



Becker Meyer Love LLP

Certified Public Accountants & Consultants

July 27, 2011

Vince Mejer
City of Lincoln
440 S. 8th Street
Lincoln, NE 68508

Dear Vince:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for City of Lincoln, Nebraska.

We will apply the agreed-upon procedures for the period of June 1, 2008 through May 31, 2011, which the Lincoln, Nebraska City Council has specified in the attached. We will present the report at the City Council meeting as specified by you. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures do not constitute an examination, we will not express an opinion on compliance and on effectiveness of internal control over compliance. In addition, we have no obligation to perform any procedures beyond those listed above.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the Lincoln, Nebraska City Council and City of Lincoln, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, and knowledge; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Lanelle E. Herink is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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We expect to begin our procedures on approximately August 15, 2011 and, unless unforeseeable problems are encountered, the field work should be completed by August 31, 2011. At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of findings.

Our fees for these services will be \$7,500. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional services arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

HBE Becker Meyer Jove LLP

RESPONSE This letter correctly sets forth the understanding of City of Lincoln.

By: _____

Title: _____

Date: _____

CITY OF LINCOLN AGREED UPON PROCEDURES - IMPACT FEES - ATTACHMENT

- 1) Perform a walk through of 3 Impact Fee applications, from beginning to end, and determine that internal controls as described by City Personnel are accurate.
- 2) Review 10 Building Permit applications that do not include Impact Fees and determine that Impact Fees were properly excluded.
- 3) Randomly select 25 residential and 25 commercial Impact Fee applications and verify that:
 - a) Impact Fees were properly calculated per the pre-determined fee schedule.
 - b) Exemptions were proper per 27.82.060 of the Lincoln Municipal Code.
 - c) Amount of Impact Fees collected agrees with amount calculated on application.
 - d) Impact Fees collected were distributed to the proper districts and in the correct amounts
- 4) Review 25 expenditures of Impact Fee revenue and verify that:
 - a) Expenditure made was for the proper use.
 - b) Expenditure made was within the proper district.
 - c) Any refunds were proper.
- 5) Review "Impact Fees - Compliance with Spending Time Limit" worksheet prepared by City staff and verify that Impact fees are being spent within the proper time limits per 27.82.080(a) of the Lincoln Municipal Code.