

# 2026 General Fund Transfers

## Payments in Lieu of Taxes and City Dividend for Utility Ownership

Administrative Board  
May 15, 2026

# Helpful Terms

## General Fund Transfer

- Transfer of monies from LES to the city, county and Lincoln Public Schools

## PILOT

- Payment in Lieu of Taxes, LES is not subject to property tax

## CDFUO

- City Dividend for Utility Ownership

# LES makes two General Fund Transfers

## PILOT

- **Established in 1966 (with the creation of LES)**
- **In City Charter**
- **Requires vote of the people to change**
- **Embedded in LES rates for cost recovery**

## CDFUO

- **Established in 2011 (by City Council Action)**
- **In Lincoln Municipal Code**
- **Requires City Council Action to change**
- **Separate line item on LES customer bills**

# Defined General Fund Transfers are a Best Practice

## Benefits of Defined Formula

- **The Utility can budget appropriately and avoid large surprises**
- **The receiving entity can reasonably estimate transfer amounts**
- **Rating agencies prefer defined general fund transfers**
- **PILOT and CDFUO transfer amounts are defined**

# PILOT: Revenue Based – Distributed by Tax Levy Rates

## Calculation

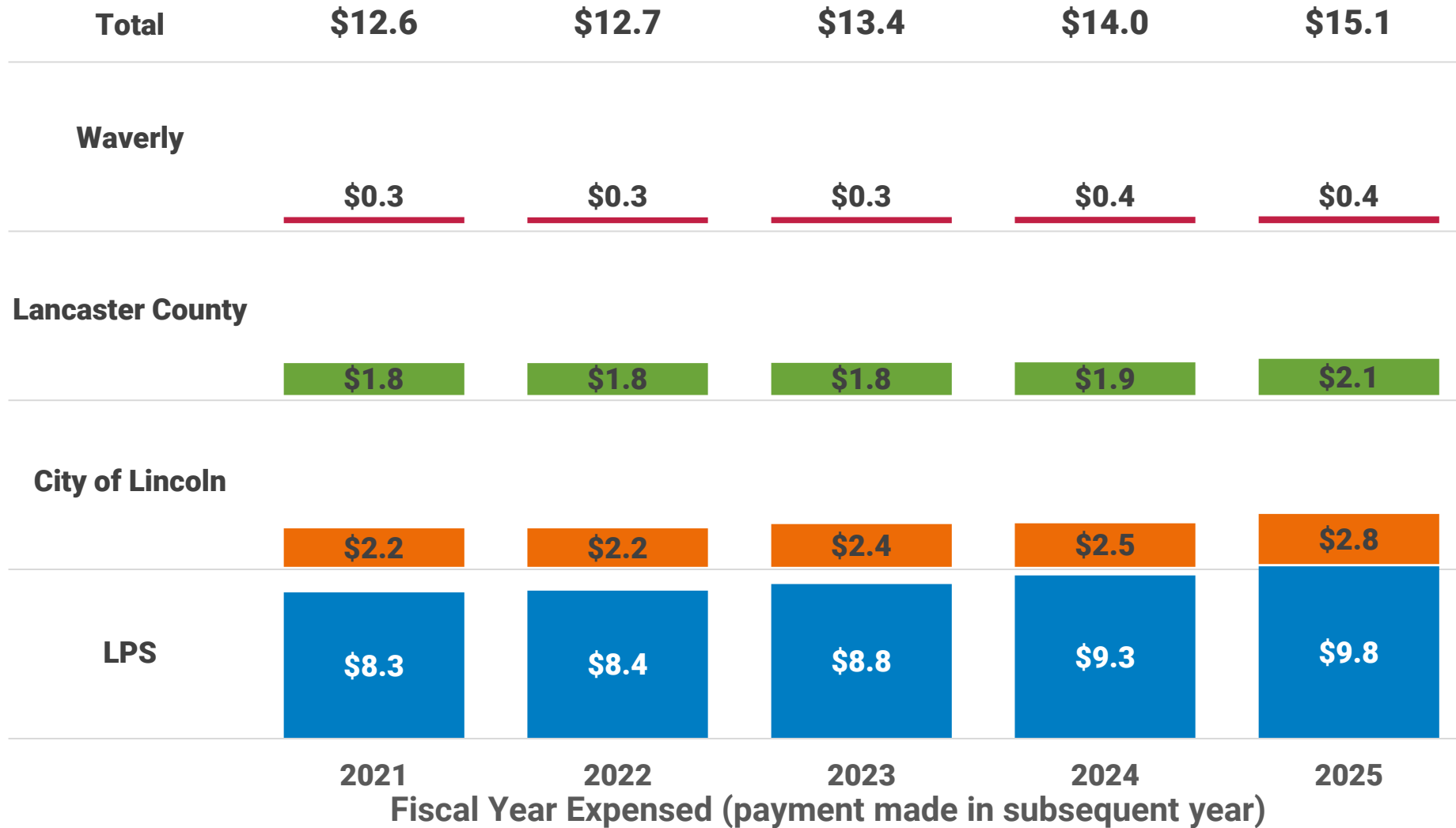
- 5% of Total Gross Revenues from retail sales of electricity within city limits (includes Lincoln, Waverly)
- Approximately 97% of sales are subject to PILOT

## Distributed annually at end of April

- Lincoln
  - Lancaster County
  - Lincoln Public Schools
- } Based on Property Tax Levy Rates
- Waverly (5% of Revenues, quarterly payments)

# Five Year History of PILOT Distribution

(\$ in Millions)



# LES PILOT Payments are nearly 4x that of the largest Lincoln property taxpayer in 2025

## The largest property taxpayers in Lincoln\*

Property Owner	Assessed Value	Paid Tax Bill
B & J Partnership Ltd.	\$215,403,500	~\$3,800,000
ALLO Communications	\$172,595,834	~\$3,050,000
BNSF Railway Co.	\$165,120,538	~\$2,870,000
NEBCO	\$162,130,538	~\$2,870,000
Windstream Nebraska Inc.	\$142,922,446	~\$2,520,000

*\*Based on Analysis completed by LES Financial Services*

# Lincoln Public Schools receives a majority of the PILOT payment

(\$ in Millions)

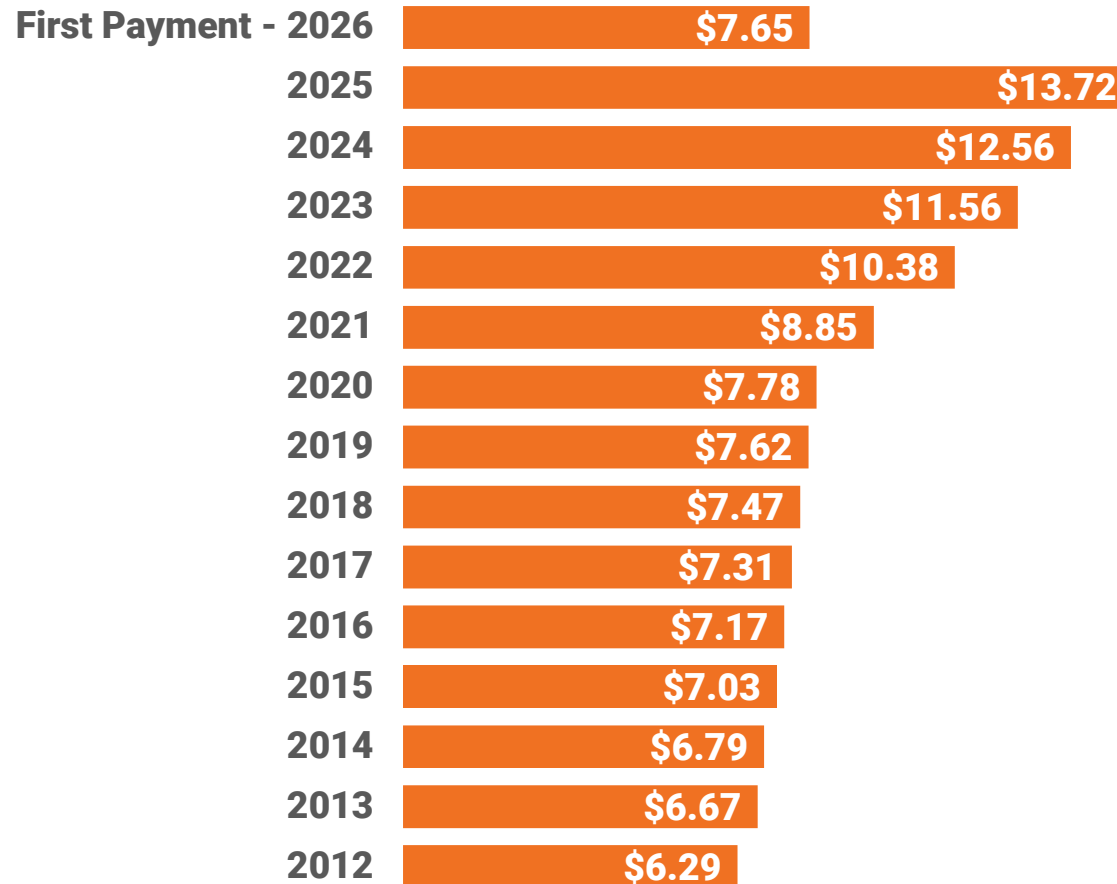


# **CDFUO represents the City's ownership of LES**

- **Ordinance effective September 1, 2011**
  - **2.4% of year-end Equity (Net Position) – until payment reached \$7M**
  - **CDFUO rate adjusted each September**
- 
- **On August 3, 2020, an amendment removed the \$7M cap**
  - **Effective September 1, 2020, the CDFUO payment was set at \$8.85M**
  - **Effective September 1, 2021, 2.4% of year-end Equity (Net Position)**

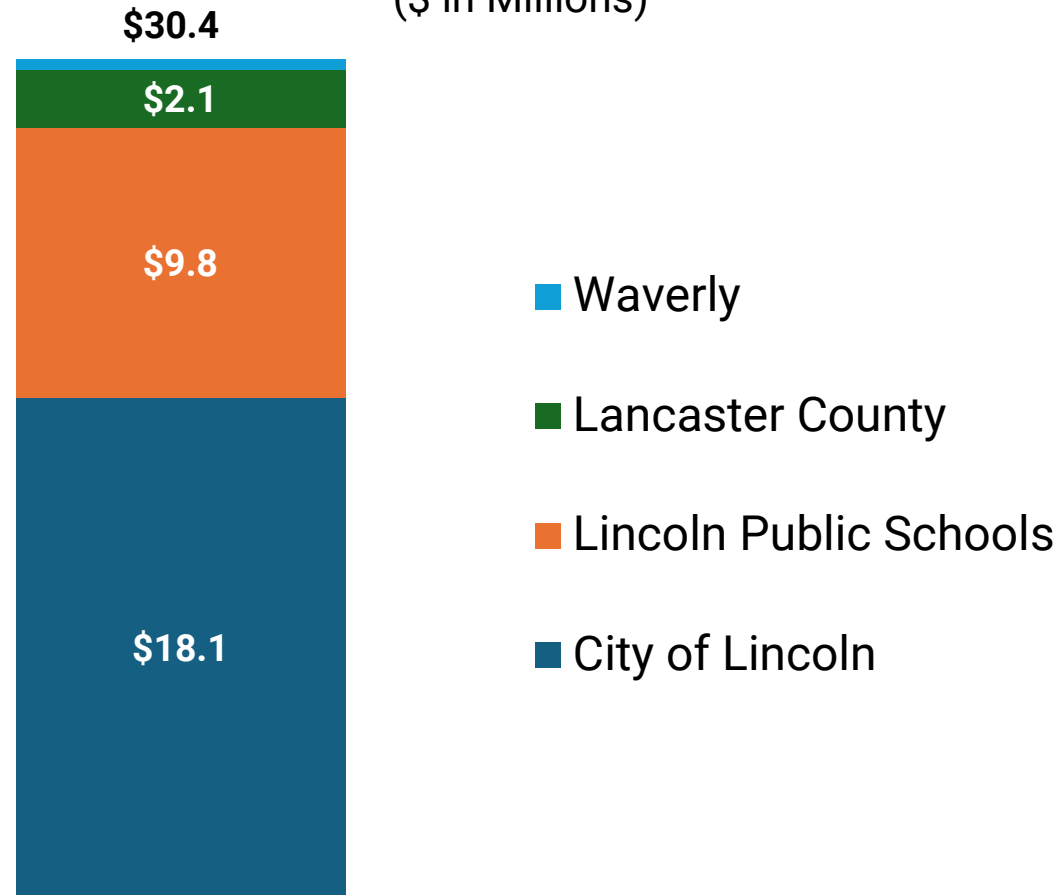
# CDFUO paid semiannually (Feb & Aug) and solely to City of Lincoln, \$128.8M To Date

(\$ in Millions)



# LES' general fund transfer payments are of great benefit to the local community

2026 Transfer Payments  
(PILOT & CDFUO) Recipients  
(\$ in Millions)

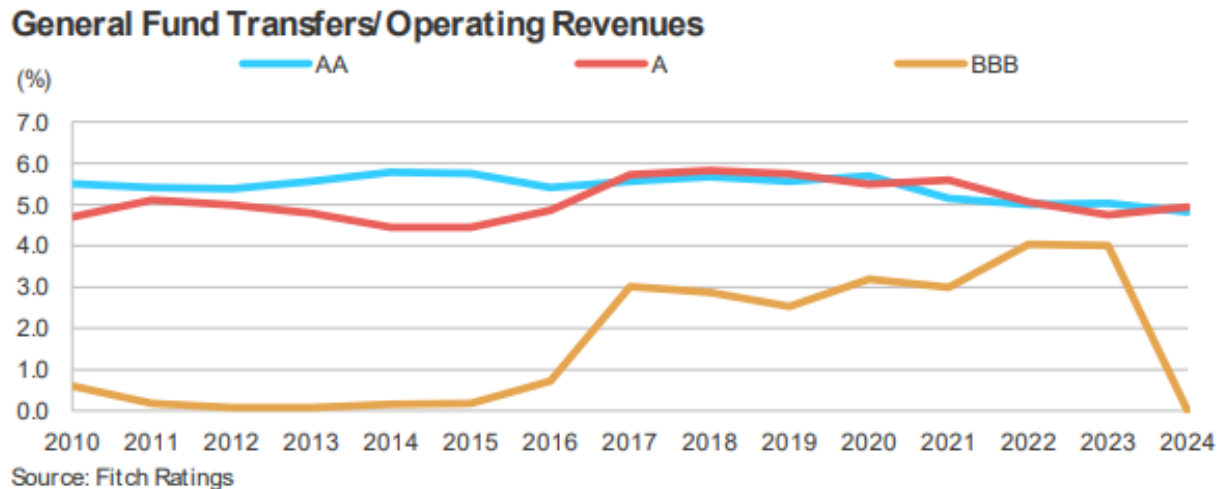


# Total general fund transfer are in line with peer utilities

**Fitch Ratings**  
*(U.S. Public Power – Peer Review, Published July 2025)*

*General Fund Transfers to Operating Revenue*

**LES = 7.4%\***  
**AA Rated Median = 6.5%\*\***



**APPA Public Power Pays Back**  
*(General Fund Transfer Survey, Published May 2024)*

Central Region Median = 5.0%

Class Size (Revenues \$100M and higher) Median = 6.4%

\*As of 12/31/2025  
 \*\*As of 12/31/2024