



**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS  
AND  
FINDINGS OF AGREED-UPON PROCEDURES  
CITY OF LINCOLN**

**June 1, 2008**

**through**

**May 31, 2011**

**HBE BECKER MEYER LOVE LLP**

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**HBE**

**Becker Meyer Love LLP**

*Certified Public Accountants & Consultants*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON APPLYING AGREED-UPON PROCEDURES

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The City Council  
City of Lincoln  
Lincoln, Nebraska

We have performed the procedures enumerated below, which were agreed to by the City of Lincoln and the Lincoln, Nebraska City Council, solely to assist you with determining if Impact Fees are being properly assessed and distributed for the period of June 1, 2008 through May 31, 2011. The City of Lincoln's management is responsible for the Impact Fees. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

- 1) Perform a walkthrough of three 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 in accordance with the fee schedule.
  - b) Exemptions were proper per Section 27.82.060 of the Lincoln Municipal Code.
  - c) Amount of Impact Fees collected agrees with the amount calculated on the application.
  - d) Impact Fees collected were distributed to the proper districts and in the correct amounts.
- 4) Review 25 expenditures of Impact Fees and verify that:
  - a) Expenditure was for the proper use.
  - b) Expenditure 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 Section 27.82.080(a) of the Lincoln Municipal Code.

We have attached a summary of our findings and recommendations on pages 3 through 7.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on Impact Fees being properly assessed and distributed for the period of June 1, 2008 through May 31, 2011. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Lincoln and the Lincoln, Nebraska City Council and is not intended to be and should not be used by anyone other than those specified parties.

*HBE Becke Maye Howell LP*

November 7, 2011

City of Lincoln

Procedure #1

**SUMMARY:**

HBE obtained a memo from City of Lincoln personnel which described the internal control procedures over the Impact Fee application process. HBE randomly selected three Impact Fee applications and performed a walkthrough of those applications, from beginning to end, to determine that internal controls as described by City personnel are accurate.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #2

**SUMMARY:**

HBE randomly selected five Impact Fee applications and five Building Permit applications that did not include Impact Fees and determined that Impact Fees were properly excluded.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #3

**SUMMARY:**

- HBE randomly selected 25 residential and 25 commercial Impact Fee applications.
- HBE recalculated the Impact Fee based on the use of the property noted on the application.
- If any reductions in the fee were included in the calculation, HBE obtained support for the reduction from the Impact Fee Administrator and recalculated the reduction amount.
- HBE verified that any exemptions included in the calculation agreed with the exemptions reported on the GIS mapping system and verified the exemption was allowed per Section 27.82.060 of the Lincoln Municipal Code.
- HBE obtained invoices from the Impact Fee Administrator supporting the amount of impact fees due and paid to verify the fee collected agreed with the fee calculated.
- HBE traced the amount deposited into each district's account.
- HBE investigated any unpaid fees.
- HBE verified the Impact Fees collected were distributed to the proper district and in the correct amounts.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #4

**SUMMARY:**

HBE reviewed 25 expenditures of impact fees and verified that the expenditure was for the proper use, made within the proper district and any refunds were proper.

For the Water, Wastewater and Street Funds:

- HBE randomly selected 21 transfers in total for all three funds.
- HBE agreed the total project expenses to the total impact fee transfer.
- In order to verify that the expenditure was for the proper use, HBE performed the following procedures:
  - HBE obtained the Proof of Payment Report totaling all expenses to a specific project ID number and the invoices that related to each transfer selected.
  - HBE verified the amount on the Proof of Payment Report to the total expenses reported on the Transfer Listing.
  - HBE viewed the invoices and verified that total invoices exceeded the amount of the transfer and the invoice was related to the coded project ID number.
  - HBE also ensured that the invoices were approved by an appropriate manager.
- To verify that the expenditures were being made within the proper district:
  - HBE obtained the journal entry that was posted into the JD Edwards Accounting Software for each transfer selected. HBE verified that the designated funds went into the correct district.
  - HBE compared the project address listed on the Job Cost Report to a district map.

For the Park Fund:

- HBE obtained the Account Ledger reports for all Districts from the Business Manager. The total expenditures per District agreed to the amount listed on the Impact Fee Spenddown Analysis.
- In order to verify that the expenditure was for the proper use HBE performed the following procedures:
  - HBE obtained the interdepartmental charges report for four transfers and viewed the related invoices.
  - HBE verified that the total invoices agreed with the payment made to the Parks department.
  - HBE also ensured the invoices were approved by an appropriate project manager.
- To verify that the expenditures were being made within the proper district HBE compared the project address listed on the invoice to the district map.

Per discussions with the Business Manager, there were no refunds.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #5

**SUMMARY:**

HBE reviewed the "Impact Fees -- Compliance with Spending Time Limit" worksheet prepared by the City of Lincoln staff and verified that Impact Fees were spent within the proper time limits established by Section 27.82.080(a) of the Lincoln Municipal Code.

**FINDINGS:**

No exceptions were noted.