

SINGLE AUDIT SECTION

CITY OF LINCOLN, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through State Department Of Education:				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	DO 05955	\$ 3,376	
Summer Food Service Program for Children	10.559	55-3002	<u>146,763</u>	150,139
Pass-Through State Department Of Health And Human Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	EO 082647	562,970	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	EO 083554	76,049	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	EO 083554	<u>60,357</u>	699,376
Nutrition Program for the Elderly (Commodities)	10.570			<u>124,395</u>
Total U.S. Department Of Agriculture				\$ <u>973,910</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 75,337	
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	<u>50,299</u>	125,636
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	* B-13 MC-31-0001		12,783,457
Emergency Solutions Grant Program	14.231	E13-MC-31-0002		23,258
Shelter Plus Care	14.238	NE26C602001	3,877	
Shelter Plus Care	14.238	NE00591L7D021201	<u>25,830</u>	29,707
HOME Investment Partnerships Program	14.239	M-13 MC-31-0202		13,594,540
Fair Housing Assistance Program - State and Local	14.401	FF207K137017		84,418
Pass-Through State Department Of Economic Development:				
CDBG-State-Administered Small Cities Program Cluster:				
Community Development Block Grant (Neighborhood Stabilization Program)	14.228	092N40		<u>186,549</u>
Total U.S. Department Of Housing And Urban Development				\$ <u>26,827,565</u>
U.S. DEPARTMENT OF INTERIOR				
Pass-Through State Historical Society:				
Historic Preservation Fund Grants-in-Aid	15.904	13/14	\$ 25,000	
Historic Preservation Fund Grants-in-Aid	15.904	14/15	<u>6,750</u>	\$ 31,750
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (Arrest Grant SART)	16.590	2007-WE-AX-0057	\$ 35,590	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (Arrest Grant SART)	16.590	2013-WE-AX-0036	<u>54,263</u>	89,853
Public Safety Partnership and Community Policing Grant (Cops Interoperable Communications Tech Grant Award)	16.710	2004INWX0014	108,459	
Public Safety Partnership and Community Policing Grant ARRA (Cops Hiring Recovery Program)	16.710	2009RJWX0059	<u>38,965</u>	147,424
Equitable Sharing Program	16.922			45,429
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	2012DJBX0865	1,415	
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	2011DJBX3090	138,977	
Pass-Through State Commission On Law Enforcement And Criminal Justice:				
Edward Byrne Memorial Justice Assistance Grant Program ARRA (Lin/Lan Investigative Narcotics Coop)	16.738	12DA 0311	56,060	
Edward Byrne Memorial Justice Assistance Grant Program ARRA (Lin/Lan Investigative Narcotics Coop)	16.738	13DA 0312	<u>65,477</u>	261,929
Pass-Through Lancaster County:				
Violence Against Women Formula Grants (DV Specialist)	16.588	12-VW-703	18,468	
Violence Against Women Formula Grants (DV Specialist)	16.588	13-VW-702	<u>16,480</u>	34,948
Pass-Through Nebraska State Patrol:				
Missing Children's Assistance (ICAC)	16.543	13-IC-04		2,760
Pass-Through City of Omaha:				
Project Safe Neighborhoods	16.609	2012GPBX0013	18,510	
Project Safe Neighborhoods	16.609	2013GPBX0002	<u>6,763</u>	25,273
Pass-Through Nebraska Department of Roads:				
Enforcing Underage Drinking Laws Program	16.727			4,577

(Continued)
See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA		Federal Expenditures	
	Number	Grant Number		
Pass-Through State Commission On Law Enforcement And Criminal Justice: Crime Victim Assistance	16.575	13-VA-0215		57,616
Total U.S. Department Of Justice			\$	669,809
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Labor: WIA Cluster:				
WIA Adult Program	17.258	2012	\$	203,074
WIA Dislocated Workers Formula Grants	17.278	2012		42,140
WIA Dislocated Workers Formula Grants	17.278	2012		218,146
WIA Dislocated Workers Formula Grants (Trade)	17.278	2014		39,590
WIA Youth Activities	17.259	2012		110,322
WIA Youth Activities	17.259	2012		295,018
			\$	908,290
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Transit Services Programs Cluster:				
Job Access Reverse Commute	20.516	NE-37-0013	\$	16,021
Job Access Reverse Commute	20.516	NE-37-0014		4,466
New Freedom Program	20.521	NE-57-0011		23,746
				44,233
Federal Transit Cluster:				
Federal Transit: Formula Grants (AVL System)	20.507	* NE-26-0001		2,479
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X091		1,358,769
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-X093		312,055
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0095		538,902
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0097		132,906
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	* NE-90-0098		1,630,000
Federal Transit: Formula Grants (Transit Planning)	20.507	* RTP-C990 (033)		87,891
Federal Transit: Formula Grants (Transit Planning)	20.507	* FTA-NE90X098		27,359
Pass-Through Nebraska Department Of Roads: Federal Transit: Formula Grants (Transit Planning)	20.507	* RTP-C990 (034)		109,937
				4,200,298
Pass-Through Nebraska Department Of Roads: Highway Planning and Construction Cluster:				
Highway Planning and Construction (Planning)	20.205	* SPR-PL1(51)		242,898
Highway Planning and Construction	20.205	* SPR-PL1(51)		39,159
Highway Planning and Construction (Planning)	20.205	* SPR-PL1(52)		39,499
Highway Planning and Construction ARRA (Aylesworth to Vine)	20.205	* LCLC-5247(12)		253
Highway Planning and Construction ARRA (Holdrege 70th to 79th)	20.205	* LCLC-5244(8)		295
Highway Planning and Construction ARRA (Holdrege 33rd to 47th)	20.205	* LCLC-5244(7)		253
Highway Planning and Construction ARRA (P St, Y St, NW 1st St)	20.205	* LCLC-5236(2)		253
Highway Planning and Construction ARRA (Citywide)	20.205	* LCLC-5247(11)		253
Highway Planning and Construction (Downtown Rehab)	20.205	* LCLC-5230(2)		6,886
Highway Planning and Construction (Citywide Micro Surfacing)	20.205	* LCLC-5249(7)		1,595
Highway Planning and Construction (10th & Military/Salt Creek)	20.205	* LCLC-5215(3)		20,374
Highway Planning and Construction (14th and Cornhusker)	20.205	* HSIP-5227(7)		9,757
Highway Planning and Construction (56th, Shadow Pines, and Old Cheney)	20.205	* LCLC-5241(5)		31,425
Highway Planning and Construction (Superior Street at I-80)	20.205	* HSIP-5254(8)		33,085
Highway Planning and Construction (JAVA)	20.205	*		31,350
Highway Planning and Construction (Citywide Durable Pavement)	20.205	* LCLC-5239(8)		310
Highway Planning and Construction (Citywide Continental)	20.205	* LCLC-5221(3)		310
Highway Planning and Construction (66th and Fremont)	20.205	* HSIP-5253(1)		28,958
Highway Planning and Construction (Citywide Street Resurfacing)	20.205	* LCLC-5228(4)		187,931
Highway Planning and Construction (27th and Leighton)	20.205	* LCLC-5231(13)		74,182
Highway Planning and Construction (SW 40th Viaduct)	20.205	* STPN-BR-TMT 5267(1)		394,898
Highway Planning and Construction (Click It or Ticket)	20.205	* MAY		8,081
Highway Planning and Construction (Click It or Ticket)	20.205	* NOV		3,894
Highway Planning and Construction (You Drink, You Drive, You Lose)	20.205	* AUG		6,804
Highway Planning and Construction (You Drink, You Drive, You Lose)	20.205	* DEC		6,915
Pass-Through Game and Parks Commission: Recreational Trails Program (Pioneers Park Trail Renovation)	20.219	* RTP2012(001)		304,374
				1,473,992
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(214)		38,803
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(215)		6,615
				45,418
Highway Safety Cluster:				
State and Community Highway Safety (Digital Photography)	20.600	DO 08539		2,786
State and Community Highway Safety (School Zones)	20.600	Spring		6,674
Alcohol Impaired Driving Countermeasures Incentive Grants (Alcohol Selective)	20.601	September		4,589
Occupant Protection Incentive (14 Roundabout)	20.602			1,781
Occupant Protection Incentive (School Zones Enforcement)	20.602	Fall		6,995
				22,825
National Priority Safety Programs (Child Restraint Systems)	20.616	August		3,002
Total U.S. Department Of Transportation			\$	5,789,768

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	EEOCN120112	\$	50,074
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission:				
Grants to States (Net Lender Contract)	45.310		\$	1,461
NATIONAL ENDOWMENT FOR THE ARTS				
Direct Program:				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	12-4292-7091	\$	45,500
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Program:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF 97740801	\$	290
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF 97740901		200,000
				200,290
Pass-Through State Department Of Environmental Quality:				
Performance Partnership Grants	66.605	RES 86361		95,579
Performance Partnership Grants	66.605	RES 87210		49,971
				145,550
Nonpoint Source Implementation Grants (East Saline Wetlands Project)	66.460	NDEQ 56-00686		319,946
Nonpoint Source Implementation Grants (Antelope Park)	66.460	C900740320		28,477
Nonpoint Source Implementation Grants (Zoo Area)	66.460	C900740320		8,550
				356,973
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS997805		2,630,102
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose Activities Relating to the Clean Air Act	66.034	XA-97726301		10,774
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose Activities Relating to the Clean Air Act	66.034	2010		11,863
				22,637
Total U.S. Environmental Protection Agency			\$	3,355,552
U.S. DEPARTMENT OF ENERGY				
Pass-Through City Of Omaha:				
Energy Efficiency and Conservation Block Grant Program ARRA	81.128	DE-003578	\$	49,842
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program:				
Food and Drug Administration General Grant Funding Program (Retail Food Safety)	93.103	5U18FD004661-02	\$	85,584
Food and Drug Administration General Grant Funding Program (Retail Food Safety)	93.103	5U18FD004661-03		9,636
				95,220
Pass-Through National Association of County and City Health Officials:				
Medical Reserve Corps Small Grant Program	93.008	MRC 13 360		2,999
Medical Reserve Corps Small Grant Program	93.008	MRC 14 360		140
				3,139
Pass-Through State Department Of Health And Human Services:				
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2013-044		4,205
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2013-031		23,160
				27,365
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 17930-III-D		22,665
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 22606-III-D		4,043
				26,708
Aging Cluster:				
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 17930-III-B		332,644
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 22606-III-B		20,899
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 17930-III-C1		409,539
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 22606-III-C1		30,967
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 17930-III-C2		188,186
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 22606-III-C2		8,375
				990,610
National Family Caregiver Support, Title III, Part E	93.052	NGA 17930-III-E		172,864
National Family Caregiver Support, Title III, Part E	93.052	NGA 22606-III-E		18,924
				191,788
Public Health Emergency Preparedness	93.069	BT-965-63013		81
Public Health Emergency Preparedness	93.069	BT-965-63013		161,772
Public Health Emergency Preparedness	93.069	BT-885-80912		135,554
				297,407
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DO 05387		5,903
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2014		6,235
				12,138
Grants to States to Support Oral Health Workforce Activities	93.236	T12HP14997		947
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	IP08-80308CONT10		29,846
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	5H23IP722562-09		42,834
				72,680

(Continued)

See Accompanying Notes to Schedule of Expenditures of Federal Awards

(Expenditures of Federal Awards, Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	5U58DP001978-04	14,843	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	1U58DP001978-01	32,292	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	1U50CK000273-01	4,504	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	3U50C1723775-05S2	16,424	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Colon Cancer)	93.283	5U58DP002043-02	16,003	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Colon Cancer)	93.283	5U58DP002043-02	1,014	
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Wellness Toolkit Project)	93.283	DP001473-03	890	85,970
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	EO 085614	62,218	
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	D89MC25209	120,104	
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	X02MC23116	28,232	210,554
PPHF 2012 National Public Health Improvement Initiative (CHIP)	93.507	5U58CD001310-02	4,957	
PPHF 2012 National Public Health Improvement Initiative	93.507	5U58CD001310-04	5,282	10,239
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 086152	84,175	
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 083947	166,642	250,817
Social Services Block Grant (SSBG)	93.667			41,930
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889	BT 929 63012	337	
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889	BT 982 63013	172,053	172,390
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	EO 082960		12,039
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	5H25PS001356	5,086	
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	CDC-RFA-PS09-902	8,000	13,086
Preventive Health and Health Services Block Grant (Worksite Wellness Initiative)	93.991	DP009036	9,266	
Preventive Health and Health Services Block Grant (GIS-Walkability)	93.991	2B01DP009036-10	450	
Preventive Health and Health Services Block Grant (Growing the Worksite)	93.991	B01-DP009036-12	24,350	
Preventive Health and Health Services Block Grant (Home Safety)	93.991	DP009036	4,680	38,746
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	MCH-11-06	32,099	
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	MCH-10-06	93,233	125,332
Pass-Through Lincoln Action Program: Head Start	93.600	DO 09583		4,055
Total U.S. Department Of Health And Human Services				\$ 2,683,160
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	11SFNNE 003 (13/14)	\$ 91,329	
Foster Grandparent Program	94.011	11SFNNE 003 (14/15)	38,379	129,708
Pass-Through Nebraska Volunteer Commission: AmeriCorps (ECHO)	94.006	06AFHNE0010040	28,624	
AmeriCorps (Youth on the Move)	94.006	13AFHNE001004	326,212	354,836
Total Corporation For National And Community Service				\$ 484,544
EXECUTIVE OFFICE OF THE PRESIDENT				
Pass-Through Nebraska State Patrol:				
High Intensity Drug Trafficking Areas Program	95.001	13HD02	\$ 53,489	
High Intensity Drug Trafficking Areas Program	95.001	12HD02	24,235	\$ 77,724
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2012-CA-K00011	\$ 169,163	
National Urban Search and Rescue (US&R) Response System	97.025	EMW-2013-K00030-S01	808,124	977,287
Pass-Through Nebraska Emergency Management Agency: Homeland Security Grant Program (N.E.M.A.)	97.067	2011-SS-00017		273,769
Total Department Of Homeland Security				\$ 1,251,056
Total Federal Expenditures				\$ 43,200,005

See Accompanying Notes to Schedule of Expenditures of Federal Awards



**CITY OF LINCOLN, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014**

(1) BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards (the Schedule) is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

(2) REPORTING ENTITY

The City of Lincoln, Nebraska, for purposes of the Schedule, includes all funds of the City as defined in Note 1 of the Notes to the Financial Statements, including Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.

Lincoln Electric System (LES) operates on a calendar year basis for reporting purposes as opposed to the August 31 fiscal year basis of the City. As a result, the amounts included in the City's August 31, 2014, basic financial statements for LES are audited amounts as of and for the year ended December 31, 2013.

(3) PASS-THROUGH AWARDS

The City of Lincoln receives certain federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the Schedule.

(4) MAJOR PROGRAMS

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

(5) SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
Pass-Through to Community Crops:		
14.218	Community Development Block Grant – Entitlement Grants Cluster	\$ 33,265
Pass-Through to County Aging Programs:		
10.570	Nutrition Program for the Elderly	\$ 41,145
93.044	Title III, Part B: Grants for Supportive Services and Senior Centers	29,630
93.045	Title III, Part C: Nutrition Services	113,672
93.052	Title III, Part E: National Family Caregiver Support	18,587
Pass-Through to Habitat for Humanity:		
14.239	HOME Investment Partnerships Program	\$ 109,809
Pass-Through to Joint Antelope Valley Authority:		
20.205	Highway Planning and Construction (JAVA)	\$ 31,350
Pass-Through to League of Human Dignity:		
14.218	Community Development Block Grant – Entitlement Grants Cluster	\$ 25,418
Pass-Through to Lincoln Housing Authority:		
14.239	HOME Investment Partnerships Program	\$ 14,387
Pass-Through to NeighborWorks:		
14.218	Community Development Block Grant – Entitlement Grants Cluster	\$ 205,067
14.239	HOME Investment Partnerships Program	288,223
81.128	Energy Efficiency and Conservation Block Grant Program ARRA	17,717
Pass-Through to UNL Center on Children Families & the Law:		
14.218	Community Development Block Grant – Entitlement Grants Cluster	\$ 14,868

(6) FEDERAL LOANS OUTSTANDING

The City administers the following loan programs for which the federal government imposes continuing compliance requirements on the following outstanding balances, net of allowances:

<u>CFDA#</u>	<u>Program</u>	<u>Outstanding Balance as of August 31, 2014</u>
14.218	Community Development Block Grant	\$ 7,580,000
14.228	Community Development Block Grant – Neighborhood Stabilization Program	155,000
14.239	HOME Investment Partnership Program	10,845,000

New loans included in the Schedule totaled \$611,000, \$0 and \$1,232,000, respectively.

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with Government Auditing Standards**

The Honorable Mayor
and Members of the City Council
City of Lincoln, Nebraska

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lincoln, Nebraska (the City), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 24, 2015, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated February 24, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
February 24, 2015

Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Independent Auditor's Report

The Honorable Mayor
and Members of the City Council
City of Lincoln, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Lincoln, Nebraska (the City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lincoln, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of the City of Lincoln, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
February 24, 2015

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2014

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None Reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? Yes None Reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by OMB Circular A-133?

Yes No

7. The City's major programs were:

Cluster/Program	CFDA Number
Highway Planning and Construction Cluster	20.205/20.219
Federal Transit Cluster	20.507
CDBG – Entitlements Grants Cluster	14.218

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2014

Summary of Auditor's Results - Continued

- 8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$1,296,000.
- 9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
No matters are reportable.		

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
No matters are reportable.		

City of Lincoln, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended August 31, 2014

Reference Number	Summary of Finding	Status
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No matters are reportable.