

SINGLE AUDIT SECTION

CITY OF LINCOLN, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

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	20121N109943	\$ 160,013	
Summer Food Service Program for Children	10.559	55-3002	<u>117,781</u>	277,794
Pass-Through State Department Of Health And Human Services:				
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	EO 082647	136,812	
Special Supplemental Nutrition Program for Women, Infants & Children	10.557	EO 087912	<u>692,685</u>	829,497
Nutrition Program for the Elderly (Commodities)	10.570			<u>178,644</u>
Total U.S. Department Of Agriculture			\$	<u>1,285,935</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Congregate Housing Services Program (Mahoney Manor)	14.170	NE26-G940-001	\$ 75,675	
Congregate Housing Services Program (Burke Plaza)	14.170	NE26-G940-002	<u>54,938</u>	130,613
Community Development Block Grant	14.218	B-13 MC-31-0001		13,086,196
Emergency Solutions Grant Program	14.231	E13-MC-31-0002	83,048	
Emergency Solutions Grant Program	14.231	E14-MC-31-0002	<u>102,748</u>	185,796
Shelter Plus Care	14.238	NE0059L7D021201	6,910	
Shelter Plus Care	14.238	NE0059L7D021302	<u>31,263</u>	38,173
HOME Investment Partnerships Program	14.239	* M-14 MC-31-0202		13,570,222
Continuum of Care Program	14.267	NE0069L7D021200	9,040	
Continuum of Care Program	14.267	NE0073L7D021300	<u>30,656</u>	39,696
Fair Housing Assistance Program - State and Local	14.401	FF207K147017		108,438
Pass-Through State Department Of Economic Development:				
Community Development Block Grant (Neighborhood Stabilization Program)	14.228	092N40		<u>177,549</u>
Total U.S. Department Of Housing And Urban Development			\$	<u>27,336,683</u>
U.S. DEPARTMENT OF INTERIOR				
Pass-Through State Historical Society:				
Historic Preservation Fund Grants-in-Aid	15.904	14/15	\$ 22,500	
Historic Preservation Fund Grants-in-Aid	15.904	15/16	<u>6,000</u>	\$ 28,500
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (Arrest Grant SART)	16.590	2013-WE-AX-0036		\$ 82,709
Equitable Sharing Program	16.922			30,841
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	2011DJBX3090	55,806	
Edward Byrne Memorial Justice Assistance Grant Program (JAG Formula)	16.738	2012DJBX0865	187,100	
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	13DA 0312	44,523	
Edward Byrne Memorial Justice Assistance Grant Program ARRA (Lin/Lan Investigative Narcotics Coop)	16.738	14DA0335	<u>69,185</u>	356,614
Pass-Through Lancaster County:				
Violence Against Women Formula Grants (DV Specialist)	16.588	14-VW-704	16,175	
Violence Against Women Formula Grants (DV Specialist)	16.588	13-VW-702	<u>20,169</u>	36,344
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program (VAWA)	16.590	204-WE-AX-0007		3,190
Pass-Through Nebraska State Patrol:				
Missing Children's Assistance (ICAC)	16.543	2011-MC-CX-K022		8,237
Pass-Through City of Omaha:				
Project Safe Neighborhoods	16.609	2013GPBX0002	11,777	
Project Safe Neighborhoods	16.609	2014GPBX0010	<u>467</u>	12,244
Pass-Through Nebraska Department of Roads:				
Enforcing Underage Drinking Laws Program	16.727			6,000

(Continued)

See Accompanying Notes to Schedule of Expenditures fo Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
Pass-Through State Commission On Law Enforcement And Criminal Justice: Crime Victim Assistance	16.575	14-VA-203	63,125	
Total U.S. Department Of Justice			\$	599,304
U.S. DEPARTMENT OF LABOR				
Pass-Through State Department Of Labor:				
WIA Cluster:				
WIA Adult Program	17.258	2012	\$	390,934
WIA Dislocated Workers Formula Grants	17.278	2012		139,909
WIA Dislocated Workers Formula Grants (Trade)	17.278	2014		16,221
WIA Youth Activities	17.259	2012		98,740
WIA Youth Activities	17.259	2012		253,499
WIOA In School Youth Activities	17.259	2015		555
WIOA Out of School Youth Activities	17.259	2015	778	\$ 900,636
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X091	\$	117,631
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-X093		12,168
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0095		302,615
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0100		1,726,476
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0097		752,000
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0098		838,000
Federal Transit: Formula Grants (Sec. 9 Capital)	20.507	NE-90-0100		126,516
Federal Transit: Formula Grants (Transit Planning)	20.507	FTA-NE90X098		118,306
Federal Transit: Formula Grants (Transit Planning)	20.507	FTA-NE90X100		130,756
Bus and Bus Facilities Formula Program	20.526	NE-34-002		643,840
Pass-Through Nebraska Department Of Roads:				
Federal Transit: Formula Grants (Transit Planning)	20.507	RTP-C990 (034)	8,849	4,777,157
Pass-Through Nebraska Department Of Roads:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction (Planning)	20.205	SPR-PL1(52)		261,638
Highway Planning and Construction (Planning)	20.205	SPR-PL1(53)		59,912
Highway Planning and Construction (10th & Military/Salt Creek)	20.205	LCLC-5215(3)		13,857
Highway Planning and Construction (70th/VanDorn/Eastborough)	20.205	LCLC-5247(13)		64,141
Highway Planning and Construction (14th and Cornhusker)	20.205	HSIP-5227(7)		5,688
Highway Planning and Construction (56th, Shadow Pines, and Old Cheney)	20.205	LCLC-5241(5)		887,116
Highway Planning and Construction (JAVA)	20.205			14,807
Highway Planning and Construction (66th and Fremont)	20.205	HSIP-5253(1)		9,790
Highway Planning and Construction (Citywide Street Resurfacing)	20.205	LCLC-5228(4)		9,587
Highway Planning and Construction (SW 40th Viaduct)	20.205	STPN-BR-TMT 5267(1)		317,088
Highway Planning and Construction (Click It or Ticket)	20.205	HSIP-0021		8,081
Highway Planning and Construction (Click It or Ticket)	20.205	HSIP-0034		9,000
Highway Planning and Construction (You Drink, You Drive, You Lose)	20.205	HSIP-0031		6,991
Highway Planning and Construction (You Drink, You Drive, You Lose)	20.205	HSIP-36-09		7,950
Highway Planning and Construction (You Drink, You Drive, You Lose)	20.205			7,527
Pass-Through Game and Parks Commission:				
Recreational Trails Program (Wilderness Park Bridge)	20.219	RTP2013(001)		246,000
Recreational Trails Program (Billy Wolf Trail Randolph 27th)	20.219	RTP2014(002)	21,000	1,950,173
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(215)		49,322
Formula Grants for Other Than Urbanized Areas (Lancaster County Rural Transit)	20.509	RPT-C551(216)	5,705	55,027
Highway Safety Cluster:				
State and Community Highway Safety (School Zones)	20.600	402-14-33		8,100
State and Community Highway Safety (Speed Enforcement)	20.600	402-14-33		6,674
State and Community Highway Safety	20.600	402-15-27		1,125
State and Community Highway Safety	20.600	402-15-27		1,333
State and Community Highway Safety	20.600	402-15-33		8,164
State and Community Highway Safety	20.600	402-15-27		1,184
State and Community Highway Safety	20.600	402-15-25		1,637
State and Community Highway Safety	20.600	402-15-33-06		9,000
National Priority Safety Programs (Click It or Ticket)	20.616	405B-15-14		4,682
National Priority Safety Programs	20.616	405D-15-5		4,860
National Priority Safety Programs (Child Restraint Systems)	20.616	405B-14-12-03	5,000	51,759
Total U.S. Department Of Transportation			\$	6,834,116
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs:				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	EEOCN120112	\$	12,237

(Continued)

See Accompanying Notes to Schedule of Expenditures fo Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-Through State Library Commission: Grants to States (Net Lender Contract)	45.310		\$	1,817
NATIONAL ENDOWMENT FOR THE ARTS				
Direct Program: Promotion of the Arts - Grants to Organizations and Individuals	45.024	12-4292-7091	\$	5,000
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through State Department Of Environmental Quality: Nonpoint Source Implementation Grants (Antelope Park)	66.460	C900740320	\$	367,386
Performance Partnership Grants	66.605	RES 86361		12,178
Performance Partnership Grants	66.605	PPG-99732508		94,782
Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS997805		1,096,660
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose Activities Relating to the Clean Air Act	66.034	XA-97726301		39,129
Surveys, Studies, Research, Investigations, Demonstrations, And Special Purpose Activities Relating to the Clean Air Act	66.034	2015		7,765
Total U.S. Environmental Protection Agency			\$	1,617,900
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program: Food and Drug Administration General Grant Funding Program (Retail Food Safety)	93.103	2016	\$	6,419
Food and Drug Administration General Grant Funding Program (Retail Food Safety)	93.103	5U18FD004661-03		77,505
Pass-Through National Association of County and City Health Officials: Medical Reserve Corps Small Grant Program	93.008	MRC 13 360		200
Medical Reserve Corps Small Grant Program	93.008	MRC 14 360		900
Medical Reserve Corps Small Grant Program	93.008	MRC 15 360		1,304
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 2014-044		4,999
Special Programs for the Aging Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	93.042	NGA 2014-031		11,473
Special Programs for the Aging Title III, Part D: Disease Prevention and Health Promotion Services	93.043	NGA 22606-III-D		21,402
Aging Cluster: Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 22606-III-B		311,456
Special Programs for the Aging Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NGA 27873-Y3-III-B		22,770
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 22606-III-C1		386,818
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 278473-Y3-III-C1		26,753
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 22606-III-C2		215,488
Special Programs for the Aging Title III, Part C: Nutrition Services	93.045	NGA 27873-Y3-III-C2		8,360
National Family Caregiver Support, Title III, Part E	93.052	NGA 22606-III-E		166,249
National Family Caregiver Support, Title III, Part E	93.052	NGA 27873-Y3-III-E		13,089
Public Health Emergency Preparedness	93.069	BT-965-63013		165,906
Public Health Emergency Preparedness	93.069	2016		28,338
Public Health Emergency Preparedness	93.069	BT-885-80912		105,157
Environmental Public Health and Emergency Response	93.070	DO 13167		918
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	25457-Y3		2,367
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2014		9,552
Grants to States to Support Oral Health Workforce Activities	93.236	T12HP14997		74
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	24982-Y3		45,856
Immunization Cooperative Agreements (NE Immunization Action Plan)	93.268	5H23IP722562-09		29,189
Immunization Cooperative Agreements (Hepatitis B)	93.268	H231P00756		6,185
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	5U58DP001978-04		38,463
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Tobacco Prevention & Control)	93.283	DP-15-1509		10,168
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	3U50C1000924-255		20,148
Centers for Disease Control and Prevention: Investigations and Tech Assistance (West Nile Virus Program)	93.283	2015		57
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Colon Cancer)	93.283	2015		15,115
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Wellness Toolkit Project)	93.283	DP001473-03		1,761
Centers for Disease Control and Prevention: Investigations and Tech Assistance (Women's and Men's Health)	93.283	RES A 88575		21,301
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	D89MC25209		81,765
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	X02MC23116		351,497
PPHF 2012 National Public Health Improvement Initiative (CHIP)	93.507	DO 012273		5,000
PPHF 2012 National Public Health Improvement Initiative	93.507	5U58CD001310-04		4,718

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See Accompanying Notes to Schedule of Expenditures fo Federal Awards

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures	
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 088089/088405	181,729	
Refugee and Entrant Assistance Program (Health Screening)	93.566	EO 083947	<u>209,265</u>	390,994
Refugee and Entrant Assistance Program - Discretionary Grants	93.576	90RX0241-01-00		27,711
Social Services Block Grant (SSBG)	93.667			43,341
Preventive Health and Health Services Block Grant (Young Children Oral Health)	93.758	24298-Y3	14,458	
Preventive Health and Health Services Block Grant (SK-Injury Prevention)	93.758	B011OT009036	2,009	
Preventive Health and Health Services Block Grant (Move More Lincoln Safely)	93.758	25339-Y3	<u>250</u>	16,717
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889	BT 929 63012	432	
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889	BT 982 63013	69,317	
National Bioterrorism Hospital Preparedness Program (HRSA)	93.889	BT 1106 63015	102,358	
National Bioterrorism Hospital Preparedness Program (SENHCC)	93.889	BT 1110 63015	49,678	
National Bioterrorism Hospital Preparedness Program (SENHCC)	93.889	BT 1110 63015	<u>86</u>	221,871
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	EO 082960	10,536	
HIV Prevention Activities Health Dept Based (HIV Testing)	93.940	22486-Y3	<u>17,811</u>	28,347
Preventive Health Services Sexually Transmitted Diseases Control Grants (STD)	93.977	1H25PS004335-02		5,876
Preventive Health and Health Services Block Grant (Home Safety)	93.991	DP009036		2,820
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	23840-Y3	123,025	
Maternal and Child Health Services Block Grant to the States (Childhood Obesity)	93.994	MCH-10-06	<u>51,035</u>	<u>174,060</u>
Total U.S. Department Of Health And Human Services				\$ <u>3,130,457</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	11SFNNE 003 (14/15)	\$ 84,241	
Foster Grandparent Program	94.011	11SFNNE 003 (15/16)	<u>43,656</u>	127,897
Pass-Through Nebraska Volunteer Commission:				
AmeriCorps (Youth on the Move)	94.006	13AFHNE001004	14,888	
AmeriCorps (Youth on the Move)	94.006	13AFHNE0010006	<u>260,792</u>	<u>275,680</u>
Total Corporation For National And Community Service				\$ <u>403,577</u>
EXECUTIVE OFFICE OF THE PRESIDENT				
Pass-Through Nebraska State Patrol:				
High Intensity Drug Trafficking Areas Program	95.001	12HD02	\$ 160	
High Intensity Drug Trafficking Areas Program	95.001	13HD02	15,486	
High Intensity Drug Trafficking Areas Program	95.001	14HD02	47,824	
High Intensity Drug Trafficking Areas Program	95.001	15HD02	<u>24,872</u>	<u>88,342</u>
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2013-K00030-S01	\$ 468,030	
National Urban Search and Rescue (US&R) Response System	97.025	* EMW-2014-CA-K00012-S01	<u>926,654</u>	<u>1,394,684</u>
Total Federal Expenditures				\$ <u>43,639,188</u>

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, 2015**

(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, 2015, basic financial statements for LES are audited amounts as of and for the year ended December 31, 2014.

(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>Pass-through Recipient</u>	<u>CFDA#</u>	<u>Program</u>	<u>Amount</u>
Catholic Social Services	14.231	Emergency Solutions Grant Program	\$ 9,147
Cedar's Youth Services	14.231	Emergency Solutions Grant Program	2,000
Centerpointe	14.238	Shelter Plus Care	38,173
	14.267	Continuum of Care Program	30,656
Community Action Partnership	14.231	Emergency Solutions Grant Program	114,275
Community Crops	14.218	Community Development Block Grant - Entitlement Grants Cluster	24,628
County Aging Programs	10.570	Nutrition Program for the Elderly	60,971
	93.044	Title III, Part B: Grants for Supportive Services and Senior Centers	29,656
	93.045	Title III, Part C: Nutrition Services	113,482
	93.052	Title III, Part E: National Family Caregiver Support	18,587
Fresh Start	14.231	Emergency Solutions Grant Program	52,381
Friendship Home	14.231	Emergency Solutions Grant Program	2,000
Habitat for Humanity	14.239	HOME Investment Partnerships Program	129,435
Houses of Hope	14.231	Emergency Solutions Grant Program	2,000
Joint Antelope Valley Authority	20.205	Highway Planning and Construction (JAVA)	14,807
League of Human Dignity	14.218	Community Development Block Grant - Entitlement Grants Cluster	14,637
Lincoln Housing Authority	14.239	HOME Investment Partnerships Program	19,173
NeighborWorks	14.218	Community Development Block Grant - Entitlement Grants Cluster	172,752
	14.239	HOME Investment Partnerships Program	555,517
People's City Mission	14.231	Emergency Solutions Grant Program	3,250
UNL Center on Children Families & the Law	14.218	Community Development Block Grant - Entitlement Grants Cluster	26,934

(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, 2015</u>
14.218	Community Development Block Grant	\$ 7,488,000
14.228	Community Development Block Grant - Neighborhood Stabilization Program	153,000
14.239	HOME Investment Partnership Program	9,913,000

New loans included in the Schedule totaled \$1,091,000, \$0 and \$1,397,000, 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, 2015, 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 22, 2016, which contained a reference to the report of other auditors and an "Emphasis of Matter" paragraph regarding a change in accounting principle. Our report includes a reference to other auditors who audited the financial statements of Lincoln Wastewater System and Lincoln Water System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 of the financial statements, 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 or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 22, 2016.

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 City'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 22, 2016

Report on Compliance for Each Major Federal Program and Report 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 City of Lincoln, Nebraska's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended August 31, 2015. 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, 2015.

Report on Internal Control Over Compliance

Management of 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 or significant deficiencies. 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 22, 2016

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs
Year Ended August 31, 2015

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
HOME Investment Partnerships Program	14.239
National Urban Search and Rescue (US&R) Response System	97.025

City of Lincoln, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2015

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 \$1,309,176.
- 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, 2015

Reference Number	Summary of Finding	Status
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No matters are reportable.