

TAX RATE FACTS

Calculating the Tax Rate

The tax rate is based upon the market valuation of real property, divided by 100 and then multiplied by the tax rate. The tax rate is set on an annual basis and is based upon the amount of property taxes needed to fund services in the proposed budget.

First, the City arrives at a total amount for expenditures in the taxing funds. These funds are listed in the graph to the right. After expenditures are known, all other non property tax revenues are subtracted. The remainder is the amount to be raised from property taxes.

Fund	2018-2019 Tax Rate	2019-2020 Tax Rate
General	0.20941	0.20981
Library	0.03733	0.03756
Social Security	0.01172	0.01260
Police & Fire Pension	0.03466	0.03357
Unemployment Compensation	0.00023	0.00023
Bond & Interest	0.02313	0.02271
Total	0.31648	0.31648

A City property owner will pay taxes to support the City budget as illustrated in the table below.

Market Value	/	Assessment Ratio	X	City Tax Rate	=	Estimated City Tax Due
\$ 100,000	/	100	X	0.31648	=	\$ 316
\$ 165,000	/	100	X	0.31648	=	\$ 522
\$ 200,000	/	100	X	0.31648	=	\$ 633
\$ 500,000	/	100	X	0.31648	=	\$ 1,582

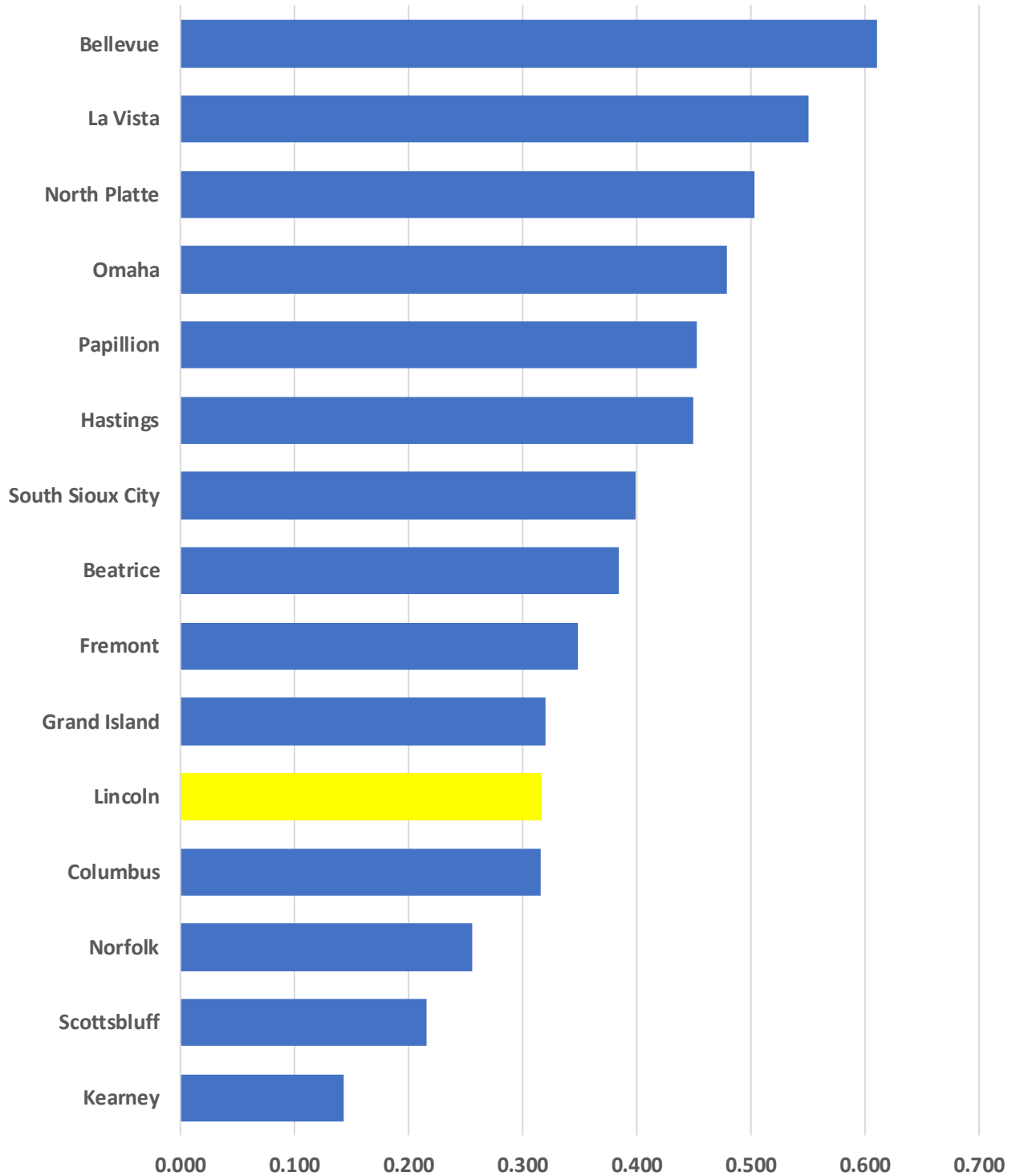
City Portion as part of tax bill

As noted in the table to the right, the City property taxes represent approximately 16% of the overall tax bill for City residents. Other taxing entities included to the right go through a similar process to develop their budgets and set the tax rates on an annual basis.

Taxing Agency	Tax Rate	% of Tax Rate
County	0.26658	13%
Public Building Commission	0.01700	1%
City	0.31648	16%
Lincoln Public Schools	1.21039	61%
Education Service Unit 18	0.01500	1%
Lower Platte NRD	0.03207	2%
Railroad Safe Dist.	0.02222	1%
SE Community College	0.09070	5%
AG Society	0.00141	0%
Ag Society JPA	0.00279	0%
Jail Joint Public Agency	0.02193	1%
Total	1.99656	100%

TAX RATE FACTS

2017-2018 Tax Rate Top 15 Cities By Population

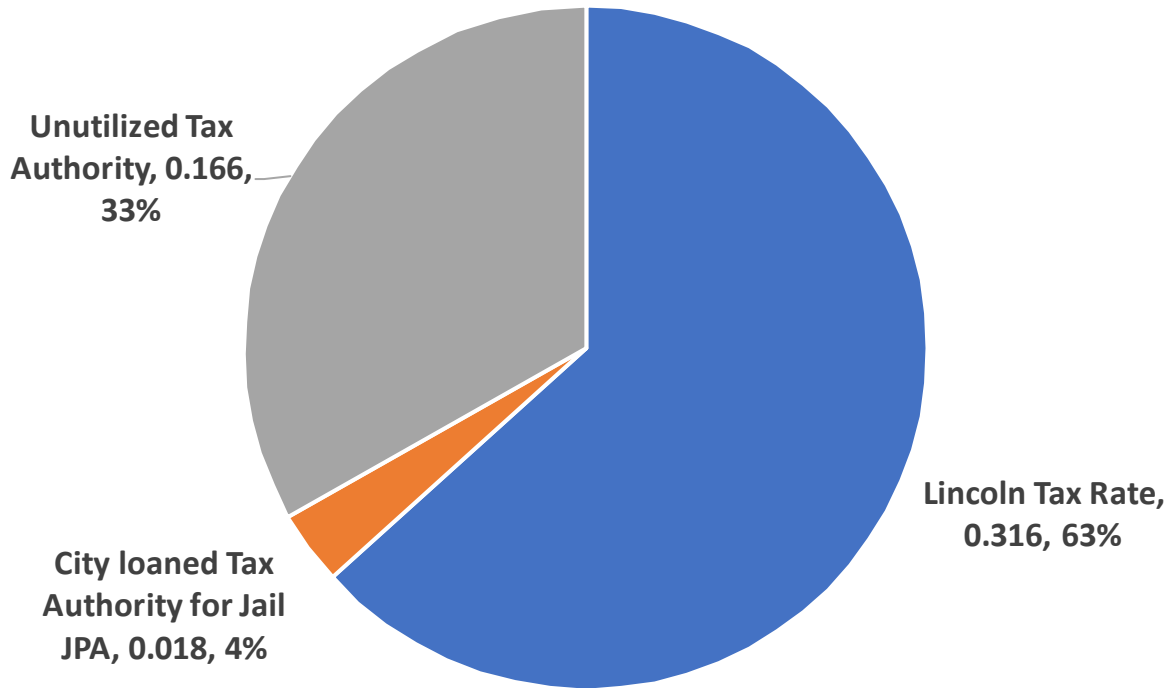


TAX RATE FACTS

Maximum Tax Rate

The State of Nebraska sets a tax rate limit of .50 cents for municipalities, which includes .45 cents for general purposes and .05 cents for joint public agencies or interlocal cooperation. Currently, the City is utilizing approximately 63% of the total allowed limit. In addition, it has loaned its tax authority to the Jail joint public agency, which is utilizing approximately 4% of the total allowed, leaving approximately 33% unutilized tax authority under statute.

City of Lincoln Tax Rate Utilization



TAX RATE FACTS

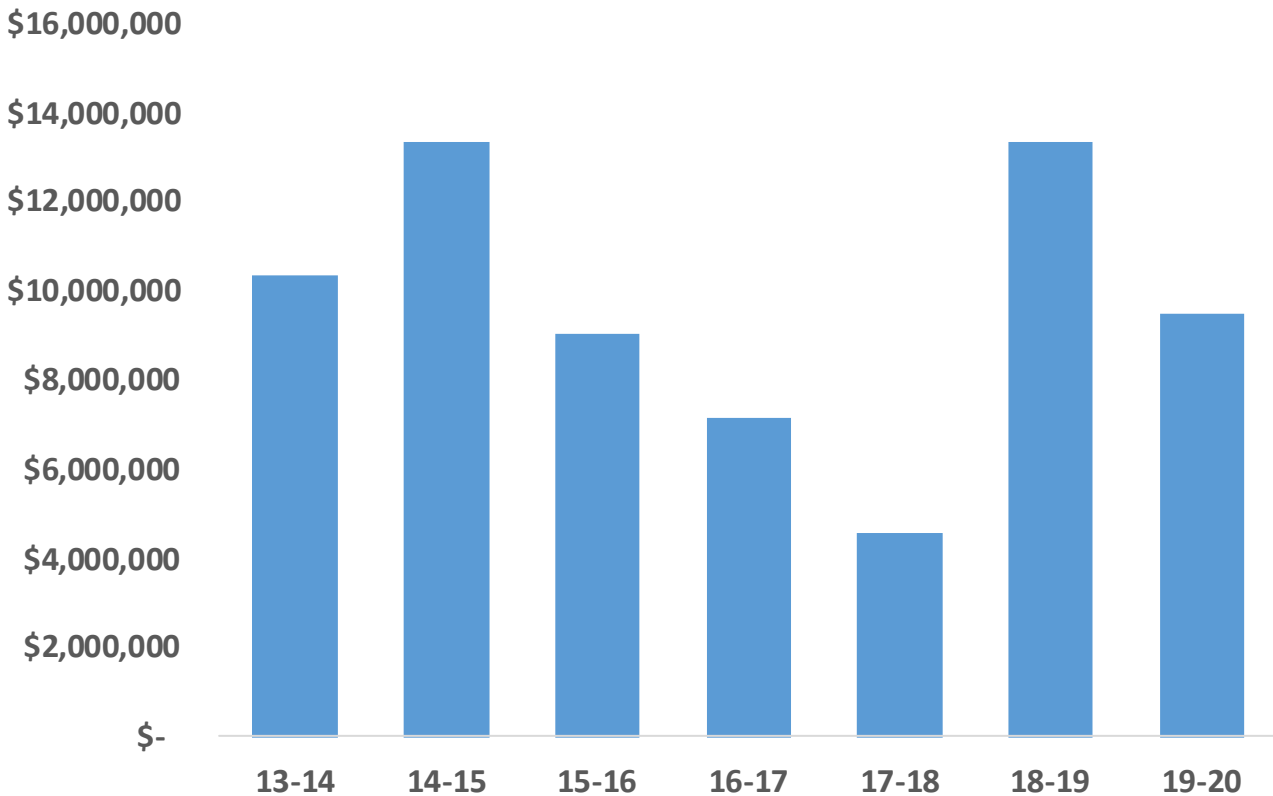
Restricted Funds Law

The State of Nebraska Legislature in 1998 passed a law that restricts revenue growth of restricted funds to 2.5%. Restricted funds are defined as property tax, payments in lieu of property taxes, local option sales taxes, motor vehicle taxes, state aid, and transfers of surpluses from user fees. These funding sources consist of approximately 79% of funding sources for the taxing funds of the City. The City may go above the 2.5% limit by 1% with a vote of at least 75% of the governing body, through a special election, or by a special meeting consisting of at least 10% of registered voters. Additional annual allowable growth to restricted funds may occur when growth to property valuations are higher than 2.5%.

In addition certain expenditures are exempted from the restricted funds law, this includes funds budgeted for capital improvements, funds for qualified sinking funds, funds for bonded indebtedness, funds to support intergovernmental agreements, funds budgeted to pay for natural disasters and funds budgeted to pay for judgements.

The City calculates the amount of restricted funds remaining balances available on an annual basis. Below are the amount of unused restricted funds authority for previous budgets.

City Restricted Funds Balances



GLOSSARY

Accrual. Normally there are 1-2 days in which a biweekly pay period ends that do not coincide with the end of the year. Accrual is the salaries and benefits for those days.

Ad Valorem Tax. A tax levied on the assessed value of both real and personal property in proportion to the value of the property (commonly referred to as “property tax”).

Administrative Charge. Payments to the General Fund for indirect costs incurred against General Fund budgets.

Adopted Budget. A financial plan presented, reviewed and approved by the governing body for the upcoming or current fiscal year.

Alcoholic Liquor Tax. A tax on gross receipts from retail liquor sales.

Allocation. Assigning one or more items of cost or revenue to one or more segments of an organization according to benefits received, responsibilities or other logical measures of use.

Annual Budget. A financial plan that consists of policy and funding priorities, as well as a presentation of the economic outlook for a given fiscal year.

Appraised Value. Market dollar value given to real estate, utilities, and personal property; established through notification, hearing and appeals and certification process.

Appropriation. An authority and allocation created by City Council that permits the officials to incur obligations against, and to make expenditures of, governmental resources (revenues).

Assessed Value. Appraised value of property adjusted downward by a classification factor, to determine the basis for distributing the tax burden to property owners.

Asset. Government resources that have monetary value.

Attrition. A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Authorized Positions. Employee positions, which are authorized in the adopted budget, to be filled during the year.

Audit. A review of the City’s accounts by an independent accounting firm to substantiate year-end fund balances, reserves, and cash on hand.

Balanced Budget. Management of the financial plan with the objective of ensuring that expenditures do not exceed revenues.

Base Budget. Cost of continuing the existing levels of service in the current budget year.

Benchmark. Comparing local performance statistics with selected benchmarks is a valuable step in evaluating municipal operations. Benchmarking entails the analysis of performance gaps between one’s own organization and best-in-class performers, the identification of differences that account for the gap, and the adaptation of key processes for implementation in an effort to close the gap. The City uses benchmarks to provide information about the efficient delivery of quality services.

GLOSSARY

Bond. A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The City sells bonds as a means of borrowing revenue for costly projects and repays the debt to the lender over an extended period of time, similar to the manner in which a homeowner repays a mortgage. A bond differs from a note in two ways. A bond is issued for a longer period of time than a note and requires greater legal formality. Bonds are primarily used to finance capital projects.

Budget. Financial plan consisting of estimated revenues and expenditures (purposes) for a specified time. The operating budget provides for direct services and support functions of the City (e.g.; Police, Fire, Public Works, etc.). The capital budget (Capital Improvement Program) provides for improvements to the City's infrastructure and facilities, and utilizes long-term financing instruments. *(See also Adopted Budget, Annual Budget, Balanced Budget, Base Budget, Capital Budget, City Budget, Municipal Budget, Operating Budget, Revised Budget.)*

Budget Adjustment. During the year, budget revisions may be made administratively by the Mayor to decrease the amount of available appropriations to departments or to transfer appropriations within departments. The City Council must approve any adjustments between departments.

Budget Amendment. Legal means by which an adopted expenditure authorization or limit is increased and could be authorized with a publication, a hearing or a re-certification of the budget.

Budget Calendar. The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budget Message. A general policy discussion of the budget as presented in writing by the budget-making authority to the City Council. The message outlines the budget plan and main points of interest. The City's budget message is presented as the Mayor's Policy letter in the proposed and adopted budget documents.

Budgetary Basis. This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Capital Budget. A financial plan for the first two fiscal years of the six-year Capital Improvement Program, which is also the fiscal years covered in the Adopted Budget. *(See also Capital Improvement Program.)*

Capital Expenditures. A capital expenditure is any significant physical acquisition, construction, replacement, or improvement to a City service delivery system. Capital projects have a useful life of at least 15 years, and are funded from the Capital Improvement Program (capital budget).

Capital Improvement Program (CIP). A six-year expenditure plan financing new infrastructure and facilities, or improvements to the existing infrastructure and facilities. Set forth in the CIP is the name of each project, the expected beginning and ending date, the amount to be expended in each year and the proposed method of financing the projects.

Capital Outlay. An item of non-expendable nature with a value greater than \$5,000 and with an anticipated life of more than one year but less than 10 years under normal use.

Carry-Over. Appropriated funds that remain unspent at the end of a fiscal year and are allowed to be retained in the appropriated budget and expended in subsequent fiscal years for the purpose designated.

Cash Basis. A basis of accounting in which transactions are recognized only when cash is increased or decreased.

GLOSSARY

Charges for Current Services and Sales. Revenue derived from all charges required for current services and sales such as the recording of legal instruments, the sale of certificates, examination fees, the sale of department division manuals, street cut repairs, safety charges and sales, and other health charges and sales.

City Budget. A financial plan for the allocation of government resources and services within a municipality. *(See also Municipal Budget.)*

City Council. The legislative (governing) body of the City.

City of the Primary Class. A City with a population of more than 100,000 and less than 300,000.

Collective Bargaining Agreement. A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

Commodity. An expendable item used by operating activities. Examples include office supplies, repair and replacement parts for equipment, maintenance supplies, and gasoline and oil.

Consumer Price Index (CPI). A statistical description of price levels provided by the United States Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency. A budgetary reserve amount established for emergencies or unforeseen expenditures not otherwise known at the time the budget is adopted.

Contractual Services. A cost related to a legal agreement. Examples include insurance premiums, utility costs, printing services and temporary employees (hired through a private firm).

Council Member. Elected official who represents the interests of the citizens of a specified district within the City. A Council Member serves a four-year term.

Debt Service. Principal and interest requirements on outstanding debt according to a predetermined payment schedule. *(For additional information, see the Debt Service and Capital Improvements section.)*

Deficit. An excess of current-year expenditures over current year resources.

Delinquent Tangible Property Tax. Ad valorem property taxes collected from previous tax years.

Department. The basic unit of service responsibility, encompassing a broad mission of related activities.

Depreciation. Expiration in the service life of capital assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Disbursement. The expenditure of monies from an account.

Distinguished Budget Presentation Awards Program. A voluntary awards program administered by the Government Finance Officers Association (GFOA) to encourage governments to prepare effective budget documents.

GLOSSARY

Division. A sub-unit of a department that encompasses a substantial portion of the duties assigned to a department. May consist of several sections, which may consist of clearly defined activities.

Economic Development. The process of attracting new businesses by use of incentives or innovative financing methods.

Efficiency. Effective operation as measured by a comparison of production with cost (as in energy, time, and money), or the ratio of the useful energy delivered by a dynamic system to the energy supplied to it.

Employee (or Fringe) Benefits. Contributions made by a government to meet commitments or obligations for employees beyond base pay. The government's share of costs for Social Security and the various pension, medical and life insurance plans are included.

Encumbrance. Obligations in the form of purchase orders or contracts which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances are eliminated when paid or when an actual liability is established. (*See also Prior Year Encumbrance.*)

Enterprise Fund. Used for government functions that are self-supporting. Enterprise funds belong to the group of funds called "proprietary" and account for operations that provide services to the community at large.

Entitlements. Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the State or Federal government.

Expenditure. Actual outlay of funds. Expenditures are budgeted by function: personnel services (salaries and benefits), contractual services, commodities (materials and supplies), capital outlay, and other (including transfers out, debt service, contingencies and inventory clearing accounts).

Expense. Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

FTE. Full-Time Equivalent. A measure of the total quantity of all employees. The FTE converts all employee work activity into a number equivalent to work activity hours performed by full-time employees. This serves as a standard measure among departments. A standard 40-hour per week full-time employee is equivalent to 1 FTE. (e.g., If a seasonal employee is calculated at 25%, the FTE is calculated at 0.25). Fire & Rescue does have some 56-hour per week employees that are equivalent to a 1 FTE.

Federal and State Grants and Contributions. Revenue received from the Federal and State governments under an administrative agreement to provide financial assistance for programs such as low-cost housing, youth programs, health-related programs, or other Federal and State-supported projects.

Financing. Furnishing the necessary funds to operate or conduct a program or business. Funds can be raised internally, borrowed, or received from a grant.

Fines and Penalties. Revenue derived primarily from Municipal Court fines, forfeits, and penalties.

Fiscal Policy. A government's policies with respect to revenues, spending and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year. The 12-month budget period. The fiscal year for the City of Lincoln is September through August.

GLOSSARY

Fixed Assets. Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment. Capital assets are also called fixed assets.

Fixed Costs. Those costs that vary little relative to service levels provided.

Franchise Fee. An annual assessment paid by utilities for the privilege of doing business in Lincoln. The current rate is five percent of a utility's gross receipts.

Fund. Accounting entity with accounts for recording revenues and expenditures to carry on specific purposes.

Fund Balance. The total dollars remaining after current expenditures for operations and debt service for capital improvements are subtracted from the sum of the beginning fund balance and current resources. The City Council policy goal is to maintain a total appropriated and unappropriated fund balance/reserve of twenty percent of the General Fund expenditure budget.

Fund Sources. Revenues appropriated to equal a fiscal year's expenditure appropriations.

GAAP. *Generally Accepted Accounting Principles.* Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GASB. *Governmental Accounting Standards Board.* The independent organization that establishes and improves standards or accounting and financial reporting for US state and local governments.

GFOA. *Government Finance Officers Association.* The professional association of state/provincial and local finance officers in the United States and Canada.

Gasoline Tax. A tax on the use, sale, or delivery of all motor-vehicle fuels used, sold, or delivered in this State for any purpose whatsoever. Taxation rates are set by a formula established in State law.

General Fund. The City's principal operating account, which is supported primarily by taxes and fees having no restriction on their use.

Goal. A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless. The City has set a number of goals as a part of its core strategic priorities: safety and security, livable neighborhoods, economic opportunity, efficient transportation, accountable government, healthy and productive people, environmental quality and identity Lincoln.

Governmental Funds. An accounting entity used to account for operations that rely mostly on current assets and current liabilities. Governmental funds include the General Fund, special revenue funds, and the Debt Service Fund.

Grants. Funding obtained from an outside source (Federal, State, local and foundation) in support of the City's strategic goals and objectives. Use of grant funding must be consistent with the goals of the entity providing the funding.

Infrastructure. The physical assets or foundation of the City, including buildings, parks, streets, and water and sewer systems.

Interest Earnings. Revenue derived from the proper management of the City's assets, through investment of public funds being held until expended or distributed to other units of government.

Intergovernmental Revenue. Revenue received from Federal, State and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

GLOSSARY

Internal Service Fund. An accounting entity used to account for operations that provide services to City departments at cost. Like enterprise funds, internal service funds belong to the "proprietary" group of funds.

Law. A binding custom or practice of a community: a rule of conduct or action prescribed or formally recognized as binding or enforced by a controlling authority.

Liability. Debts or obligations owed by one entity to another entity payable in money, goods or services.

Licenses. A legal document issued by a government granting privileges to the holder to engage in a regulated activity. All licenses issued by the City of Lincoln are for regulatory purposes and are based on the premise of protecting the public safety, health, and general welfare. Licenses are issued after certain requirements and standards are fulfilled.

Line-Item. The smallest expenditure detail in department budgets. The line item also is referred to as an "object," with numerical "object codes" used to identify expenditures in the accounting system. Within the accounting system, "objects" are further divided into "subgroups".
(See also *Object Level*.)

Local Sales Tax. A one and one-half percent (1.5%) tax levied by the City of Lincoln which was approved by the voters to finance General Fund departments and reduce the property tax rate. In addition a public safety quarter percent (.25%) sales tax was passed by voters to build new fire stations and a new communication system, it sunsets in October 2018. The city sales tax is in addition to the five and one-half percent (5.50%) tax levied by the State of Nebraska.

Longevity Pay. Employee compensation payments made in recognition of a minimum number of years employed full time or an amount set by union contract with the same entity. Longevity payments are set per union contract.

Major Fund. Funds whose revenues, expenditures, assets, or liabilities are at least 10 percent of the corresponding total for all governmental and enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. The City of Lincoln has seven funds classified as Major Funds: General Fund, Street Construction Fund, West Haymarket Joint Public Agency Fund, Water Utility Fund, Sewer Utility, and Lincoln Electric Utility.

Mayor. Elected official who is the executive and administrative power of the City and who also serves as the ceremonial head of the government.

Mission. The mission statement is a brief summary of why a Program exists and what it is trying to achieve. It tells what the Department does, who they do it for and why. The statement is specific enough to describe the program's purpose but general enough to last into the future.

Motor Vehicle Tax. A tax collected by Lancaster County on all motor vehicles that are not subject to property or ad valorem taxes, such as passenger cars, pick-up trucks and motorcycles.

Municipal Budget. A financial plan for the allocation of government resources and services within the City (See also *City Budget*.)

Municipality. A primarily urban political unit having corporate status and usually powers of self-government.

Object Level. Numerical "object codes" used to identify expenditures in the accounting system. Within the accounting system, "objects" are divided into "sub-groups." (See also *Line Item*.)

GLOSSARY

Objective. A measurable accomplishment toward the achievement of a goal. Milestones, the achievement of which, indicate progress toward the attainment of a specific goal.

Operating Budget. A budget that applies to all outlays other than capital improvements. This refers more to the day-to-day operations of the City.

Operating Expenses. The cost of personnel, materials and equipment required for a department to function.

Operating Revenue. Funds that the government receives as income to pay for ongoing operation. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Output Indicator. A unit of work accomplished, without reference to the resources required to do the work (e.g., number of permits issued, number of burglary arrests made, etc.). Output indicators do not reflect the effectiveness or efficiency of the work performed.

Payment in Lieu of Taxes (PILOT). A payment made to compensate a local government for some or all of the property tax revenue that is not collected because of the nature of the ownership or use of a particular piece of real property.

Performance Indicators. Specific, observable, and measurable characteristics or changes that show the progress a program or service is making toward achieving a specified goal.

Performance Management. Performance management is a way of collecting and using information to maximize service quality and resource utilization. It is a tool that allows employees, supervisors, managers, elected officials and citizens to know if we are doing the right things well.

Performance Measures. A means, usually quantitative, of assessing the efficiency and effectiveness of department work programs. These measures are listed within the various department pages in this document.

Principal. The base amount of a debt, which is the basis for interest computations.

Prior-Year Encumbrance. An obligation from a previous fiscal year in the form of purchase orders or contracts which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program. A group of related activities performed by one or more organizational unit for the purpose of accomplishing a function for which the government is responsible.

Property Tax Lid. Law limiting amount of property tax levied for a specific government function. Also known as aggregate tax levy limitation. Nebraska law sets an aggregate limit of 50 cents for a municipality.

Proposed Budget. A schedule of revenues and expenditures submitted by various municipal departments or divisions to be reviewed and considered for the upcoming fiscal year.

Proprietary Funds. Accounting entities to account for operations similar to a private enterprise with a balance sheet that incorporates long-term debt obligations, assets and liabilities, and depreciation. Enterprise funds and internal service funds are "proprietary" funds.

Rental Income. Revenue derived from the rental of City facilities including parking garages, park facilities, and the like.

GLOSSARY

Reserve. A portion of fund equity legally restricted for a specific purpose or not available for appropriation and subsequent spending. It is normally set aside in funds for emergencies or unforeseen expenditures not otherwise budgeted.

Resources. Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Retained Earnings. Reserved and unreserved assets (recorded in proprietary fund operations), held for future operating needs and equipment replacement.

Return on Investments. Ratio measure of a service unit through its basic operations which indicates its general effectiveness or efficiency.

Revenue. Taxes, user fees, and other sources of income received into the City treasury for public use.

Revised Budget. A schedule of revenues and expenditures during the current fiscal year that include items not included in the Adopted Budget.

S&P. *Standard & Poor's.* An American financial services company that is known to investors worldwide as a leader of financial-market intelligence. It strives to provide investors who want to make better informed investment decisions with market intelligence in the form of credit ratings, indices, investment research and risk evaluations and solutions.

Service. A specific deliverable provided to the public. It has a specific budget, as well as performance measures to determine the benefits received. A service is ultimately aligned to one of the City's 8 outcomes.

Service Level. Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of workload.

Special Assessment. A compulsory levy made upon a property to defray part or all of the costs of a specific improvement that primarily benefits that specific property.

Special Revenue Fund. An accounting entity to record revenue that is legally destined for a specific purpose and the expenditure of the dedicated revenue.

Stakeholders. Lincoln's citizens, businesses, and visitors.

Strategic Plan. Budget development tool which aligns resources to support the goals of the City.

Tax Increment Financing. Use of taxes collected within a specifically designated area for repayment of tax increment debt and major infrastructure expenditures.

Taxes. Compulsory assessments levied by a government for the purpose of financing services performed for the common benefit of the citizens. Taxes do not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments. *(See also Ad Valorem Taxes, Alcoholic Liquor Tax, Delinquent Tangible Property Tax, Gasoline Tax, Local Sales Tax, Motor Vehicle Tax, and Property Tax Lid.)*

Tort. A wrongful act or damage involving a breach of legal duty for which a civil action can be brought.

Trust Fund. Used when the City is custodian of money to be reserved and spent for a special purpose.

GLOSSARY

Unencumbered Balance. The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unreserved Fund Balance. The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Fees. Revenue derived from payments made by the general public for the purpose of utilizing goods and services, such as entry fees, Park Department charges, class registrations, tenant rental, and concessions.

Variable Costs. Costs that can change substantially due to conditions such as weather or demand and affect the amount of work that can be performed.