84,716</u>	<u>\$ 12,492</u>	<u>\$ 97,208</u>

Year Ended June 30	Bonds		
	Principal	Interest	Total
2014	\$ 150,000	\$ 22,608	\$ 172,608
2015	135,000	12,995	147,995
2016	<u>125,000</u>	<u>4,218</u>	<u>129,218</u>
Total	<u>\$ 410,000</u>	<u>\$ 39,821</u>	<u>\$ 449,821</u>

NOTE 8: LEASES

Operating Leases

The City is committed under various cancellable and noncancellable operating leases for building and office space. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the City's government-wide financial statements.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 8: LEASES (CONTINUED)

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

	<u>Stated</u> <u>Interest Rate</u>	<u>Present Value</u> <u>Of remaining</u> <u>Payments at</u> <u>June 30, 2013</u>
Business-Type Activities	4.735%	\$ 1,800,232
Total		<u>\$ 1,800,232</u>

Equipment and related accumulated depreciation under capital lease are as follows:

	<u>Business-Type</u> <u>Activities</u>
Equipment	\$ 2,438,012
Less: Accumulated depreciation	<u>(243,971)</u>
Net Value	<u>\$ 2,194,041</u>

As of June 30, 2013, capital lease annual amortization is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Business-Type</u> <u>Activities</u>
2014	\$ 168,325
2015	168,325
2016	168,325
2017	168,325
2018	168,325
2019-2023	841,624
2024-2028	<u>841,624</u>
Total Requirements	2,524,873
Less Interest	<u>(724,641)</u>
Present Value of Remaining Payments	<u>\$ 1,800,232</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 9: POSTCLOSURE

The City of Lincoln has postclosure responsibility for one 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 \$1,389,874 as of June 30, 2013. 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, 2013. 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 environment regulations) may need to be covered by an increase in the rate of the franchise surcharge assessed against refuse collection fees.

NOTE 10: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- 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.
- Restricted net position – Consists of net position with constraints placed 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. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$71,770,107 of restricted net position, of which \$21,391,640 is restricted by enabling legislation.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 11: FUND BALANCES

As prescribed by GASB Statement No. 54, 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. As of June 30, 2013, fund balance for governmental funds are made up of the following:

- Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- Restricted fund balance - 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.
- Committed fund balance - 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 highest level of decision making authority for the City that can, by adoption of an ordinance commit fund balance. 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 fund balance - amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- Unassigned fund balance - the residual classification for the City’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 11: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2013, were distributed as follows:

	<u>General</u>	<u>Public Facility Element (PFE)</u>	<u>Water Connections</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
Nonspendable					
Due from other agencies	\$ -	\$ -	\$ 4,173,722	\$ -	\$ 4,173,722
Due from other funds	532,324	-	21,386,603	-	21,918,927
Investment in JPA	81,178	-	-	43,231	124,409
Advances	-	3,863,738	681,109	2,305,336	6,850,183
Endowment - nonspendable	-	-	-	356,659	356,659
Subtotal	<u>613,502</u>	<u>3,863,738</u>	<u>26,241,434</u>	<u>2,705,226</u>	<u>33,423,900</u>
Restricted For:					
Public facility improvements	-	6,639,227	-	-	6,639,227
Water capacity expansion	-	-	1,578,106	-	1,578,106
Public parks	-	-	-	1,155,456	1,155,456
Street and road projects	-	-	-	4,978,764	4,978,764
Traffic/street/transit improvements	-	-	-	88,673	88,673
Police services	-	-	-	902	902
State grants	-	-	-	420,048	420,048
Cal Home grants	-	-	-	532,566	532,566
Federal grants	-	-	-	66,525	66,525
Public improvements and maintenance	-	-	-	9,219,165	9,219,165
Oak tree replacement	-	-	-	1,076,971	1,076,971
Community development	-	-	-	4,211,485	4,211,485
Endowment - spendable	-	-	-	136,468	136,468
Capital projects	-	-	-	148,551	148,551
Debt service	-	-	-	3,492,326	3,492,326
Subtotal	<u>-</u>	<u>6,639,227</u>	<u>1,578,106</u>	<u>25,527,900</u>	<u>33,745,233</u>
Committed to:					
Catastrophic reserve	2,000,000	-	-	-	2,000,000
Youth programs	50,459	-	-	-	50,459
Subtotal	<u>2,050,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,050,459</u>
Assigned to:					
Supplemental fees	-	-	-	2,938,071	2,938,071
Development services	-	-	-	2,276,405	2,276,405
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,214,476</u>	<u>5,214,476</u>
Unassigned	<u>3,715,005</u>	<u>(27,173,388)</u>	<u>-</u>	<u>-</u>	<u>(23,458,383)</u>
Total	<u>\$ 6,378,966</u>	<u>(\$16,670,423)</u>	<u>\$ 27,819,540</u>	<u>\$33,447,602</u>	<u>\$50,975,685</u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 11: FUND BALANCES (CONTINUED)

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance is available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The City Council has adopted a fund balance policy for financial statement reporting for the general fund. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures. The policy also provides for the City to establish and maintain a minimum committed unrestricted fund balance (catastrophic reserve) in the General fund equal to \$2 million or two months of annual expenditures whichever is greater and a minimum committed unrestricted fund balance (economic reserve) in the General fund equal to 15% of annual expenditures.

NOTE 12: EMPLOYEES' RETIREMENT PLAN

A. Plan Description

The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 Q Street, Lincoln Plaza East, Sacramento, CA 95811.

B. Funding Policy

Miscellaneous plan members in PERS are required to contribute up to 8 percent of their annual covered salary and Safety Plan members are required to contribute up to 9 percent of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2012/2013 was 18.761 percent for miscellaneous employees, 7.846 percent for miscellaneous 2nd tier, 25.982 percent for fire and 25.982 percent for police. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS. The City's contributions for the years ending June 30, 2013, 2012, and 2011 were \$1,938,854, \$1,937,428, and \$1,867,194, respectively, which equaled the required contributions each year.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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. All regular City employees hired prior to January 1, 1998 are entitled to 100% medical coverage, paid by the City, upon retirement from the City and from CalPERS. Employees hired after January 1, 1998 are eligible for retiree medical health benefits as defined in the California Public Employees Retirement Law, tiered system. The tiered system requires that an employee be vested (5 years at the City of Lincoln) and have a minimum total of 10 years of service in a CalPERS agency, be 50 years of age and retire out of CalPERS within 120 days of retiring from the City. The amount the City pays for their medical health benefit is dependent upon their years of credited service at retirement. On July 10, 2012, the Council adopted a resolution authorizing the City Manager to establish a Futuris Public Entity Investment Trust and a Retirement Board of Authority (BOA). The BOA is made up of the City Manager, the Assistant City Manager/Chief Financial Officer and the members of the City of Lincoln Finance Committee. The BOA has delegated authority of the newly created OPEB trust to Benefit Trust Company (BTC) per the Futuris Trust Administrative Services Agreement. Upon signing the agreement, BTC has been deemed to have accepted the Trust and during the term of this agreement, BTC further agreed to serve as a discretionary trustee, with fiduciary oversight and authority over the operations and management of the Trust.

B. Funding Policy

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. For the year ended June 30, 2013, the City contributed \$386,280 to the plan, which represents 100% of the cost of current year premiums for eligible retired plan members and their spouses and a payment of \$1,460,000 to an OPEB irrevocable trust.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. The City elected to prepay the unfunded actuarial liability.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 1,587,916
Interest on net OPEB Obligation	184,030
Adjustment to Annual Required Contribution	(239,427)
Annual OPEB Cost	1,532,519
Contributions made:	
Pay as you go contribution	(386,280)
Funding of full ARC contribution	(1,460,000)
Increase (decrease) in Net OPEB Obligation	(313,761)
Net OPEB Obligation (Asset) Beginning	<u>3,680,585</u>
Net OPEB Obligation (Asset) Ending	<u>\$ 3,366,824</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior two years are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of Annual</u> <u>OPEB Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2011	\$ 1,264,797	22.2%	\$ 2,482,692
June 30, 2012	1,550,548	22.7%	3,680,585
June 30, 2013	1,532,519	120.5%	3,366,824

D. Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 15.4 percent funded. The actuarial accrued liability was \$10,094,244 and the actuarial value of assets was \$1,557,827, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,536,417. The covered payroll (annual payroll of employees covered by the plan) was \$9,801,620, and the ratio of the UAAL to the covered payroll was 87.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information (as it becomes available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2013 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses). The annual healthcare-cost trend rates range from 7% in 2013 to 5% in 2014 and future years. The assumptions also include a 5% discount rate. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was 30 years.

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, 2013, the nonspendable amount was \$356,659 and the spendable amount was \$136,468.

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 disaster.

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 for 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 NCCSIF is composed of 21 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing.

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.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 15: RISK MANAGEMENT (CONTINUED)

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 participants as of June 30, 2013 were as follows:

- | | | |
|------------|---------------|---------------|
| • Anderson | • Gridley | • Paradise |
| • Auburn | • Ione | • Placerville |
| • Colusa | • Jackson | • Red Bluff |
| • Corning | • Lincoln | • Rio Vista |
| • Dixon | • Marysville | • Rocklin |
| • Folsom | • Nevada City | • Willows |
| • Galt | • Oroville | • Yuba City |

The City's equity investment in the NCCSIF of \$125,735 is recorded in the funds as Investment in JPA. The net change in equity is shown as an income or expenditure/expense item in the funds.

NOTE 16: OTHER INFORMATION

A. Commitments and Contingencies

At June 30, 2013, the City had construction contracts outstanding of approximately \$80,438.

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 16: OTHER INFORMATION (CONTINUED)

A. Commitments and Contingencies (Continued)

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. 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.

B. 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. It was determined by the Department of Finance that the Low and Moderate Income Housing Fund had a balance available for allocation to affected taxing entities. During the year ended June 30, 2013, \$161,713 was remitted to the Placer County Auditor Controller for disbursement to affected taxing entities.

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the Successor Agency reports these changes as restatements of beginning net position. During the current year prior period adjustments were made to correct a prior year transfer of capital assets to the City of Lincoln.

The impact of the restatement on the net position of the private-purpose trust fund financial statements as previously reported is presented below:

Net Position, June 30, 2012, as previously reported	(\$ 4,115,343)
Adjustment associated with:	
Correction of capital assets	<u>3,075,132</u>
Total Adjustments	<u>3,075,132</u>
Net Position, July 1, 2012, as restated	<u><u>(\$ 1,040,211)</u></u>

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 reasonable possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably the City. Amounts owed to the City are classified as due to other agencies and consist of the following amounts as of June 30, 2013:

City of Lincoln Water Connections special revenue fund	\$ 4,173,722
City of Lincoln Wastewater enterprise fund	<u>296,060</u>
Total	<u><u>\$ 4,469,782</u></u>

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 16: OTHER INFORMATION (CONTINUED)

B. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Capital assets activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Retirements	Adjustments	Balance June 30, 2013
Capital Assets, Not Being Depreciated					
Land	\$ 1,038,800	\$ -	\$ -	\$ 1,798,913	\$ 2,837,713
Total Capital Assets, Not Being Depreciated	<u>1,038,800</u>	<u>-</u>	<u>-</u>	<u>1,798,913</u>	<u>2,837,713</u>
Capital Assets, Being Depreciated					
Buildings	179,708	-	-	-	179,708
Land improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554,047</u>	<u>1,554,047</u>
Total Capital Assets, Being Depreciated	<u>179,708</u>	<u>-</u>	<u>-</u>	<u>1,554,047</u>	<u>1,733,755</u>
Less Accumulated Depreciation for:					
Buildings	(19,091)	(4,493)	-	-	(23,584)
Land improvements	<u>-</u>	<u>(77,702)</u>	<u>-</u>	<u>(277,828)</u>	<u>(355,530)</u>
Total Accumulated Depreciation	<u>(19,091)</u>	<u>(82,195)</u>	<u>-</u>	<u>(277,828)</u>	<u>(379,114)</u>
Total Capital Assets, Being Depreciated, Net	<u>160,617</u>	<u>(82,195)</u>	<u>-</u>	<u>1,276,219</u>	<u>1,354,641</u>
Capital Assets, Net	<u>\$ 1,199,417</u>	<u>(\$ 82,195)</u>	<u>\$ -</u>	<u>\$ 3,075,132</u>	<u>\$ 4,192,354</u>

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

Type of Indebtedness	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Bonds	\$12,565,000	\$ -	(\$ 545,000)	\$ 12,020,000	\$ 580,000
Less: Discount	<u>(43,220)</u>	<u>-</u>	<u>5,076</u>	<u>(38,144)</u>	<u>(5,076)</u>
Total	<u>\$12,521,780</u>	<u>\$ -</u>	<u>(\$ 539,924)</u>	<u>\$ 11,981,856</u>	<u>\$ 574,924</u>

Individual issues of debt payable outstanding at June 30, 2013, are as follows:

Bonds:

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 installments of \$235,000 to \$580,000, with an interest rate of 4.25% to 5.90% and maturity 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. \$ 1,285,000

Lincoln Public Financing Authority Tax Allocation Revenue Bonds Series 2004A, issued October 20, 2004 in the amount of \$8,720,000 and payable in annual installments of \$305,000 to \$925,000, with an interest rate of 3.50% to 4.80% and maturity on September 15, 2026. The bonds were used to finance redevelopment activities. 8,720,000

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 16: OTHER INFORMATION (CONTINUED)

B. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Bonds: (Continued)

Lincoln Public Financing Authority Housing Set Aside Tax Allocation Revenue Bonds Series 2004B (Taxable), issued October 20, 2004 in the amount of \$2,370,000 and payable in annual installments of \$35,000 to \$160,000, with an interest rate of 5.00% to 5.70% and maturity on September 15, 2033. The bonds were used to finance low and moderate income housing activities.

	<u>2,015,000</u>
Total Bonds	<u>\$ 12,020,000</u>

Following is a schedule of debt payment requirements to maturity for long-term debt:

Year Ended <u>June 30</u>	Bonds		
	Principal	Interest	Total
2014	\$ 580,000	\$ 579,040	\$ 1,159,040
2015	610,000	548,420	1,158,420
2016	640,000	515,414	1,155,414
2017	675,000	479,745	1,154,745
2018	710,000	441,460	1,151,460
2019-2023	4,100,000	1,669,975	5,769,975
2024-2028	3,875,000	626,208	4,501,208
2029-2033	670,000	145,350	815,350
2034	160,000	4,560	164,560
Total	<u>\$ 12,020,000</u>	<u>\$ 5,010,172</u>	<u>\$ 17,030,172</u>

C. Subsequent Events

Management has evaluated events subsequent to June 30, 2013 through December 24, 2013, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

NOTE 17: 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 secured solely by the revenues of these special assessment districts and does not constitute an indebtedness of the City. At June 30, 2013, 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, 2013
Special Tax Bonds, Series 1998			
Lincoln Airpark 98-1	Lincoln Airpark	\$ 3,380,000	\$ 2,065,000
Refunding Bond, Series 2011A			
Twelve Bridges Series 204	Twelve Bridges	28,305,000	26,560,000

CITY OF LINCOLN
Notes to Basic Financial Statements
For the Year Ended June 30, 2013

NOTE 17: SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT (CONTINUED)

<u>Assessment Debt</u>	<u>Project Description</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2013</u>
Refunding Bond, Series 2011B Twelve Bridges Series 204	Twelve Bridges	13,495,000	12,678,000
Limited Obligation Improv. Bond Foskett Ranch Series 2004-3	Foskett Ranch	6,000,000	3,835,000
Special Tax Bonds, Series 2006 Lakeside CFO Series 2006-1	Lakeside	7,310,000	7,100,000
Special Tax Revenue Bonds 2007 Special Tax Revenue Bond 2007 A&B	Lincoln Crossing	102,870,000	96,267,900
Special Tax Revenue Bonds, Series 2009 CFD Sorrento Series 2009	Sorrento Project	2,190,000	2,145,000

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**Required Supplementary Information
(Unaudited)**

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CITY OF LINCOLN
Required Supplementary Information
For the Year Ended June 30, 2013

1. SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

The Schedule of Funding Progress - Other Postemployment Benefits provides a consolidated snapshot of the City's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The table below shows a three year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the City Other Postemployment Benefit Plan.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2009	\$ -	\$ 8,551,351	\$ 8,551,351	0.0%	\$13,098,294	65.3%
July 1, 2011	-	12,518,361	12,518,361	0.0%	10,673,967	117.3%
July 1, 2013	1,557,827	10,094,244	8,536,417	15.4%	9,801,620	87.1%

2. INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its Street and Pavement System. The City commissioned a physical assessment of the streets conditions during the 02/03 fiscal year. The last assessment took place in 2008. Each homogeneous segment of the City Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale for 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The following conditions were defined: excellent physical condition is assigned to segments with a scale rating between 100 and 85, good condition is assigned to segments with a scale rating between 84 and 70, fair condition is assigned to segments with a scale rating between 69 and 55, poor condition is assigned to segments with scale rating between 40 and 54. The City's policy relative to maintaining the street assets is to achieve a minimum rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

CITY OF LINCOLN
Required Supplementary Information
For the Year Ended June 30, 2013

**2. INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH
(CONTINUED)**

As of June 30, 2008 (the date of the last assessment), the City's maintained road system was rated at a PCI index as follows:

<u>PCI Rating</u>	<u>Number of Miles</u>	<u>Percentage</u>
Arterial:		
Excellence (85-100)	24.47	10.83%
Good (70-84)	2.00	0.88%
Fair (55-69)	0.59	0.26%
Poor (40-54)	0.65	0.29%
Failed (0-39)	1.63	0.72%
Collector:		
Excellence (85-100)	31.11	13.76%
Good (70-84)	3.46	1.53%
Fair (55-69)	1.71	0.76%
Poor (40-54)	3.62	1.60%
Failed (0-39)	4.86	2.15%
Local:		
Excellence (85-100)	130.00	57.52%
Good (70-84)	4.54	2.01%
Fair (55-69)	2.64	1.17%
Poor (40-54)	4.92	2.18%
Failed (0-39)	5.18	2.29%
Alleys:		
Excellence (85-100)	3.33	1.47%
Good (70-84)	-	0.00%
Fair (55-69)	-	0.00%
Poor (40-54)	-	0.00%
Failed (0-39)	1.32	0.58%
Total	<u>226.03</u>	<u>100.00%</u>

CITY OF LINCOLN
Required Supplementary Information
For the Year Ended June 30, 2013

**2. INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH
(CONTINUED)**

For the year ended June 30, 2013, actual maintenance and preservation costs were less than estimated by \$3,089,880.

<u>Fiscal Year</u>	<u>Pavement Management System</u>	<u>Estimated Maintenance and Preservation Costs</u>	<u>Actual Maintenance and Preservation Costs</u>	<u>Variance</u>
2003	\$ 539,384	\$ 539,384	\$ 837,929	\$ 298,545
2004	1,476,338	1,476,338	851,245	(625,093)
2005	1,030,376	1,030,376	801,171	(229,205)
2006	2,189,872	2,189,872	1,425,773	(764,099)
2007	1,669,629	1,669,629	1,111,748	(557,881)
2008	2,144,885	2,514,406	1,266,759	(1,247,647)
2009	1,994,066	1,710,652	1,520,371	(190,281)
2010	1,388,217	2,437,290	982,012	(1,455,278)
2011	2,663,776	2,592,981	1,048,157	(1,544,824)
2012	4,898,856	3,222,242	2,737,231	(485,011)
2013	Not available	4,179,440	1,089,560	(3,089,880)

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 10,338,698	\$ 10,516,962	\$ 11,102,867	\$ 585,905
Licenses and permits	230,491	230,491	342,071	111,580
Fines and forfeitures	88,000	88,000	79,606	(8,394)
Use of money and property	33,246	33,246	47,185	13,939
Intergovernmental	194,800	259,896	229,302	(30,594)
Charges for services	976,220	1,001,220	1,372,684	371,464
Other revenues	253,248	310,148	843,991	533,843
Total Revenues	12,114,703	12,439,963	14,017,706	1,577,743
EXPENDITURES				
Current:				
General government:				
Administration allocation	1,322,892	1,097,937	1,485,622	(387,685)
Fleet maintenance	-	224,955	253,627	(28,672)
City council	147,268	154,268	126,629	27,639
City treasurer	7,885	7,885	5,339	2,546
City attorney	102,000	156,000	193,203	(37,203)
Economic development	228,283	228,283	145,849	82,434
Finance	255,923	284,923	282,892	2,031
Total General Government	2,064,251	2,154,251	2,493,161	(338,910)
Public safety:				
Fire administration	39,114	39,114	41,479	(2,365)
Fire operations	3,097,659	3,383,489	3,267,947	115,542
Police support services	1,129,048	1,123,569	1,009,697	113,872
Police operations	3,404,401	3,402,880	3,209,356	193,524
Total Public Safety	7,670,222	7,949,052	7,528,479	420,573
Public works and facilities:				
Parks	208,179	208,679	152,317	56,362
Facilities maintenance	88,652	88,652	80,830	7,822
Total Public Works and Facilities	296,831	297,331	233,147	64,184
Culture and recreation:				
Recreation administration	188,714	190,414	207,729	(17,315)
Adult sports	55,313	75,833	60,872	14,961
Youth sports	127,816	128,751	118,443	10,308
Community classes/facility rental	183,261	183,261	184,029	(768)
Aquatic programs	62,910	62,910	68,359	(5,449)
Total Culture and Recreation	618,014	641,169	639,432	1,737

Continued (Page 1 of 2)

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Current:				
Urban redevelopment and housing:				
Development services administration	29,633	29,633	31,490	(1,857)
Planning	467,044	467,044	405,334	61,710
Building	226,660	226,660	229,010	(2,350)
Total Urban Redevelopment and Housing	723,337	723,337	665,834	57,503
Education:				
Twelve bridges library	333,021	353,594	353,046	548
Total Education	333,021	353,594	353,046	548
Capital outlay	22,500	22,500	21,512	988
Total Expenditures	11,728,176	12,141,234	11,934,611	206,623
Excess of Revenues Over (Under) Expenditures	386,527	298,729	2,083,095	1,784,366
OTHER FINANCING SOURCES (USES)				
Transfers in	316,273	430,168	401,423	(28,745)
Transfers out	(493,731)	(493,731)	(2,263,430)	(1,769,699)
Total Other Financing Sources (Uses)	(177,458)	(63,563)	(1,862,007)	(1,798,444)
Net Change in Fund Balance	209,069	235,166	221,088	(14,078)
Fund Balances - Beginning	6,157,878	6,157,878	6,157,878	-
Fund Balances - Ending	\$ 6,366,947	\$ 6,393,044	\$ 6,378,966	\$ (14,078)
Reconciliation of Net Changes in Fund Balance - Budgetary to GAAP Basis:				
Net Change in Fund Balance - Budgetary Basis				\$ 221,088
The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances was different because:				
OPEB trust expenditures were recorded as transfers out for budgetary purposes, but are expenditures for financial reporting purposes.				
Public safety expenditures				(1,095,000)
Public works and facilities expenditures				(262,800)
Culture and recreation expenditures				(102,200)
Transfers out				1,460,000
Expenditure reimbursements were included as other revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.				
Other revenues				(155,418)
General government expenditures				155,418
Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balances				\$ 221,088

Continued (Page 2 of 2)

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule - Budgetary Basis
Public Facility Element (PFE) - Major Special Revenue Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Use of money and property	\$ 42,366	\$ 42,366	\$ 64,221	\$ 21,855
Intergovernmental	-	144,665	331,044	186,379
Charges for services	583,663	2,013,663	3,700,210	1,686,547
Other revenues	-	-	179,433	179,433
Total Revenues	626,029	2,200,694	4,274,908	2,074,214
EXPENDITURES				
Current:				
Public safety	5,000	5,000	-	5,000
Public works and facilities	1,612	1,612	9,392	(7,780)
Education	75,350	63,350	65,142	(1,792)
Debt service:				
Interest and other charges	41,072	41,072	32,143	8,929
Capital outlay	896,524	896,524	796,480	100,044
Total Expenditures	1,019,558	1,007,558	903,157	104,401
Excess of Revenues Over (Under) Expenditures	(393,529)	1,193,136	3,371,751	2,178,615
OTHER FINANCING SOURCES (USES)				
Transfers in	-	756,237	1,175,170	418,933
Transfers out	(398,402)	(555,348)	(559,167)	(3,819)
Total Other Financing Sources (Uses)	(398,402)	200,889	616,003	415,114
Net Change in Fund Balance	(791,931)	1,394,025	3,987,754	2,593,729
Fund Balances (Deficit) - Beginning	(20,658,177)	(20,658,177)	(20,658,177)	-
Fund Balances (Deficit) - Ending	\$(21,450,108)	\$(19,264,152)	\$(16,670,423)	\$ 2,593,729

Reconciliation of Net Changes in Fund Balance - Budgetary to GAAP Basis:

Net Change in Fund Balance - Budgetary Basis \$ 3,987,754

The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances was different because:

Receipts from agency funds were recorded as transfers for budgetary purposes, but are other revenues for financial reporting purposes.

Other revenues	662,254
Transfers in	(662,254)

Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3,987,754

CITY OF LINCOLN
Required Supplementary Information
Budgetary Comparison Schedule - Budgetary Basis
Water Connections - Major Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 215,340	\$ 215,340	\$ 165,579	\$ (49,761)
Charges for services	-	1,700,000	3,798,490	2,098,490
Total Revenues	<u>215,340</u>	<u>1,915,340</u>	<u>3,964,069</u>	<u>2,048,729</u>
EXPENDITURES				
Capital outlay	-	-	26,699	(26,699)
Total Expenditures	<u>-</u>	<u>-</u>	<u>26,699</u>	<u>(26,699)</u>
Excess of Revenues Over (Under) Expenditures	<u>215,340</u>	<u>1,915,340</u>	<u>3,937,370</u>	<u>2,022,030</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	228,389	228,389
Transfers out	(200,000)	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>28,389</u>	<u>228,389</u>
Net Change in Fund Balance	15,340	1,715,340	3,965,759	2,250,419
Fund Balances - Beginning	<u>23,853,781</u>	<u>23,853,781</u>	<u>23,853,781</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 23,869,121</u>	<u>\$ 25,569,121</u>	<u>\$ 27,819,540</u>	<u>\$ 2,250,419</u>

Reconciliation of Net Changes in Fund Balance - Budgetary to GAAP Basis:

Net Change in Fund Balance - Budgetary Basis \$ 3,965,759

The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances was different because:

Receipts from agency funds were recorded as transfers for budgetary purposes, but are other revenues for financial reporting purposes.

Other revenues	28,389
Transfers in	(28,389)
	<u> </u>

Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3,965,759

CITY OF LINCOLN
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2013

1. BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue funds, Capital Project funds, Debt Service funds, Permanent funds and Enterprise 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 following procedures are performed by the City in establishing the budgetary data reflected in the financial statements:

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

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

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

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2013, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Excess of Expenditures Over <u>Appropriations</u>
Water Connections	\$ -	\$ 26,699	\$ 26,699

**Combining and Individual Fund
Statements and Schedules**

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Nonmajor Governmental Funds

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
ASSETS					
Cash and investments	\$ 26,088,325	\$ 1,447,303	\$ 148,543	\$ 477,088	\$ 28,161,259
Receivables:					
Interest	148,533	84	8	25	148,650
Taxes	32,229	-	-	-	32,229
Intergovernmental	943,997	-	-	-	943,997
Due from other funds	7,326	-	-	-	7,326
Investment in JPA	43,231	-	-	-	43,231
Advances to other funds	2,305,336	-	-	-	2,305,336
Restricted cash and investments	509,276	2,045,189	-	16,253	2,570,718
Loans receivable	3,340,607	-	-	-	3,340,607
Total Assets	\$ 33,418,860	\$ 3,492,576	\$ 148,551	\$ 493,366	\$ 37,553,353
LIABILITIES					
Accounts payable	\$ 782,405	\$ 250	\$ -	\$ 239	\$ 782,894
Accrued salaries and benefits	51,979	-	-	-	51,979
Other accrued liabilities	2,633	-	-	-	2,633
Deposits payable	784,743	-	-	-	784,743
Due to other funds	485,544	-	-	-	485,544
Unearned revenue	1,997,958	-	-	-	1,997,958
Total Liabilities	4,105,262	250	-	239	4,105,751
FUND BALANCES					
Nonspendable	2,348,567	-	-	356,659	2,705,226
Restricted	21,750,555	3,492,326	148,551	136,468	25,527,900
Assigned	5,214,476	-	-	-	5,214,476
Total Fund Balances	29,313,598	3,492,326	148,551	493,127	33,447,602
Total Liabilities and Fund Balances	\$ 33,418,860	\$ 3,492,576	\$ 148,551	\$ 493,366	\$ 37,553,353

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Totals
REVENUES					
Taxes	\$ 98,919	\$ -	\$ -	\$ -	\$ 98,919
Special assessments	2,934,698	-	-	-	2,934,698
Licenses and permits	1,000,625	-	-	-	1,000,625
Use of money and property	267,564	13,194	1,335	4,288	286,381
Intergovernmental	4,137,605	-	-	-	4,137,605
Charges for services	1,033,372	-	-	-	1,033,372
Other revenues	158,820	-	-	-	158,820
Total Revenues	9,631,603	13,194	1,335	4,288	9,650,420
EXPENDITURES					
Current:					
General government	229,390	7,401	-	-	236,791
Public safety	100,000	-	-	-	100,000
Public works and facilities	4,704,646	13,972	-	-	4,718,618
Debt service:					
Principal	-	700,000	-	-	700,000
Interest and other charges	-	1,051,060	-	-	1,051,060
Capital outlay	1,861,851	-	-	-	1,861,851
Total Expenditures	6,895,887	1,772,433	-	-	8,668,320
Excess of Revenues Over (Under) Expenditures	2,735,716	(1,759,239)	1,335	4,288	982,100
OTHER FINANCING SOURCES (USES)					
Transfers in	1,025,525	1,664,568	4,444	-	2,694,537
Transfers out	(1,426,649)	(4,444)	(598,068)	-	(2,029,161)
Total Other Financing Sources (Uses)	(401,124)	1,660,124	(593,624)	-	665,376
Net Change in Fund Balances	2,334,592	(99,115)	(592,289)	4,288	1,647,476
Fund Balances - Beginning	26,859,422	3,591,441	740,840	488,839	31,680,542
Prior period adjustment	119,584	-	-	-	119,584
Fund Balances - Beginning, Restated	26,979,006	3,591,441	740,840	488,839	31,800,126
Fund Balances - Ending	\$ 29,313,598	\$ 3,492,326	\$ 148,551	\$ 493,127	\$ 33,447,602

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF LINCOLN
Nonmajor 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 to purchase property for public parks.

Gas Tax

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

Street Fund

Accounts for revenues and expenditures street projects.

Supplemental Fees

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

Parks and Recreation Tax

Accounts for monies received from the State and County to be used for traffic/street/transit improvements.

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.

Police Grants

Accounts for grants received for special police services.

Revitalization and Rehabilitation Loans

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

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.

CITY OF LINCOLN
Nonmajor Special Revenue Funds

Oak Tree Mitigation

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

Other Special Revenue Funds

Accounts for the activities of several special revenue funds that include:

- State Grant - Advance
- Cal Home Grants
- Other Federal Grants

Special Assessment Districts

Accounts for resources received to provide improvements and maintenance to public property within the District.

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	<u>Park In-Lieu</u>	<u>Gas Tax</u>	<u>Street Fund</u>	<u>Supplemental Fees</u>
ASSETS				
Cash and investments	\$ 1,155,392	\$ 3,009,154	\$ 2,566,582	\$ 2,941,809
Receivables:				
Interest	64	169	145	162
Taxes	-	-	-	-
Intergovernmental	-	81,994	80,738	-
Due from other funds	-	2,886	520	-
Investment in JPA	-	7,309	(2,949)	-
Advances to other funds	-	-	-	-
Restricted cash and investments	-	-	-	-
Loans receivable	-	-	-	-
	<u>\$ 1,155,456</u>	<u>\$ 3,101,512</u>	<u>\$ 2,645,036</u>	<u>\$ 2,941,971</u>
Total Assets				
LIABILITIES				
Accounts payable	\$ -	\$ 131,768	\$ 31,305	\$ -
Accrued salaries and benefits	-	13,750	5,278	-
Other accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	581,323	3,900
	<u>-</u>	<u>145,518</u>	<u>617,906</u>	<u>3,900</u>
Total Liabilities				
FUND BALANCES				
Nonspendable	-	7,309	(2,949)	-
Restricted	1,155,456	2,948,685	2,030,079	-
Assigned	-	-	-	2,938,071
	<u>1,155,456</u>	<u>2,955,994</u>	<u>2,027,130</u>	<u>2,938,071</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$ 1,155,456</u>	<u>\$ 3,101,512</u>	<u>\$ 2,645,036</u>	<u>\$ 2,941,971</u>

Parks and Recreation Tax	Development Services	Police Grants	Revitalization and Rehabilitation Loans	Community Development Block Grant (CDBG)	HOME Investment Partnership Program	Oak Tree Mitigation	Other Special Revenue Funds
\$ 91,020	\$ 4,509,284	\$ -	\$ 708,127	\$ 120,064	\$ 61,039	\$ 1,076,911	\$ 606,351
5	252	-	45	7	-	60	5,599
-	-	31,715	-	-	-	-	-
-	-	-	-	-	-	-	781,265
-	494	-	-	-	-	-	-
-	38,871	-	-	-	-	-	-
-	-	-	-	-	-	2,305,336	-
-	-	-	-	509,276	-	-	-
-	-	-	94,411	585,300	2,133,896	-	527,000
<u>\$ 91,025</u>	<u>\$ 4,548,901</u>	<u>\$ 31,715</u>	<u>\$ 802,583</u>	<u>\$ 1,214,647</u>	<u>\$ 2,194,935</u>	<u>\$ 3,382,307</u>	<u>\$ 1,920,215</u>
\$ -	\$ 392,428	\$ -	\$ -	\$ 680	\$ -	\$ -	\$ 77,394
-	13,007	-	-	-	-	-	3,951
-	(1,936)	-	-	-	-	-	-
-	784,743	-	-	-	-	-	-
-	-	30,813	-	-	-	-	454,731
2,352	1,045,383	-	-	-	-	-	365,000
<u>2,352</u>	<u>2,233,625</u>	<u>30,813</u>	<u>-</u>	<u>680</u>	<u>-</u>	<u>-</u>	<u>901,076</u>
-	38,871	-	-	-	-	2,305,336	-
88,673	-	902	802,583	1,213,967	2,194,935	1,076,971	1,019,139
-	2,276,405	-	-	-	-	-	-
<u>88,673</u>	<u>2,315,276</u>	<u>902</u>	<u>802,583</u>	<u>1,213,967</u>	<u>2,194,935</u>	<u>3,382,307</u>	<u>1,019,139</u>
<u>\$ 91,025</u>	<u>\$ 4,548,901</u>	<u>\$ 31,715</u>	<u>\$ 802,583</u>	<u>\$ 1,214,647</u>	<u>\$ 2,194,935</u>	<u>\$ 3,382,307</u>	<u>\$ 1,920,215</u>

CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	Special Assessment Districts	Totals
ASSETS		
Cash and investments	\$ 9,242,592	\$ 26,088,325
Receivables:		
Interest	142,025	148,533
Taxes	514	32,229
Intergovernmental	-	943,997
Due from other funds	3,426	7,326
Investment in JPA	-	43,231
Advances to other funds	-	2,305,336
Restricted cash and investments	-	509,276
Loans receivable	-	3,340,607
Total Assets	\$ 9,388,557	\$ 33,418,860
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 148,830	\$ 782,405
Accrued salaries and benefits	15,993	51,979
Other accrued liabilities	4,569	2,633
Deposits payable	-	784,743
Due to other funds	-	485,544
Unearned revenue	-	1,997,958
Total Liabilities	169,392	4,105,262
LIABILITIES AND FUND BALANCES		
Nonspendable	-	2,348,567
Restricted	9,219,165	21,750,555
Assigned	-	5,214,476
Total Fund Balances	9,219,165	29,313,598
Total Liabilities and Fund Balances	\$ 9,388,557	\$ 33,418,860

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CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	Park In-Lieu	Gas Tax	Street Fund	Supplemental Fees
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	8,388	23,683	10,158	27,511
Intergovernmental	-	1,006,918	1,232,547	-
Charges for services	176,728	-	-	250,215
Other revenues	-	-	35,648	51,405
Total Revenues	<u>185,116</u>	<u>1,030,601</u>	<u>1,278,353</u>	<u>329,131</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works and facilities	-	715,753	852,011	-
Capital outlay	-	166,435	52,493	-
Total Expenditures	<u>-</u>	<u>882,188</u>	<u>904,504</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>185,116</u>	<u>148,413</u>	<u>373,849</u>	<u>329,131</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(36,178)	(316,273)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(36,178)</u>	<u>(316,273)</u>
Net Change in Fund Balance	<u>185,116</u>	<u>148,413</u>	<u>337,671</u>	<u>12,858</u>
Fund Balances (Deficits) - Beginning	970,340	2,807,581	1,689,459	2,925,213
Prior period adjustment	-	-	-	-
Fund Balances (Deficits) - Beginning, Restated	<u>970,340</u>	<u>2,807,581</u>	<u>1,689,459</u>	<u>2,925,213</u>
Fund Balances - Ending	<u>\$ 1,155,456</u>	<u>\$ 2,955,994</u>	<u>\$ 2,027,130</u>	<u>\$ 2,938,071</u>

Parks and Recreation Tax	Development Services	Police Grants	Revitalization and Rehabilitation Loans	Community Development Block Grant (CDBG)	HOME Investment Partnership Program	Oak Tree Mitigation	Other Special Revenue Funds
\$ 98,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	1,000,625	-	-	-	-	-	-
112	29,483	-	9,914	22,992	51,267	16,650	4,985
-	-	100,000	-	-	-	-	1,798,140
-	601,696	-	-	-	-	4,733	-
12,767	3,896	-	-	51	724	7,517	-
<u>111,798</u>	<u>1,635,700</u>	<u>100,000</u>	<u>9,914</u>	<u>23,043</u>	<u>51,991</u>	<u>28,900</u>	<u>1,803,125</u>
-	-	-	-	102,372	64,721	-	33,950
-	-	100,000	-	-	-	-	-
-	1,068,093	-	-	-	-	-	162,300
-	-	-	-	-	-	-	1,642,923
<u>-</u>	<u>1,068,093</u>	<u>100,000</u>	<u>-</u>	<u>102,372</u>	<u>64,721</u>	<u>-</u>	<u>1,839,173</u>
<u>111,798</u>	<u>567,607</u>	<u>-</u>	<u>9,914</u>	<u>(79,329)</u>	<u>(12,730)</u>	<u>28,900</u>	<u>(36,048)</u>
-	-	-	40,774	400,632	427,173	-	156,946
-	(153,776)	-	(154,366)	(398,956)	(312,247)	-	(3,010)
-	(153,776)	-	(113,592)	1,676	114,926	-	153,936
<u>111,798</u>	<u>413,831</u>	<u>-</u>	<u>(103,678)</u>	<u>(77,653)</u>	<u>102,196</u>	<u>28,900</u>	<u>117,888</u>
(23,125)	1,901,445	902	906,261	1,291,620	1,995,504	3,353,407	878,902
-	-	-	-	-	97,235	-	22,349
<u>(23,125)</u>	<u>1,901,445</u>	<u>902</u>	<u>906,261</u>	<u>1,291,620</u>	<u>2,092,739</u>	<u>3,353,407</u>	<u>901,251</u>
<u>\$ 88,673</u>	<u>\$ 2,315,276</u>	<u>\$ 902</u>	<u>\$ 802,583</u>	<u>\$ 1,213,967</u>	<u>\$ 2,194,935</u>	<u>\$ 3,382,307</u>	<u>\$ 1,019,139</u>

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	Special Assessment Districts	Totals
REVENUES		
Taxes	\$ -	\$ 98,919
Special assessments	2,934,698	2,934,698
Licenses and permits	-	1,000,625
Use of money and property	62,421	267,564
Intergovernmental	-	4,137,605
Charges for services	-	1,033,372
Other revenues	46,812	158,820
	3,043,931	9,631,603
EXPENDITURES		
Current:		
General government	28,347	229,390
Public safety	-	100,000
Public works and facilities	1,906,489	4,704,646
Capital outlay	-	1,861,851
	1,934,836	6,895,887
Excess of Revenues Over (Under) Expenditures	1,109,095	2,735,716
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,025,525
Transfers out	(51,843)	(1,426,649)
	(51,843)	(401,124)
Net Change in Fund Balance	1,057,252	2,334,592
Fund Balances (Deficits) - Beginning	8,161,913	26,859,422
Prior period adjustment	-	119,584
Fund Balances (Deficits) - Beginning, Restated	8,161,913	26,979,006
Fund Balances - Ending	\$ 9,219,165	\$ 29,313,598

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Park In-Lieu - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 10,315	\$ 10,315	\$ 8,388	\$ (1,927)
Charges for services	92,018	112,018	176,728	64,710
Total Revenues	<u>102,333</u>	<u>122,333</u>	<u>185,116</u>	<u>62,783</u>
EXPENDITURES				
Current:				
Public works and facilities	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>102,333</u>	<u>122,333</u>	<u>185,116</u>	<u>62,783</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>102,333</u>	<u>122,333</u>	<u>185,116</u>	<u>62,783</u>
Fund Balances - Beginning	<u>970,340</u>	<u>970,340</u>	<u>970,340</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,072,673</u>	<u>\$ 1,092,673</u>	<u>\$ 1,155,456</u>	<u>\$ 62,783</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Gas Tax - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 6,317	\$ 6,317	\$ 23,683	\$ 17,366
Intergovernmental	1,077,332	1,077,332	1,006,918	(70,414)
Total Revenues	<u>1,083,649</u>	<u>1,083,649</u>	<u>1,030,601</u>	<u>(53,048)</u>
EXPENDITURES				
Current:				
Public works and facilities	456,603	460,103	715,753	(255,650)
Capital outlay	939,450	1,339,205	166,435	1,172,770
Total Expenditures	<u>1,396,053</u>	<u>1,799,308</u>	<u>882,188</u>	<u>917,120</u>
Excess of Revenues Over (Under) Expenditures	<u>(312,404)</u>	<u>(715,659)</u>	<u>148,413</u>	<u>864,072</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(312,404)</u>	<u>(715,659)</u>	<u>148,413</u>	<u>864,072</u>
Fund Balances - Beginning	<u>2,807,581</u>	<u>2,807,581</u>	<u>2,807,581</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,495,177</u>	<u>\$ 2,091,922</u>	<u>\$ 2,955,994</u>	<u>\$ 864,072</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Street Fund - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 11,281	\$ 11,281	\$ 10,158	\$ (1,123)
Intergovernmental	1,091,458	1,091,458	1,232,547	141,089
Other revenues	-	18,666	35,648	16,982
Total Revenues	<u>1,102,739</u>	<u>1,121,405</u>	<u>1,278,353</u>	<u>156,948</u>
EXPENDITURES				
Current:				
Public works and facilities	1,002,338	1,003,838	852,011	151,827
Capital outlay	438,753	520,737	52,493	468,244
Total Expenditures	<u>1,441,091</u>	<u>1,524,575</u>	<u>904,504</u>	<u>620,071</u>
Excess of Revenues Over (Under) Expenditures	<u>(338,352)</u>	<u>(403,170)</u>	<u>373,849</u>	<u>777,019</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(35,829)	(35,829)	(36,178)	(349)
Total Other Financing Sources (Uses)	<u>(35,829)</u>	<u>(35,829)</u>	<u>(36,178)</u>	<u>(349)</u>
Net Change in Fund Balance	<u>(374,181)</u>	<u>(438,999)</u>	<u>337,671</u>	<u>776,670</u>
Fund Balances - Beginning	<u>1,689,459</u>	<u>1,689,459</u>	<u>1,689,459</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,315,278</u>	<u>\$ 1,250,460</u>	<u>\$ 2,027,130</u>	<u>\$ 776,670</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Supplemental Fees - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 42,878	\$ 42,878	\$ 27,511	\$ (15,367)
Charges for services	49,550	49,550	250,215	200,665
Other revenues	-	-	51,405	51,405
Total Revenues	<u>92,428</u>	<u>92,428</u>	<u>329,131</u>	<u>236,703</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>92,428</u>	<u>92,428</u>	<u>329,131</u>	<u>236,703</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(316,273)	(316,273)	(316,273)	-
Total Other Financing Sources (Uses)	<u>(316,273)</u>	<u>(316,273)</u>	<u>(316,273)</u>	<u>-</u>
Net Change in Fund Balance	<u>(223,845)</u>	<u>(223,845)</u>	<u>12,858</u>	<u>236,703</u>
Fund Balances - Beginning	<u>2,925,213</u>	<u>2,925,213</u>	<u>2,925,213</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,701,368</u>	<u>\$ 2,701,368</u>	<u>\$ 2,938,071</u>	<u>\$ 236,703</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Parks and Recreation Tax - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 21,933	\$ 41,933	\$ 98,919	\$ 56,986
Use of money and property	-	-	112	112
Total Revenues	<u>21,933</u>	<u>41,933</u>	<u>99,031</u>	<u>57,098</u>
EXPENDITURES				
Current:				
Public works and facilities	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>21,933</u>	<u>41,933</u>	<u>99,031</u>	<u>57,098</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	12,767	12,767	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,767</u>	<u>12,767</u>	<u>-</u>
Net Change in Fund Balance	<u>21,933</u>	<u>54,700</u>	<u>111,798</u>	<u>57,098</u>
Fund Balance (Deficit) - Beginning	<u>(23,125)</u>	<u>(23,125)</u>	<u>(23,125)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (1,192)</u>	<u>\$ 31,575</u>	<u>\$ 88,673</u>	<u>\$ 57,098</u>

Reconciliation of Net Changes in Fund Balance - Budgetary to GAAP Basis:

Net Change in Fund Balance - Budgetary Basis \$ 111,798

The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances was different because:

Receipts from agency funds were recorded as transfers for budgetary purposes, but are other revenues for financial reporting purposes.

Other revenues	12,767
Transfers in	<u>(12,767)</u>

Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 111,798

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Development Services - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 263,729	\$ 495,729	\$ 1,000,625	\$ 504,896
Use of money and property	26,205	26,205	29,483	3,278
Charges for services	112,425	227,425	601,696	374,271
Other revenues	-	-	3,896	3,896
Total Revenues	<u>402,359</u>	<u>749,359</u>	<u>1,635,700</u>	<u>886,341</u>
EXPENDITURES				
Current:				
Public works and facilities	987,200	971,760	1,068,093	(96,333)
Total Expenditures	<u>987,200</u>	<u>971,760</u>	<u>1,068,093</u>	<u>(96,333)</u>
Excess of Revenues Over (Under) Expenditures	<u>(584,841)</u>	<u>(222,401)</u>	<u>567,607</u>	<u>790,008</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(153,493)	(153,493)	(153,776)	(283)
Total Other Financing Sources (Uses)	<u>(153,493)</u>	<u>(153,493)</u>	<u>(153,776)</u>	<u>(283)</u>
Net Change in Fund Balance	<u>(738,334)</u>	<u>(375,894)</u>	<u>413,831</u>	<u>789,725</u>
Fund Balances - Beginning	<u>1,901,445</u>	<u>1,901,445</u>	<u>1,901,445</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,163,111</u>	<u>\$ 1,525,551</u>	<u>\$ 2,315,276</u>	<u>\$ 789,725</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Police Grants - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 100,000	\$ 100,000	\$ -
Total Revenues	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	-	100,000	100,000	-
Total Expenditures	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Beginning	<u>902</u>	<u>902</u>	<u>902</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 902</u></u>	<u><u>\$ 902</u></u>	<u><u>\$ 902</u></u>	<u><u>\$ -</u></u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Community Development Block Grant (CDBG) - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ -	\$ -	\$ 22,992	\$ 22,992
Other revenues	-	-	51	51
Total Revenues	<u>-</u>	<u>-</u>	<u>23,043</u>	<u>23,043</u>
EXPENDITURES				
Current:				
General government	-	53,979	102,372	(48,393)
Total Expenditures	<u>-</u>	<u>53,979</u>	<u>102,372</u>	<u>(48,393)</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(53,979)</u>	<u>(79,329)</u>	<u>(25,350)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	400,632	400,632
Transfers out	-	-	(398,956)	(398,956)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,676</u>	<u>1,676</u>
Net Change in Fund Balance	<u>-</u>	<u>(53,979)</u>	<u>(77,653)</u>	<u>(23,674)</u>
Fund Balances - Beginning	<u>1,291,620</u>	<u>1,291,620</u>	<u>1,291,620</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,291,620</u>	<u>\$ 1,237,641</u>	<u>\$ 1,213,967</u>	<u>\$ (23,674)</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Oak Tree Mitigation - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 22,254	\$ 22,254	\$ 16,650	\$ (5,604)
Charges for services	-	-	4,733	4,733
Other revenues	-	-	7,517	7,517
Total Revenues	<u>22,254</u>	<u>22,254</u>	<u>28,900</u>	<u>6,646</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>22,254</u>	<u>22,254</u>	<u>28,900</u>	<u>6,646</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>22,254</u>	<u>22,254</u>	<u>28,900</u>	<u>6,646</u>
Fund Balances - Beginning	<u>3,353,407</u>	<u>3,353,407</u>	<u>3,353,407</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,375,661</u>	<u>\$ 3,375,661</u>	<u>\$ 3,382,307</u>	<u>\$ 6,646</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Other Special Revenue Funds - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 5,512	\$ 5,512	\$ 4,985	\$ (527)
Intergovernmental	4,938,994	6,209,075	1,798,140	(4,410,935)
Total Revenues	<u>4,944,506</u>	<u>6,214,587</u>	<u>1,803,125</u>	<u>(4,411,462)</u>
EXPENDITURES				
Current:				
General government	-	1,000,000	33,950	966,050
Public works and facilities	61,436	239,887	162,300	77,587
Capital outlay	4,875,559	5,165,120	1,642,923	3,522,197
Total Expenditures	<u>4,936,995</u>	<u>6,405,007</u>	<u>1,839,173</u>	<u>4,565,834</u>
Excess of Revenues Over (Under) Expenditures	<u>7,511</u>	<u>(190,420)</u>	<u>(36,048)</u>	<u>154,372</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	156,946	156,946	-
Transfers out	-	-	(3,010)	(3,010)
Total Other Financing Sources (Uses)	<u>-</u>	<u>156,946</u>	<u>153,936</u>	<u>(3,010)</u>
Net Change in Fund Balance	<u>7,511</u>	<u>(33,474)</u>	<u>117,888</u>	<u>151,362</u>
Fund Balances - Beginning	878,902	878,902	878,902	-
Prior period adjustment	22,349	22,349	22,349	-
Fund Balances - Beginning, Restated	<u>901,251</u>	<u>901,251</u>	<u>901,251</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 908,762</u>	<u>\$ 867,777</u>	<u>\$ 1,019,139</u>	<u>\$ 151,362</u>

CITY OF LINCOLN
Budgetary Comparison Schedule - Budgetary Basis
Special Assessment Districts - Nonmajor Special Revenue Fund
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Special assessments	\$ 2,931,199	\$ 2,931,199	\$ 2,934,698	\$ 3,499
Use of money and property	34,017	34,017	62,421	28,404
Other revenues	-	-	46,812	46,812
Total Revenues	<u>2,965,216</u>	<u>2,965,216</u>	<u>3,043,931</u>	<u>78,715</u>
EXPENDITURES				
Current:				
General government	26,897	26,897	28,347	(1,450)
Public works and facilities	2,537,590	2,546,305	1,906,489	639,816
Total Expenditures	<u>2,564,487</u>	<u>2,573,202</u>	<u>1,934,836</u>	<u>638,366</u>
Excess of Revenues Over (Under) Expenditures	<u>400,729</u>	<u>392,014</u>	<u>1,109,095</u>	<u>717,081</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(51,572)	(51,572)	(51,843)	(271)
Total Other Financing Sources (Uses)	<u>(51,572)</u>	<u>(51,572)</u>	<u>(51,843)</u>	<u>(271)</u>
Net Change in Fund Balance	349,157	340,442	1,057,252	716,810
Fund Balances - Beginning	<u>8,161,913</u>	<u>8,161,913</u>	<u>8,161,913</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 8,511,070</u>	<u>\$ 8,502,355</u>	<u>\$ 9,219,165</u>	<u>\$ 716,810</u>

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Nonmajor Governmental Funds

- **Debt Service Funds**

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CITY OF LINCOLN
Nonmajor 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 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 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.

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2013

	Lincoln Public Financing Authority Series 2006-1	Lincoln Public Financing Authority Series 2000	Lincoln Public Financing Authority Series 2003	Totals
ASSETS				
Cash and investments	\$ 16,758	\$ 1,430,545	\$ -	\$ 1,447,303
Receivables:				
Interest	1	83	-	84
Restricted cash and investments	<u>944,575</u>	<u>379,878</u>	<u>720,736</u>	<u>2,045,189</u>
Total Assets	<u>\$ 961,334</u>	<u>\$ 1,810,506</u>	<u>\$ 720,736</u>	<u>\$ 3,492,576</u>
LIABILITIES				
Accounts payable	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 250</u>
Total Liabilities	<u>125</u>	<u>-</u>	<u>125</u>	<u>250</u>
FUND BALANCES				
Restricted	<u>961,209</u>	<u>1,810,506</u>	<u>720,611</u>	<u>3,492,326</u>
Total Fund Balances	<u>961,209</u>	<u>1,810,506</u>	<u>720,611</u>	<u>3,492,326</u>
Total Liabilities and Fund Balances	<u>\$ 961,334</u>	<u>\$ 1,810,506</u>	<u>\$ 720,736</u>	<u>\$ 3,492,576</u>

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2013

	Lincoln Public Financing Authority Series 2006-1	Lincoln Public Financing Authority Series 2000	Lincoln Public Financing Authority Series 2003	Totals
REVENUES				
Use of money and property	\$ 183	\$ 13,011	\$ -	\$ 13,194
Total Revenues	183	13,011	-	13,194
EXPENDITURES				
Current:				
General government	-	7,401	-	7,401
Public works and facilities	7,026	-	6,946	13,972
Debt service:				
Principal	300,000	65,000	335,000	700,000
Interest and other charges	644,575	30,054	376,431	1,051,060
Total Expenditures	951,601	102,455	718,377	1,772,433
Excess of Revenues Over (Under) Expenditures	(951,418)	(89,444)	(718,377)	(1,759,239)
OTHER FINANCING SOURCES (USES)				
Transfers in	946,316	-	718,252	1,664,568
Transfers out	(4,444)	-	-	(4,444)
Total Other Financing Sources (Uses)	941,872	-	718,252	1,660,124
Net Change in Fund Balance	(9,546)	(89,444)	(125)	(99,115)
Fund Balances - Beginning	970,755	1,899,950	720,736	3,591,441
Fund Balances - Ending	\$ 961,209	\$ 1,810,506	\$ 720,611	\$ 3,492,326

Nonmajor Governmental Funds

- **Capital Projects Funds**

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CITY OF LINCOLN
Nonmajor Capital Projects 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:

Lincoln Public Financing Authority City Hall Series 2006

Accounts for construction of the City administration facility.

Lincoln Public Financing Authority Series 2003

Accounts for the Lincoln Public Financing Authority Lease Revenue Bond proceeds provided for the acquisition and improvement of a municipal corporation yard and public safety facility.

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013

	Lincoln Public Financing Authority City Hall Series 2006	Lincoln Public Financing Authority Series 2003	Totals
ASSETS			
Cash and investments	\$ 148,543	\$ -	\$ 148,543
Receivables:			
Interest	8	-	8
Total Assets	\$ 148,551	\$ -	\$ 148,551
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
FUND BALANCES			
Restricted	148,551	-	148,551
Total Fund Balances	148,551	-	148,551
Total Liabilities and Fund Balances	\$ 148,551	\$ -	\$ 148,551

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2013

	Lincoln Public Financing Authority City Hall Series 2006	Lincoln Public Financing Authority Series 2003	Totals
REVENUES			
Use of money and property	\$ 1,335	\$ -	\$ 1,335
Total Revenues	<u>1,335</u>	<u>-</u>	<u>1,335</u>
EXPENDITURES			
Current:			
Public works and facilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>1,335</u>	<u>-</u>	<u>1,335</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,444	-	4,444
Transfers out	<u>(512,916)</u>	<u>(85,152)</u>	<u>(598,068)</u>
Total Other Financing Sources (Uses)	<u>(508,472)</u>	<u>(85,152)</u>	<u>(593,624)</u>
Net Change in Fund Balance	<u>(507,137)</u>	<u>(85,152)</u>	<u>(592,289)</u>
Fund Balances - Beginning	<u>655,688</u>	<u>85,152</u>	<u>740,840</u>
Fund Balances - Ending	<u>\$ 148,551</u>	<u>\$ -</u>	<u>\$ 148,551</u>

Nonmajor Governmental Funds

- **Permanent Funds**

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CITY OF LINCOLN
Nonmajor 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 reporting of 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 resources received for the purpose of preserving the open space endowment at the Suncal-Lincoln Crossing.

Brookview Open Space Maintenance Trust

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

Sterling Point Endowment

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

WWTRF Tertiary Storage Basin Maintenance

Accounts for 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.

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CITY OF LINCOLN
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2013

	<u>Stormwater Retention Maintenance</u>	<u>Suncal Open Space Endowment</u>	<u>Brookview Open Space Maintenance Trust</u>	<u>Sterling Point Endowment</u>
ASSETS				
Cash and investments	\$ 31,922	\$ 244,080	\$ -	\$ 59,429
Receivables:				
Interest	2	13	-	3
Restricted cash and investments	-	-	16,253	-
Total Assets	<u>\$ 31,924</u>	<u>\$ 244,093</u>	<u>\$ 16,253</u>	<u>\$ 59,432</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 239	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>239</u>	<u>-</u>
FUND BALANCES				
Nonspendable	25,439	221,220	5,000	50,000
Restricted	6,485	22,873	11,014	9,432
Total Fund Balances	<u>31,924</u>	<u>244,093</u>	<u>16,014</u>	<u>59,432</u>
Total Liabilities and Fund Balances	<u>\$ 31,924</u>	<u>\$ 244,093</u>	<u>\$ 16,253</u>	<u>\$ 59,432</u>

WWTRF Tertiary Storage Basin Maintenance	Lincoln Aircenter	Totals
\$ 60,124	\$ 81,533	\$ 477,088
3	4	25
-	-	16,253
<u>\$ 60,127</u>	<u>\$ 81,537</u>	<u>\$ 493,366</u>
\$ -	\$ -	\$ 239
-	-	239
50,000	5,000	356,659
10,127	76,537	136,468
<u>60,127</u>	<u>81,537</u>	<u>493,127</u>
<u>\$ 60,127</u>	<u>\$ 81,537</u>	<u>\$ 493,366</u>

CITY OF LINCOLN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2013

	Stormwater Retention Maintenance	Suncal Open Space Endowment	Brookview Open Space Maintenance Trust	Sterling Point Endowment
REVENUES				
Use of money and property	\$ 288	\$ 2,193	\$ 1	\$ 534
Total Revenues	<u>288</u>	<u>2,193</u>	<u>1</u>	<u>534</u>
EXPENDITURES				
Current:				
Public works and facilities	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>288</u>	<u>2,193</u>	<u>1</u>	<u>534</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>288</u>	<u>2,193</u>	<u>1</u>	<u>534</u>
Fund Balances - Beginning	<u>31,636</u>	<u>241,900</u>	<u>16,013</u>	<u>58,898</u>
Fund Balances - Ending	<u>\$ 31,924</u>	<u>\$ 244,093</u>	<u>\$ 16,014</u>	<u>\$ 59,432</u>

WWTRF Tertiary Storage Basin Maintenance	Lincoln Aircenter	Totals
\$ 540	\$ 732	\$ 4,288
540	732	4,288
-	-	-
-	-	-
540	732	4,288
-	-	-
-	-	-
540	732	4,288
59,587	80,805	488,839
<u>\$ 60,127</u>	<u>\$ 81,537</u>	<u>\$ 493,127</u>

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Nonmajor Enterprise Funds

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CITY OF LINCOLN
Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Nonmajor enterprise funds of the City are listed below:

Transit

Accounts for the activities of the City of Lincoln's transit services. The City of Lincoln provides fixed route and demand-response public transit services to its residents.

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CITY OF LINCOLN
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013

	Transit	Totals
ASSETS		
Current Assets:		
Cash and investments	\$ 505,600	\$ 505,600
Receivables:		
Interest	34	34
Due from other funds	5,558	5,558
Prepaid costs	(855)	(855)
	510,337	510,337
Noncurrent Assets:		
Capital assets:		
Depreciable, net	716,961	716,961
	716,961	716,961
Total Assets	1,227,298	1,227,298
LIABILITIES		
Current Liabilities:		
Accounts payable	5,143	5,143
Accrued salaries and benefits	13,244	13,244
Compensated absences payable	4,538	4,538
	22,925	22,925
Noncurrent Liabilities:		
Compensated absences payable	19,644	19,644
Net OPEB obligation	155,110	155,110
	174,754	174,754
Total Liabilities	197,679	197,679
NET POSITION		
Net investment in capital assets	716,961	716,961
Unrestricted	312,658	312,658
	\$ 1,029,619	\$ 1,029,619

CITY OF LINCOLN
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	Transit	Totals
OPERATING REVENUES		
Charges for services	\$ 51,068	\$ 51,068
Other revenues	2,086	2,086
	53,154	53,154
OPERATING EXPENSES		
Salaries and benefits	451,404	451,404
Services and supplies	193,670	193,670
Support services	274,980	274,980
Depreciation	59,276	59,276
	979,330	979,330
Operating Income (Loss)	(926,176)	(926,176)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	889,930	889,930
Interest income	(1,815)	(1,815)
	888,115	888,115
Income (Loss) before Transfers	(38,061)	(38,061)
Transfers in	-	-
Transfers out	(77,153)	(77,153)
	(77,153)	(77,153)
Change in Net Position	(115,214)	(115,214)
Total Net Position - Beginning	1,144,833	1,144,833
Total Net Position - Ending	\$ 1,029,619	\$ 1,029,619

CITY OF LINCOLN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	Transit	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 53,294	\$ 53,294
Payments to suppliers	(516,465)	(516,465)
Payments to employees	(467,417)	(467,417)
	<u>(930,588)</u>	<u>(930,588)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental revenues received	1,901,327	1,901,327
Transfers to other funds	(77,153)	(77,153)
Interfund loan repayments received	4,624	4,624
Interfund loans repaid	(443,703)	(443,703)
	<u>1,385,095</u>	<u>1,385,095</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	(1,843)	(1,843)
	<u>(1,843)</u>	<u>(1,843)</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
	452,664	452,664
Balances - Beginning		
	<u>52,936</u>	<u>52,936</u>
Balances - Ending		
	<u>\$ 505,600</u>	<u>\$ 505,600</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (926,176)	\$ (926,176)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	59,276	59,276
Decrease (Increase) in:		
Accounts receivable	140	140
Prepaid costs	919	919
Increase (Decrease) in:		
Accounts payable	(48,734)	(48,734)
Accrued salaries and benefits	(1,971)	(1,971)
Compensated absences payable	(2,423)	(2,423)
Net OPEB obligation	(11,619)	(11,619)
	<u>(930,588)</u>	<u>(930,588)</u>
Net Cash Provided (Used) by Operating Activities		
	<u>\$ (930,588)</u>	<u>\$ (930,588)</u>

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Internal Service Funds

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CITY OF LINCOLN
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.

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CITY OF LINCOLN
Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Internal Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and investments	\$ 757,401	\$ 306,023	\$ 1,063,424
Receivables:			
Accounts, net	580	-	580
Interest	-	17	17
Intergovernmental	12,960	21,123	34,083
Due from other funds	7,677	-	7,677
Investment in JPA	(9,138)	-	(9,138)
Total Current Assets	<u>769,480</u>	<u>327,163</u>	<u>1,096,643</u>
Noncurrent Assets:			
Capital assets:			
Depreciable, net	47,141	-	47,141
Total Noncurrent Assets	<u>47,141</u>	<u>-</u>	<u>47,141</u>
Total Assets	<u>816,621</u>	<u>327,163</u>	<u>1,143,784</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	196,225	-	196,225
Accrued salaries and benefits	83,593	-	83,593
Compensated absences payable	296,423	-	296,423
Total Current Liabilities	<u>576,241</u>	<u>-</u>	<u>576,241</u>
Noncurrent Liabilities:			
Compensated absences payable	57,508	-	57,508
Total Noncurrent Liabilities	<u>57,508</u>	<u>-</u>	<u>57,508</u>
Total Liabilities	<u>633,749</u>	<u>-</u>	<u>633,749</u>
NET POSITION			
Net investment in capital assets	47,141	-	47,141
Unrestricted	135,731	327,163	462,894
Total Net Position	<u>\$ 182,872</u>	<u>\$ 327,163</u>	<u>\$ 510,035</u>

CITY OF LINCOLN
Statement of Revenues, Expenses, and
Changes in Net Position
Internal Service Fund
For the Year Ended June 30, 2013

	<u>Internal Services</u>	<u>Vehicle/ Equipment Replacement</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 5,101,147	\$ -	\$ 5,101,147
Other revenues	5,457	21,123	26,580
Total Operating Revenues	<u>5,106,604</u>	<u>21,123</u>	<u>5,127,727</u>
OPERATING EXPENSES			
Salaries and benefits	2,755,174	-	2,755,174
Services and supplies	2,375,837	-	2,375,837
Depreciation	10,916	-	10,916
Total Operating Expenses	<u>5,141,927</u>	<u>-</u>	<u>5,141,927</u>
Operating Income (Loss)	<u>(35,323)</u>	<u>21,123</u>	<u>(14,200)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	30,044	-	30,044
Interest income	5,277	(2,730)	2,547
Total Nonoperating Revenues (Expenses)	<u>35,321</u>	<u>(2,730)</u>	<u>32,591</u>
Income (Loss) before Transfers	<u>(2)</u>	<u>18,393</u>	<u>18,391</u>
Transfers in	-	308,770	308,770
Transfers out	-	-	-
Change in Net Position	<u>(2)</u>	<u>327,163</u>	<u>327,161</u>
Total Net Position - Beginning	<u>182,874</u>	<u>-</u>	<u>182,874</u>
Total Net Position - Ending	<u>\$ 182,872</u>	<u>\$ 327,163</u>	<u>\$ 510,035</u>

CITY OF LINCOLN
Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2013

	Internal Services	Vehicle/ Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,106,287	\$ 21,123	\$ 5,127,410
Payments to suppliers	(2,460,668)	-	(2,460,668)
Payments to employees	(2,711,331)	-	(2,711,331)
Net Cash Provided (Used) by Operating Activities	<u>(65,712)</u>	<u>21,123</u>	<u>(44,589)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenues received	27,564	(21,123)	6,441
Transfers from other funds	-	308,770	308,770
Interfund loan repayments received	444,224	-	444,224
Net Cash Provided (Used) by Noncapital Financing Activities	<u>471,788</u>	<u>287,647</u>	<u>759,435</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	5,397	(2,747)	2,650
Net Cash Provided (Used) by Investing Activities	<u>5,397</u>	<u>(2,747)</u>	<u>2,650</u>
Net Increase (Decrease) in Cash and Cash Equivalents	411,473	306,023	717,496
Balances - Beginning	345,928	-	345,928
Balances - Ending	<u>\$ 757,401</u>	<u>\$ 306,023</u>	<u>\$ 1,063,424</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (35,323)	\$ 21,123	\$ (14,200)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	10,916	-	10,916
Decrease (Increase) in:			
Accounts receivable	(317)	-	(317)
Investment in JPA	7,281	-	7,281
Increase (Decrease) in:			
Accounts payable	(92,112)	-	(92,112)
Accrued salaries and benefits	2,814	-	2,814
Compensated absences payable	41,029	-	41,029
Net Cash Provided (Used) by Operating Activities	<u>\$ (65,712)</u>	<u>\$ 21,123</u>	<u>\$ (44,589)</u>

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Fiduciary Funds

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CITY OF LINCOLN

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.

Private Purpose Trust Funds

These funds are used to report other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The private purpose trust funds maintained by the City include the following:

Successor Agency to the Redevelopment Agency of the City of Lincoln

The fund is used to report the dissolution of the Redevelopment Agency of the City of Lincoln.

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.

Markham Ravine Neighborhood Trust

Accounts for resources received for the purpose of preserving open space surrounding the Markham Ravine area.

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 2001

Accounts for the monies held from the Twelve Bridges Limited Obligation Revenue Bonds held 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.

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.

CITY OF LINCOLN
Fiduciary Funds

Foskett Ranch Series 2004-3

Accounts for the monies held from the Limited Obligation Revenue Bonds held 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 Series 2006

Accounts for the monies held from the Special Tax Bonds for the acquisition improvements within the Lakeside Area 2 assessment district. 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.

CFD Sorrento Series 2009

Accounts for the monies held from the Special Tax Bonds for improvements within the Sorrento Project 2005-A Assessment District. Monies are received from special tax assessments. These bonds are not a liability of the City.

Capital Improvements

Accounts for bond proceeds, federal and local funds and transfers from other funds which are designated for various buildings and general improvements.

Twelve Bridges Capital Projects

Accounts for construction or purchase of improvements within the Twelve Bridges assessment district.

Highway 65 Capital Projects

Accounts for resources received for work on Highway 65.

Aiken Ranch Financial District Improvements

Accounts for resources received for construction or purchase of improvements within the assessment district.

Lakeside Community Facilities District (CFD) Improvement Area

Accounts for construction or improvements with the Lakeside assessment district.

Lincoln Crossing Capital Projects

Accounts for resources received for construction or purchase of improvements within the assessment district.

CITY OF LINCOLN
Fiduciary Funds

Foskett Ranch Series 2004-3

Accounts for resources received to construct improvements at Foskett Ranch.

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CITY OF LINCOLN
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2013

Successor Agency to the Redevelopment Agency
of the City of Lincoln

	Low/Moderate Income Housing	Redevelopment Agency	Capital Projects	Debt Service	Total Private Purpose Trust Funds
ASSETS					
Current Assets:					
Cash and investments	\$ 1,660	\$ 1,439,597	\$ 966,141	\$ 951	\$ 2,408,349
Receivables:					
Interest	681,537	685,518	53	-	1,367,108
Investment in JPA	-	3,061	-	-	3,061
Advances to other funds	879,388	-	-	-	879,388
Restricted cash and investments	20,573	-	1,050,401	1,041,085	2,112,059
Loans receivable	2,886,204	3,325,111	-	-	6,211,315
Capital assets:					
Non-depreciable	-	2,837,713	-	-	2,837,713
Depreciable, net	-	1,354,641	-	-	1,354,641
Total Assets	<u>4,469,362</u>	<u>9,645,641</u>	<u>2,016,595</u>	<u>1,042,036</u>	<u>17,173,634</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	-	5,278	-	-	5,278
Interest payable	-	178,683	-	-	178,683
Deposits payable	-	1,000	-	-	1,000
Advances from other funds	-	879,388	-	-	879,388
Due to other agencies	-	4,469,782	-	-	4,469,782
Long-term debt:					
Due within one year	-	574,924	-	-	574,924
Due in more than one year	-	11,406,932	-	-	11,406,932
Total Liabilities	<u>-</u>	<u>17,515,987</u>	<u>-</u>	<u>-</u>	<u>17,515,987</u>
NET POSITION					
Net Position held in trust	<u>4,469,362</u>	<u>(7,870,346)</u>	<u>2,016,595</u>	<u>1,042,036</u>	<u>(342,353)</u>
Total Net Position	<u>\$ 4,469,362</u>	<u>\$ (7,870,346)</u>	<u>\$ 2,016,595</u>	<u>\$ 1,042,036</u>	<u>\$ (342,353)</u>

CITY OF LINCOLN
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2013

	Successor Agency to the Redevelopment Agency of the City of Lincoln				Total Private Purpose Trust Funds
	Low/Moderate Income Housing	Redevelopment Agency	Capital Projects	Debt Service	
ADDITIONS					
Property taxes	\$ -	\$ 1,723,819	\$ -	\$ -	\$ 1,723,819
Interest and investment income	92,598	131,003	8,682	7	232,290
Other contributions	-	8,158	-	-	8,158
Total Additions	<u>92,598</u>	<u>1,862,980</u>	<u>8,682</u>	<u>7</u>	<u>1,964,267</u>
DEDUCTIONS					
Distribution to Placer County	161,713	-	-	-	161,713
Program expenses	-	61,441	-	-	61,441
Interest expense	-	455,931	-	500,053	955,984
Depreciation	-	82,195	-	-	82,195
Amortization	-	5,076	-	-	5,076
Total Deductions	<u>161,713</u>	<u>604,643</u>	<u>-</u>	<u>500,053</u>	<u>1,266,409</u>
Transfers in	-	-	-	500,053	500,053
Transfers out	-	(500,053)	-	-	(500,053)
Change in Net Position	<u>(69,115)</u>	<u>758,284</u>	<u>8,682</u>	<u>7</u>	<u>697,858</u>
Total Net Position - Beginning	4,538,477	(11,703,762)	2,007,913	1,042,029	(4,115,343)
Prior period adjustment	-	3,075,132	-	-	3,075,132
Total Net Position - Beginning, Restated	<u>4,538,477</u>	<u>(8,628,630)</u>	<u>2,007,913</u>	<u>1,042,029</u>	<u>(1,040,211)</u>
Total Net Position - Ending	<u>\$ 4,469,362</u>	<u>\$ (7,870,346)</u>	<u>\$ 2,016,595</u>	<u>\$ 1,042,036</u>	<u>\$ (342,353)</u>

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CITY OF LINCOLN
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2013

	Little League	Markham Ravine Neighborhood Trust	Lincoln Airpark 98-1	Twelve Bridges Series 2001	Twelve Bridges Series 2011
ASSETS					
Cash and investments	\$ 41,270	\$ 7	\$ 424,680	\$ -	\$ 6,371,095
Receivables:					
Interest	2	-	23	-	351
Special assessments	-	-	2,031	-	79,404
Due from other funds	-	-	-	-	-
Restricted cash and investments	-	-	220,783	26	4,665,737
	<u>\$ 41,272</u>	<u>\$ 7</u>	<u>\$ 647,517</u>	<u>\$ 26</u>	<u>\$ 11,116,587</u>
Total Assets					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to property owners	-	-	647,517	26	11,116,587
Unearned revenue	-	-	-	-	-
Agency obligations	41,272	7	-	-	-
	<u>\$ 41,272</u>	<u>\$ 7</u>	<u>\$ 647,517</u>	<u>\$ 26</u>	<u>\$ 11,116,587</u>
Total Liabilities					

Foskett Ranch Series 2004-3	Lakeside CFD Series 2006	Special Tax Revenue Bond 2007 A&B	CFD Sorrento Series 2009	Capital Improvements	Twelve Bridges Capital Projects	Highway 65 Capital Projects	Aiken Ranch Financial District Improvements
\$ 473,479	\$ 352,961	\$ 9,849,287	\$ 128,207	\$ 257,544	\$ 230,840	\$ -	\$ 95,021
26	19	548	7	14	865	26	5
5,162	1,014	116,169	991	-	-	-	-
-	-	-	-	-	-	-	-
409,190	647,892	7,575,461	228,167	3,683,458	10,531,513	-	294
<u>\$ 887,857</u>	<u>\$ 1,001,886</u>	<u>\$ 17,541,465</u>	<u>\$ 357,372</u>	<u>\$ 3,941,016</u>	<u>\$10,763,218</u>	<u>\$ 26</u>	<u>\$ 95,320</u>
\$ -	\$ -	\$ 2,800	\$ -	\$ -	\$ 167	\$ -	\$ -
-	-	-	-	-	-	-	89,699
-	-	-	-	-	-	103,162	-
887,857	975,786	17,538,665	334,772	-	-	-	-
-	-	-	-	-	-	-	-
-	26,100	-	22,600	3,941,016	10,763,051	(103,136)	5,621
<u>\$ 887,857</u>	<u>\$ 1,001,886</u>	<u>\$ 17,541,465</u>	<u>\$ 357,372</u>	<u>\$ 3,941,016</u>	<u>\$10,763,218</u>	<u>\$ 26</u>	<u>\$ 95,320</u>

CITY OF LINCOLN
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2013

	Lakeside CFD Improvement Area	Lincoln Crossing Capital Projects	Foskett Ranch Series 2004-3	Totals
ASSETS				
Cash and investments	\$ 90,844	\$ 624,967	\$ -	\$ 18,940,202
Receivables:				
Interest	5	200	-	2,091
Special assessments	-	-	-	204,771
Due from other funds	-	103,162	-	103,162
Restricted cash and investments	184,805	2,352,416	217,658	30,717,400
	<u>184,805</u>	<u>2,352,416</u>	<u>217,658</u>	<u>30,717,400</u>
Total Assets	<u>\$ 275,654</u>	<u>\$ 3,080,745</u>	<u>\$ 217,658</u>	<u>\$ 49,967,626</u>
LIABILITIES				
Accounts payable	\$ -	\$ 138,655	\$ -	\$ 141,622
Deposits payable	85,000	-	-	174,699
Due to other funds	-	-	-	103,162
Due to property owners	-	-	-	31,501,210
Unearned revenue	-	536,365	-	536,365
Agency obligations	190,654	2,405,725	217,658	17,510,568
	<u>190,654</u>	<u>2,405,725</u>	<u>217,658</u>	<u>17,510,568</u>
Total Liabilities	<u>\$ 275,654</u>	<u>\$ 3,080,745</u>	<u>\$ 217,658</u>	<u>\$ 49,967,626</u>

Continued (Page 2 of 2)

CITY OF LINCOLN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
LITTLE LEAGUE				
ASSETS				
Cash and investments	\$ 40,897	\$ 373	\$ -	\$ 41,270
Receivables:				
Interest	5	-	(3)	2
Total Assets	<u>\$ 40,902</u>	<u>\$ 373</u>	<u>\$ (3)</u>	<u>\$ 41,272</u>
LIABILITIES				
Agency obligations	\$ 40,902	\$ 370	\$ -	\$ 41,272
Total Liabilities	<u>\$ 40,902</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 41,272</u>
MARKHAM RAVINE NEIGHBORHOOD TRUST				
ASSETS				
Cash and investments	\$ 7	\$ -	\$ -	\$ 7
Total Assets	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>
LIABILITIES				
Agency obligations	\$ 7	\$ -	\$ -	\$ 7
Total Liabilities	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>
LINCOLN AIRPARK 98-1				
ASSETS				
Cash and investments	\$ 419,322	\$ 5,358	\$ -	\$ 424,680
Receivables:				
Interest	46	-	(23)	23
Special assessments	-	2,031	-	2,031
Restricted cash and investments	220,783	-	-	220,783
Total Assets	<u>\$ 640,151</u>	<u>\$ 7,389</u>	<u>\$ (23)</u>	<u>\$ 647,517</u>
LIABILITIES				
Due to property owners	\$ 640,151	\$ 7,366	\$ -	\$ 647,517
Total Liabilities	<u>\$ 640,151</u>	<u>\$ 7,366</u>	<u>\$ -</u>	<u>\$ 647,517</u>

Continued (Page 1 of 6)

CITY OF LINCOLN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
TWELVE BRIDGES SERIES 2001				
ASSETS				
Restricted cash and investments	\$ 26	\$ -	\$ -	\$ 26
Total Assets	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>
LIABILITIES				
Due to property owners	\$ 26	\$ -	\$ -	\$ 26
Total Liabilities	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>
TWELVE BRIDGES SERIES 2011				
ASSETS				
Cash and investments	\$ 6,807,248	\$ -	\$ (436,153)	\$ 6,371,095
Receivables:				
Interest	671	-	(320)	351
Special assessments	328,369	-	(248,965)	79,404
Restricted cash and investments	3,913,400	752,337	-	4,665,737
Total Assets	<u>\$ 11,049,688</u>	<u>\$ 752,337</u>	<u>\$ (685,438)</u>	<u>\$ 11,116,587</u>
LIABILITIES				
Due to property owners	\$ 11,049,688	\$ 66,899	\$ -	\$ 11,116,587
Total Liabilities	<u>\$ 11,049,688</u>	<u>\$ 66,899</u>	<u>\$ -</u>	<u>\$ 11,116,587</u>
FOSKETT RANCH SERIES 2004-3				
ASSETS				
Cash and investments	\$ 473,329	\$ 150	\$ -	\$ 473,479
Receivables:				
Interest	62	-	(36)	26
Special assessments	5,899	-	(737)	5,162
Restricted cash and investments	399,190	10,000	-	409,190
Total Assets	<u>\$ 878,480</u>	<u>\$ 10,150</u>	<u>\$ (773)</u>	<u>\$ 887,857</u>
LIABILITIES				
Due to property owners	\$ 878,480	\$ 9,377	\$ -	\$ 887,857
Total Liabilities	<u>\$ 878,480</u>	<u>\$ 9,377</u>	<u>\$ -</u>	<u>\$ 887,857</u>

Continued (Page 2 of 6)

CITY OF LINCOLN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	Balance	Additions	Deductions	Balance
	June 30, 2012			June 30, 2013
LAKESIDE CFD SERIES 2006				
ASSETS				
Cash and investments	\$ 317,687	\$ 35,274	\$ -	\$ 352,961
Receivables:				
Interest	35	-	(16)	19
Special assessments	845	169	-	1,014
Restricted cash and investments	647,892	-	-	647,892
Total Assets	\$ 966,459	\$ 35,443	\$ (16)	\$ 1,001,886
LIABILITIES				
Due to property owners	\$ 966,459	\$ 9,327	\$ -	\$ 975,786
Agency obligations	-	26,100	-	26,100
Total Liabilities	\$ 966,459	\$ 35,427	\$ -	\$ 1,001,886
SPECIAL TAX REVENUE BOND 2007 A & B				
ASSETS				
Cash and investments	\$ 8,937,171	\$ 912,116	\$ -	\$ 9,849,287
Receivables:				
Interest	999	-	(451)	548
Special assessments	98,473	17,696	-	116,169
Restricted cash and investments	7,572,798	2,663	-	7,575,461
Total Assets	\$ 16,609,441	\$ 932,475	\$ (451)	\$ 17,541,465
LIABILITIES				
Accounts payable	\$ -	\$ 2,800	\$ -	\$ 2,800
Due to property owners	16,609,441	929,224	-	17,538,665
Total Liabilities	\$ 16,609,441	\$ 932,024	\$ -	\$ 17,541,465
CFD SORRENTO SERIES 2009				
ASSETS				
Cash and investments	\$ 118,119	\$ 10,088	\$ -	\$ 128,207
Receivables:				
Interest	4	3	-	7
Special assessments	2,827	-	(1,836)	991
Restricted cash and investments	268,167	-	(40,000)	228,167
Total Assets	\$ 389,117	\$ 10,091	\$ (41,836)	\$ 357,372
LIABILITIES				
Due to property owners	\$ 366,517	\$ -	\$ (31,745)	\$ 334,772
Agency obligations	22,600	-	-	22,600
Total Liabilities	\$ 389,117	\$ -	\$ (31,745)	\$ 357,372

Continued (Page 3 of 6)

CITY OF LINCOLN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
CAPITAL IMPROVEMENTS				
ASSETS				
Cash and investments	\$ 315,949	\$ -	\$ (58,405)	\$ 257,544
Receivables:				
Interest	35	-	(21)	14
Restricted cash and investments	3,683,458	-	-	3,683,458
Total Assets	<u>\$ 3,999,442</u>	<u>\$ -</u>	<u>\$ (58,426)</u>	<u>\$ 3,941,016</u>
LIABILITIES				
Accounts payable	\$ 1,543	\$ -	\$ (1,543)	\$ -
Agency obligations	3,997,899	-	(56,883)	3,941,016
Total Liabilities	<u>\$ 3,999,442</u>	<u>\$ -</u>	<u>\$ (58,426)</u>	<u>\$ 3,941,016</u>
TWELVE BRIDGES CAPITAL PROJECTS				
ASSETS				
Cash and investments	\$ 6,244,698	\$ -	\$ (6,013,858)	\$ 230,840
Receivables:				
Interest	2,129	-	(1,264)	865
Restricted cash and investments	4,652,528	5,878,985	-	10,531,513
Total Assets	<u>\$ 10,899,355</u>	<u>\$ 5,878,985</u>	<u>\$ (6,015,122)</u>	<u>\$ 10,763,218</u>
LIABILITIES				
Accounts payable	\$ -	\$ 167	\$ -	\$ 167
Other accrued liabilities	7,108			-
Due to other agencies	237,731	-	(237,731)	-
Agency obligations	10,654,516	108,535	-	10,763,051
Total Liabilities	<u>\$ 10,899,355</u>	<u>\$ 108,702</u>	<u>\$ (237,731)</u>	<u>\$ 10,763,218</u>
HIGHWAY 65 CAPITAL PROJECTS				
ASSETS				
Cash and investments	\$ 1,365,167	\$ -	\$ (1,365,167)	\$ -
Receivables:				
Interest	150	-	(124)	26
Total Assets	<u>\$ 1,365,317</u>	<u>\$ -</u>	<u>\$ (1,365,291)</u>	<u>\$ 26</u>
LIABILITIES				
Accounts payable	\$ 554,718	\$ -	\$ (554,718)	\$ -
Due to other agencies	16,399	-	(16,399)	-
Due to other funds	-	103,162	-	103,162
Agency obligations	794,200	-	(897,336)	(103,136)
Total Liabilities	<u>\$ 1,365,317</u>	<u>\$ 103,162</u>	<u>\$ (1,468,453)</u>	<u>\$ 26</u>

Continued (Page 4 of 6)

CITY OF LINCOLN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
AIKEN RANCH FINANCIAL DISTRICT IMPROVEMENTS				
ASSETS				
Cash and investments	\$ 78,697	\$ 16,324	\$ -	\$ 95,021
Receivables:				
Interest	9	-	(4)	5
Restricted cash and investments	294	-	-	294
Total Assets	<u>\$ 79,000</u>	<u>\$ 16,324</u>	<u>\$ (4)</u>	<u>\$ 95,320</u>
LIABILITIES				
Deposits payable	\$ 74,026			\$ 89,699
Agency obligations	4,974	647	-	5,621
Total Liabilities	<u>\$ 79,000</u>	<u>\$ 647</u>	<u>\$ -</u>	<u>\$ 95,320</u>
LAKESIDE CFD IMPROVEMENT AREA				
ASSETS				
Cash and investments	\$ 94,950	\$ -	\$ (4,106)	\$ 90,844
Receivables:				
Interest	10	-	(5)	5
Restricted cash and investments	2,761,077	-	(2,576,272)	184,805
Total Assets	<u>\$ 2,856,037</u>	<u>\$ -</u>	<u>\$ (2,580,383)</u>	<u>\$ 275,654</u>
LIABILITIES				
Deposits payable	\$ 90,000			\$ 85,000
Due to other agencies	10,780	-	(10,780)	-
Agency obligations	2,755,257	-	(2,564,603)	190,654
Total Liabilities	<u>\$ 2,856,037</u>	<u>\$ -</u>	<u>\$ (2,575,383)</u>	<u>\$ 275,654</u>
LINCOLN CROSSING CAPITAL PROJECTS				
ASSETS				
Cash and investments	\$ 1,533,768	\$ -	\$ (908,801)	\$ 624,967
Receivables:				
Interest	920	-	(720)	200
Due from other funds	-	103,162	-	103,162
Restricted cash and investments	3,840,830	-	(1,488,414)	2,352,416
Total Assets	<u>\$ 5,375,518</u>	<u>\$ 103,162</u>	<u>\$ (2,397,935)</u>	<u>\$ 3,080,745</u>
LIABILITIES				
Accounts payable	\$ 965,483	\$ -	\$ (826,828)	\$ 138,655
Due to other agencies	1,063	-	(1,063)	-
Unearned revenue	536,365	-	-	536,365
Agency obligations	3,872,607	-	(1,466,882)	2,405,725
Total Liabilities	<u>\$ 5,375,518</u>	<u>\$ -</u>	<u>\$ (2,294,773)</u>	<u>\$ 3,080,745</u>

Continued (Page 5 of 6)

CITY OF LINCOLN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
FOSKETT RANCH SERIES 2004-3				
ASSETS				
Restricted cash and investments	\$ 217,658	\$ -	\$ -	\$ 217,658
Total Assets	<u>\$ 217,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,658</u>
LIABILITIES				
Due to other agencies	\$ 4,496	\$ -	\$ (4,496)	\$ -
Agency obligations	213,162	4,496	-	217,658
Total Liabilities	<u>\$ 217,658</u>	<u>\$ 4,496</u>	<u>\$ (4,496)</u>	<u>\$ 217,658</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 26,747,009	\$ 979,683	\$ (8,786,490)	\$ 18,940,202
Receivables:				
Interest	5,075	3	(2,987)	2,091
Special assessments	436,413	19,896	(251,538)	204,771
Due from other funds	-	103,162	-	103,162
Restricted cash and investments	28,178,101	6,643,985	(4,104,686)	30,717,400
Total Assets	<u>\$ 55,366,598</u>	<u>\$ 7,746,729</u>	<u>\$(13,145,701)</u>	<u>\$ 49,967,626</u>
LIABILITIES				
Accounts payable	\$ 1,521,744	\$ 2,967	\$ (1,383,089)	\$ 141,622
Other accrued liabilities	7,108	-	-	-
Deposits payable	164,026	-	-	174,699
Due to other agencies	270,469	-	(270,469)	-
Due to other funds	-	103,162	-	103,162
Due to property owners	30,510,762	1,022,193	(31,745)	31,501,210
Unearned revenue	536,365	-	-	536,365
Agency obligations	22,356,124	140,148	(4,985,704)	17,510,568
Total Liabilities	<u>\$ 55,366,598</u>	<u>\$ 1,268,470</u>	<u>\$ (6,671,007)</u>	<u>\$ 49,967,626</u>

Continued (Page 6 of 6)

STATISTICAL SECTION

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CITY OF LINCOLN

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.

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.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

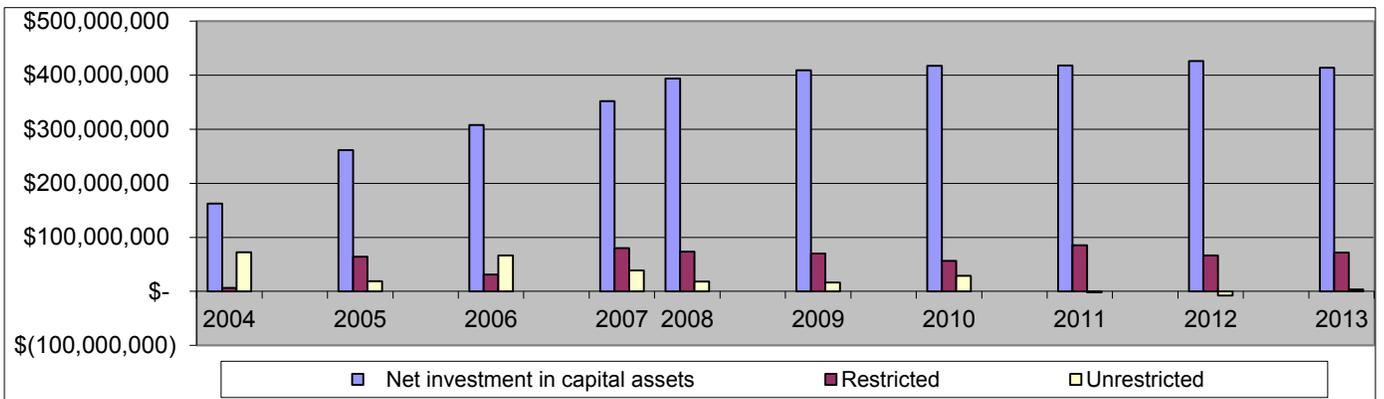
Sources: Unless otherwise stated, the information in this section is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF LINCOLN
Net Position by Component
Last Ten Fiscal Years
(Full Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Governmental Activities				
Net investment in capital assets	\$ 92,046,339	\$ 182,524,779	\$ 228,636,971	\$ 261,793,043
Restricted	6,400,061	63,406,487	30,269,065	80,161,807
Unrestricted	74,625,467	27,325,064	55,639,215	25,892,420
Total Governmental Activities Net Position	\$ 173,071,867	\$ 273,256,330	\$ 314,545,251	\$ 367,847,270
Business-Type Activities				
Net investment in capital assets	\$ 70,262,081	\$ 78,929,040	\$ 78,971,667	\$ 89,880,781
Restricted	4,941	863,288	805,637	-
Unrestricted	(2,501,190)	(8,731,274)	10,805,714	12,768,350
Total Business-Type Activities Net Position	\$ 67,765,832	\$ 71,061,054	\$ 90,583,018	\$ 102,649,131
Primary Government				
Net investment in capital assets	\$ 162,308,420	\$ 261,453,819	\$ 307,608,638	\$ 351,673,824
Restricted	6,405,002	64,269,775	31,074,702	80,161,807
Unrestricted	72,124,277	18,593,790	66,445,029	38,660,770
Total Primary Government Net Position	\$ 240,837,699	\$ 344,317,384	\$ 405,128,369	\$ 470,496,401
	<i>% change from prior year</i>	43.0%	17.7%	16.1%



2008	2009	2010	2011	2012	2013
\$ 294,937,121	\$ 308,606,157	\$ 316,134,425	\$ 316,648,571	\$ 325,101,751	\$ 314,827,035
73,577,655	70,016,244	56,455,609	85,179,081	66,398,405	71,770,107
7,649,218	5,219,572	16,288,802	(17,608,936)	(26,688,143)	(23,075,480)
<u>\$ 376,163,994</u>	<u>\$ 383,841,973</u>	<u>\$ 388,878,836</u>	<u>\$ 384,218,716</u>	<u>\$ 364,812,013</u>	<u>\$ 363,521,662</u>
\$ 98,927,946	\$ 100,630,330	\$ 101,091,339	\$ 101,243,804	\$ 101,133,414	\$ 99,076,798
-	-	-	-	-	-
10,823,306	11,443,010	12,439,997	15,806,202	18,834,287	26,591,294
<u>\$ 109,751,252</u>	<u>\$ 112,073,340</u>	<u>\$ 113,531,336</u>	<u>\$ 117,050,006</u>	<u>\$ 119,967,701</u>	<u>\$ 125,668,092</u>
\$ 393,865,067	\$ 409,236,487	\$ 417,225,764	\$ 417,892,375	\$ 426,235,165	\$ 413,903,833
73,577,655	70,016,244	56,455,609	85,179,081	66,398,405	71,770,107
18,472,524	16,662,582	28,728,799	(1,802,734)	(7,853,856)	3,515,814
<u>\$ 485,915,246</u>	<u>\$ 495,915,313</u>	<u>\$ 502,410,172</u>	<u>\$ 501,268,722</u>	<u>\$ 484,779,714</u>	<u>\$ 489,189,754</u>
3.3%	2.1%	1.3%	-0.2%	-3.3%	0.9%

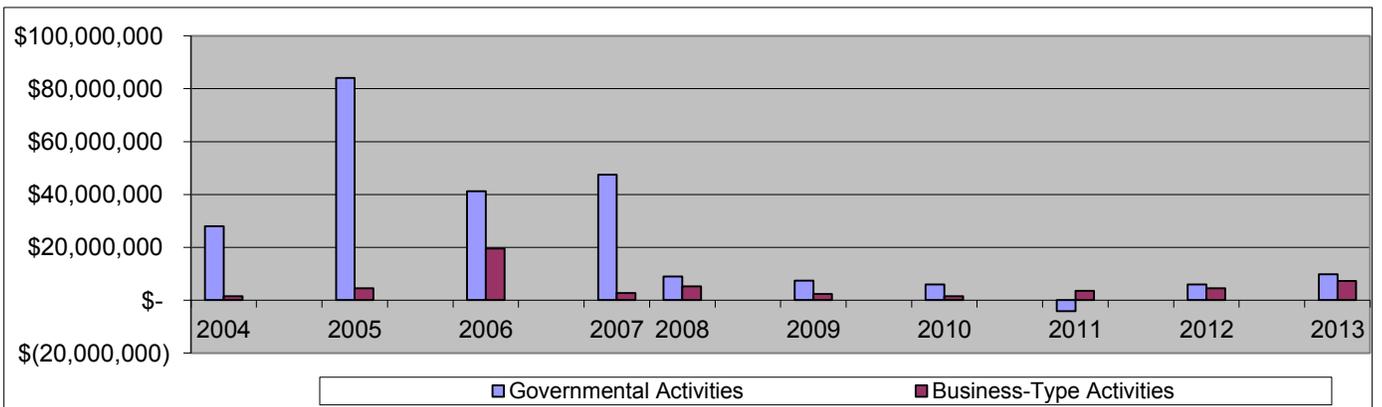
CITY OF LINCOLN
Changes in Net Position
Last Ten Fiscal Years
(Full Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
General government	\$ 4,581,656	\$ 3,887,293	\$ 4,183,295	\$ 5,934,488
Public safety	4,433,923	5,694,175	7,405,303	9,321,876
Public works and facilities	9,589,736	12,742,707	14,853,782	11,648,924
Culture and recreation	667,575	563,976	679,296	1,213,474
Urban redevelopment and housing	-	869,174	507,643	684,389
Education	258,580	249,649	381,966	474,949
Interest on long-term debt	1,056,620	2,981,349	1,254,426	2,363,861
Total Governmental Activities	20,588,090	26,988,323	29,265,711	31,641,961
Business-Type Activities:				
Water	4,523,431	5,316,115	7,062,409	12,573,785
Wastewater operations	3,754,767	4,743,885	4,822,193	6,122,532
Solid waste	2,734,750	2,929,347	3,481,344	3,668,061
Airport	1,523,753	1,287,797	575,464	2,137,445
Transit	523,695	531,887	413,238	863,988
Lincoln Public Financing Authority	-	440,307	1,799,468	-
Total Business-Type Activities	13,060,396	15,249,338	18,154,116	25,365,811
Total Primary Government Expenses	\$ 33,648,486	\$ 42,237,661	\$ 47,419,827	\$ 57,007,772
Program Revenues				
Governmental Activities:				
Charges for Services:				
General government	\$ 3,286,430	\$ 4,008,831	\$ 4,666,450	\$ 395,839
Public Safety	66,380	104,023	111,986	1,163,497
Public works and facilities	14,191,857	17,467,170	38,941,713	15,474,292
Culture and recreation	-	-	-	3,011,148
Urban redevelopment and housing	-	-	-	-
Education	-	-	-	332,073
Operating Grants and Contributions	657,607	1,684,007	4,757,822	4,886,915
Capital Grants and Contributions	18,550	68,637,504	956	19,200,884
Total Governmental Activities Program Revenues	18,220,824	91,901,535	48,478,927	44,464,648
Business-Type Activities:				
Charges for Services:				
Water	4,219,919	6,337,050	10,656,301	22,246,238
Wastewater operations	4,421,786	5,078,313	14,846,171	4,199,846
Solid waste	3,664,617	4,307,425	6,354,465	4,542,292
Airport	1,292,472	1,268,052	1,438,133	1,493,308
Transit	52,461	44,724	47,388	52,454
Operating Grants and Contributions	105,975	272,850	1,115,614	1,420,586
Capital Grants and Contributions	-	-	-	7,144,753
Total Business-Type Activities Program Revenues	13,757,230	17,308,414	34,458,072	41,099,477
Total Primary Government Program Revenues	\$ 31,978,054	\$ 109,209,949	\$ 82,936,999	\$ 85,564,125

2008	2009	2010	2011	2012	2013
\$ 3,338,046	\$ 3,103,629	\$ 2,672,943	\$ 2,816,650	\$ 2,574,813	\$ 2,583,219
11,021,601	12,158,513	10,847,388	10,484,408	9,006,804	8,973,076
12,308,543	7,931,581	13,720,906	11,295,372	10,423,827	8,083,773
1,137,484	1,110,552	1,059,559	870,049	591,312	743,858
872,134	842,254	1,979,294	1,093,409	178,613	666,038
990,075	1,162,534	877,314	712,886	486,019	420,772
2,284,708	2,079,556	1,932,458	1,884,470	1,361,643	1,074,815
<u>31,952,591</u>	<u>28,388,619</u>	<u>33,089,862</u>	<u>29,157,244</u>	<u>24,623,031</u>	<u>22,545,551</u>
9,251,012	9,561,253	9,330,009	8,798,950	7,821,110	8,410,782
5,231,985	5,491,924	5,915,385	4,920,695	5,144,059	10,647,682
4,211,966	4,380,483	4,427,701	3,952,669	4,369,551	4,460,008
2,279,738	2,191,656	2,071,412	1,993,639	939,595	2,009,793
1,035,816	1,033,824	1,075,578	1,145,903	1,818,658	979,330
-	-	-	-	-	-
<u>22,010,517</u>	<u>22,659,140</u>	<u>22,820,085</u>	<u>20,811,856</u>	<u>20,092,973</u>	<u>26,507,595</u>
<u>\$ 53,963,108</u>	<u>\$ 51,047,759</u>	<u>\$ 55,909,947</u>	<u>\$ 49,969,100</u>	<u>\$ 44,716,004</u>	<u>\$ 49,053,146</u>
\$ 165,923	\$ 161,624	\$ 3,787,376	\$ 126,476	\$ 586,097	\$ 1,222,290
668,673	552,752	592,754	348,360	260,351	555,899
6,912,437	5,436,917	1,549,410	3,636,128	4,436,027	10,939,600
1,386,841	1,260,374	1,048,639	959,300	918,670	1,506,132
5,600	7,920	174,016	8,920	-	-
99,604	37,747	55,307	22,429	38,321	37,835
4,740,064	10,130,229	11,351,298	4,129,716	3,455,701	3,614,352
4,417,019	1,399,632	3,396,988	151,718	1,680,280	881,562
<u>18,396,161</u>	<u>18,987,195</u>	<u>21,955,788</u>	<u>9,383,047</u>	<u>11,375,447</u>	<u>18,757,670</u>
13,238,191	11,699,450	11,164,332	10,002,881	11,000,418	10,221,213
5,677,253	6,427,678	6,785,503	7,084,463	7,220,843	7,237,746
4,253,409	4,838,459	4,842,441	4,843,540	4,848,401	5,025,078
1,600,082	1,361,802	1,294,419	1,244,251	1,449,562	1,558,585
44,745	31,741	27,941	43,255	51,090	51,068
1,775,927	652,139	1,195,343	1,428,826	1,142,591	6,154,480
3,229,166	1,192,629	896,587	480,434	543,189	2,641,668
<u>29,818,773</u>	<u>26,203,898</u>	<u>26,206,566</u>	<u>25,127,650</u>	<u>26,256,094</u>	<u>32,889,838</u>
<u>\$ 48,214,934</u>	<u>\$ 45,191,093</u>	<u>\$ 48,162,354</u>	<u>\$ 34,510,697</u>	<u>\$ 37,631,541</u>	<u>\$ 51,647,508</u>

CITY OF LINCOLN
Changes in Net Position
Last Ten Fiscal Years
(Full Accrual Basis of Accounting)

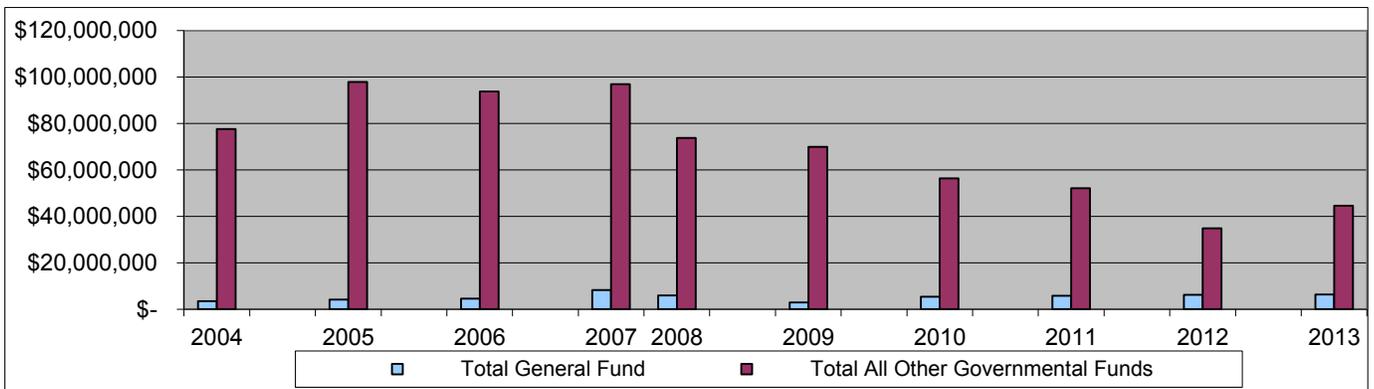
	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Net (Expense)/Revenue				
Governmental Activities	\$ (2,367,266)	\$ 64,913,212	\$ 19,213,216	\$ 12,822,687
Business-Type Activities	696,834	2,059,076	16,303,956	15,733,666
Total Primary Government Net Expense	\$ (1,670,432)	\$ 66,972,288	\$ 35,517,172	\$ 28,556,353
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property taxes	\$ 4,373,220	\$ 5,492,387	\$ 7,063,246	\$ 11,104,412
Sales and use taxes	1,324,103	1,428,148	1,667,402	1,944,926
Other local taxes	2,001,235	2,970,967	3,478,469	770,972
Interest and investment earnings	1,939,034	3,252,166	4,460,701	5,767,170
Unrealized loss on investments	(1,336,587)	(338,046)	(1,957,729)	-
Licenses and permits	5,966,226	5,813,087	5,746,208	-
Miscellaneous	16,175,141	1,665,106	1,579,099	151,349
Transfers	(60,803)	(1,102,741)	-	14,891,647
Extraordinary gain	-	-	-	-
Total Governmental Activities	30,381,569	19,181,074	22,037,396	34,630,476
Business-Type Activities				
Taxes:				
Property taxes	70,775	83,167	62,027	52,030
Business taxes	304,853	242,826	1,970,013	-
Fines and penalties	400	-	-	-
Interest and investment earnings	312,013	923,091	1,161,867	731,368
Miscellaneous	13,734	41,889	27,816	1,100,621
Transfers	60,803	1,102,741	-	(14,891,647)
Total Business-Type Activities	762,578	2,393,714	3,221,723	(13,007,628)
Total Primary Government	\$ 31,144,147	\$ 21,574,788	\$ 25,259,119	\$ 21,622,848
Change in Net Position				
Governmental Activities	\$ 28,014,303	\$ 84,094,286	\$ 41,250,612	\$ 47,453,163
Business-Type Activities	1,459,412	4,452,790	19,525,679	2,726,038
Total Primary Government	\$ 29,473,715	\$ 88,547,076	\$ 60,776,291	\$ 50,179,201



2008	2009	2010	2011	2012	2013
\$ (13,556,430)	\$ (9,401,424)	\$ (11,134,074)	\$ (19,774,197)	\$ (13,247,584)	\$ (3,787,881)
7,808,256	3,544,758	3,386,481	4,315,794	6,163,121	6,382,243
<u>\$ (5,748,174)</u>	<u>\$ (5,856,666)</u>	<u>\$ (7,747,593)</u>	<u>\$ (15,458,403)</u>	<u>\$ (7,084,463)</u>	<u>\$ 2,594,362</u>
\$ 11,911,470	\$ 11,035,176	\$ 9,628,569	\$ 9,742,282	\$ 8,309,198	\$ 7,511,360
2,226,163	1,905,089	1,971,789	1,968,627	2,218,295	2,252,003
629,413	635,042	988,427	849,872	990,613	975,649
3,798,947	995,126	2,261,095	1,121,897	733,848	565,913
-	-	-	-	-	-
-	-	-	-	-	-
390,049	219,821	192,290	557,398	478,529	1,717,469
3,511,923	1,981,900	2,040,473	1,357,294	2,195,637	525,888
-	-	-	-	4,329,643	-
<u>22,467,965</u>	<u>16,772,154</u>	<u>17,082,643</u>	<u>15,597,370</u>	<u>19,255,763</u>	<u>13,548,282</u>
64,113	91,060	68,526	40,349	43,204	47,684
-	-	-	-	-	-
-	-	-	-	-	-
573,296	450,245	(193,548)	335,266	282,286	262,287
251,704	217,925	237,010	184,555	209,841	1,079,475
<u>(3,511,923)</u>	<u>(1,981,900)</u>	<u>(2,040,473)</u>	<u>(1,357,294)</u>	<u>(2,195,637)</u>	<u>(525,888)</u>
<u>(2,622,810)</u>	<u>(1,222,670)</u>	<u>(1,928,485)</u>	<u>(797,124)</u>	<u>(1,660,306)</u>	<u>863,558</u>
<u>\$ 19,845,155</u>	<u>\$ 15,549,484</u>	<u>\$ 15,154,158</u>	<u>\$ 14,800,246</u>	<u>\$ 17,595,457</u>	<u>\$ 14,411,840</u>
\$ 8,911,535	\$ 7,370,730	\$ 5,948,569	\$ (4,176,827)	\$ 6,008,179	\$ 9,760,401
5,185,446	2,322,088	1,457,996	3,518,670	4,502,815	7,245,801
<u>\$ 14,096,981</u>	<u>\$ 9,692,818</u>	<u>\$ 7,406,565</u>	<u>\$ (658,157)</u>	<u>\$ 10,510,994</u>	<u>\$ 17,006,202</u>

CITY OF LINCOLN
Fund Balances - Government Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
General Fund				
Reserved and Designated	\$ 1,024,217	\$ -	\$ 1,460,000	\$ 3,059,045
Unreserved	2,384,920	4,180,936	3,108,506	5,256,512
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 3,409,137</u>	<u>\$ 4,180,936</u>	<u>\$ 4,568,506</u>	<u>\$ 8,315,557</u>
All Other Governmental Funds				
Reserved	\$ 10,510,797	\$ 73,214,240	\$ 44,532,011	\$ 42,354,064
Unreserved, reported in				
Special revenue funds	17,002,291	23,159,335	48,927,286	18,105,451
Capital project funds	49,786,743	1,094,345	(88,721)	36,340,919
Permanent funds	303,379	399,657	411,973	122,995
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 77,603,210</u>	<u>\$ 97,867,577</u>	<u>\$ 93,782,549</u>	<u>\$ 96,923,429</u>



Notes:

(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.

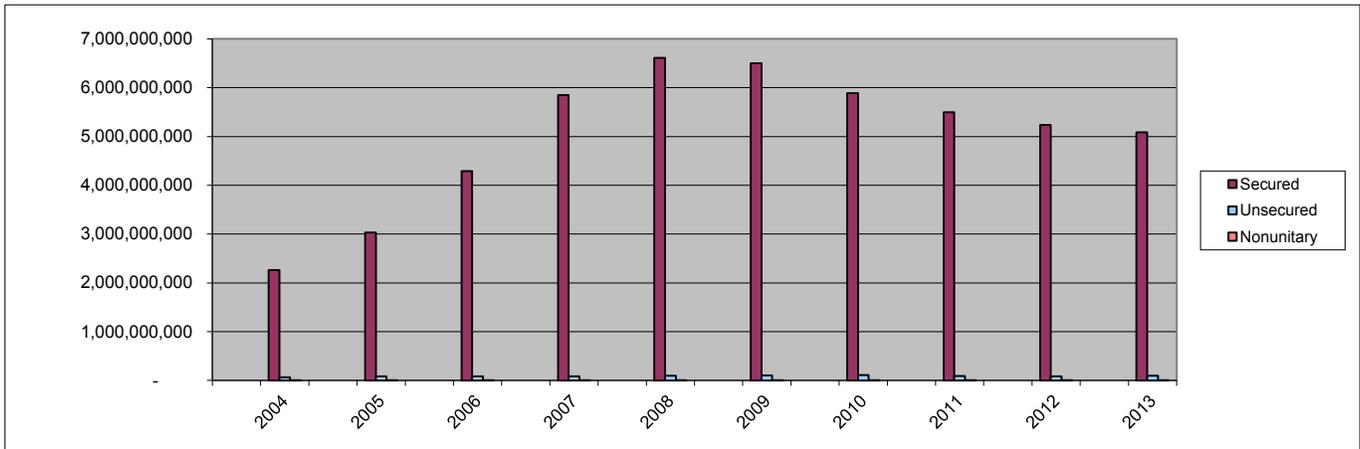
2008	2009	2010	2011 (a)	2012	2013
\$ 3,286,125	\$ 2,880,860	\$ 2,880,860	\$ -	\$ -	\$ -
2,688,528	-	2,540,251	-	-	-
-	-	-	149,424	100,250	613,502
-	-	-	86,096	-	-
-	-	-	1,460,000	2,524,334	2,050,459
-	-	-	4,132,105	3,533,294	3,715,005
<u>\$ 5,974,653</u>	<u>\$ 2,880,860</u>	<u>\$ 5,421,111</u>	<u>\$ 5,827,625</u>	<u>\$ 6,157,878</u>	<u>\$ 6,378,966</u>
\$ 47,210,444	\$ 47,888,812	\$ 43,364,354	\$ -	\$ -	\$ -
(8,090,513)	(11,049,197)	(16,545,750)	-	-	-
34,508,966	32,934,551	29,397,051	-	-	-
134,277	146,506	144,382	-	-	-
-	-	-	35,794,414	33,014,706	32,810,398
-	-	-	51,397,385	33,380,699	33,745,233
-	-	-	2,124,330	-	-
-	-	-	-	-	5,214,476
-	-	-	(37,233,469)	(31,519,259)	(27,173,388)
<u>\$ 73,763,174</u>	<u>\$ 69,920,672</u>	<u>\$ 56,360,037</u>	<u>\$ 52,082,660</u>	<u>\$ 34,876,146</u>	<u>\$ 44,596,719</u>

CITY OF LINCOLN
Changes in Fund Balances - Government Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Revenues				
Taxes and assessments	\$ 7,698,558	\$ 9,891,502	\$ 12,209,116	\$ 13,896,857
Licenses and permits	5,966,226	5,813,087	5,746,207	3,017,918
Fines and penalties	66,380	104,023	111,986	182,577
Use of money and property	601,257	2,909,573	2,492,190	6,006,258
Intergovernmental	676,157	1,830,063	4,758,778	7,024,618
Charges for services	15,983,576	21,475,998	43,608,163	17,622,446
Contributions from property owners	-	68,167,378	-	12,306,766
Other revenue	2,121,717	1,989,187	1,578,004	289,377
Total Revenues	33,113,871	112,180,811	70,504,444	60,346,817
Expenditures				
Current				
General government	3,003,078	3,885,911	3,988,242	5,844,044
Public safety	4,329,098	5,645,483	7,335,530	9,070,904
Public works and facilities	9,361,642	12,243,500	14,028,439	11,217,289
Culture and recreation	655,595	563,976	671,955	1,208,758
Urban redevelopment and housing	-	869,174	494,378	635,104
Education	257,980	249,649	378,308	474,349
Debt Service				
Principal	1,071,760	270,000	325,000	810,000
Interest and bond issuance costs	734,814	2,832,519	1,258,015	2,434,880
Capital Outlay	10,669,110	79,315,770	45,774,837	58,547,303
Total Expenditures	30,083,077	105,875,982	74,254,704	90,242,631
Excess (Deficiency) of Revenues Over Expenditures	3,030,794	6,304,829	(3,750,260)	(29,895,814)
Other Financing Sources (Uses)				
Bond proceeds	24,610,418	10,642,683	-	14,446,543
Transfers in	469,481	2,405,967	1,974,419	44,122,301
Transfers out	(530,284)	(2,405,967)	(1,959,926)	(29,254,097)
Total Other Financing Sources (Uses)	24,549,615	10,642,683	14,493	29,314,747
Net Change in fund balance before prior period adjustments and extraordinary items	27,580,409	16,947,512	(3,735,767)	(581,067)
Prior period adjustment	3,678,101	4,088,654	38,309	7,468,997
Extraordinary item				
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor	-	-	-	-
Net Change in Fund Balance	\$ 31,258,510	\$ 21,036,166	\$ (3,697,458)	\$ 6,887,930
Debt service as a percentage of noncapital expenditures	9.3%	11.7%	5.6%	10.2%

2008	2009	2010	2011	2012	2013
\$ 14,863,744	\$ 13,613,879	\$ 12,573,987	\$ 13,018,727	\$ 14,494,396	\$ 14,136,484
1,593,525	1,235,966	7,766,334	1,092,144	655,747	1,342,696
214,105	207,324	172,751	129,884	115,085	79,606
3,970,684	1,377,206	2,239,808	1,141,512	805,847	563,366
6,995,606	8,812,824	5,848,961	3,268,014	6,294,565	4,697,951
7,919,761	6,544,271	6,384,352	4,599,914	2,476,782	9,904,756
-	-	1,634,852	-	-	-
683,415	2,291,103	539,519	695,524	478,529	1,717,469
<u>36,240,840</u>	<u>34,082,573</u>	<u>37,160,564</u>	<u>23,945,719</u>	<u>25,320,951</u>	<u>32,442,328</u>
3,242,267	3,008,223	2,598,301	2,740,006	2,549,256	2,574,534
10,582,460	11,431,573	10,192,862	9,746,718	8,478,042	8,723,479
11,894,916	6,979,895	12,119,189	8,942,799	7,691,014	5,223,957
1,124,925	1,063,421	978,406	812,219	571,875	741,632
740,714	740,432	1,938,707	666,240	144,653	665,834
976,424	1,159,032	876,907	712,472	490,327	418,188
840,000	850,000	1,140,000	1,150,000	1,180,000	700,000
2,288,246	2,084,218	1,927,946	1,893,176	1,555,009	1,083,203
<u>33,675,842</u>	<u>15,683,974</u>	<u>8,442,931</u>	<u>2,690,016</u>	<u>2,091,332</u>	<u>2,706,542</u>
<u>65,365,794</u>	<u>43,000,768</u>	<u>40,215,249</u>	<u>29,353,646</u>	<u>24,751,508</u>	<u>22,837,369</u>
<u>(29,124,954)</u>	<u>(8,918,195)</u>	<u>(3,054,685)</u>	<u>(5,407,927)</u>	<u>569,443</u>	<u>9,604,959</u>
-	-	-	-	-	-
9,129,680	6,661,106	12,335,882	9,663,693	4,930,996	3,808,876
<u>(5,617,757)</u>	<u>(4,679,206)</u>	<u>(10,197,886)</u>	<u>(8,126,629)</u>	<u>(2,735,359)</u>	<u>(3,591,758)</u>
<u>3,511,923</u>	<u>1,981,900</u>	<u>2,137,996</u>	<u>1,537,064</u>	<u>2,195,637</u>	<u>217,118</u>
(25,613,031)	(6,936,295)	(916,689)	(3,870,863)	2,765,080	9,822,077
111,872	-	(10,103,695)	-	(13,087,464)	119,584
-	-	-	-	(6,553,877)	-
<u>\$ (25,501,159)</u>	<u>\$ (6,936,295)</u>	<u>\$ (11,020,384)</u>	<u>\$ (3,870,863)</u>	<u>\$ (16,876,261)</u>	<u>\$ 9,941,661</u>
9.9%	10.7%	9.7%	11.4%	12.1%	8.9%

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



Fiscal Year Ending June 30	Secured	Unsecured	SBE Nonunitary	Taxable Assessed Value	% Change	Direct Rate
2004	\$ 2,259,901,395	\$ 61,320,113	\$ 563,543	\$ 2,321,785,051	n/a	1.000%
2005	3,031,189,192	82,783,338	640,042	3,114,612,572	34.147%	1.000%
2006	4,289,856,605	81,117,909	623,600	4,371,598,114	40.358%	1.000%
2007	5,850,690,035	84,252,015	586,271	5,935,528,321	35.775%	1.000%
2008	6,608,202,986	94,844,051	413,659	6,703,460,696	12.938%	1.000%
2009	6,498,781,868	106,544,242	252,489	6,605,578,599	-1.460%	1.000%
2010	5,885,076,051	109,793,652	250,900	5,995,120,603	-9.242%	1.000%
2011	5,492,966,752	92,626,121	250,900	5,585,843,773	-6.827%	1.000%
2012	5,236,867,717	86,074,985	250,900	5,323,193,602	-4.702%	1.000%
2013	5,086,007,045	96,083,909	250,900	5,182,341,854	-2.646%	1.000%

n/a - information is not available

Notes:

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

Source: California Municipal Statistics and Placer County Auditor-Controller

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

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
City of Lincoln General purpose	1.000	1.000	1.000	1.000
	1.000	1.000	1.000	1.000
Western Placer Unified School District	0.024	0.198	0.015	0.012
Placer County Water Agency Zone 1	0.004	0.003	0.010	-
	<u>1.028</u>	<u>1.201</u>	<u>1.025</u>	<u>1.012</u>

Notes:

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

(2) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school district bonds.

Source: California Municipal Statistics

2008	2009	2010	2011	2012	2013
1.000	1.000	1.000	1.000	1.000	1.000
1.000	1.000	1.000	1.000	1.000	1.000
0.013	0.147	0.170	0.021	0.026	0.026
-	-	-	-	-	-
1.013	1.147	1.170	1.021	1.026	1.026

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

		2012-13		
Property Owner	Primary Land Use	Rank	Taxable Assessed Value	% of Total City Taxable Assessed Value
Sierra Pacific Industries	Industrial	1	\$ 49,899,780	0.98%
OK&B	Warehouse	2	27,280,035	0.54%
Target Corporation	Commercial Store	3	17,497,983	0.34%
Auburn Creek Investors	Apartments	4	16,187,330	0.32%
JPS Development LLC	Shopping Center	5	15,417,776	0.30%
Shadowbriar Investments Inc.	Undeveloped	6	14,849,340	0.29%
Mahsterling Pointe LLC	Commercial Store	7	13,660,000	0.27%
Safeway Inc.	Supermarket	8	13,606,693	0.27%
John Mourier Construction Inc.	Residential Properties	9	12,882,512	0.25%
Buzz Oates Enterprises II	Warehouse	10	12,576,331	0.25%
			<u>\$ 193,857,780</u>	<u>3.81%</u>
2012-2013 Local Secured Assessed Valuation:			<u>\$ 5,086,007,045</u>	

		2003-04		
Property Owner	Primary Land Use	Rank	Taxable Assessed Value	% of Total City Taxable Assessed Value
Delwebb Calif. Corp.	Residential Development	1	\$ 171,852,289	7.60%
Buzz Oates Enterprises II	Warehouse	2	59,762,324	2.64%
LBL Suncal Lincoln Crossing LLC	Residential Development	3	42,272,495	1.87%
Sierra Pacific Industries	Industrial	4	34,902,495	1.54%
Auburn Creek Investors	Apartments	5	14,041,040	0.62%
JTS Communities Inc.	Vacant	6	12,832,500	0.57%
Safeway Inc.	Supermarket	7	12,241,047	0.54%
Coherent Inc.	Industrial	8	10,296,567	0.46%
Asset Seven Corp.	Golf Course	9	9,078,000	0.40%
Placer Holdings Inc.	Residential/Golf	10	8,948,912	0.40%
			<u>\$ 376,227,669</u>	<u>16.65%</u>
2003-2004 Local Secured Assessed Valuation:			<u>\$ 2,259,901,395</u>	

Source: California Municipal Statistics

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collections within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percent of Levy</u>
2003/2004	\$ 1,809,436	\$ 1,789,153	98.88%
2004/2005	2,342,551	2,316,594	98.89%
2005/2006	3,271,079	3,220,862	98.46%
2006/2007	4,418,402	4,301,403	97.35%
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%

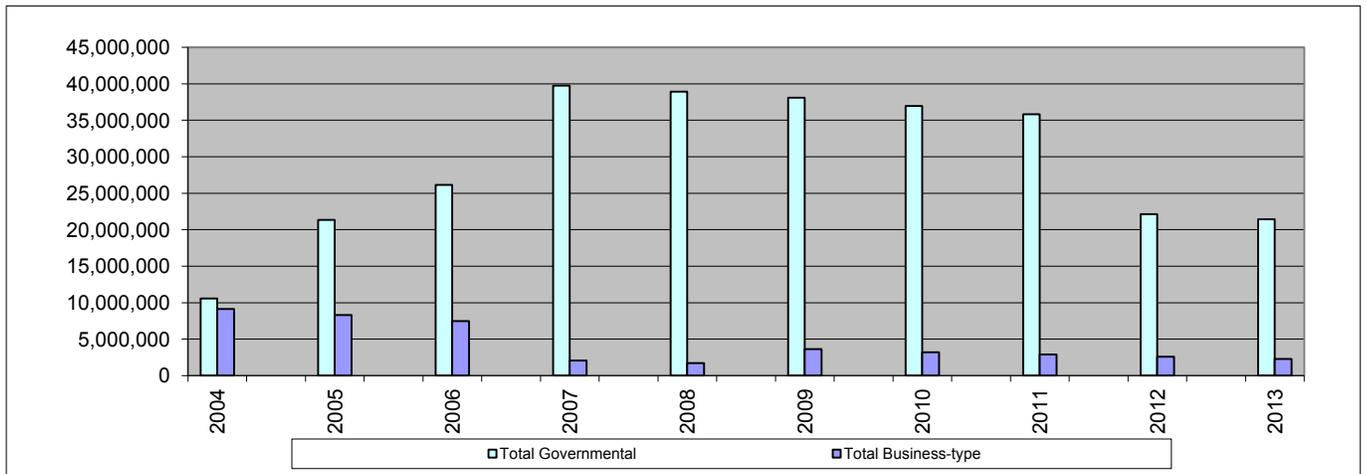
Notes:

Current tax collections beginning in 1993 have been reduced by a 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 broken out by fiscal year from the County; thus, this information is not available.

Source: Placer County Auditor-Controller

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

Fiscal Year Ending June 30	Governmental Activities			Business-Type Activities		
	Bonds	Total Governmental Activities	Loans	Bonds	Capital Lease	Total Business-Type Activities
2004	\$ 10,560,000	\$ 10,560,000	\$ 241,498	\$ 8,895,000	\$ -	\$ 9,136,498
2005	21,346,453	21,346,453	215,554	8,065,000	-	8,280,554
2006	26,119,819	26,119,819	202,917	7,270,000	-	7,472,917
2007	39,764,046	39,764,046	189,363	1,840,000	17,330	2,046,693
2008	38,931,732	38,931,732	174,826	1,545,000	-	1,719,826
2009	38,089,415	38,089,415	159,235	1,270,000	2,203,029	3,632,264
2010	36,957,099	36,957,099	142,514	1,020,000	2,031,293	3,193,807
2011	35,814,783	35,814,783	124,580	795,000	1,957,869	2,877,449
2012	22,120,687	22,120,687	105,345	590,000	1,880,905	2,576,250
2013	21,423,295	21,423,295	84,716	410,000	1,800,232	2,294,948



(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 Annual Financial Reports

Total Primary Government	Percentage of Personal Income (1)	Percentage of Assessed Value (2)	Per Capita (1)
\$ 19,696,498	n/a	0.85%	855
29,627,007	2854.90%	0.95%	1,083
33,592,736	3150.32%	0.77%	1,000
41,810,739	2889.23%	0.70%	1,118
40,651,558	3285.99%	0.61%	1,022
41,721,679	2997.96%	0.63%	1,041
40,150,906	2866.50%	0.67%	977
38,692,232	3074.84%	0.69%	895
24,696,937	5036.88%	0.46%	567
23,718,243	n/a	0.46%	541

CITY OF LINCOLN
Direct and Overlapping Bonded Debt
As of June 30, 2013

2012-13 Assessed Valuation	<u>\$ 5,182,341,854</u>		
	Total Debt 6/30/2013	% Applicable (1)	City's Share of Debt 6/30/13
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Western Placer Unified School District	\$ 4,816,103	83.39%	\$ 4,015,956
Western Placer Unified School District Community Facilities District No. 1	12,720,000	99.095	12,604,884
City of Lincoln Community Facilities Districts	108,045,000	100	108,045,000
City of Lincoln 1915 Act Bonds (Estimate)	43,090,000	100	43,090,000
California Statewide Communities Development Authority Assessment Districts	2,426,076	22.172-100	<u>1,362,328</u>
Total Overlapping Tax and Assessment Debt			<u>169,118,168</u>
OVERLAPPING GENERAL FUND DEBT:			
Placer County General Fund Obligations	43,720,000	9.99%	4,365,442
Placer County Office of Education Certificates of Participation	1,970,000	9.985	196,705
Sierra Joint Community College District Certificates of Participation	10,793,000	7.386	797,171
Western Placer Unified School District Certificates of Participation	129,575,000	83.386	108,047,410
Placer Mosquito and Vector Control District Certificates of Participation	4,300,000	9.985	<u>429,355</u>
Total Overlapping General Fund Debt			113,836,083
OVERLAPPING TAX INCREMENT DEBT	12,020,000	100.00%	<u>12,020,000</u>
Total Overlapping Debt			<u>294,974,251</u>
DIRECT GENERAL FUND DEBT:			
City of Lincoln General Fund Obligations	21,490,000	100.00%	<u>21,490,000</u>
Total Direct General Fund Debt			<u>21,490,000</u>
Total Combined Debt			<u>\$ 316,464,251</u>
Ratios to 2012-13 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt		3.26%	
Total Direct Debt		0.41%	
Combined Total Debt		6.11%	
Ratios to Redevelopment Incremental Valuation (\$192,172,729):			
Total Overlapping Tax Increment Debt		6.25%	

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

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

Source: California Municipal Statistics

CITY OF LINCOLN
Computation of Legal Bonded Debt Margin
June 30, 2013

Secured Property Assessed Value, Net of Exempt Real Property		<u>\$ 5,086,007,045</u>
Bonded debt limit (3.75% of assessed value) (a)		\$ 190,725,264
Amount of Debt Subject to Limit:		
Total Bonded Debt		23,718,243
Less Total Bonds not subject to limit (b)		<u>(23,718,243)</u>
Amount of debt not subject to limit		<u>-</u>
Legal debt margin		<u>\$ 190,725,264</u>

Fiscal Year Ending June 30	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit
2004	\$ 84,746,302	\$ -	\$ 84,746,302	-
2005	113,669,595	-	113,669,595	-
2006	160,869,623	-	160,869,623	-
2007	219,400,876	-	219,400,876	-
2008	247,807,612	-	247,807,612	-
2009	243,704,320	-	243,704,320	-
2010	220,690,352	-	220,690,352	-
2011	205,986,253	-	205,986,253	-
2012	196,382,539	-	196,382,539	-
2013	190,725,264	-	190,725,264	-

(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 the limit.

Source: City of Lincoln Finance Department

CITY OF LINCOLN
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ending June 30	Population	Total Personal Income	Per Capita Personal Income	Annualized Unemployment Rate (%)
2004	23,047	(a)	(a)	9.0%
2005	27,356	845,821,000	30,919	8.1%
2006	33,589	1,058,280,000	31,507	7.8%
2007	37,400	1,208,008,000	32,300	9.0%
2008	39,758	1,335,807,000	33,598	11.9%
2009	40,060	1,250,798,000	31,223	18.5%
2010	41,111	1,150,926,000	27,996	20.2%
2011	43,248	1,189,724,000	27,509	19.1%
2012	43,572	1,243,955,000	28,549	16.9%
2013	43,818	(a)	(a)	(a)

(a) Information not available.

Source: California State Department of Finance
California State Franchise Tax Board
California Employment Development Department

**CITY OF LINCOLN
Principal Employers
Current Year**

<u>Employer</u>	<u>2012-13</u>		
	<u>Rank</u>	<u>Number of Employees</u>	<u>% of Total City Employees</u>
Western Placer Unified School District	1	590	6.51%
Horizon Charter School	2	240	2.65%
Sierra Pacific Industries	3	200	2.21%
Calhoun Construction, Inc.	4	175	1.93%
Target	5	150	1.65%
Home Depot	6	150	1.65%
Lowe's	7	150	1.65%
B Z Plumbing Company, Inc.	8	120	1.32%
Del Webb Communities, Inc.	9	120	1.32%
Catta Verda Country Club	10	110	1.21%
Subtotal		<u>2,005</u>	<u>22.11%</u>
Total Employed		<u>9,069</u>	

Note: Data pertaining to principal employers for nine years ago is not readily available.

Source: Hoovers, April 2013 and individual companies

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

	Fiscal Year Ending June 30			
	2004	2005	2006	2007
City Manager				
Administration	2.0	2.0	2.0	2.0
Human Resources	2.0	2.0	2.0	2.0
Economic Development	0.3	0.8	0.8	0.8
Records Management	3.0	3.0	3.0	3.0
Administrative Services				
Administration	3.0	2.0	2.0	2.0
Finance	7.0	9.5	11.0	11.0
Information Technology	1.0	1.0	2.0	2.0
Central Services	1.0	2.0	2.0	2.0
Development Services (a)				
Administration	2.0	2.0	2.0	2.0
Planning	4.0	6.5	8.5	8.0
Building	8.0	8.0	9.5	11.0
Development & Engineering	7.0	8.0	8.0	9.0
Financial Analysis				
Public Services				
Administration	8.5	10.0	9.0	11.0
Environmental Quality / Services	6.7	-	-	-
Maintenance Crews (b)	20.6	-	-	-
Water	-	10.0	9.9	10.5
Wastewater	-	5.0	5.0	5.0
Solid Waste	-	11.5	11.5	14.5
Streets	-	8.5	6.7	6.6
Transit	6.7	5.5	5.0	5.0
Airport	-	3.0	3.0	3.0
Parks & Facilities	12.1	6.0	6.0	7.0
Fleet Maintenance	-	8.1	7.0	8.0
Police				
Administration	2.0	5.0	5.0	4.0
Communications	9.0	8.0	7.0	8.0
Operations	24.5	28.5	33.0	39.0
Fire				
Administration	0.5	0.5	-	2.0
Operations	16.0	20.0	23.0	25.0
Library	3.3	4.0	3.5	8.5
Recreation (c)	5.0	5.0	5.0	5.0
Redevelopment	0.8	1.3	1.3	1.3
Total Full-Time Equivalents	155.8	186.5	193.6	218.0

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

(b) In some years, maintenance crews are reported in the budget documents as a total number and in other years they are broken out by division.

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

Source: City of Lincoln Original Budget Documents

2008	2009	2010	2011	2012	2013
2.5	2.5	2.5	2.8	2.8	1.8
2.5	2.5	2.0	2.0	2.0	2.0
0.3	0.3	0.3	1.0	-	-
3.0	3.0	3.0	3.0	3.0	3.0
4.0	3.0	3.0	3.0	3.0	2.0
11.5	11.5	9.0	8.0	9.0	10.0
2.0	2.0	2.0	1.0	1.0	1.0
2.5	2.5	2.0	2.0	2.0	2.0
2.0	1.7	1.0	0.5	4.3	3.3
8.5	6.1	5.8	3.4	1.0	1.0
9.5	6.5	4.5	4.0	4.0	4.0
8.0	8.0	4.0	4.1	1.0	1.0
			1.0		
9.0	7.5	9.0	5.0	6.0	7.0
-	-	-	-	-	-
-	-	-	-	-	-
9.8	12.8	9.4	7.5	8.1	8.1
5.0	6.0	4.0	3.8	3.5	3.5
11.5	16.1	14.4	13.6	10.3	12.2
6.7	8.1	5.2	4.2	4.2	4.3
5.0	6.5	6.5	7.7	7.0	4.0
3.0	3.0	3.0	2.3	2.5	2.0
6.0	11.0	7.0	5.0	6.0	5.0
7.0	7.5	6.0	5.0	5.0	5.0
6.0	7.0	5.0	6.0	5.0	2.5
9.0	9.0	7.0	6.0	6.0	6.0
40.0	39.0	32.0	27.0	21.0	19.5
3.0	3.0	3.0	3.0	3.0	2.0
24.0	24.0	21.0	21.0	19.5	19.0
11.0	10.5	6.7	5.7	2.0	2.0
6.0	7.0	6.0	5.5	4.0	4.0
1.3	1.3	3.0	-	-	-
219.0	228.8	187.2	163.4	146.0	137.0

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

	Fiscal Year Ending June 30			
	2004	2005	2006	2007
Business Licenses				
Annual business license	507	501	712	740
Environment and Utilities				
Gallons of wastewater treated per year (in millions)	n/a	598	826	682
Fire				
Fires per year	n/a	n/a	n/a	92
Emergency medical calls per year	n/a	n/a	n/a	1,208
Hazardous materials incidents per year	n/a	n/a	n/a	23
Non-emergency service calls per year	n/a	n/a	n/a	817
Police				
911 calls per year	n/a	n/a	n/a	n/a
Cases investigated per year	n/a	n/a	3,535	3,524
Arrests per year	n/a	n/a	708	1,325
Building Permits				
Building permits issued per year	n/a	2,226	2,145	678

n/a = information not available

Source: City of Lincoln

2008	2009	2010	2011	2012	2013
585	576	498	493	494	418
899	843	1,008	983	1,045	637
141	133	115	114	134	137
1,805	2,065	2,059	2,047	2,212	2,465
56	58	55	45	35	45
1,137	865	836	1,027	857	933
n/a	4,501	9,253	9,597	10,187	10,998
2,963	2,792	2,291	2,134	1,890	1,898
1,293	989	735	602	458	429
192	126	116	56	138	314

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