

***City of Lincoln/Lancaster County
Railroad Transportation Safety District
Lincoln, Nebraska***

June 30, 2015 and 2014

***Financial Statements
and
Reports of Independent Certified Public Accountants***

City of Lincoln/Lancaster County
Railroad Transportation Safety District

Year ended June 30, 2015 and 2014

TABLE OF CONTENTS

	<u>Page No.</u>
Report of Independent Certified Public Accountants	1-2
Basic Financial Statements	
Government-wide Financial Statements	
Statements of Net Position	3
Statements of Activities	4
Fund Financial Statements	
Balance Sheets - Governmental Funds	5
Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities	7
Notes to Financial Statements	8-12
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Statutory Basis	14
Other Information	
Schedule of Account with County Treasurer	16
Schedule of Investments	17
Schedule of Insurance Coverage	18
Schedule of Valuations, Rates, Extensions, Collections and Net Taxes Receivable	19
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-22
Schedule of Findings and Responses	23

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
City of Lincoln/Lancaster County
Railroad Transportation Safety District
Lincoln, Nebraska

We have audited the accompanying financial statements of the governmental activity and each major fund of the City of Lincoln/Lancaster County Railroad Transportation Safety District (the District), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District'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 an opinion 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 District'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and each major fund of the City of Lincoln/Lancaster County Railroad Transportation Safety District, as of June 30, 2015 and 2014 and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 14 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lincoln/Lancaster County Railroad Transportation Safety District's basic financial statements. The Other Information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, on our consideration of the District'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 the 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 District's internal control over financial reporting and compliance.

A B E Becker Meyer Love LLP

September 28, 2015

City of Lincoln/Lancaster County
Railroad Transportation Safety District

STATEMENTS OF NET POSITION

June 30,

ASSETS

	2015	2014
ASSETS		
Cash (note A)	\$ 7,803,738	\$ 5,325,539
Cash at County Treasurer	40,270	42,672
Taxes receivable	1,202,181	1,197,963
Interest receivable	4,637	1,723
Investments (note A)	6,250,041	6,942,000
Total assets	\$ 15,300,867	\$ 13,509,897

LIABILITIES AND NET POSITION

LIABILITIES		
Accounts payable	\$ 62,923	\$ 28,550
NET POSITION (note A)		
Unrestricted	15,237,944	13,481,347
Total liabilities and net position	\$ 15,300,867	\$ 13,509,897

See accompanying notes to financial statements.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

STATEMENTS OF ACTIVITIES

Years ended June 30,

	2015	2014
	Net Expense, Revenue and Changes in Net Position	Net Expense, Revenue and Changes in Net Position
Expenses:		
Governmental activities		
Administrative services	\$ 53,918	\$ 48,517
Office supplies and expense	620	752
Audit and budget	10,000	8,440
Legal	4,841	5,414
Other contractual services	6	475
Insurance	500	2,235
Education	360	330
Bank charges	49	17
Travel	2,343	1,214
Meals	142	80
County Treasurer commission	52,313	45,801
Railroad crossing improvements	1,568	15,945
Construction projects	969,468	427,623
Total expenses	1,096,128	556,843
General revenues:		
Property taxes (note B)	2,808,525	2,804,033
Investment income	44,200	35,432
Total general revenues	2,852,725	2,839,465
Change in net position	1,756,597	2,282,622
Beginning net position	13,481,347	11,198,725
Ending net position	\$ 15,237,944	\$ 13,481,347

See accompanying notes to financial statements.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

BALANCE SHEETS
GOVERNMENTAL FUNDS

June 30,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash (note A)	\$ 7,803,738	\$ 5,325,539
Cash at County Treasurer	40,270	42,672
Taxes receivable	1,202,181	1,197,963
Interest receivable	4,637	1,723
Investments (note A)	<u>6,250,041</u>	<u>6,942,000</u>
Total assets	<u>\$ 15,300,867</u>	<u>\$ 13,509,897</u>
LIABILITIES		
Accounts payable	\$ 62,923	\$ 28,550
DEFERRED INFLOWS OF RESOURCES		
Deferred taxes	204,096	124,032
FUND BALANCE (note A)		
Unassigned	<u>15,033,848</u>	<u>13,357,315</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 15,300,867</u>	<u>\$ 13,509,897</u>
Fund balance	\$ 15,033,848	\$ 13,357,315
Amounts reported for governmental activities in the statement of net position are different because:		
Some of the District's taxes will be collected after year-end but are not available soon enough to pay for current period's expenditures and therefore deffed in the funds.		
	<u>204,096</u>	<u>124,032</u>
Net position of governmental activities	<u>\$ 15,237,944</u>	<u>\$ 13,481,347</u>

See accompanying notes to financial statements.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Years ended June 30,

	<u>2015</u>	<u>2014</u>
Revenues		
Property taxes (note B)	\$ 2,728,461	\$ 2,769,845
Investment income	<u>44,201</u>	<u>35,432</u>
Total revenues	<u>2,772,662</u>	<u>2,805,277</u>
Expenditures		
Administrative services	53,918	48,517
Office supplies and expense	620	752
Audit and budget	10,000	8,440
Legal	4,841	5,414
Other contractual services	6	475
Insurance	500	2,235
Education	360	330
Bank charges	49	17
Travel	2,343	1,214
Meals	142	80
County Treasurer commission	52,313	45,801
Railroad crossing improvements	1,568	15,945
Construction projects	<u>969,469</u>	<u>427,623</u>
Total expenditures	<u>1,096,129</u>	<u>556,843</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,676,533	2,248,434
Beginning fund balance	<u>13,357,315</u>	<u>11,108,881</u>
Ending fund balance	<u>\$ 15,033,848</u>	<u>\$ 13,357,315</u>

See accompanying notes to financial statements.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES

Years ended June 30,

	<u>2015</u>	<u>2014</u>
Amounts reported for governmental activities in the statement of activities (page 4) are different because:		
Net change in fund balances - total governmental funds (page 6)	\$ 1,676,533	\$ 2,248,434
Some of the District's taxes will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	<u>80,064</u>	<u>34,188</u>
Change in net position of governmental activities (page 4)	<u>\$ 1,756,597</u>	<u>\$ 2,282,622</u>

Becker Meyer Love LLP
Certified Public Accountants & Consultants

See accompanying notes to financial statements.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of City of Lincoln/Lancaster County Railroad Transportation Safety District (the District) is presented to assist in understanding the District's government-wide and governmental fund financial statements. The District's management is responsible for the integrity and objectivity of these financial statements and notes. These accounting policies have been consistently applied in the preparation of the government-wide and governmental fund financial statements.

Financial Reporting District. The City of Lincoln/Lancaster County Railroad Transportation Safety District (the District) was formed on May 30, 1971, by the State of Nebraska, per legislative bill 919, for the purpose of inaugurating, developing and negotiating for programs which may involve the constructing, reconstructing, leasing, maintaining, or selling of work or works of public transportation improvement relating to railroads, conducive to the public health, safety, convenience or welfare in a county in which is located a city of primary class. The District coordinates these public transportation improvements between the City of Lincoln and the County of Lancaster, but is an entity distinctly separate from both. Although board members and directors concurrently share their positions with that of the City and County, the District has the authority to levy taxes, issue bonds, and enter into contracts on its own.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting District was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic-but not the only-criterion for including a potential component unit within the reporting District is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting District is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, management deemed there are no component units.

Basis of Presentation. The **government-wide financial statements**, which include the statement of net position and the statement of activities, report financial information for the District as a whole.

The **fund financial statements** of the reporting the District are maintained for its only fund, the general fund. The general fund is the operating fund of the District, which accounts for all financial resources of the District. There are no general fixed assets as they are supplied through the interlocal contract administration agreement with the City of Lincoln, Nebraska.

Measurement Focus and Basis of Accounting. Measurement focus is a term used to describe "how" transactions are recorded within the financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus. In the **government-wide** statement of net position and statement of activities, governmental activities are reported using the economic resources measurement focus.

In the **fund** financial statements, the **governmental funds** utilize the current financial resources measurement focus. Under this method, the balance sheet generally includes only current financial assets and liabilities. The statement of revenues, expenditures, and changes in fund balances, presents sources and uses of available spendable financial resources during the given period. These funds use fund balance as a measure of available spendable financial resources at the end of the given period.

Basis of Accounting. In the **governmental activities** in the **government-wide** statement of net position and statement of activities, the activities are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. In the **governmental fund financial statements**, activities are presented using the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

Equity. In the government-wide financial statements equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt. 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 improvements of those assets.

Restricted. Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted. Consists of all other assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

City of Lincoln/Lancaster County
Railroad Transportation Safety District

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In the governmental fund financial statements equity is classified as fund balance. Beginning with fiscal year 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposed for which resources can be used.

Nonspendable. Amounts that are not in a spendable form or are required to be maintained intact.

Restricted. Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed. Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned. Amounts the District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned. Amounts that are available for any purpose.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the District. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fund assets or construction or for other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the District’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned and unassigned as they are needed.

Cash and Investments. State Statutes authorize the District to invest in certificates of deposit and time deposits in any state or national bank in the State of Nebraska. Additionally, State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the extent that deposits exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC).

The June 30, 2015 and 2014, bank balances exposed to custodial risk were collateralized by securities held by the pledging financial institution in the amount of \$1,839,676 and \$2,574,358, respectively.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments of \$6,250,041 and \$6,942,000 at June 30, 2015 and 2014 , respectively, were all invested in certificates of deposits.

The District's investments that are exposed to custodial risk are categorized to give an indication of the level of risk assumed by the District at fiscal year-end. The categories are described as follows:

- Category 1 – Collateralized by securities held by the pledging financial institution.
- Category 2 – Uncollateralized.

Investments exposed to custodial risk as of June 30, 2015 and 2014, are as follows:

	2015	2014
Category 1	<u>\$ 5,500,041</u>	<u>\$ 3,492,000</u>

The following institutions held 5 percent or more of investments exposed to credit risk as of June 30:

American National Bank	\$ -	\$ 750,000
Nebraska Bank of Commerce	750,041	750,000
Pinnacle Bank	2,450,000	-
Union Bank and Trust Company	<u>2,300,000</u>	<u>1,992,000</u>
	<u>\$ 5,500,041</u>	<u>\$ 3,492,000</u>

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting. The District follows these procedures in establishing the budgetary data reflected in the financial statements: the Board proposes an operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means to finance them. Public hearings are conducted to obtain taxpayer comments. Prior to September 20th, the budget is legally enacted through passage of an ordinance. The budget is prepared on the cash basis, which is the statutory method required by the State of Nebraska. This cash basis is not in accordance with accounting principles generally accepted in the United States of America. All annual appropriations lapse at year end.

Property Taxes. Property tax levies are set by the local governing board and filed with the County Clerk on or before September 20. Real and personal property taxes are due and become an enforceable lien on property on December 31. The first half of real estate and personal property taxes become delinquent on April 1, and the second half become delinquent August 1 following the levy date. The County bills and collects property taxes and remits to the District monthly.

The tax rate to finance the District for the year ended June 30, 2015, was 0.01300 per \$100 of the 2014 assessed valuation of \$21,327,212,968.

City of Lincoln/Lancaster County
Railroad Transportation Safety District

NOTES TO FINANCIAL STATEMENTS

NOTE C - RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE D - INTERLOCAL CONTRACT ADMINISTRATION AGREEMENT

In accordance with an interlocal agreement with the City of Lincoln, the City provides administrative services and shared location to the District on an annual basis. Remuneration is based upon 25% of the City of Lincoln engineer's compensation, including social security expense and fringe benefits, and reimbursement to the City the cost of salary and fringe benefits for clerical services for the District.

The District also enters into various interlocal agreements with the City of Lincoln, Nebraska, Lancaster County, and municipalities within Lancaster County, to assist in the design, construction, maintenance, sale or lease of such works of the District, and other activities in furtherance of the objectives of the District.

Total payments to the City of Lincoln for the years ended June 30, 2015 and 2014, were \$67,794 and \$56,363, respectively.

NOTE E - COMMITMENTS

The District has entered into a contract with The Schemmer Associates, Inc. to provide planning, engineering and environmental study services for the 33rd & Cornhusker project not to exceed \$640,500.

NOTE F - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION

City of Lincoln/Lancaster County
Railroad Transportation Safety District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - STATUTORY BASIS

Year ended June 30, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis) (See Note B)</u>	<u>Variance with Final Budget</u>
Budgetary fund balance, July 1	\$ 12,310,211	\$ 12,310,211	\$ -
Resources (inflows)			
Property taxes (note B)	2,718,175	2,635,726	(82,449)
Property tax credit	-	94,854	94,854
Homestead exemption	-	63,983	63,983
Motor vehicle prorated	7,000	7,894	894
Carline	-	1,129	1,129
In lieu of tax	500	721	221
Investment income	54,000	41,286	(12,714)
	<u>15,089,886</u>	<u>15,155,804</u>	<u>65,918</u>
Amounts available for appropriation			
Expenditures (outflows)			
General government			
Operating expenses	90,050	137,852	(47,802)
Capital improvements	14,954,811	923,903	14,030,908
	<u>15,044,861</u>	<u>1,061,755</u>	<u>13,983,106</u>
Total charges to appropriations			
Ending budgetary fund balance	<u>\$ 45,025</u>	14,094,049	<u>\$ 14,049,024</u>
Reconciliation from Statutory Basis to Government Wide Basis:			
Revenue accruals		1,206,818	
Expenditure accruals		<u>(62,923)</u>	
Net position - Government-Wide basis		<u>\$ 15,237,944</u>	



OTHER INFORMATION

City of Lincoln/Lancaster County
Railroad Transportation Safety District

Schedule of Account with County Treasurer

Year ended June 30, 2015

Balance per County Treasurer's records, beginning of year		\$	42,672
Receipts			
Real estate taxes	\$ 2,615,667		
Property tax credit	94,854		
Homestead exemption	64,271		
Motor vehicle prorate	7,894		
Carline	1,129		
In lieu of tax	<u>721</u>		<u>2,784,536</u>
Total to account for			2,827,208
Disbursements			
Transfers to District	2,734,625		
County treasurer commission	<u>52,313</u>		<u>2,786,938</u>
Balance, per County Treasurer's records, end of year		\$	<u>40,270</u>

Becker Meyer Love LLP
Certified Public Accountants & Consultants

City of Lincoln/Lancaster County
 Railroad Transportation Safety District

Schedule of Investments

June 30, 2015

Number	Interest Rate	Maturity Date	Cost/ Market Value
Pinnacle Bank			
Certificate of Deposit	0.70	10/24/2016	\$ 200,000
Certificate of Deposit	0.70	11/20/2016	2,500,000
Nebraska Bank of Commerce			
Certificate of Deposit	0.53	12/9/2015	1,000,041
Union Bank and Trust Company:			
Certificate of Deposit	0.45	2/22/2016	300,000
Certificate of Deposit	0.50	7/8/2016	2,000,000
Certificate of Deposit	0.50	7/8/2016	<u>250,000</u>
Total Investments			<u>\$ 6,250,041</u>



City of Lincoln/Lancaster County
Railroad Transportation Safety District

Schedule of Insurance Coverage

June 30, 2015

Insurance Coverage Data

General Liability	General	\$ 500,000 each occurrence 1,000,000 aggregate
	Rental	100,000 any one premises
	Medical	5,000 any one person
Public Employees Blanket Bond		500,000 aggregate



City of Lincoln/Lancaster County
Railroad Transportation Safety District

Valuations, Rates, Extensions, Collections and Net Taxes Receivable

June 30, 2015

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Valuations	<u>\$ 21,327,212,968</u>	<u>\$ 20,848,760,247</u>	<u>\$ 20,119,951,547</u>	<u>\$ 19,027,837,576</u>
Rate	<u>0.013000</u>	<u>0.013000</u>	<u>0.010000</u>	<u>0.026000</u>
Taxes assessed	\$ 2,772,538	\$ 2,710,339	\$ 2,011,995	\$ 4,947,238
Collections	<u>1,663,556</u>	<u>2,623,126</u>	<u>2,008,769</u>	<u>4,947,238</u>
Net Taxes Receivable	<u>\$ 1,108,982</u>	<u>\$ 87,213</u>	<u>\$ 3,226</u>	<u>\$ 2,760</u>
Percent Taxes Receivable	<u>44%</u>	<u>4%</u>	<u>0%</u>	<u>0%</u>



(This page left blank intentionally)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The District Board
City of Lincoln/Lancaster County
Railroad Transportation Safety District
Lincoln, Nebraska

We have audited, in accordance with the 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 and each major fund of the City of Lincoln/Lancaster County Railroad Transportation Safety District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of finding and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (2015-1).

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBE Becker Meyer Love LLP

September 28, 2015

Railroad Transportation Safety District

SCHEDULE OF FINDINGS AND RESPONSES

Year ended June 30, 2015

Findings – Financial Statement Audit

The audit disclosed a material weakness in the District's internal control over financial reporting summarized as follows:

2015-1 - Criteria: Professional standards require the communication, in writing, to management and those charged with governance, of significant deficiencies and material weaknesses identified in an audit.

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Cause: The District does not have accounting personnel to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles. This is not an unusual deficiency for an entity of this size.

Effect or potential effect: The material weakness is a significant deficiency that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Recommendation: The District's management and Board of Directors must rely on its review and oversight authority to mitigate this inherent weakness in its internal control system.

Responses – Financial Statement Audit

The corrective action plan for the internal control material weakness, financial statement preparation (2015-1), is summarized as follows:

Corrective Action Planned: The District's management and Board of Directors must rely on its review and oversight authority to mitigate this inherent weakness in its internal control system. It should be noted, however, that the District's management is made up of staff from both the City Engineer's office and the County Budget and Fiscal office and they segregate duties for additional checks and balances.

Anticipated Completion Date: Continuous.

Responsible: Management and Board of Directors.



Roger Figard, Executive Director