

TOWN OF LINCOLN, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

For the Year Ended June 30, 2021



Town of Lincoln, Rhode Island
ANNUAL FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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Independent Auditors' Report

The Honorable Members of the
Town Council
Town of Lincoln, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lincoln, Rhode Island ("the Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Town'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.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 entity'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 opinions.

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lincoln, Rhode Island, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

The Town implemented Governmental Accounting Standards (GASB) Statement No. 84, Fiduciary Activities in Fiscal Year 2021.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund and school unrestricted budgetary comparison information, OPEB related disclosures, and Pension related disclosures as listed in the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lincoln, Rhode Island's financial statements. The Combining Non-Major Fund financials statements, the supplementary tax collector's annual report, and the annual supplemental transparency portal (MTP2) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Combining Non-Major Fund financials statements, the supplementary tax collector's annual report, and the annual supplemental transparency portal (MTP2) are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Non-Major Fund financials statements, the supplementary tax collector's annual report, and the annual supplemental transparency portal (MTP2) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of the Town'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 solely 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 effectiveness of the Town's 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 Town of Lincoln, Rhode Island's internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
February 28, 2022

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

Management of the Town of Lincoln (the Town) provides this Management's Discussion and Analysis of the Town's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the Town's audited basic financial statements and notes to the financial statements.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

FINANCIAL HIGHLIGHTS

Governmental Fund Financial Statements:

At the end of the current fiscal year, total fund balance for the General Fund was \$10,575,054 or 15.34% of total budgeted revenues of \$68,910,540. This is an increase of \$2,958,489 from prior year fund balance.

At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$8,569,425, or 12.43% of fiscal year 2021 budgeted expenditures and transfers to other funds. This is an increase of \$1,778,295 over the prior year unassigned General Fund balance.

The Town's General Fund had an operating surplus of \$2,958,489. The School Department operations resulted in an operating surplus of \$90,448.

Government-Wide Financial Statements:

As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54,178,132.

The Town's total net position increased by \$12,858,423 for the fiscal year ended June 30, 2021.

The total debt related to bonds and notes of the Town of Lincoln decreased by \$2,228,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus the individual components of the Town's government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. The report also contains other required supplementary information, and supplementary information in addition to the basic financial statements.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position - the difference between the Town's assets, deferred outflows of resources, and liabilities and deferred inflows of resources - is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional non-financial factors should be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town, which can be found on pages 14 through 17 of this report, are divided into two categories:

- *Governmental activities* – Most of the Town's basic services are included here, such as education, police, library, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-type activities* – The Town charges fees to customers to cover the costs of certain services it provides. The Town's water system, sewer system, and police special detail are included here.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental funds – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains many governmental funds. Two governmental funds are considered major funds for presentation purposes; that is, each major fund is presented in a separate column in the governmental fund financial statements. The Town's two major governmental funds are the General Fund and the School Unrestricted Funds.

The basic governmental fund financial statements can be found on pages 18 and 21 of this report.

Proprietary funds – The Town maintains one type of proprietary fund (Enterprise Fund). *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water operation, sewer operations and police special details.

The basic proprietary funds financial statements can be found on pages 22-25 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 26-27 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

The notes can be found on pages 28-85 of this report.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Required Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Such information includes budgetary comparison schedules and reconciliations of the statutory fund balance for budgetary purposes and the fund balances for the General Fund as presented in the governmental fund financial statements. Also included in required supplementary information are schedules concerning the Town's other postemployment benefits and pension liabilities. Required supplementary information follows the notes to the financial statements.

Supplementary Information - In addition to the required supplementary, this report also presents other supplementary information, State law requires the presentation of the Tax Collector's Annual Report, and the MTP2 Municipal Transparency Portal. This other supplementary information can be found immediately following the required supplementary information.

Relationship of Statements and Schedules Included in this Report

Table 1 shows how the required parts of this annual report are arranged and how they relate to one another. In addition to these required elements, the Town has included a section with combining statements that provide details about the Town's non-major governmental funds and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

Basic Financial Statements & RSI	Financial Section	MD&A
		Government-wide Statements
		(Major) Fund Financial Statements
		Notes to Financial Statements
		RSI other than MD&A
		Info. on nonmajor funds & other supplementary info. not required

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

Relationship of Statements and Schedules Included in this Report (Continued)

Table 2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, rescue and DPW.	Activities the Town operates similar to private businesses such as the water system.	Instances in which the Town is the trustee or the agent for someone else's resources.
Required financial statements	Statement of net position Statement of activities	Balance sheet, statement of revenues, expenditures and changes in fund balances.	Statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows	Statement of fiduciary, net position, statement of changes in fiduciary net position.
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of assets/ liability information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Town's funds do not currently contain capital assets, although they can.
Type of inflow/ outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of year, expenditures when goods or services have been received and payment is due.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

Government-Wide Financial Analysis

As noted earlier, net position may over time serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$54,178,132 at June 30, 2021.

Net investment in capital assets, comprises \$84,342,856. This represents the Town's investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles and vessels), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is report net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

Government-Wide Financial Analysis (Continued)

A portion of the Town's net position totaling \$13,524,770, represents resources that are subject to external restrictions on how they may be used. The remaining net position, totaling \$(43,689,494), may be used to meet the government's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 38,873,018	\$ 63,549,384	\$ 9,475,871	\$ 8,487,172	\$ 48,348,889	\$ 72,036,556
Non current assets	148,189,839	116,036,078	31,876,454	32,440,640	180,066,293	148,476,718
Total assets	187,062,857	179,585,462	41,352,325	40,927,812	228,415,182	220,513,274
Deferred outflows of resources						
Pension related outflows	11,455,747	11,183,338	34,684	31,365	11,490,431	11,214,703
OPEB related activity	5,115,449	1,968,418	-	-	5,115,449	1,968,418
Other deferred outflows	737,495	860,425	-	-	737,495	860,425
Total deferred outflows of resources	17,308,691	14,012,181	34,684	31,365	17,343,375	14,043,546
Liabilities						
Current liabilities	13,774,653	13,623,308	733,284	801,165	14,507,937	14,424,473
Long-term liabilities	160,802,855	167,286,778	4,331,451	4,701,968	165,134,306	171,988,746
Total liabilities	174,577,508	180,910,086	5,064,735	5,503,133	179,642,243	186,413,219
Deferred inflows of resources						
Pension related inflows	9,457,911	6,003,979	106,219	19,175	9,564,130	6,023,154
OPEB related inflows	2,366,461	1,426,630	-	-	2,366,461	1,426,630
Other deferred inflows	-	-	7,590	7,590	7,590	7,590
Total deferred inflows of resources	11,824,372	7,430,609	113,809	26,765	11,938,181	7,457,374
Net Position						
Net investment in capital assets	56,981,217	22,355,826	27,361,639	27,559,666	84,342,856	49,915,492
Restricted	13,524,770	40,452,873	-	-	13,524,770	40,452,873
Unrestricted	(52,536,319)	(57,551,751)	8,846,825	7,869,613	(43,689,494)	(49,682,138)
Total net position	\$ 17,969,668	\$ 5,256,948	\$ 36,208,464	\$ 35,429,279	\$ 54,178,132	\$ 40,686,227

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

Changes in Net Position

The government's total net position increased by \$12,858,423 during the current fiscal year.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for service	\$ 2,674,966	\$ 3,783,983	\$ 5,199,276	\$ 4,947,801	\$ 7,874,242	\$ 8,731,784
Operating grants & contributions	7,838,540	9,507,196	1,141,244	1,178,099	8,979,784	10,685,295
Capital grants & contributions	-	821,722	-	-	-	821,722
General Revenues:						
Property taxes	57,722,415	56,543,007	-	-	57,722,415	56,543,007
State aid to town	1,498,436	2,637,258	-	-	1,498,436	2,637,258
State aid to education	16,217,726	14,885,005	-	-	16,217,726	14,885,005
Other revenue	7,017,800	5,633,083	207,705	152,391	7,225,505	5,785,474
Earnings on investments	404,544	680,648	11,871	12,754	416,415	693,402
Total revenues	<u>93,374,427</u>	<u>94,491,902</u>	<u>6,560,096</u>	<u>6,291,045</u>	<u>99,934,523</u>	<u>100,782,947</u>
Expenses						
General government	1,887,238	1,173,123	-	-	1,887,238	1,173,123
Financial administration	1,256,049	1,252,573	-	-	1,256,049	1,252,573
Public library	1,471,368	1,908,299	-	-	1,471,368	1,908,299
Public safety	8,498,643	10,267,143	-	-	8,498,643	10,267,143
Public services	12,700,418	10,849,697	-	-	12,700,418	10,849,697
Education	54,488,924	63,835,844	-	-	54,488,924	63,835,844
Interest on debt	1,021,170	1,525,116	-	-	1,021,170	1,525,116
Water	-	-	3,915,847	3,679,254	3,915,847	3,679,254
Sewer	-	-	1,162,138	1,173,192	1,162,138	1,173,192
Police detail	-	-	674,305	1,107,281	674,305	2,632,397
Total expenses	<u>81,323,810</u>	<u>90,811,795</u>	<u>5,752,290</u>	<u>5,959,727</u>	<u>87,076,100</u>	<u>98,296,638</u>
Increase(decrease) in net position before transfers	12,050,617	3,680,107	807,806	331,318	12,858,423	4,011,425
Transfers between funds	28,622	28,071	(28,622)	(28,071)	-	-
Increase(decrease) in net position	<u>12,079,239</u>	<u>3,708,178</u>	<u>779,184</u>	<u>303,247</u>	<u>12,858,423</u>	<u>4,011,425</u>
Net position, July 1	<u>5,890,427</u>	<u>1,548,770</u>	<u>35,429,280</u>	<u>35,126,032</u>	<u>41,319,707</u>	<u>36,674,802</u>
Net position, June 30	<u>\$ 17,969,668</u>	<u>\$ 5,256,948</u>	<u>\$ 36,208,464</u>	<u>\$ 35,429,279</u>	<u>\$ 54,178,132</u>	<u>\$ 40,686,227</u>

Governmental activities. Governmental activities increased the Town's net position by \$12,079,239.

Business-type activities. Business-type activities increased the Town's net position by \$779,184.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the Town's governmental funds reported combined ending fund balances of \$24,088,773, an increase of \$24,446,019 in comparison with the prior year. The unassigned fund balance of \$8,790,085 or 36.40% of the total fund balance is available for spending at the Town's discretion. The remainder of the fund balance is committed, restricted, assigned or non-spendable to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,569,425. As a measure of General Fund liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12.4% of total General Fund budgeted expenditures.

The Town's General Fund balance increased by \$2,958,489 during the current fiscal year as a result of revenues exceeding expenditures, including transfers to the School Department of \$42,454,172.

Proprietary Funds:

The Town's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the proprietary funds at June 30, 2021 totaled \$8,846,825, with the Water Fund making up \$7,962,064 of the total. The Water Fund, Sewer Fund, and Police Detail Fund had changes in net position of \$858,996, \$(143,993), and \$64,181 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

General Fund Budgetary Highlights

The Financial Town meeting held in May 2021 approved an operating budget of \$92,015,991.

The general fund ended the year with revenue recorded in the amount of \$436,038 in excess of the budget. Local revenues were higher than budgeted by \$387,261. The Town also had \$183,307 more than budgeted for taxes.

The expenditures ended the year with a favorable variance of \$2,102,115. The most significant deficit amount includes underspent other expenditures of \$1,480,788 and underspent public services of \$362,511.

School Department Budgetary Highlights

The School Unrestricted fund budgetary surplus of \$90,448 resulted in part from purchased services lower than budget by \$510,569 and supplies and material of \$416,160.

Capital Assets and Debt Administration

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$174,592,329 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, infrastructure, and construction in progress. The net increase in the Town's investment in capital assets for the current year was \$31,380,603.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 15,328,174	\$ 15,328,174	\$ 177,452	\$ 177,452	\$ 15,505,626	\$ 15,505,626
Construction in progress	66,599,380	33,743,678	-	-	66,599,380	33,743,678
Infrastructure, net	16,850,076	16,656,528	30,103,407	30,554,630	46,953,483	47,211,158
Building & improvements, net	41,422,353	42,524,717	442,400	475,697	41,864,753	43,000,414
Machinery and equipment, net	810,570	804,788	983,114	1,088,829	1,793,684	1,893,617
Vehicles, net	1,705,322	1,713,200	170,079	144,033	1,875,401	1,857,233
Total	\$ 142,715,875	\$ 110,771,085	\$ 31,876,454	\$ 32,440,641	\$ 174,592,329	\$ 143,211,726

Additional information on the Town's capital assets can be found in Note 6 to the basic financial statements.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Management's Discussion and Analysis (MD&A)

For the Year Ended June 30, 2021

Capital Assets and Debt Administration (Continued)

Long-term debt: At the end of the fiscal year, the Town had total bonded debt outstanding of \$77,742,650. General obligation bonds are backed by the full faith and credit of the Town, including the Town's power to levy additional taxes to ensure repayment of the debt.

The Town has an Aa2 rating from Moody's Investors Service and an AA rating from Fitch Investors Service.

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the Town is \$101,531,877.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds and notes	\$ 73,285,000	\$ 75,151,000	\$ 4,457,650	\$ 4,819,650	\$ 77,742,650	\$ 79,970,650
Bond premium	12,582,409	13,402,384	-	-	12,582,409	13,402,384
Total	<u>\$ 85,867,409</u>	<u>\$ 88,553,384</u>	<u>\$ 4,457,650</u>	<u>\$ 4,819,650</u>	<u>\$ 90,325,059</u>	<u>\$ 93,373,034</u>

Additional information on the Town's long-term debt can be found in Note 7 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The latest published unemployment rate as of December 2021 for the Town is 6.5 percent. This compares unfavorably to the State's average unemployment rate of 4.8 percent and the national rate of 4.0 percent. Per capita and median family incomes remain some of the highest in the State.

The Town Council approved a budget for fiscal year 2022 of \$92,015,991. This budget is 6.3 % higher than the fiscal year 2021 budget. The Town's municipal departments increase was 1.0%; the School Department increase was 2.9% and Debt Service and the Resolutions funded through capital reserve funds net increase was 77.3%.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, 100 Old River Road, Lincoln, Rhode Island 02865.

TOWN OF LINCOLN, RHODE ISLAND

Statement of Net Position

June 30, 2021

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 28,177,592	\$ 7,016,726	\$ 35,194,318
Investments	4,412,122	-	4,412,122
Receivables, net			
Personal property taxes	3,766,937	-	3,766,937
User charges	-	1,058,855	1,058,855
Departmental and other	2,714,710	-	2,714,710
Internal Balances	(747,230)	747,230	-
Intra entity payable	452,279		452,279
Other assets	96,608	653,060	749,668
Net pension asset	5,473,964	-	5,473,964
Capital assets:			
Nondepreciable assets	81,927,554	177,451	82,105,005
Depreciable assets, net	60,788,321	31,699,003	92,487,324
Total capital assets	142,715,875	31,876,454	174,592,329
Total assets	187,062,857	41,352,325	228,415,182
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows	11,455,747	34,684	11,490,431
OPEB related outflows	5,115,449	-	5,115,449
Loss on debt refunding	737,495	-	737,495
Total assets and deferred outflows of resources	\$ 204,371,548	\$ 41,387,009	\$ 245,758,557

The accompanying notes are an integral part of these statements

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Statement of Net Position

June 30, 2021

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Accounts payable and accrued expenses	\$ 7,437,361	\$ 260,414	\$ 7,697,775
Accrued interest	604,744	57,165	661,909
Incurred but not reported claims	575,000	-	575,000
Internal Balances	(40,705)	40,705	-
Current portion of bonds and loans payable	5,141,293	375,000	5,516,293
Current portion of compensated absences	56,960	-	56,960
Portion due or payable in more than one year:			
Bonds and loans payable	80,726,117	4,082,650	84,808,767
Compensated absences	4,161,927	-	4,161,927
Other post-employment benefit liability	15,688,676	-	15,688,676
Net pension liability	60,226,135	248,801	60,474,936
Total liabilities	174,577,508	5,064,735	179,642,243
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows	9,457,911	106,219	9,564,130
OPEB related inflows	2,366,461	-	2,366,461
Other deferred revenue	-	7,590	7,590
Total deferred inflows of resources	11,824,372	113,809	11,938,181
NET POSITION			
Net investment in capital assets	56,981,217	27,361,639	84,342,856
Restricted	13,524,770	-	13,524,770
Unrestricted	(52,536,319)	8,846,825	(43,689,494)
Total liabilities, deferred inflows or resources and net position	\$ 204,371,548	\$ 41,387,009	\$ 245,758,557

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2021

	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Program Revenues</u>				<u>Primary Government</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 1,887,238	\$ 324,661	\$ -	\$ -	\$ (1,562,577)	\$ -	\$ (1,562,577)
Financial administration	1,256,049	-	-	-	(1,256,049)	-	(1,256,049)
Public library	1,471,368	1,369	-	-	(1,469,999)	-	(1,469,999)
Public safety	8,498,643	946,563	131,044	-	(7,421,036)	-	(7,421,036)
Public services	12,700,418	1,402,373	-	-	(11,298,045)	-	(11,298,045)
Education	51,090,804	-	4,309,376	-	(46,781,428)	-	(46,781,428)
State contribution to teachers pension plan	3,398,120	-	3,398,120	-	-	-	-
Interest on debt	1,021,170	-	-	-	(1,021,170)	-	(1,021,170)
Total governmental activities	<u>81,323,810</u>	<u>2,674,966</u>	<u>7,838,540</u>	<u>-</u>	<u>(70,810,304)</u>	<u>-</u>	<u>(70,810,304)</u>
Business-Type Activities							
Water fund	3,915,847	3,430,693	1,136,445	-	-	651,292	651,292
Sewer fund	1,162,138	1,001,475	4,799	-	-	(155,864)	(155,864)
Police detail fund	674,305	767,108	-	-	-	92,803	92,803
Total business-type activities	<u>5,752,290</u>	<u>5,199,276</u>	<u>1,141,244</u>	<u>-</u>	<u>-</u>	<u>588,231</u>	<u>588,231</u>
Total Town of Lincoln	<u>\$ 87,076,100</u>	<u>\$ 7,874,242</u>	<u>\$ 8,979,784</u>	<u>\$ -</u>	<u>\$ (70,810,304)</u>	<u>\$ 588,231</u>	<u>\$ (70,222,073)</u>

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Statement of Activities

For the Year Ended June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Total Town of Lincoln	\$ (70,810,304)	\$ 588,231	\$ (70,222,073)
General revenues			
Real estate and personal property, net of reserve for abatements	57,722,415	-	57,722,415
Meals and hotel tax	559,412	-	559,412
Video lottery	3,879,554	-	3,879,554
Table game commissions	602,720	-	602,720
Public service corporation tax	269,570	-	269,570
School housing aid	1,024,414	-	1,024,414
Interest received	404,544	207,705	612,249
State aid to education	15,193,312	-	15,193,312
Motor vehicle phase out	444,524	-	444,524
Library aid	213,729	-	213,729
Airport aid	25,000	-	25,000
Medicaid	494,500	-	494,500
FEMA Grant	1,640,426	-	1,640,426
Miscellaneous	386,801	11,871	398,672
Total general revenues	82,860,921	219,576	83,080,497
Special items and transfers			
Transfers between funds	28,622	(28,622)	-
Total general revenues, special items, and transfers	82,889,543	190,954	83,080,497
Changes in net position	12,079,239	779,184	12,858,423
Net position - July 1, 2020, restated	5,890,427	35,429,280	41,319,707
Net position - June 30, 2021	\$ 17,969,668	\$ 36,208,464	\$ 54,178,132

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Governmental Funds

Balance Sheet

June 30, 2021

	Major Fund			Non-Major	Total
	General Fund	School Unrestricted	Public Building Bond Fund	Governmental Funds	Governmental Funds
Assets					
Cash and cash equivalents	\$ 16,577,575	1,604,939	\$ 9,116,109	\$ 878,969	\$ 28,177,592
Investments	4,412,122	-	-	-	4,412,122
Receivables:					
Property taxes, net	3,766,937	-	-	-	3,766,937
Intergovernmental	120,666	-	-	1,293,903	1,414,569
Other	2,329,735	49,915	-	-	2,379,650
Due from other funds	-	3,681,350	3,913,239	4,027,963	11,622,552
Prepaid items	95,108	1,500	-	-	96,608
Total assets	27,302,143	5,337,704	13,029,348	6,200,835	51,870,030
Deferred outflows of resources					
Deferred outflows	-	-	-	-	-
Total assets and deferred outflows of resources	27,302,143	5,337,704	13,029,348	6,200,835	51,870,030
Liabilities					
Accounts payable and accrued expenses	1,501,162	4,782,680	488,762	619,684	7,392,288
Due to other funds	11,871,869	61,742	-	1,067,770	13,001,381
Total liabilities	13,373,031	4,844,422	488,762	1,687,454	20,393,669
Deferred inflows of resources					
Deferred property taxes	3,171,957	-	-	-	3,171,957
Other deferred revenue	182,101	-	4,032,308	1,222	4,215,631
Total deferred inflows of resources	3,354,058	-	4,032,308	1,222	7,387,588
Fund balance					
Nonspendable	95,108	-	-	-	95,108
Restricted	-	493,282	8,508,278	4,023,210	13,024,770
Committed	1,410,521	-	-	268,289	1,678,810
Assigned	500,000	-	-	-	500,000
Unassigned	8,569,425	-	-	220,660	8,790,085
Total fund balance	10,575,054	493,282	8,508,278	4,512,159	24,088,773
Total liabilities, deferred inflows of resources, and fund balance	\$ 27,302,143	\$ 5,337,704	\$ 13,029,348	\$ 6,200,835	\$ 51,870,030

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2021

Total governmental fund balances	\$ 24,088,773
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	142,715,875
TSB net pension asset	5,473,964
Other long-term revenues are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	7,387,588
Other long-term assets related to net pension and OPEB activity and therefore, are deferred inflows of resources in the funds.	(11,824,372)
Other long-term liabilities related to net pension and OPEB activity and therefore, are deferred outflows of resources in the funds.	16,571,196
Long term liabilities relating to bond refunding amortized over the life of the bond	737,495
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(604,744)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds	
Bonds and notes payable	(85,867,409)
Compensated absences	(4,218,887)
Other postemployment benefits	(15,688,676)
Town net pension liability	(11,911,747)
ERS net pension liability	(45,190,805)
MERS net pension liability	(3,123,583)
Other commitments	<u>(575,000)</u>
Net position of governmental activities	<u>\$ 17,969,668</u>

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2021

	<u>Major Fund</u>			<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Public Building</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Unrestricted</u>	<u>Bond Fund</u>	<u>Funds</u>	<u>Funds</u>
Revenues					
General property taxes and interest	\$ 57,607,722	\$ -	\$ -	\$ -	\$ 57,607,722
Other local and departmental revenue	2,674,966	-	-	-	2,674,966
Intergovernmental	8,659,349	15,193,312	-	4,440,418	28,293,079
Interest received	404,541	-	-	3	404,544
State contribution to pension plan	-	2,992,028	-	-	2,992,028
Medicaid	-	494,500	-	-	494,500
Other revenue	-	199,463	-	187,339	386,802
Total revenue	69,346,578	18,879,303	-	4,627,760	92,853,641
Expenditures					
General government	843,877	-	-	460,307	1,304,184
Financial administration	978,657	-	-	-	978,657
Public library	1,123,933	-	-	212,148	1,336,081
Public safety	7,183,658	-	-	267,305	7,450,963
Public services	5,782,821	-	-	5,602,539	11,385,360
Grants and contributions	62,500	-	-	-	62,500
Other expenditures	4,236,033	-	-	-	4,236,033
Education	-	58,250,999	26,071,989	237,225	84,560,213
State contribution to pension plan	-	2,992,028	-	-	2,992,028
Capital outlay	-	-	-	26,113	26,113
Debt service					
Principal	2,230,000	-	-	-	2,230,000
Interest	766,150	-	-	-	766,150
Total expenditures	23,207,629	61,243,027	26,071,989	6,805,637	117,328,282
Excess (deficiency) of revenues over expenditures	46,138,949	(42,363,724)	(26,071,989)	(2,177,877)	(24,474,641)
Other financing sources (uses)					
Transfers in	28,622	42,454,172	-	754,910	43,237,704
Transfers out	(43,209,082)	-	-	-	(43,209,082)
Other financing sources (uses)	(43,180,460)	42,454,172	-	754,910	28,622
Excess of revenue and other sources over expenditures and other uses	2,958,489	90,448	(26,071,989)	(1,422,967)	(24,446,019)
Fund balance, July 1, 2020, restated	7,616,565	402,834	34,580,267	5,935,124	48,534,790
Fund balance, June 30, 2021	<u>\$ 10,575,054</u>	<u>\$ 493,282</u>	<u>\$ 8,508,278</u>	<u>\$ 4,512,159</u>	<u>\$ 24,088,773</u>

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Reconciliation of Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances to the
Statement of Activities

For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ (24,446,019)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays including dispositions exceeded depreciation in the current period.	31,944,790
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.	114,693
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,049,975
Bond refunding of long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements	(122,930)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(255,020)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	672,147
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	99,441
The deferred salary and other commitments expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(398,824)
The net pension liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	<u>1,420,985</u>
Change in net position of governmental activities	<u>\$ 12,079,238</u>

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Proprietary Funds

Statement of Net Position

June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Police Detail Fund</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 3,854,189	\$ -	\$ -	\$ 3,854,189
Restricted cash	3,162,537	-	-	3,162,537
Escrow deposits	227,319	299,524	-	526,843
Due from other funds	472,832	274,398	-	747,230
Receivables, net:				-
User fees, net	608,524	177,126	273,205	1,058,855
Inventory	116,540	-	-	116,540
Prepaid expenses	9,663	-	-	9,663
Other assets	14	-	-	14
Total current assets	<u>8,451,618</u>	<u>751,048</u>	<u>273,205</u>	<u>9,475,871</u>
Non-current assets				
Nondepreciable	177,451	-	-	177,451
Depreciable, net	20,391,360	11,176,607	131,036	31,699,003
Total non-current assets	<u>20,568,811</u>	<u>11,176,607</u>	<u>131,036</u>	<u>31,876,454</u>
Total assets	<u>29,020,429</u>	<u>11,927,655</u>	<u>404,241</u>	<u>41,352,325</u>
Deferred outflows of resources				
Pension related outflows	34,684	-	-	34,684
Total assets and deferred outflows of resources	<u>29,055,113</u>	<u>11,927,655</u>	<u>404,241</u>	<u>41,387,009</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	195,357	65,057	-	260,414
Due to other funds	-	-	40,705	40,705
Accrued interest payable	19,922	37,243	-	57,165
Current portion of bonds & notes payable	199,000	176,000	-	375,000
Total current liabilities	<u>414,279</u>	<u>278,300</u>	<u>40,705</u>	<u>733,284</u>
Non-current liabilities:				
Bonds and loans payable	1,683,150	2,399,500	-	4,082,650
Net pension liability	248,801	-	-	248,801
Total non-current liabilities	<u>1,931,951</u>	<u>2,399,500</u>	<u>-</u>	<u>4,331,451</u>
Total liabilities	<u>2,346,230</u>	<u>2,677,800</u>	<u>40,705</u>	<u>5,064,735</u>
Deferred inflows of resources				
Pension related inflows	72,489	33,730	-	106,219
Unearned revenue	7,590	-	-	7,590
Total deferred inflows of resources	<u>80,079</u>	<u>33,730</u>	<u>-</u>	<u>113,809</u>
Net position				
Net investment in capital assets	18,666,739	8,563,864	131,036	27,361,639
Unrestricted	7,962,064	652,261	232,500	8,846,825
Total net position	<u>\$ 26,628,803</u>	<u>\$ 9,216,125</u>	<u>\$ 363,536</u>	<u>\$ 36,208,464</u>

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2021

	Water Fund	Sewer Fund	Police Detail Fund	Total
Operating revenues				
User fees and charges	\$ 3,430,693	\$ 1,001,475	\$ 767,108	\$ 5,199,276
Other revenues	1,136,445	4,799	-	1,141,244
Interest and penalties	-	11,871	-	11,871
Total operating revenues	<u>4,567,138</u>	<u>1,018,145</u>	<u>767,108</u>	<u>6,352,391</u>
Operating expenses				
Administrative	713,151	55,516	632,282	1,400,949
Maintenance and servicing	2,714,333	-	16,565	2,730,898
Operating supplies	-	574,692	-	574,692
Depreciation and amortization	442,586	432,151	25,458	900,195
Total operating expenses	<u>3,870,070</u>	<u>1,062,359</u>	<u>674,305</u>	<u>5,606,734</u>
Operating income (loss)	<u>697,068</u>	<u>(44,214)</u>	<u>92,803</u>	<u>745,657</u>
Nonoperating revenues (expenses)				
Investment income	207,705	-	-	207,705
Investment expense	(45,777)	(99,779)	-	(145,556)
Total nonoperating revenue (expenses)	<u>161,928</u>	<u>(99,779)</u>	<u>-</u>	<u>62,149</u>
Income (loss) before transfers	<u>858,996</u>	<u>(143,993)</u>	<u>92,803</u>	<u>807,806</u>
Transfers				
Transfers in - operating	-	-	-	-
Transfers out - operating	-	-	(28,622)	(28,622)
Total Transfers	<u>-</u>	<u>-</u>	<u>(28,622)</u>	<u>(28,622)</u>
Change in net position	858,996	(143,993)	64,181	779,184
Net position, July 1, 2020	<u>25,769,807</u>	<u>9,360,118</u>	<u>299,355</u>	<u>35,429,280</u>
Net position, June 30, 2021	<u>\$ 26,628,803</u>	<u>\$ 9,216,125</u>	<u>\$ 363,536</u>	<u>\$ 36,208,464</u>

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Police Detail Fund</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 4,587,791	\$ 1,013,762	\$ 681,467	\$ 6,283,020
Cash received from (to) other funds	(174,971)	(5,208)	56,996	(123,183)
Payments to suppliers and employees	(3,567,652)	(582,332)	(648,848)	(4,798,832)
Net cash provided (used) by operating activities	<u>845,169</u>	<u>426,222</u>	<u>89,615</u>	<u>1,361,006</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	-	-	(28,622)	(28,622)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(28,622)</u>	<u>(28,622)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(120,707)	(154,308)	(60,993)	(336,008)
Principal paid on capital debt	(192,000)	(170,000)	-	(362,000)
Interest paid on capital debt	(47,801)	(101,914)	-	(149,715)
Net cash used by capital and related financing activities	<u>(360,508)</u>	<u>(426,222)</u>	<u>(60,993)</u>	<u>(847,723)</u>
Cash flows from investing activities:				
Interest and dividends	207,705	-	-	207,705
Net cash used by investing activities	<u>207,705</u>	<u>-</u>	<u>-</u>	<u>207,705</u>
Net increase in cash and cash equivalents	692,366	-	-	692,366
Balances-beginning of the year	<u>6,551,692</u>	<u>-</u>	<u>-</u>	<u>6,551,692</u>
Balances-end of the year	<u>\$ 7,244,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,244,059</u>
Displayed as:				
Cash and cash equivalents	<u>\$ 7,244,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,244,059</u>

The accompanying notes are an integral part of these statements

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2021

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	Water Fund	Sewer Fund	Police Detail Fund	Total
Operating income (loss)	\$ 697,068	\$ (44,214)	\$ 92,803	\$ 745,657
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	442,586	432,151	25,458	900,195
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	20,654	(15,397)	(85,642)	(80,385)
(Increase) decrease in other receivables	(9,663)	(4,385)	-	(14,048)
(Increase) decrease in other assets	(22,100)	-	-	(22,100)
(Increase) decrease in due from other funds	(174,971)	(5,208)	56,996	(123,183)
Increase (decrease) accounts payable and accrued expenses	(181,215)	47,876	-	(133,339)
Increase (decrease) in net pension liability	72,810	-	-	72,810
Increase (decrease) in deferred revenue	-	15,399	-	15,399
Net cash provided (used) by operating activities	\$ 845,169	\$ 426,222	\$ 89,615	\$ 1,361,006

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Fiduciary Funds

Statement of Net Position

June 30, 2021

	Employee Benefit Trust Funds	Private Purpose Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents	\$ -	\$ 34,083	\$ -
Investments	44,995,250	-	-
Due from other funds	237,741	-	452,279
	45,232,991	34,083	452,279
Deferred outflows of resources			
None	-	-	-
	45,232,991	34,083	452,279
Liabilities			
Accounts payable	-	-	-
Due to other funds	17,716	-	-
Deposits held	-	-	161,730
	17,716	-	161,730
Deferred inflows of resources			
None	-	-	-
Net Position			
Restricted for pension trust	35,668,755	-	-
Restricted for OPEB trust	9,546,520	-	-
Restricted for Road Surety	-	-	290,549
Restricted for private purposes	-	34,083	-
	45,215,275	34,083	290,549
Total net position	45,215,275	34,083	290,549
Total liabilities and net position	\$ 45,232,991	\$ 34,083	\$ 452,279

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Fiduciary Funds

Statement of Changes in Net Position

For the Year Ended June 30, 2021

	Employee Benefit Trust Funds	Private Purpose Trust Funds	Custodial Funds
Additions			
Employer contributions	\$ 4,276,429	\$ -	\$ -
Plan member contributions	373,670	-	-
Investment income (net of related fees)	8,664,657	14	-
Total additions	<u>13,314,756</u>	<u>14</u>	<u>-</u>
Deductions			
Amount expended	-	-	41,462
Benefits paid	3,481,814	-	-
Administrative expenses	27,381	-	-
Total deductions	<u>3,509,195</u>	<u>-</u>	<u>41,462</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	9,805,561	14	(41,462)
Net position, July 1, 2020, restated	<u>35,409,714</u>	<u>34,069</u>	<u>332,011</u>
Net position, June 30, 2021	<u>\$ 45,215,275</u>	<u>\$ 34,083</u>	<u>\$ 290,549</u>

The accompanying notes are an integral part of these statements

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies:

The basic financial statements of the Town of Lincoln, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities. In certain instances, summaries of the Town's significant accounting policies have been presented throughout the notes to the financial statements in conjunction with other disclosures to which they relate.

A. Financial Reporting Entity

The Town was founded in 1871. The Town is governed largely under the 1958 Home Rule Charter, which provides for a Council-Administrator form of government. The Town provides various services including education, water, libraries, public safety (police and rescue), public works, (engineering, highway, recycling, sewer, public buildings, parks and recreation), social services and general government services.

The elected Town Administrator serves as chief administrative agent over all municipal services including public safety (police and rescue), public works (highway, maintenance, and sanitation), social services, parks and recreation, planning, zoning and inspection, and general administrative services. The Superintendent of Schools, appointed by the School Committee, serves as the chief administrative agent for the School Department, which provides elementary and secondary education to Town residents. The Superintendent of the Water Commission, appointed by the Board of Water Commissioners, serves as the Chief Administrative Agent for the Water Commission, a quasi-municipal agency/department of the Town.

The Town complies with generally accepted accounting principles (GAAP), including all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization's resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c. The primary government is obligated for the debt of the organization.

The Town has identified no component units through the application of GASB Statement No. 61.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Implemented in the Current Year:

During the fiscal year June 30, 2021, the Town of Lincoln has adopted the following new accounting standards issued by GASB:

GASB Statement No. 84, *Fiduciary Activities* is effective for periods beginning after December 15, 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

The Town of Lincoln is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

Statement No. 87, "Leases". GASB Statement No. 87 requires that government lessees recognize a lease liability and intangible assets representing the lessee's right to use the leased asset and report in its financial statements amortization expense for using the lease asset for the shorter of the lease term or the useful life of the underlying asset, interest expense on the lease liability and note disclosures about the lease. The Statement also requires government lessors recognize a lease receivable and a deferred inflow of resources and continue to report the leased asset in its financial statements. The revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, interest income on the receivable and note disclosures about the lease must also be included in the financial statements. The requirements of this Statement are effective for the Town of Lincoln, Rhode Island's for fiscal year ending June 30, 2022.

Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". GASB Statement No. 89 provides accounting requirements for interest cost incurred before the end of a construction period. It establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island's management for fiscal year ending June 30, 2022.

Statement No. 90, "Majority Equity Interests". The primary objective of GASB Statement No. 90 is to improve the consistency and comparability of reporting a governments' majority equity interest in a legally separate organization and to improve the financial statements relevance for certain component units. The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island's management for fiscal year ending June 30, 2022.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 91, “Conduit Debt Obligations”. The primary objectives of GASB Statement No. 91 are to provide a single method to report conduit debt obligation and to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island’s management for fiscal year ending June 30, 2023.

Statement No. 92, “Omnibus 2020”. GASB Statement No. 92 addresses a variety of topics including, among other things, Leases, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, Fiduciary Activities, Measurement of liabilities related to AROs. The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island’s management for fiscal year ending June 30, 2022.

Statement No. 93, “Replacement of Interbank Offered Rates”. GASB Statement No. 93 assists state and local governments in the transition away from existing interbank offered rates (IBOR) to other reference rates because of global reference rate reform, wherein the London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021. The objective of this Statement is to address implications that result from the replacement of an IBOR in Statement No. 53, Accounting and Financial Reporting for Derivative Instruments and Statement No. 87, Leases and other accounting and financial reporting implications. The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island’s management for fiscal year ending June 30, 2022.

Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. GASB Statement No. 94 establishes standards of accounting and financial reporting for Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island’s management for fiscal year ending June 30, 2023.

Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island’s management for fiscal year ending June 30, 2022.

Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GFASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency,

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The impact of this standard will be evaluated by the Town of Lincoln, Rhode Island's management for fiscal year ending June 30, 2021.

A. Basic Financial Statements – Government-Wide Statements

The statement of net position and statement of activities display information about the Town as a whole. They include all funds of the Town except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between expenses and program revenue for each function of the Town's governmental activities. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

B. Basic Financial Statements – Fund Financial Statements

Fund financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Fund types used by the Town and a description of the funds comprising each are as follows:

Governmental Funds:

Governmental funds are used to account for operations that supply basic government services. The Town uses the following governmental funds:

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements – Fund Financial Statements (Continued)

General Fund - The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specific purposes other than debt service or capital projects.

Capital Projects Funds - Capital projects funds are used to account for and report resources restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds:

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Town considers all enterprise funds to be major funds for financial statement purposes even though they may not qualify under the GASB guidelines. The Town's proprietary funds consist of the Water Fund, Sewer Fund, and the Police Detail Fund. The Town has no internal service funds.

Fiduciary Funds (not included in government wide financial statements):

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. The following fiduciary funds are used by the Town:

Pension Trusts Fund - Pension trust funds account for contributions made by the Town and its participating employees to provide retirement benefits to the participating employees.

OPEB Trust Fund - OPEB trust fund is used to account for funds to be used to provide postretirement benefits.

Private Purpose Trust Fund - The Town's private purpose trust accounts for resources legally held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor's instructions. All resources of the fund, including any earnings on investments, may be used. There is no requirement that any portion of these resources be preserved as capital.

Custodial Funds - Custodial funds are established when the Town holds assets in custody for others in an agency capacity.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued):

the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be available are recorded as unavailable revenues (deferred inflows of resources). Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, special assessments, intergovernmental revenues, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash and thus are recognized when received. Rescue service fees receivable, net of an allowance for doubtful accounts, are reported as deferred inflows of resources and considered unavailable in the fund statements.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided, they are collected during the year or estimated to be collected in the following fiscal year. Prior to expenditure, proceeds received in advance are recorded as unearned revenues.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds consist of charges to customers for sales and services. Operating expenses of the enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Use of estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Property taxes:

Property taxes are recognized as revenue in the year they are levied and become available. Taxes are levied on July 1 on (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered. Taxes levied on July 1 are payable July 31 or may be paid quarterly on July 31, October 31, January 31, and April 30. Failure to make payments by March 10 will result in a lien on the taxpayer's property.

Intergovernmental revenues:

State aid and other intergovernmental revenue is recognized in the year in which the funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition.

Under Rhode Island general laws, depository institutions must insure deposits of municipalities or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of date of maturity. The Town complied with these requirements. The Town does not have a deposit policy for custodial credit risk or other risks.

Investments:

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The Town does not have an investment policy for custodial credit risk or other risks other than those relating to its pension trust fund. The Town's investment commission is responsible for the supervision of the investment of the Town's Pension Trust Fund investments, with the objective of preserving capital and investing with care to minimize the risk of large losses.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Inter-fund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds. Reimbursements are accounted for as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund. All other inter-fund transactions in the governmental fund financial statements are operating transfers on the operating statements of the funds involved.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due from/to other funds" (current portion) or "advances from/to other funds" (noncurrent portion). All other outstanding balances between funds are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Capital assets:

In the government-wide financial statements all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by of asset are as follows:

	<u>Years</u>
Land improvements	20
Building improvements	20-60
Furniture and equipment	2-30
Motor vehicles	5-10
Water mains, valves, tanks, hydrants and services	10-100
	20-60

Capital assets acquired by governmental funds may be accounted for as capital outlay expenditures.

(Continued)

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Bond issuance costs:

Bond issuance costs are expensed when incurred.

Compensated absences:

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

In the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it.

Long-term obligations:

In the government-wide and enterprise fund financial statements, long-term debt and other long-term obligations (including compensated absences and accrued claims and judgments) are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt using the effective interest method.

In the governmental fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

Deferred outflows/inflows of resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred charge on refunding and deferred outflows related to pensions in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Deferred outflows/inflows of resources (continued):

The deferred outflows applicable to pensions related to contributions made by the Town after the measurement date, the net difference between projected and actual earnings on plan investments and changes in actuarial assumptions. The deferred outflows related to contributions will be recognized in the following year while the deferred outflows related to projected and actual earnings will be amortized over the average remaining service life of all plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance collections and deferred inflows of resources related to pensions in this category. The deferred inflows of resources related to pensions is the difference between projected and actual earnings on pension plan investment and changes in actuarial assumptions. These deferred inflows will be amortized over the average remaining services life of all plan members.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures and/or expense are recorded in order to reserve portions of applicable appropriations, is employed in the governmental and business-type funds.

Fund equity:

Government-wide and enterprise fund financial statements:

Net position:

The Town's net position has been segregated into the following three components:

Net investment in capital assets - represents the net book value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

Restricted - those that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law.

Unrestricted - a residual category for the balance of net position.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Fund Equity (Continued):

The Town's fund balance is reported in the following categories:

Nonspendable fund balance – amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance - amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Town, using its highest level of decision-making authority.

Assigned fund balance – amounts constrained to specific purposes internally by the Town.

Commitments will only be used for specific purposes pursuant to a formal action of the Town Council. Town Council Resolution is required to approve, modify, or rescind a fund balance commitment. At June 30, 2020, committed fund balance of the General Fund consisted of encumbrances totaling \$263,896. Assigned fund balance - amounts that are intended by the Town to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. At June 30, 2021, assigned fund balance of the General Fund consisted of a health care reserve of \$500,000.

The Town Council delegates to the Town Administrator or designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Unassigned fund balance - amounts available for any purpose.

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances, where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements), followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

Other post -employment benefits:

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's plan and additions to/deductions from Town's fiduciary net position have been determined on the same basis as they are reported by the Town. For this purpose, the Town recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

Pensions:

Employees; Retirement System Plan (ERS)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Municipal Employees' Retirement System (MERS)

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Teachers' Survivors Benefit Plan (TSB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Survivors Benefit plan (TSB) and the additions to/deductions from TSB fiduciary net position have been determined on the same basis as they are reported by TSB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town Private Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Private plan (TPP) and the additions to/deductions from TPP fiduciary net position have been determined on the same basis as they are reported by TPP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 2. Fund Deficits

The following individual funds had unassigned fund deficits as of June 30, 2021:

Town Special Revenue	
DCF Grant	\$ 108,996
Disaster Mitigation	15,598
Child Seatbelt	98
Bryne Jag	350
Operation Riptide	1,352
H1N1 Clinic Grant	<u>302,707</u>
Total Fund Deficit	<u>\$ 429,101</u>
School Special Revenue	
NFL Play 60 Grant	<u>2,329</u>
Total Fund Deficit	<u>\$ 2,329</u>

These deficits will be funded through bond proceeds, sales of property, or transfers from other funds.

Note 3. Cash and cash equivalents

The Town maintains deposits in various financial institutions that are carried at market value except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents".

At June 30, 2021, the carrying amount of the Town's deposits and cash held by fiduciary funds was \$35,228,401 while the bank balance was approximately \$34,288,078. Of the bank balance approximately \$27,279,392 was insured and / or collateralized with securities held by pledging financial institution in the Town's name.

At June 30, 2021, deposits are categorized as follows:

	Insured/ Collateralized in Town's Name	Total Bank Balance	Carrying Amount
Deposits:			
Demand deposits & savings	\$ 17,576,251	\$ 22,861,936	\$ 23,802,259
Short-term CD's	275,777	275,777	275,777
Money market	11,721	1,734,722	1,734,722
RIHBEC	9,116,109	9,116,109	9,116,109
RICWFA	<u>299,534</u>	<u>299,534</u>	<u>299,534</u>
	<u>\$ 27,279,392</u>	<u>\$ 34,288,078</u>	<u>\$ 35,228,401</u>

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 4. Investments

Investment of all idle funds is made through national banks or trust companies, providing that the financial conditions and integrity of these institution or institutions are verifiable and can be monitored. The investment of funds is in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution cannot exceed five (5) percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. All investments are made as would be done by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital. The Town follows the guidance of the fair value measurement and disclosures in accordance with GASB Statement No. 72, "Fair Value Measurement and Application". The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. The Town's formal investment policy for its Pension Trust Fund states that no security can be purchased that is rated below B by Moody's Investor Services or Standard & Poor's Ratings Group. The pension investment policy also states that no more than 10% of the portfolio's fixed income allocation may be invested in securities rated below investment grade. The pension portfolio may not invest in or use synthetic securities or derivatives of any kind. The Town does not have a formal policy that limits investment choices for its other funds.

Concentration of credit risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. The Town's formal investment policy for its Pension Trust Fund states that nomore than 5% of the portfolio's value may be invested in the securities of any one issuer exceptfor securities of the U.S. Government, its agencies, or instrumentalities. The Town does not have a formal policy that limits the amount that the Town may invest in one issuer for its other funds.

Custodial credit risk:

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not believe that it has significant custodial credit risk with regard to its investments as substantially all investment securities are registered and held in the name of the Town.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 4. Investments (Continued)

Foreign currency risk:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Town does not have a formal policy for foreign currency risk. There was no foreign currency risk noted at June 30, 2021.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Town are open-ended mutual funds that are registered with the Securities and Exchange Commission.

Fixed income securities: Valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments, including matrix pricing based on quoted prices for securities with similar coupons, ratings and maturities.

The following table summarizes the assets of the Town for which fair values are determined on a recurring basis as of June 30, 2021.

Investment at Fair Value	June 30, 2021	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
US Government Obligations	\$ 1,753,510	\$ 1,753,510	\$ -	\$ -
Mortgage Backed Securities	1,117,471	1,117,471	-	-
Collateralized Mtg Obligations	47,402	47,402	-	-
Asset Backed Securities	83,530	83,530	-	-
Corporate Bonds	3,428,894	3,428,894	-	-
Foreign Bonds and Notes	50,762	50,762	-	-
Private Placements	144,723	144,723	-	-
Open End MF-Fixed Inc Tax	2,288,827	2,288,827	-	-
Equity Securities				
Common Stock	2,818,973	2,818,973	-	-
Foreign Stock	667,498	667,498	-	-
ADR	4,355,914	4,355,914	-	-
Open End MF-Equity	20,169,997	20,169,997	-	-
Real Estate Investment Trust	147,294	147,294	-	-
Short Term Investments	2,028,040	-	-	2,028,040
Vanguard	9,308,779	9,308,779	-	-
Government Banking Investment	995,758	995,758	-	-
Total Investments	\$ 49,407,372	\$ 47,379,332	\$ -	\$ 2,028,040

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 4. Investments (Continued)

Pension Trust Fund and OPEB Trust Fund investments:

	Carrying Amount
Debt Securities	\$ 8,915,119
Equity Securities	26,771,352
Mutual Fund	9,308,779
Total investments:	\$ 44,995,250

Note 5. Interfund Transactions

Inter-fund receivables and payables at June 30, 2021 are as follows:

	Due from Other Funds	Due to Other Funds	Other Financing Sources	Other Financing Uses
<u>Major Governmental Funds</u>				
General fund	\$ -	\$ 11,871,869	\$ 28,622	\$ 43,209,082
School unrestricted fund	3,681,350	61,742	42,454,172	-
Public building bond fund	3,913,239	-	-	-
<u>Non-Major Governmental Funds</u>				
Town special revenue	476,742	423,546	-	-
School special revenue	168,777	644,224	-	-
Capital projects	3,382,444	-	754,910	-
<u>Proprietary Funds</u>				
Water fund	472,832	-	-	-
Sewer fund	274,398	-	-	-
Police detail fund	-	40,705	-	28,622
<u>Fiduciary Funds</u>				
Police Pension Trust Fund	-	17,716	-	-
OPEB Trust Fund	237,741	-	-	-
Custodial fund	452,279	-	-	-
Totals	\$ 13,059,802	\$ 13,059,802	\$ 43,237,704	\$ 43,237,704

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs or capital expenditures with revenue generated by the fund.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 15,328,174	\$ -	\$ -	\$ 15,328,174
Construction in progress	33,743,678	32,855,702	-	66,599,380
Total capital assets not being depreciated:	49,071,852	32,855,702	-	81,927,554
Capital assets being depreciated:				
Land improvements and infrastructure	27,199,934	1,270,041	-	28,469,975
Buildings & improvements	66,743,570	522,669	-	67,266,239
Machinery & equipment	5,284,164	187,702	-	5,471,866
Motor vehicles	4,912,417	385,695	285,506	5,012,606
Total capital assets, being depreciated:	104,140,085	2,366,107	285,506	106,220,686
Less accumulated depreciation:				
Land improvements and infrastructure	10,543,406	1,076,493	-	11,619,899
Buildings & improvements	24,218,853	1,625,033	-	25,843,886
Machinery & equipment	4,479,376	181,920	-	4,661,296
Motor vehicles	3,199,217	317,041	208,974	3,307,284
Total accumulated depreciation:	42,440,852	3,200,487	208,974	45,432,365
Total capital assets being depreciated, net	61,699,233	(834,380)	76,532	60,788,321
Governmental activities capital assets, net	\$ 110,771,085	\$ 32,021,322	\$ 76,532	\$ 142,715,875

For the year ended June 30, 2021, depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 89,977
Public safety	344,614
Public Service	927,015
Culture	363,163
Library	55,724
Education	1,419,994
Total governmental activities depreciation expense	\$ 3,200,487

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 6. Capital Assets (Continued)

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 177,451	\$ -	\$ -	\$ 177,451
Total capital assets not being depreciated:	177,451	-	-	177,451
Capital assets being depreciated:				
Buildings & improvements	1,254,353	-	-	1,254,353
Infrastructure	48,134,715	192,228	-	48,326,943
Machinery & equipment	2,150,160	82,785	-	2,232,945
Motor vehicles	1,059,026	60,993	-	1,120,019
Total capital assets, being depreciated:	52,598,254	336,006	-	52,934,263
Less accumulated depreciation:				
Buildings & improvements	778,656	33,297	-	811,953
Infrastructure	17,580,085	643,451	-	18,223,536
Machinery & equipment	1,061,331	188,500	-	1,249,831
Motor vehicles	914,993	34,947	-	949,940
Total accumulated depreciation:	20,335,065	900,195	-	21,235,260
Total capital assets being depreciated, net	32,263,189	(564,189)	-	31,699,003
Business-type activities capital assets, net	\$ 32,440,640	\$ (564,189)	\$ -	\$ 31,876,454

For the year ended June 30, 2021, depreciation was charged to the following functions:

Business-type activities	
Water Fund	\$ 442,587
Sewer Fund	432,150
Police Detail	25,458
Total business-type activities depreciation expense	\$ 900,195

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 7. Long-Term Obligation

General obligation bonds, notes and loans payable:

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. In addition, general obligation bonds have been issued to refund previously outstanding general obligation bonds.

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from nontax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2020 was \$3,384,395,891, limiting the amount of non-excepted general obligation bonds outstanding to \$101,531,877. At June 30, 2021, bonds and loans outstanding totaled \$77,742,650.

Defeasance of debt:

On July 1, 2003, the Town issued \$18,770,000 in general obligation bonds with an average interest rate of 3.83% to refund in advance \$6,980,000 in 1996 bonds and \$11,360,000 in 1993 bonds. The note proceeds were used to purchase U.S. Government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 bonds and the redemption of the 1993 bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Town's financial statements. On June 30, 2021, the outstanding balance of defeased bonds is \$13,145,000.

A summary of long-term obligations at June 30, 2021 is as follows:

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
General obligation bonds	\$ 73,285,000	\$ -	\$ 73,285,000
Premium on bond issuance	12,582,410	-	12,582,410
Total bonds payable	85,867,410	-	85,867,410
Loans payable	-	4,457,650	4,457,650
MERS Pension	3,123,583	-	3,123,583
ERSRI Pension	45,190,805	-	45,190,805
Police Pension	11,911,747	-	11,911,747
OPEB obligation	15,688,676	-	15,688,676
Accrued compensated absences	4,218,887	-	4,218,887
	166,001,108	4,457,650	170,458,758
Less portion due within one year	5,198,253	375,000	5,573,253
Total long term debt	\$ 160,802,855	\$ 4,082,650	\$ 164,885,505

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 7. Long-Term Obligation (Continued)

Governmental Activities									
Purpose	Amount of Original Issue	Date Issued	Interest Rate	Maturity Date	Balance, July 1, 2020	New Issues	Refunding/ Retired	Balance, June 30, 2021	Amounts Due Within One Year
General obligation bonds									
Refunding - School construction & renovation	22,055,000	06/25/15	3.00-5.00%	08/01/26	15,000,000	-	1,855,000	13,145,000	1,950,000
Refunding of 2007 Bonds	1,285,000	09/25/18	4.125-4.250%	06/30/27	970,000	-	140,000	830,000	140,000
Refunding of 2008 Bonds	2,335,000	09/25/18	4.00-4.375%	06/30/29	2,095,000	-	235,000	1,860,000	235,000
RIHEBC Series 2020B	57,450,000	06/17/20	3.00-5.00%	05/15/40	57,450,000	-	-	57,450,000	1,990,000
Total general obligation bonds	91,125,000				75,515,000	-	2,230,000	73,285,000	4,315,000
Premium on bond issuance					13,402,384	-	819,974	12,582,410	826,293
Total bonds payable	<u>91,125,000</u>				<u>88,917,384</u>	<u>-</u>	<u>3,049,974</u>	<u>85,867,410</u>	<u>5,141,293</u>
Others:									
Net pension liability - MERS					\$ 2,579,470	\$ 544,113	\$ -	\$ 3,123,583	\$ -
Net pension liability - ERS					45,265,715	-	74,910	45,190,805	-
Town pension liability					16,774,487	-	4,862,740	11,911,747	-
Net OPEB liability					13,580,917	2,107,759	-	15,688,676	-
Accrued compensated absences					4,891,034	-	672,146	4,218,887	56,960
Total long-term obligations					<u>\$ 172,009,007</u>	<u>\$ 2,651,872</u>	<u>\$ 8,659,770</u>	<u>\$ 166,001,108</u>	<u>\$ 5,198,253</u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 7. Long-Term Obligation (Continued)

Business-type activities:

Purpose	Amount of Original Issue	Date Issued	Interest Rate	Maturity Date	Balance, July 1, 2020	New Issues	Retired	Balance, June 30, 2021	Amounts Due Within One Year
Loans payable									
Enterprise fund, Sewer									
Rhode Island Clean Water									
Finance Agency									
Sewer system improvements	\$ 2,902,500	03/29/11	1.45-4.35%	09/01/31	\$ 2,013,500	\$ -	\$ 130,000	\$ 1,883,500	\$ 135,000
Sewer system improvements	849,000	07/30/15	1.33-2.96%	09/01/34	732,000	-	40,000	692,000	41,000
Enterprise fund, Water									
Rhode Island Clean Water									
Finance Agency									
Water system improvements	300,000	04/19/04	3.50%	09/01/24	35,583	-	7,000	28,583	7,000
Water system improvements	1,800,000	03/01/07	3.03-3.40%	09/01/27	883,000	-	96,000	787,000	100,000
Water system improvements	1,500,000	11/06/09	0.55-4.15%	09/01/29	934,000	-	72,000	862,000	74,000
Water system improvements	362,568	02/12/10	0.36-4.09%	09/01/30	221,567	-	17,000	204,567	18,000
Total long-term obligations	<u>\$ 7,714,068</u>				<u>\$ 4,819,650</u>	<u>\$ -</u>	<u>\$ 362,000</u>	<u>\$ 4,457,650</u>	<u>\$ 375,000</u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 7. Long-Term Obligation (Continued)

At June 30, 2021, annual debt service requirements to maturity for general obligation bonds, loans payable and capital leases are as follows:

General obligation bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	4,315,000	3,063,925	7,378,925
2023	4,485,000	2,869,525	7,354,525
2024	4,675,000	2,665,175	7,340,175
2025	4,860,000	2,467,313	7,327,313
2026	5,030,000	2,278,988	7,308,988
2027-2031	16,760,000	8,591,088	25,351,088
2032-2036	17,005,000	4,989,200	21,994,200
2037-2040	16,155,000	1,438,750	17,593,750
	<u>\$73,285,000</u>	<u>\$28,363,964</u>	<u>\$101,648,964</u>

Loans payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	375,000	144,574	519,574
2023	388,000	132,508	520,508
2024	404,000	119,772	523,772
2025	418,582	106,346	524,928
2026	427,000	92,330	519,330
2027-2031	2,004,568	246,867	2,251,435
2032-2035	440,500	18,359	458,859
	<u>\$ 4,457,650</u>	<u>\$ 860,756</u>	<u>\$ 5,318,406</u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 8. ERS Pension Plans

All eligible employees of the Town are covered by one of four pension plans: The Town of Lincoln Retirement Plan (Town Plan), the Laborers' International Union of North America Pension Fund (Union Plan), the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), and the Municipal Employees' Retirement System (Municipal Plan).

Employees' Retirement System Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description - Certain employees of the Town of Lincoln, Rhode Island (Lincoln) participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit provisions – The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service-connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments is provided at four-year intervals commencing with the plan year ending June 30, 2016.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 8. ERS Pension Plan (Continued)

Employees' Retirement System Defined Benefit Pension Plan

General Information about the Pension Plan

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2021, Town teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the Town are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town; the rates were 10.75% and 14.50% of annual covered payroll for the fiscal year ended June 30, 2021 for the state and Town, respectively. The Town contributed \$3,890,608 \$3,762,850 and \$3,621,244 for the fiscal years ended June 30, 2021, 2020 and 2019, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the Town reported a liability of \$45,190,805 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town proportionate share of net pension liability	\$ 45,190,805
State's proportionate share of the net pension liability associated with the Town	<u>33,577,875</u>
Total net pension liability	<u>\$ 78,768,680</u>

The net pension liability was measured as of June 30, 2020, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020. The Town proportion of the net pension liability was based on a projection of the Town long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2020 the Town proportion was 1.41442012%.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 8. ERS Pension Plan (Continued)

For the year ended June 30, 2021 the Town recognized gross pension expense of \$3,588,141 and revenue of \$3,398,120 for support provided by the State. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 441,845	\$ 880,701
Changes of assumptions	2,017,390	1,053,096
Net difference between projected and actual earnings on pension plan investments	917,464	-
Changes in proportion and differences between System contributions and proportionate share contributions	-	1,970,274
System contributions subsequent to the measurement date	3,890,608	-
	\$ 7,267,307	\$ 3,904,071
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		\$ (527,372)

\$3,890,608 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2021 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (776,144)
2023	10,498
2024	419,955
2025	226,680
2026	(224,563)
Thereafter	(183,798)
	\$ (527,372)

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 13.00%
Investment rate of return	7.00%

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 8. ERS Pension Plan (Continued)

Employees' Retirement System Defined Benefit Pension Plan

Mortality – variants of PUB (10) tables for Healthy and Disabled retirees, projected with scales Ultimate MP 16.

The actuarial assumptions used in the June 30, 2019 valuation rolled forward to June 30, 2020 and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. The June 30, 2020 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Asset class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
GROWTH		
Global equity:		
U.S. Equity	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.56%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	15.00%	
	100.00%	

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 8. ERS Pension Plan (Continued)

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Employees' Retirement System Defined Benefit Pension Plan

Discount rate - the discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 54,221,818	\$ 45,190,805	\$ 34,291,856

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Note 9. Defined Contribution Pension Plan

Defined Contribution Plan Description:

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Town of Lincoln, Rhode Island recognized pension expense of \$717,261, for the fiscal year ended June 30, 2021.

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 9. Defined Contribution Pension Plan (Continued)

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description - The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org

Benefits provided – General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Compensation: Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

General employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Police and Fire employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

Other benefit provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Employees covered by benefit terms.

At the June 30, 2020 valuation date, the following employees were covered by the benefit terms:

	General Employees	Rescue Employees
Retirees and Beneficiaries	6	11
Inactive, Nonretired Members	12	3
Active Members	<u>15</u>	<u>15</u>
Total	33	29

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$94,779 to their general employee MERS plan in the year ended June 30, 2020 which was 9.29% of annual covered payroll and contributed \$208,719 to their rescue employee MERS plan in the year ended June 30, 2020 which was 25.38% of annual covered payroll.

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2019 and rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2020 measurement date (June 30, 2019 valuation rolled forward to June 30, 2020)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.5 %
Mortality	Mortality – variants of the PUB (10) tables for Healthy and Disabled retirees, projected with scales Ultimate MP 16
Cost of Living Adjustments	A 2% COLA is assumed for all MERS units with the COLA Provisiosn

The actuarial assumptions used in the June 30, 2019 valuation rolled forward to June 30, 2020 and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. The June 30, 2020 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

Asset class	Target Asset Allocation	Long-Term Expected Real Rate of Return
GROWTH		
Global equity:		
U.S. Equity	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.56%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	15.00%	
	100.00%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability (Asset) - General Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2019	\$ 3,254,257	\$ 2,689,647	\$ 564,610
Changes for the Year			
Service cost	96,105	-	96,105
Interest on the total pension liability	227,565	-	227,565
Changes in benefits	-	-	-
Difference between expected and actual experience	(172,538)	-	(172,538)
Changes in assumptions	(26,160)	-	(26,160)
Employer contributions	-	117,592	(117,592)
Employee contributions	-	9,767	(9,767)
Net investment income	-	102,739	(102,739)
Benefit payments, including employee refunds	(102,764)	(102,764)	-
Administrative expense	-	(2,831)	2,831
Other changes	-	-	-
Net changes	<u>22,208</u>	<u>124,503</u>	<u>(102,295)</u>
Balances as of June 30, 2020	<u>\$ 3,276,465</u>	<u>\$ 2,814,150</u>	<u>\$ 462,315</u>

Changes in the Net Pension Liability (Asset) - Rescue Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2019	\$ 6,166,743	\$ 4,151,883	\$2,014,860
Changes for the Year			
Service cost	180,311	-	180,311
Interest on the total pension liability	426,701	-	426,701
Changes in benefits	-	-	-
Difference between expected and actual experience	420,183	-	420,183
Changes in assumptions	66,541	-	66,541
Employer contributions	-	205,154	(205,154)
Employee contributions	-	90,337	(90,337)
Net investment income	-	156,139	(156,139)
Benefit payments, including employee refunds	(322,352)	(322,352)	-
Administrative expense	-	(4,302)	4,302
Other changes	-	-	-
Net changes	<u>771,384</u>	<u>124,976</u>	<u>646,408</u>
Balances as of June 30, 2020	<u>\$ 6,938,127</u>	<u>\$ 4,276,859</u>	<u>\$2,661,268</u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

General Employee Plan

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 750,070	\$ 462,315	\$ 115,037

Rescue Employee Plan

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 3,280,159	\$ 2,661,268	\$ 1,914,396

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

General Employees Plan

For the year ended June 30, 2021 the employer recognized pension expense of \$88,606 The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in assumptions	\$ 7,880	\$ 130,624
Difference between expected and actual experience	10,132	17,467
Net difference between projected and actual earnings on pension plan investments	45,367	-
Contributions subsequent to the measurement date	94,779	-
	<u>\$ 158,158</u>	<u>\$ 148,091</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ (84,712)</u>

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 10. Municipal Employees' Retirement System (MERS) Defined Benefit Pension Plan (Continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	(69,343)
2023		(51,126)
2024		18,499
2025		17,258
2026		-
Thereafter		-
	<u>\$</u>	<u>(84,712)</u>

Rescue Employees Plan

For the year ended June 30, 2020 the employer recognized pension expense of \$347,525. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in assumptions	\$ 478,970	\$ 361,167
Difference between expected and actual experience	253,635	2,050
Net difference between projected and actual earnings on pension plan investments	73,507	-
Contributions subsequent to the measurement date	208,719	-
	<u>\$ 1,014,831</u>	<u>\$ 363,217</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ 442,895</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	68,868
2023		100,925
2024		117,389
2025		75,322
2026		37,926
Thereafter		42,465
	<u>\$</u>	<u>442,895</u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 11. Defined Contribution Pension Plan

Defined Contribution Plan Description:

Certain employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 1 to 1.5% of their annual covered salary and employers contribute 5% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Town of Lincoln recognized pension expense of \$36,200, for the fiscal year ended June 30, 2021.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

Note 12. Teacher Survivors (TSB) Benefit Plan

General Information about the Pension Plan

Plan description - Certain employees of the Town of Lincoln (Town) participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Eligibility and plan benefits - the plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full-time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 12. Teacher Survivors (TSB) Benefit Plan (Continued)

In January, a yearly cost-of-living adjustment for spouse’s benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouses’s Benefit
\$17,000 or less	\$ 825.00
\$17,001 to \$25,000	\$ 962.50
\$25,001 to \$33,000	\$ 1,100.00
\$33,001 to \$40,000	\$ 1,237.50
\$40,001 and over	\$ 1,375.00

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member’s annual salary up to but not exceeding an annual salary of \$11,500; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$4,600, \$34,380, and \$34,615 for the fiscal years ended June 30, 2021, 2020 and 2019, respectively, equal to 100% of the required contributions for each year.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021 the Town reported an asset of \$5,473,964 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2020, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2019. The Town proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2020 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2020 the Town proportion was 4.60912777%.

For the year ended June 30, 2021 the Town recognized pension expense of \$(185,900) – an increase in the net pension asset. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 12. Teacher Survivors (TSB) Benefit Plan (Continued)

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 469,486	\$ 1,167,261
Changes of assumptions	369,348	378,265
Net difference between projected and actual earnings on pension plan investments	267,129	
Changes in proportion and differences between System contributions and proportionate share contributions	244,347	26,467
System contributions subsequent to the measurement date	4,600	-
	<u>\$ 1,354,910</u>	<u>\$ 1,571,993</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ (221,683)</u>

\$4,600 reported as deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2021 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (33,426)
2023	77,960
2024	105,802
2025	(9,858)
2026	(133,444)
Thereafter	(228,716)
	<u>\$ (221,683)</u>

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 13.00%
Investment rate of return	7.00%

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 12. Teacher Survivors (TSB) Benefit Plan (Continued)

Mortality – variants of the PUB (10) tables for Healthy and disabled retirees, projected with scale ultimate MP 16.

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.5% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2019 valuation and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. The June 30, 2020 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset class	Target Asset Allocation	Long-Term Expected Real Rate of Return
GROWTH		
Global equity:		
U.S. Equity	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.56%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	15.00%	
	100.00%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 12. Teacher Survivors (TSB) Benefit Plan (Continued)

Discount rate - the discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ (4,553,271)	\$ (5,473,964)	\$ (6,585,395)

Pension plan fiduciary net position - detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

Note 13. Town Pension Plan

Plan description:

The Town Plan is a cost-sharing multiple employer defined benefit pension plan that covers substantially all Town and School Department employees not covered by other plans, as well as eligible firefighters employed by two fire districts: Lonsdale Fire and Saylesville Fire. Employees who work twenty hours or more per week for more than five months are eligible to participate. The Town Plan is reported as a Pension Trust Fund in the Town's financial statements.

Plan membership:

At June 30, 2021, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	108
Inactive plan members entitled to but not yet receiving benefits	36
Active plan members	<u>142</u>
Subtotal	<u><u>286</u></u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 13. Town Pension Plan (Continued)

Benefit provisions:

The Town Plan provides retirement and survivor benefits. The following benefit provisions were established and may be amended by Town ordinance or union contract:

- Any participant, who has attained his or her normal retirement date, as defined in the Town Plan, is eligible for a normal retirement benefit. The monthly benefit payable upon normal retirement is based on average monthly salary multiplied by credited service as follows:

Police and Lonsdale Firefighters	2 ½ % of average monthly salary multiplied by credited service up to 20 years, plus 2% of average monthly salary multiplied by up to five additional years of credited service.
Saylesville Firefighters	2 ½ % of average monthly salary multiplied by credited service up to 20 years, plus 2% of average monthly salary multiplied by up to ten additional years of credited service.
All other employees	1 ½ % of average monthly salary multiplied by credited service, with maximum benefit of 60% of average monthly salary.

Average monthly salary equals the average compensation during the highest three consecutive years out of the final ten years of employment. Salary includes base compensation plus holiday and longevity pay, but not overtime. Payments commence on the first day of the month following the date of an employee's retirement.

- Participants who terminate employment before completing ten years of service are refunded their employee contributions with annual interest credited at 5% after 1997 and 3 /1 2% before 1998. Participants who terminate employment after completing ten years of service have the option of either a refund of their employee contribution or a monthly benefit, as described above, at the normal retirement date.
- The beneficiary of a participant who dies prior to retirement receives the participant's accumulated contributions. In lieu of this benefit, the surviving spouse can elect to receive a benefit equal to 50% of the participant's benefit accrued to the date of death, payable at the participant's normal retirement date.
- For participants other than police and firefighters, the normal form of benefit is a monthly life annuity. For the police and firefighters, the normal form of benefit is a monthly joint and 67/1 2% survivor annuity. Optional forms of monthly benefits are available and are determined to be actuarially equivalent to the normal form of benefit.
- Police department employees who retire after June 30, 2004 receive an automatic 3% annual compounded Cost-of-Living Adjustment (COLA) to their monthly pension benefit.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 13. Town Pension Plan (Continued)

Funding policy and contributions:

Contribution requirements are established and may be amended by Town Council ordinance or union contract.

Employees are required to contribute 4% of their salary; police and firefighters must contribute 8% and 6%, respectively.

The Town is required to contribute an amount determined in accordance with the actuarial valuation. Administrative costs are paid from plan assets. Contributions to the pension plan from the Town were \$2,342,649.

Actuarial method and significant assumptions:

The annual required contribution (ARC) was determined as part of the June 30, 2020 actuarial valuation using the Entry Age Actuarial Cost Method. Under this method, the excess of the entry age actuarial accrued liability over the actuarial value of plan assets is amortized over a 20-year closed period as a level % of pay. The actuarial accrued liability, which is re-determined for each active participant as of each valuation date, represents the theoretical accumulation of all prior years' normal costs for the present participants as if the Town Plan had always been in effect. The unfunded actuarial accrued liability represents the excess of the actuarial accrued liability over the Plan's assets, which are valued using the actuarial value of the assets using a five-year smoothing of appreciation and/or depreciation.

Inflation	2.10 percent
Salary increases	3.00-6.00 percent, including inflation
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2019 blue collar mortality with social security generational improvement scale from 2006.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2020, the Town reported liability \$11,911,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. At June 30, 2021, the Town's proportion was 93.57%, which is a decrease of .20% from the its proportion measured as of June 30, 2020.

For the year ended, June 30, 2021, the Town recognized pension expense of \$1,474,308. At June 30, 2021, the Town reported deferred outflows of resources and inflows of resources related to pensions from the following sources:

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 13. Town Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 497,615	\$ -
Changes in assumptions	1,162,926	179,837
Net difference between projected and actual earnings on pension plan investments	-	3,290,702
Total deferred outflows / (inflows)	<u>\$ 1,660,541</u>	<u>\$ 3,470,539</u>
Total		<u>\$ (1,809,998)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (133,639)
2023	(417,489)
2024	(390,546)
2025	<u>(868,325)</u>
	<u>\$ (1,809,998)</u>

Investment Policy:

Investments shall be made solely in the interest of the Plan with an emphasis on long-term growth of principal while avoiding excessive risk, primarily through asset diversification. Investments of the Plan shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The Plan shall be diversified by maturity, issuer and class of security in order to eliminate the risk of loss resulting from over-concentration of assets. Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

Rate of Return:

For the year ended June 30, 2021 the annual money-weighted weighted rate of return on pension plan investments, net of pension plan expense was 24.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 13. Town Pension Plan (Continued)

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic fixed income	1.86%
Domestic equities	5.51%
International equities	7.05%
Real estate	5.63%

Long-term expected rate of return (continued):

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic fixed income	30%
Domestic equities	56%
International equities	14%
Total	<u>100%</u>

Discount Rate:

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 13. Town Pension Plan (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 18,852,976	\$ 11,911,747	\$ 6,325,297

Net Pension Liability:

The components of the net pension liability of the participating entities at June 30, 2021 were as follows:

Total pension liability	\$47,598,238
Plan fiduciary net position	<u>(35,686,491)</u>
Net pension liability	<u>\$11,911,747</u>
Plan fiduciary net position as a percentage of the total pension liability	74.97%

Aggregate Pension Amounts Reported in the Financial Statements:

As required by GASB Statement No. 68, Accounting and Financial Reporting for Pension and amendment of GASB Statement No. 34 the table below presents the aggregate amount of pension expense, pension liabilities (assets), and deferred inflows and outflows for the defined benefit plans of the Town of Lincoln, Rhode Island.

	MERS General	MERS Rescue	ERS	TSB	Town Plan - Police	Total
Net Pension Asset	\$ -	\$ -	\$ -	\$ 5,473,964	\$ -	\$ 5,473,964
Deferred Outflows of Resources - Pension	158,158	1,014,831	7,267,307	1,354,910	1,660,541	11,455,747
Deferred Inflows of Resources - Pension	148,091	363,217	3,904,071	1,571,993	3,470,539	9,457,911
Net Pension Liability	462,315	2,661,268	45,190,805	-	11,911,747	60,226,135
Pension Expense	88,606	347,525	3,588,141	(185,900)	1,474,308	5,312,680
	<u>\$ 857,170</u>	<u>\$ 4,386,841</u>	<u>\$ 59,950,324</u>	<u>\$ 8,214,967</u>	<u>\$ 18,517,135</u>	<u>\$ 91,926,437</u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 14. Union Plan

Plan description:

The Town of Lincoln Town Hall, Public Works, Library and Water union employees participate in the Laborer's International Union of North America Pension Fund, a cost-sharing multiple employer defined benefit plan. Financial statements for the Union Plan are issued separately and may be obtained from the Laborers National (Industrial) Pension Fund, 905 165th Street, NW., Washington, D.C. 20006-1765 or by calling (202) 737-1664.

Employees can retire on a regular pension if they have attained at least age 62, earned at least five years of Pension Credit, and earned at least one year of Pension Credit during the period that their employer is contributing to the Pension Fund. The amount of regular pension benefits payable to eligible participants is determined by the highest contribution rate at which they earned Pension Credit and they years of Pension Credits they earned (up to a maximum of 30 years of Pension Credits). Vesting of benefits is attained for participants who have five or more years of vesting credit (without a permanent break in service). The fund also provides death and disability benefits.

Contributions required and contributions made:

The Town's required contribution is negotiated with the local union. The Town's contribution was based upon \$2.89 per hour for Town Hall employees, \$2.72 per hour for Library employees, \$3.38 for hour for Public Works employees, and \$14.75 per day for Water employees participating in the Union plan for the period of July 1, 2020 to June 30, 2021. Participating employees are not required to contribute. The Town's required contribution for the year ended June 30, 2021 was \$324,726 as follows: Public Works (including sewer dept.) \$198,732, Town Hall \$84,128, and Library \$44,866.

Note 15. Other Postemployment Benefits

Plan Description

The Town of Lincoln administers a single-employer, defined benefit post-employment health insurance plan. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 75 in fiscal year 2017 on a retroactive basis.

The plan provides the following benefits based on employee group:

Police - Officers are eligible for lifetime retiree health benefit at 20 years of service with mandatory retirement at 25 years of service. There are no age requirements to get retiree health benefits.
All Other Town Employees - COBRA coverage at retirement.

For All School Employees – Certified Teachers and certain Administrators positions are eligible for retiree health benefits until Medicare eligibility once they meet the retirement eligibility requirements of Rhode Island Employees Retirement System (RI ERS). The above benefit provisions reflect changes implemented since the last valuation.

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 15. Other Postemployment Benefits (Continued)

As of June 30, 2021, the plan membership data is as follows:

<u>Description</u>	<u>Active Employees</u>	<u>Inactive or Beneficiaries Receiving Benefits</u>	<u>Total</u>
Number	464	76	540

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable employee share of medical or dental premiums. For the fiscal year ended June 30, 2021, the Town contributed \$1,933,780 to the plan, which is 46.70% of the annual determined contribution.

Summary of Significant Accounting Policies

Basis of Accounting - The Other Post-Employment Benefits Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Investment policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town's adopted asset allocation policy as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Equity	37.10%
Non-U.S. Equity	15.90%
U.S. Aggregate Bonds	12.00%
Intermediate-Term Credit	7.20%
Short-Term Credit	4.80%
Intermediate-Term TIPS	15.00%
REITs	8.00%
Total	<u>100.00%</u>

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 15. Other Postemployment Benefits (Continued)

Rate of Return:

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense was 10.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB liability	\$ 24,997,455
Plans fiduciary net position	9,308,779
Town's net OPEB liability	<u>\$ 15,688,676</u>
Plan net position as a percentage of the total OPEB liability	37.24%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 15. Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions (continued)

Notes to Required Supplementary Information:

Valuation Date: July 1, 2020 with no adjustments to get to June 30, 2021 measurement date.
Actuarial Cost Method: Entry Age Normal Level % of Salary method.
Asset-Valuation Method: Market Value.

Actuarial Assumptions:

Discount Rate 6.75% as of June 30, 2021.
Inflation: 2.50% per year.
Salary Increases: 3.50% annually as of June 30, 2021 and for future periods.
Mortality

Healthy actives and retirees:

Police: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021
School: SOA Pub-2010 Teachers Headcount weighted Mortality Table fully generational using Scale MP-2021
All Others: SOA Pub-2010 Teachers Headcount weighted Mortality Table fully generational using Scale MP-2021

Assumed rate of retirement:

School support staff

Retirement rates are based on the assumptions used in the RI MERS actuarial valuation report as of June 30, 2020, which is a flat 20% per year retirement probability for members eligible for unreduced retirement. A 35% retirement probability at first eligibility will be applied if they have reached age 65 or with at least 25 years of service.

School teachers and administration

Retirement rates are based on the assumptions used in the RI ERS actuarial valuation report as of June 30, 2020, which is a flat 25% per year retirement probability for members eligible for unreduced retirement. A 60% retirement probability at first eligibility will be applied if they have reached age 65 or with at least 25 years of service.

Town police officers

Retirement rates are based on Town of Lincoln Police pension actuarial valuation as of January 1, 2019.

Marriage assumptions

Spousal coverage and age for current retirees is based on actual data. Active employees who currently elect spousal coverage are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 15. Other Postemployment Benefits (Continued)

Asset Class	Long-term Expected Real Rate of Return
U.S. Equity	5.10%
Non-U.S. Equity	7.40%
U.S. Aggregate Bonds	1.20%
Intermediate-Term Credit	1.90%
Short-Term Credit	1.70%
Intermediate-Term TIPS	0.70%
REITs	4.00%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 20,587,238	\$ 7,006,321	\$ 13,580,917
Service cost	466,086	-	466,086
Interest on net OPEB liability and service cost	1,369,694	-	1,369,694
Differences between actual and expected experience	2,974,484	-	2,974,484
Changes in assumptions	1,148,354	-	1,148,354
Benefit payments, including refunds	(1,548,401)	(1,548,401)	-
Administrative expenses	-	(27,381)	27,381
Contributions - employer	-	1,933,780	(1,933,780)
Net investment income	-	1,944,460	(1,944,460)
Net changes	4,410,217	2,302,458	2,107,759
Balances at June 30, 2021	\$ 24,997,455	\$ 9,308,779	\$ 15,688,676

Discount rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 15. Other Postemployment Benefits (Continued)

	Impact of 1% Change in Discount Rate		
	1% Decrease	Current	1% Increase
	(5.75%)	discount rate	(7.75%)
		(6.75%)	(7.75%)
Total OPEB liability	18,835,179	15,688,676	13,093,200

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease	Current trend	Current trend
	(7.00%	rate (8.00%	rate (9.00%
	decreasing to	decreasing to	decreasing to
	3.50%)	4.50%)	5.50%)
Total OPEB liability	12,937,278	15,688,676	19,041,550

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended June 30, 2021 the Town recognized OPEB expense of \$1,834,339. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 3,522,455	\$ (919,413)
Changes in assumptions	1,592,994	(261,948)
Net difference between projected and actual earnings in OPEB plan investments	-	(1,185,100)
	5,115,449	(2,366,461)
Total		\$ 2,748,988

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ 478,888
2023	475,292
2024	628,490
2025	479,175
2026	687,143
Thereafter	-
Total	\$ 2,748,988

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 16. Financial Statements for Individual Pension and Other Postemployment Benefit Trust Funds

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plan that are included in the Fiduciary Funds as Employee Benefit Trust Fund.

Statement of Fiduciary Net Position

	Police Pension Trust Fund	OPEB Trust Fund
Assets		
Cash and cash equivalents	\$ -	\$ -
Investments	35,686,471	9,308,779
Due from other funds	-	237,741
	<hr/>	<hr/>
Total assets	35,686,471	9,546,520
Deferred outflows of resources		
None	-	-
	<hr/>	<hr/>
Total assets and deferred outflows of resources	35,686,471	9,546,520
Liabilities		
Accounts payable	-	-
Due to other funds	17,716	-
Deposits held	-	-
	<hr/>	<hr/>
Total liabilities	17,716	-
Deferred inflows of resources		
None	-	-
	<hr/>	<hr/>
Net Position		
Restricted for pension trust	35,668,755	-
Restricted for OPEB trust	-	9,546,520
	<hr/>	<hr/>
Restricted for private purposes	-	-
	<hr/>	<hr/>
Total net position	35,668,755	9,546,520
	<hr/>	<hr/>
Total liabilities and net position	\$ 35,686,471	\$ 9,546,520
	<hr/>	<hr/>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 16. Financial Statements for Individual Pension and Other Postemployment Benefit Trust Funds

Statement of Changes in Fiduciary Net Position

	Police Pension Trust Fund	OPEB Trust
Additions		
Employer contributions	\$ 2,342,649	\$ 1,933,780
Plan member contributions	373,670	-
Investment income (net of related fees)	<u>6,482,456</u>	<u>2,182,201</u>
Total additions	<u>9,198,775</u>	<u>4,115,981</u>
Deductions		
Benefits paid	1,933,413	1,548,401
Administrative expenses	<u>-</u>	<u>27,381</u>
Total additions	<u>1,933,413</u>	<u>1,575,782</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	7,265,362	2,540,199
Net position, July 1, 2020	<u>28,403,393</u>	<u>7,006,321</u>
Net position, June 30, 2021	<u>\$ 35,668,755</u>	<u>\$ 9,546,520</u>

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 17. Risk Management

Rhode Island Interlocal Risk Management Trust, Inc.:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (Trust) which provides coverage for property/liability claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the Town is insured for a maximum of \$2,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2021.

Note 18. Commitment and Contingencies

Rhode Island Municipal Insurance Corporations:

The Town is a member of the Rhode Island Municipal Insurance Corporation (RIMIC), a not-for-profit organization formed to jointly administer healthcare related matters for Rhode Island cities, towns, and other governmental units that elect to participate. RIMIC negotiates with qualified healthcare companies/third-party administrators to provide healthcare related administrative services and to provide healthcare benefits and claims services directly to members for the members' employees and retirees. RIMIC is governed by a Board of Directors (Board) that consists of one Board position from each municipality or other governmental unit that is a member.

Upon joining RIMIC, members execute member and adoption agreements. This document, pursuant to which RIMIC was established and operates, outlines the rights and responsibilities of both the members and RIMIC. Members of RIMIC participate in a health insurance plan administered through Blue Cross Blue Shield of Rhode Island (BCBSRI).

Continued

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 18. Commitment and Contingencies (Continued):

Each member is solely responsible for separately and directly contracting with the qualified healthcare provider/third party administrator chosen by RIMIC and for paying any and all healthcare-related claims directly to the provider. In addition, each member is responsible for determining the types and levels of self-insured healthcare benefits offered, as well as the amount of stop-loss insurance deemed appropriate. The Town purchases stop-loss insurance to cover claims in excess of \$175,000. At June 30, 2021, the incurred but not reported claims, as determined by RIMIC's health benefit advisors based on prior history, were estimated to approximate \$575,000 (\$181,000 Town and \$394,000 School) and are included in accrued expenses of the governmental activities. The RIMIC agreement provides for an annual independent audit of its financial statements. A copy of the latest audit report can be obtained by contacting RIMIC, c/o Rodio & Ursillo, 86 Weybosset St., Providence, RI 02903.

RIMIC members can withdraw from the program effective June 30th of any year provided they give a 90-day written notice of their intention to withdraw prior to June 30th. Failure to provide such notice automatically results in a member's participation and membership in RIMIC for an additional year.

Claims and judgments:

The following matters have been asserted and are outstanding:

The Town is a party to various claims, legal actions and complaints. It is not presently possible to determine the outcome of these cases; therefore, no liability has been recorded in the accompanying financial statements. In the opinion of the Town's management and Town Solicitor, these matters cannot be estimated, nor can the likelihood of a favorable outcome be made at this time.

Other contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Note 19. Tax abatements

The Town has tax incentive financing agreements in place at year end.

<u>Owner</u>	<u>Authority</u>	<u>Parcel ID</u>	<u>True Assessment</u>	<u>Address</u>	<u>TSA Payment</u>	<u>True Tax 12/31/17</u>	<u>Difference</u>
Fleet National Bank	RICL 42-64-1	Lot 49, Plat 30	\$ 8,416,965	670 George Washington Highway	\$ 192,580	\$ 229,783	\$ (37,203)

This agreement was signed on May 29, 2017 and terminates on December 31, 2027. This agreement provides for the annual tax liability to be calculate at a mil rate of \$22.88 and an assessed value of \$8,416,965 for the initial five years period and increases each five years by 15%.

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 20. Restatement

The following is a restatement that occurred at the fund financial level

	Governmental Funds	
	Governmental Funds	School Special Revenue Fund
Beginning balance, July 1, 2020	\$ 47,901,310	\$ 435,427
GASB Statement No. 84 implementation	633,480	633,480
Beginning balance, July 1, 2020, restated	\$ 48,534,790	\$ 1,068,906

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The following is the restatement that occurred at the government wide level. This includes the adjustment above

	Governmental Activities
Beginning balance, July 1, 2020	\$ 5,256,948
GASB Statement No. 84 implementation	633,480
Beginning balance, July 1, 2020, restated	\$ 5,890,427

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During the year the Town adopted GASB Statement No. 84

	Fiduciary Funds Custodial Fund
Beginning balance, July 1, 2020	\$ -
GASB Statement No. 84 implementation	332,011
Beginning balance, July 1, 2020, restated	\$ 332,011

TOWN OF LINCOLN, RHODE ISLAND

Note to the Financial Statements

June 30, 2021

Note 21. Fund Balance Classification

	Major Funds			Non-Major Funds			Total
	General Fund	School Unrestricted	Public Building Unrestricted	Town Special Revenue	School Department	Capital Projects	
Fund Balances							
Nonspendable							
Prepaid and inventory	\$ 95,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,108
Restricted for							
Grants	-	-	8,508,278	92,115	548,651	3,382,444	12,531,488
School	-	493,282	-	-	-	-	493,282
Committed to							
Encumbrances	1,410,521	-	-	-	-	-	1,410,521
School field project	-	-	-	268,289	-	-	268,289
Assigned							
Health care reserve	500,000	-	-	-	-	-	500,000
Unassigned	8,569,425	-	-	(178,182)	398,842	-	8,790,085
	<u>\$ 10,575,054</u>	<u>\$ 493,282</u>	<u>\$ 8,508,278</u>	<u>\$ 182,222</u>	<u>\$ 947,493</u>	<u>\$ 3,382,444</u>	<u>\$ 24,088,773</u>

Note 22. Subsequent Events

Management has evaluated subsequent events through the date of the financial statements, February 28, 2022. No material events have occurred that require disclosures.

Note 23. Coronavirus (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 9, 2020, the Governor of the State of Rhode Island declared a state of emergency to combat a novel coronavirus disease (COVID-19).

The Town of Lincoln derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated.

At this time, it is uncertain what effects of the pandemic will be on the Town health care costs, changes in interest rates, investment valuation and the future federal and state fiscal relief.

Required Supplementary Information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
General Fund

For the Year Ended June 30, 2021

	Original Budget			Actual	Encumbrances Carried in to FY2021	Variance Favorable (Unfavorable)
	Encumbrances Carried in from FY2020	Budget as Adopted	Total Available			
Revenues						
Taxes	\$ -	\$ 57,424,415	\$ 57,424,415	\$ 57,607,722	\$ -	\$ 183,307
Intergovernmental	-	8,778,420	8,778,420	8,659,349	-	(119,071)
Local revenues	-	2,287,705	2,287,705	2,674,966	-	387,261
Interest and investment income	-	420,000	420,000	404,541	-	(15,459)
Total revenues	-	68,910,540	68,910,540	69,346,578	-	436,038
Expenditures						
General government	2,216	896,743	898,959	843,877	500	54,582
Financial administration	916	987,697	988,613	978,657	62,928	(52,972)
Public library	879	1,188,655	1,189,534	1,123,933	11,793	53,808
Public safety	8,584	7,390,800	7,399,384	7,183,658	12,328	203,398
Public service	251,302	7,217,002	7,468,304	5,782,821	1,322,972	362,511
Municipal resolutions	-	-	-	-	-	-
Grants and contributions	-	62,500	62,500	62,500	-	-
Other expenditures	-	5,716,821	5,716,821	4,236,033	-	1,480,788
Debt Service:						
Principal payments	-	2,230,000	2,230,000	2,230,000	-	-
Interest and fiscal charges	-	766,150	766,150	766,150	-	-
Total expenditures	263,897	26,456,368	26,720,265	23,207,629	1,410,521	2,102,115
Excess (deficiency) of revenues over expenditures	(263,897)	42,454,172	42,190,275	46,138,949	(1,410,521)	2,538,153
Other financing sources and (uses)						
Transfers from other funds	-	-	-	28,622	-	28,622
Transfers to other funds	-	(42,454,172)	(42,454,172)	(43,209,082)	-	(754,910)
	-	(42,454,172)	(42,454,172)	(43,180,460)	-	(726,288)
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ (263,897)	\$ -	\$ (263,897)	\$ 2,958,489	\$ (1,410,521)	\$ 1,811,865
Adjustment of budgetary basis to U.S. GAAP				-		
Excess (deficiency) of revenues and other sources over expenditures and other uses, GAAP basis				2,958,489		
Fund balance, July 1, 2020				7,616,565		
Fund balance, June 30, 2021				<u>\$ 10,575,054</u>		

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
School Unrestricted

For the Year Ended June 30, 2021

	<u>Original Budget</u>		Total Available	Actual	Encumbrances Carried to FY 21	Variance Favorable (Unfavorable)
	Encumbrances Carried from FY 21	Budget As Adopted				
Revenues						
State aid for education	\$ -	\$ 14,418,820	\$ 14,418,820	\$ 15,193,312	\$ -	\$ 774,492
Medicaid	-	765,000	765,000	494,500	-	(270,500)
Miscellaneous	-	260,000	260,000	199,463	-	(60,537)
Total revenues	-	15,443,820	15,443,820	15,887,275	-	443,455
Expenditures						
Salaries	-	32,890,870	32,890,870	33,044,726	-	(153,856)
Employee benefits	-	12,907,068	12,907,068	13,670,555	-	(763,487)
Purchased services	5,305	10,245,443	10,250,748	9,740,179	-	510,569
Supplies and materials	5,620	1,800,864	1,806,484	1,390,324	-	416,160
Other	2,231	57,985	60,216	36,036	-	24,180
Capital outlay	-	286,054	286,054	369,179	-	(83,125)
Total expenditures	13,156	58,188,284	58,201,440	58,250,999	-	(49,559)
Excess of expenditures over revenues, budgetary basis	(13,156)	(42,744,464)	(42,757,620)	(42,363,724)	-	393,896
Other financing sources (uses)						
Appropriation from Town's general fund	-	42,454,172	42,454,172	42,454,172	-	-
Transfer to other funds	-	(25,000)	(25,000)	-	-	25,000
Total other financing sources (uses)	-	42,429,172	42,429,172	42,454,172	-	25,000
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	\$ (13,156)	\$ (315,292)	\$ (328,448)	\$ 90,448	\$ -	\$ 418,896
Adjustment of budgetary basis to U.S. GAAP basis				-		
Excess of revenues and other financing sources over expenditures and other financing uses, U.S. GAAP basis				90,448		
Fund balance, July 1, 2020				402,834		
Fund balance, June 30, 2021				<u>\$ 493,282</u>		

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Notes to Required Supplementary Information

For the Year Ended June 30, 2021

NOTE 1: Budget Data and Budgetary Compliance

In accordance with the Town Charter, the Town Administrator must present to the Budget Board a recommended annual budget for the operations of all municipal departments no later than February 15 of each fiscal year. The recommended budget must include an appropriation to fund school expenditures. At least three weeks after the receipt of the budget from the Town Administrator, the Budget Board holds a public hearing thereon. The Budget Board completes its consideration of the budget thirty days prior to the date of the financial town meeting. The financial town meeting may increase or decrease items of the budget as presented by the Budget Board. The final recommended budget is legally adopted at the annual financial town meeting. All annual appropriations lapse at fiscal year-end.

The General Fund and the School Department annual operating budgets are in conformity with the legally enacted budgetary basis. The legally enacted budgetary basis differs from accounting principles generally accepted in the United States (U.S. GAAP) in several regards. Budgets are adopted on the modified accrual basis with certain exceptions. Budgetary revenues may include re-appropriations from fund equity previously recognized under U.S. GAAP. Budgetary expenditures and expenses are recognized when legally binding orders (encumbrances) are placed. Enterprise fund budgetary expenses include expenses for fixed asset additions, debt service issuance costs and debt service principal payments not recognized under U.S. GAAP but exclude depreciation and amortization, U.S. GAAP basis expenses.

Costs of operations for all departments, offices and agencies established within the Town Charter must be appropriated through an annual budget ordinance. These departments are presented within the General Fund and the School Department. Municipal budgetary control is legally enforced at the department level. Appropriation transfers between departments require approval by the Town Council. Other appropriation increases require both the establishment of a funding source and passage of a budget amendment ordinance. Unencumbered and unexpended appropriations lapse at fiscal year-end.

Explanation of Differences between Budgetary Revenues and Other Financing Sources and Expenditures and Other Financing Uses and GAAP Revenues and Other Financing Sources and Expenditures and Other Financing Use

	<u>General Fund</u>	<u>School Unrestricted</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 2,958,489	\$ 90,448
State contribution to teachers' pension plan revenue on behalf	-	(2,992,028)
State contribution to teachers' pension plan expense on behalf	-	<u>2,992,028</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 2,958,489</u>	<u>\$ 90,448</u>

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Other Post-Employment Benefits – Net OPEB Liability and Related Ratios

*Last 10 Fiscal Years**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability					
Service cost	\$ 466,086	\$ 453,128	\$ 490,133	\$ 486,994	\$ 494,754
Interest	1,369,694	1,313,614	1,226,993	1,268,985	1,283,840
Difference between expected and actual experience	2,974,484	503,794	1,415,712	(1,172,388)	(1,850,157)
Changes in assumptions	1,148,354	-	(523,899)	-	2,226,107
Benefit payments	(1,548,401)	(1,360,025)	(1,219,596)	(1,198,427)	(727,240)
Net change in total OPEB liability	4,410,217	910,511	1,389,343	(614,836)	1,427,304
Total OPEB liability - beginning	20,587,238	19,676,727	18,287,384	18,902,220	17,474,916
Total OPEB liability - ending	<u>24,997,455</u>	<u>20,587,238</u>	<u>19,676,727</u>	<u>18,287,384</u>	<u>18,902,220</u>
OPEB fiduciary net position					
Benefit payments	(1,548,401)	(1,360,025)	(1,219,596)	(1,198,427)	(727,240)
Trust administrative expenses	(27,381)	(17,742)	(14,222)	(10,350)	(9,932)
Contributions - employer	1,933,780	1,886,424	1,948,878	1,804,537	1,534,402
Net investment income	1,944,460	423,511	414,990	276,633	362,250
Net change in plan fiduciary net position	2,302,458	932,168	1,130,050	872,393	1,159,480
Plan fiduciary net position - beginning	7,006,321	6,074,153	4,944,103	4,071,710	2,912,230
Plan fiduciary net position - ending	<u>9,308,779</u>	<u>7,006,321</u>	<u>6,074,153</u>	<u>4,944,103</u>	<u>4,071,710</u>
Plan's net pension liability - ending	<u>\$ 15,688,676</u>	<u>\$ 13,580,917</u>	<u>\$ 13,602,574</u>	<u>\$ 13,343,281</u>	<u>\$ 14,830,510</u>

Actuarial Valuation Date	Fiduciary Net Position	Total OPEB Liability (TOL)	Net OPEB Liability (NOL)	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
6/30/2021	\$9,308,779	\$24,997,455	\$15,688,676	37.20%	\$33,628,114	46.70%
6/30/2020	\$7,006,321	\$20,587,238	\$13,580,917	34.03%	\$29,018,945	46.80%
6/30/2019	\$6,074,153	\$19,676,727	\$13,602,574	30.87%	\$33,645,972	40.43%
6/30/2018	\$4,944,103	\$18,287,384	\$13,343,281	27.04%	\$32,927,613	40.52%
6/30/2017	\$4,071,710	\$18,902,220	\$14,830,510	21.54%	\$31,814,119	46.62%

*Fifth year of implementation of GASB74/75, therefore only five years of the ten required data is available

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Other Post-Employment Benefits - Schedule of Contributions

*Last 10 Years**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Actuarial determined contribution	\$ 1,548,401	\$ 1,264,735	\$ 1,271,875	\$ 1,333,965	\$ 1,352,133	\$ 1,322,413	\$ 1,343,607	\$ 1,384,923	\$ 1,430,251	\$ 2,170,685
Contributions in relation to the actuarially determined contribution	1,933,780	1,886,424	1,948,878	1,804,537	1,534,402	1,170,316	1,349,652	1,407,376	1,647,621	762,617
Contribution deficiency (excess)	<u>\$ (385,379)</u>	<u>\$ (621,689)</u>	<u>\$ (677,003)</u>	<u>\$ (470,572)</u>	<u>\$ (182,269)</u>	<u>\$ 152,097</u>	<u>\$ (6,045)</u>	<u>\$ (22,453)</u>	<u>\$ (217,370)</u>	<u>\$ 1,408,068</u>
Covered-employee payroll	\$33,628,114	\$29,018,945	\$33,645,972	\$32,927,613	\$31,814,119	\$31,685,123	\$30,610,535	\$30,793,333	\$29,752,013	unavailable
Contributions as a percentage of covered-employee payroll	5.75%	6.50%	5.79%	5.48%	4.82%	3.69%	4.41%	4.57%	5.54%	unavailable

**Actuarial determined contributions are based on the Annual Required Contributions calculated in the prior GASB45 actuarial valuations.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Other Post-Employment Benefits – Schedule of Investment Returns and Notes

*Last 10 Years**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	10.51%	4.94%	4.11%	6.79%	12.43%

* Fifth year of implementation of GASB 74/75, therefore only four years of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date: July 1, 2020 with no adjustments to get to June 30, 2021 measurement date.
 Actuarial Cost Method: Entry Age Normal Level % of Salary method.
 Asset-Valuation Method: Market Value.

Actuarial Assumptions:

Discount Rate 6.75% as of June 30, 2021.
 Inflation: 2.50% per year.
 Salary Increases: 3.50% annually as of June 30, 2021 and for future periods.

Mortality

Healthy actives and retirees:

Police: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table
 fully generational using Scale MP-2021
 School: SOA Pub-2010 Teachers Headcount weighted Mortality Table
 fully generational using Scale MP-2021
 All Others: SOA Pub-2010 Teachers Headcount weighted Mortality Table
 fully generational using Scale MP-2021

Assumed rate of retirement:

School support staff

Retirement rates are based on the assumptions used in the RI MERS actuarial valuation report as of June 30, 2020, which is a flat 20% per year retirement probability for members eligible for unreduced retirement. A 35% retirement probability at first eligibility will be applied if they have reached age 65 or with at least 25 years of service.

School teachers and administration

Retirement rates are based on the assumptions used in the RI ERS actuarial valuation report as of June 30, 2020, which is a flat 25% per year retirement probability for members eligible for unreduced retirement. A 60% retirement probability at first eligibility will be applied if they have reached age 65 or with at least 25 years of service.

Town police officers

Retirement rates are based on Town of Lincoln Police pension actuarial valuation as of January 1, 2019.

Marriage assumptions

Spousal coverage and age for current retirees is based on actual data. Active employees who currently elect spousal coverage are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Employees' Retirement System

Schedule of the Town's Proportionate Share of the Net Pension Liability

*Last 10 Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	1.41442012%	1.41864606%	1.42207116%	1.43163923%	1.52732535%	1.52994437%	1.63791472%
Employer's proportionate share of the net pension liability	\$45,190,805	\$45,265,715	\$45,182,730	\$45,057,871	\$45,568,936	\$42,119,410	\$39,866,851
State's proportionate share of the net pension liability associated with the school district	<u>33,577,875</u>	<u>33,908,708</u>	<u>33,703,071</u>	<u>34,052,925</u>	<u>31,208,030</u>	<u>28,774,659</u>	<u>27,338,536</u>
Total	<u>\$78,768,680</u>	<u>\$79,174,423</u>	<u>\$78,885,801</u>	<u>\$79,110,796</u>	<u>\$76,776,966</u>	<u>\$70,894,069</u>	<u>\$67,205,387</u>
Employer's covered employee payroll	\$28,926,456	\$25,780,713	\$25,416,949	\$24,703,975	\$24,449,295	\$24,308,607	\$24,062,206
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	272.31%	307.11%	310.37%	320.24%	314.03%	173.27%	165.68%
Plan fiduciary net position as a percentage of the total pension liability	54.30%	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

3.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Employees' Retirement System

Schedule of Contributions

*Last 10 Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,890,608	\$ 3,762,851	\$ 3,621,244	\$ 3,475,182	\$ 3,340,370	\$ 3,445,181	\$ 3,286,406
Contributions in relation to the actuarially determined contribution	<u>3,890,608</u>	<u>3,762,851</u>	<u>3,621,244</u>	<u>3,475,182</u>	<u>3,340,370</u>	<u>3,445,181</u>	<u>3,286,406</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$28,926,456	\$25,780,713	\$25,416,949	\$24,703,975	\$24,449,295	\$ 24,308,607	\$ 24,062,206
Contributions as a percentage of covered- employee payroll	13.45%	14.60%	14.25%	14.07%	13.66%	14.17%	13.66%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

General Employee Plan

*Last 10 Years**

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
Total pension liability							
1. Service Cost	\$ 96,105	\$ 101,389	\$ 103,895	\$ 97,917	\$ 92,977	\$ 90,123	\$ 84,067
2. Interest on the total pension liability	227,565	211,627	200,726	197,823	184,662	159,472	151,700
3. Changes of benefit terms	-	-	-	-	-	2,927	-
4. Difference between expected and actual experience of the Total Pension Liability	(172,538)	20,072	(44,870)	(110,743)	1,134	186,180	-
5. Changes of assumptions	(26,160)	-	-	146,156	-	-	(32,372)
6. Benefit payments, including refunds of employee contributions	(102,764)	(102,764)	(102,764)	(105,764)	(105,764)	(102,767)	(102,825)
7. Net change in total pension liability	22,208	230,324	156,987	225,389	173,009	335,935	100,570
8. Total pension liability – beginning	3,254,257	3,023,933	2,866,946	2,641,557	2,468,548	2,132,613	2,032,043
9. Total pension liability – ending (a)	<u>\$ 3,276,465</u>	<u>\$ 3,254,257</u>	<u>\$ 3,023,933</u>	<u>\$ 2,866,946</u>	<u>\$ 2,641,557</u>	<u>\$ 2,468,548</u>	<u>\$ 2,132,613</u>
Plan fiduciary net position							
1. Contributions – employer	\$ 117,592	\$ 118,558	\$ 130,511	\$ 129,264	\$ 128,161	\$ 128,464	\$ 102,118
2. Contributions – employee	9,767	10,160	11,546	10,772	10,092	9,882	9,159
3. Net investment income	102,739	166,539	187,052	231,038	(386)	45,319	247,030
4. Benefit payments, including refunds of employee contributions	(102,764)	(102,764)	(102,764)	(105,764)	(105,764)	(102,767)	(102,825)
5. Pension Plan Administrative Expense	(2,831)	(2,603)	(2,490)	(2,183)	(2,070)	(1,817)	(1,547)
6. Other	-	-	100,330	(4,893)	(46,510)	1	212,009
7. Net change in plan fiduciary net position	124,503	189,890	324,185	258,234	(16,477)	79,082	465,944
8. Plan fiduciary net position – beginning	2,689,647	2,499,757	2,175,572	1,917,338	1,933,815	1,854,733	1,388,789
9. Plan fiduciary net position – ending (b)	<u>\$ 2,814,150</u>	<u>\$ 2,689,647</u>	<u>\$ 2,499,757</u>	<u>\$ 2,175,572</u>	<u>\$ 1,917,338</u>	<u>\$ 1,933,815</u>	<u>\$ 1,854,733</u>
Net pension liability - ending (a) - (b)	<u>\$ 462,315</u>	<u>\$ 564,610</u>	<u>\$ 524,176</u>	<u>\$ 691,374</u>	<u>\$ 724,219</u>	<u>\$ 534,733</u>	<u>\$ 277,880</u>
Plan fiduciary net position as a percentage of the total pension liab	85.89%	82.65%	82.67%	75.88%	72.58%	78.34%	86.97%
Covered employee payroll	\$ 976,680	\$ 1,015,923	\$ 1,060,156	\$ 1,077,196	\$ 1,006,242	\$ 988,187	\$ 927,888
Net pension liability as a percentage of covered payroll	47.34%	55.58%	49.44%	64.18%	71.97%	54.11%	29.95%

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System

Schedule of Contributions

General Employee Plan

*Last 10 Years**

	<u>Fiscal 2021</u>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 94,779	\$ 117,592	\$ 118,558	\$ 130,511	\$ 129,264	\$ 128,161	\$ 128,464
Contributions in relation to the actuarially determined contribution	<u>94,779</u>	<u>117,592</u>	<u>118,558</u>	<u>130,511</u>	<u>129,264</u>	<u>128,161</u>	<u>128,464</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,020,631	\$ 976,680	\$ 1,107,863	\$ 1,060,156	\$ 1,077,196	\$ 1,006,242	\$ 988,187
Contributions as a percentage of covered-employee payroll	9.29%	12.04%	10.70%	12.31%	12.00%	12.74%	13.00%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios

Rescue Employee Plan

*Last 10 Years**

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
Total pension liability							
1. Service Cost	\$ 180,311	\$ 173,179	\$ 171,482	\$ 170,422	\$ 168,655	\$ 148,381	\$ 148,084
2. Interest on the total pension liability	426,701	419,609	414,749	370,389	358,289	321,600	302,186
3. Changes of benefit terms	-	-	-	-	-	199,797	-
4. Difference between expected and actual experience of the total pension liability	420,183	(204,833)	(238,456)	263,444	(187,182)	(32,356)	-
5. Changes of assumptions	66,541	-	-	428,763	-	-	(39,710)
6. Benefit payments, including refunds of employee contributions	(322,352)	(258,085)	(300,304)	(193,838)	(164,793)	(151,960)	(151,747)
7. Net change in total pension liability	771,384	129,870	47,471	1,039,180	174,969	485,462	258,813
8. Total pension liability – beginning	6,166,743	6,036,873	5,989,402	4,950,222	4,775,253	4,289,791	4,030,978
9. Total pension liability – ending (a)	<u>\$ 6,938,127</u>	<u>\$ 6,166,743</u>	<u>\$ 6,036,873</u>	<u>\$ 5,989,402</u>	<u>\$ 4,950,222</u>	<u>\$ 4,775,253</u>	<u>\$ 4,289,791</u>
Plan fiduciary net position							
1. Contributions – employer	\$ 205,154	\$ 168,971	\$ 152,968	\$ 175,174	\$ 172,028	\$ 179,605	\$ 144,073
2. Contributions – employee	90,337	85,860	87,109	94,281	94,536	71,166	73,273
3. Net investment income	156,139	257,077	291,985	390,188	(1,181)	77,451	417,750
4. Benefit payments, including refunds of employee contributions	(322,352)	(258,085)	(300,304)	(193,838)	(164,793)	(151,960)	(151,747)
5. Pension Plan Administrative Expense	(4,302)	(4,017)	(3,887)	(3,686)	(3,177)	(3,105)	(2,616)
6. Other	-	(1)	-	(190,244)	-	(4,765)	-
7. Net change in plan fiduciary net position	124,976	249,805	227,871	271,875	97,413	168,392	480,733
8. Plan fiduciary net position – beginning	4,151,883	3,902,078	3,674,207	3,402,332	3,304,919	3,136,527	2,655,794
9. Plan fiduciary net position – ending (b)	<u>\$ 4,276,859</u>	<u>\$ 4,151,883</u>	<u>\$ 3,902,078</u>	<u>\$ 3,674,207</u>	<u>\$ 3,402,332</u>	<u>\$ 3,304,919</u>	<u>\$ 3,136,527</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,661,268</u>	<u>\$ 2,014,860</u>	<u>\$ 2,134,795</u>	<u>\$ 2,315,195</u>	<u>\$ 1,547,890</u>	<u>\$ 1,470,334</u>	<u>\$ 1,153,264</u>
Plan fiduciary net position as a percentage of the total pension liability	61.64%	67.33%	64.64%	61.35%	68.73%	69.21%	73.12%
Covered employee payroll	\$ 903,364	\$ 858,598	\$ 853,146	\$ 960,666	\$ 952,317	\$ 889,575	\$ 898,567
Net pension liability as a percentage of covered payroll	294.60%	234.67%	250.23%	241.00%	162.54%	165.28%	128.34%

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Municipal Employees' Retirement System

Schedule of Contributions

Rescue Employee Plan

*Last 10 Years**

	<u>Fiscal 2021</u>	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>
Actuarially determined contribution	\$ 208,719	\$ 205,154	\$ 168,971	\$ 152,968	\$ 175,174	\$ 172,028	\$ 179,605
Contributions in relation to the actuarially determined contribution	<u>208,719</u>	<u>205,154</u>	<u>168,971</u>	<u>152,968</u>	<u>175,174</u>	<u>172,028</u>	<u>179,605</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 822,400	\$ 903,364	\$ 891,538	\$ 853,146	\$ 960,666	\$ 952,317	\$ 889,575
Contributions as a percentage of covered-employee payroll	25.38%	22.71%	18.95%	17.93%	18.23%	18.06%	20.19%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Teachers' Survivors

Schedule of Proportionate Share of Net Pension Asset

*Last 10 Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	4.60912777%	4.64097503%	4.71249896%	4.67075334%	4.78468663%	4.90497735%	4.97709490%
Employer's proportionate share of the net pension asset	\$ 5,473,964	\$ 5,264,993	\$ 4,204,930	\$ 3,863,946	\$ 4,764,203	\$ 4,579,071	\$ 6,187,561
Employer's covered employee payroll	\$ 28,926,456	\$ 25,780,713	\$ 25,416,949	\$ 24,703,975	\$ 24,449,295	\$ 24,308,607	\$ 24,062,206
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	18.92%	20.42%	16.54%	15.64%	19.49%	18.84%	25.71%
Plan fiduciary net position as a percentage of the total pension liability (asset)	153.1%	150.2%	137.4%	136.1%	153.3%	146.6%	173.3%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Teacher's Survivors Benefit Plan

Schedule of Contributions

*Last 10 Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 4,600	\$ 34,380	\$ 34,615	\$ 35,063	\$ 27,552	\$ 30,731	\$ 28,406
Contributions in relation to the statutorily determined contribution	<u>4,600</u>	<u>34,380</u>	<u>34,615</u>	<u>35,063</u>	<u>27,552</u>	<u>30,731</u>	<u>28,406</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 28,926,456	\$ 25,780,713	\$ 25,416,949	\$ 24,703,975	\$ 24,449,295	\$ 24,308,607	\$ 24,062,206
Contributions as a percentage of covered-employee payroll	0.02%	0.13%	0.14%	0.14%	0.11%	0.13%	0.12%

Notes:

- 1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Notes to ERS, MERS, and TSB Plans

For the Year Ended June 30, 2021

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

June 30, 2020 measurement date –

As part of the 2020 Actuarial Experience Study for six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increase slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not

June 30, 2019 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2018 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Notes to ERS, MERS, and TSB Plans

For the Year Ended June 30, 2021

approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increases assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Notes to ERS, MERS, and TSB Plans

For the Year Ended June 30, 2021

- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

Teachers' Survivors Benefit Plan – the employee and employer contribution rates were applied to the first \$11,500 of member salary for fiscal 2018. In fiscal 2017 and prior the rate was applied to salary up to \$9,600. Covered employee payroll is the full amount of employee payroll for plan members and not just the capped salary amount to which the contribution rate is applied.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Town Pension Plan

Schedule of Changes in Net Pension Liability and Related Ratios

*Last 10 Years**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability								
Service cost	\$ 1,044,616	\$ 918,699	\$ 868,930	\$ 809,348	\$ 792,134	\$ 763,850	\$ 599,159	\$ 605,377
Interest	3,171,954	2,974,238	2,284,042	2,450,033	2,482,561	2,498,226	1,956,043	2,111,291
Changes of benefit terms	-	-	-	(3,977)	-	(26,249)	-	-
Differences between expected and actual experience	381,598	315,962	12,667	(92,415)	167,575	(505,472)	(258,433)	77,724
Changes of assumptions	(224,796)	1,359,201	1,397,980	(58,519)	(118,482)	(18,060)	5,028,770	312,459
Benefit payments, including refunds of participant contributions	(1,953,013)	(1,860,452)	(1,744,221)	(1,654,290)	(1,592,331)	(1,592,333)	(1,606,958)	(1,446,432)
Net change in total pension liability	<u>2,420,358</u>	<u>3,707,648</u>	<u>2,819,398</u>	<u>1,450,180</u>	<u>1,731,457</u>	<u>1,119,962</u>	<u>5,718,581</u>	<u>1,660,419</u>
Total pension liability - beginning	<u>45,177,880</u>	<u>41,470,232</u>	<u>38,650,834</u>	<u>37,200,654</u>	<u>35,469,197</u>	<u>34,349,235</u>	<u>28,630,654</u>	<u>26,970,235</u>
Total pension liability - ending	<u>\$ 47,598,238</u>	<u>\$ 45,177,880</u>	<u>\$41,470,232</u>	<u>\$38,650,834</u>	<u>\$37,200,654</u>	<u>\$ 35,469,197</u>	<u>\$34,349,235</u>	<u>\$28,630,654</u>
Pension fiduciary net position								
Contributions - employer	\$ 2,342,649	\$ 1,431,728	\$ 1,778,969	\$ 1,700,406	\$ 1,522,833	\$ 1,289,255	\$ 1,151,809	\$ 1,146,450
Contributions - employee	373,670	359,548	333,249	312,334	312,264	290,824	273,935	277,602
Net investment income	6,500,172	1,193,683	1,916,596	1,956,480	2,248,866	642,654	302,238	2,760,209
Benefit payments, including refunds of participant contributions	(1,933,393)	(1,834,030)	(1,744,221)	(1,654,290)	(1,592,331)	(1,592,333)	(1,606,958)	(1,446,432)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>7,283,098</u>	<u>1,150,929</u>	<u>2,284,593</u>	<u>2,314,930</u>	<u>2,491,632</u>	<u>630,400</u>	<u>121,024</u>	<u>2,737,829</u>
Plan fiduciary net position - beginning	<u>28,403,393</u>	<u>27,252,464</u>	<u>24,967,871</u>	<u>22,617,053</u>	<u>20,587,995</u>	<u>19,957,595</u>	<u>19,836,571</u>	<u>17,098,742</u>
Plan fiduciary net position - ending	<u>\$ 35,686,491</u>	<u>\$ 28,403,393</u>	<u>\$27,252,464</u>	<u>\$24,967,871</u>	<u>\$23,079,627</u>	<u>\$ 20,587,995</u>	<u>\$19,957,595</u>	<u>\$19,836,571</u>
Town's net pension liability - ending	<u>\$ 11,911,747</u>	<u>\$ 16,774,487</u>	<u>\$14,217,768</u>	<u>\$13,682,963</u>	<u>\$14,121,027</u>	<u>\$ 14,881,202</u>	<u>\$14,391,640</u>	<u>\$ 8,794,083</u>

*Schedule is intended to show information for 10 year – additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Town Pension Plan

Schedule of Changes in Net Pension Liability and Related Ratios

*Last 10 Years**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability	\$ 47,598,238	\$ 45,177,880	\$ 41,470,232	\$ 38,650,834	\$ 37,200,654	\$ 35,469,197	\$ 34,349,235	\$ 28,630,654
Plan fiduciary net position	<u>35,686,491</u>	<u>28,403,393</u>	<u>27,252,464</u>	<u>24,967,871</u>	<u>23,079,627</u>	<u>20,587,995</u>	<u>19,957,595</u>	<u>19,836,571</u>
Town's net pension liability (asset)	<u>\$ 11,911,747</u>	<u>\$ 16,774,487</u>	<u>\$ 14,217,768</u>	<u>\$ 13,682,963</u>	<u>\$ 14,121,027</u>	<u>\$ 14,881,202</u>	<u>\$ 14,391,640</u>	<u>\$ 8,794,083</u>
Plan fiduciary net position as a percentage of the total pension liability	74.97%	62.87%	65.72%	64.60%	62.04%	58.04%	58.10%	69.28%
Covered-employee payroll	\$ 6,696,904	\$ 6,267,639	\$ 5,453,717	\$ 5,450,472	\$ 5,323,702	\$ 5,142,178	\$ 5,073,432	\$ 5,139,367
Net pension liability (asset) as a percentage of covered-employee payroll	177.87%	267.64%	260.70%	251.04%	265.25%	289.39%	283.67%	171.11%

*Schedule is intended to show information for 10 year – additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Town Pension Plan

Schedule of Contributions

Last 10 Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,907,506	\$ 1,808,739	\$1,729,370	\$1,700,406	\$1,522,833	\$1,374,183	\$1,227,757	\$1,222,045	\$1,086,389	\$ 644,463	\$ 644,615
Contributions in relation to the actuarially determined contribution	<u>2,279,326</u>	<u>1,435,705</u>	<u>1,729,370</u>	<u>1,700,406</u>	<u>1,522,833</u>	<u>1,393,880</u>	<u>1,227,757</u>	<u>1,222,045</u>	<u>1,226,051</u>	<u>513,931</u>	<u>736,776</u>
Contribution deficiency (excess)	<u>\$ (371,820)</u>	<u>\$ 373,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,697)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (139,662)</u>	<u>\$ 130,532</u>	<u>\$ (92,161)</u>
Covered-employee payroll	\$ 6,254,322	\$ 5,476,470	\$5,425,686	\$5,275,079	\$4,868,352	\$5,073,432	\$5,139,367	\$5,068,754	\$4,916,103	\$4,988,272	\$5,414,398
Contributions as a percentage of covered-employee payroll	36.44%	26.22%	31.87%	32.23%	31.28%	27.47%	23.89%	24.11%	24.94%	10.30%	13.61%

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Town Pension Plan

Schedule of Proportionate Share of the Net Pension Liability

*Last 10 Years**

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset)	93.57%	93.77%	93.67%	93.81%	94.67%	94.59%	93.81%	93.81%
Town's proportionate share of the net pension liability (asset)	\$ 11,911,747	\$ 16,774,487	\$ 14,217,768	\$ 13,682,963	\$ 14,121,027	\$ 14,881,202	\$ 14,391,640	\$ 8,794,083
Town's covered-employee payroll	\$ 6,696,904	\$ 6,267,639	\$ 5,453,717	\$ 5,450,472	\$ 5,323,702	\$ 5,142,178	\$ 5,073,432	\$ 5,139,367
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	177.87%	267.64%	260.70%	251.04%	265.25%	289.39%	283.67%	171.11%
Plan fiduciary net position as a percentage of the total pension liability	74.97%	62.87%	65.72%	64.60%	62.04%	58.04%	58.10%	69.28%

*Schedule is intended to show information for 10 year – additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

TOWN OF LINCOLN, RHODE ISLAND

Required Supplementary Information

Town Pension Plan

Schedule of Investment Returns and Notes

*Last 10 Years**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	24.04%	4.36%	7.58%	8.56%	10.92%	3.30%	4.65%	16.60%

Notes to the Schedule:

Valuation Date: January 1, 2021

Actuarially determined contribution rates are calculated as of June 30, 2021.

Methods and assumptions used to determine contribution rates:

Discount rate	6.75%
Expected Long Term Rate of Return	6.75%
Municipal bond	N/A
Inflation	2.10%
Pre and post retirement mortality	Police and Fire - Pub 2010 Safety Mortality Table with fully generational improvements from 2010 based on mortality improvement scale MP-20 Other and Beneficiaries - Pub 2010 General Mortality Table with fully generational improvements from 2010 based on mortality improvement scale MP-20

Withdrawal T-2. Illustrative annual rates of withdrawals as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
<25	5% - 10%	7.5% - 15%
30	3.5% - 7%	5% - 10%
35	2.5% - 5%	3.5% - 7%
40	1.5% - 3%	2.5% - 5%
45	1% - 2%	1.5% - 3%
50	.50% - 1%	1% - 2%
55	00% - 00%	.50% - 1%
60	00% - 00%	00% - 00%

Cost of living increases 3.00% increase is assumed for Police retiring after June 30, 2004. Officers hired after July 1, 2015 will receive a 3.00% compounded COLA capped 18 years after the date of retirement. This assumption is based on terms of the collective bargaining agreement.

Changes since prior report The mortality improvement scale was updated from scale MP-2019 to MP 2020. The underlying mortality table, the Pub-2010 Amount-weighted mortality table, with future generational mortality improvements projected from 2010 (with the Safety table for Police and Fire Participants, the teacher table for school participants, and the general table for other participants and all beneficiaries) remain unchanged. This change resulted in a decrease in the accrued liability and normal cost.

*Schedule is intended to show information for 10 year – additional years will be displayed as they become available.

See independent auditors' report and notes to required supplementary information

Supplementary Information

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information

Non-Major Governmental Funds
Combined Balance Sheet

June 30, 2021

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Assets				
Cash and cash equivalents	\$ 136,484	\$ 742,485	\$ -	\$ 878,969
Prepaid	-	-	-	-
Due from state and federal government	-	1,293,903	-	1,293,903
Due from other funds	476,742	168,777	3,382,444	4,027,963
Total assets	613,226	2,205,165	3,382,444	6,200,835
Deferred outflows of resources				
Deferred outflows	-	-	-	-
Total assets and deferred outflows of resources	613,226	2,205,165	3,382,444	6,200,835
Liabilities				
Accounts payable and accrued expenses	6,236	613,448	-	619,684
Due to other funds	423,546	644,224	-	1,067,770
	429,782	1,257,672	-	1,687,454
Deferred inflows of resources				
Unearned revenue	1,222	-	-	1,222
Total deferred inflows of resources	1,222	-	-	1,222
Fund balance				
Restricted	92,115	548,651	3,382,444	4,023,210
Committed	268,289	-	-	268,289
Unassigned	(178,182)	398,842	-	220,660
Total fund balance	182,222	947,493	3,382,444	4,512,159
Town liabilities, deferred inflows of resources, and fund balances	\$ 613,226	\$ 2,205,165	\$ 3,382,444	\$ 6,200,835

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2021

	Town Special Revenue	School Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues				
Federal and state grant income	\$ 131,042	\$ 4,309,376	\$ -	\$ 4,440,418
Other revenue	114,266	47,373	25,700	187,339
Investment income	3	-	-	3
Total revenue	<u>245,311</u>	<u>4,356,749</u>	<u>25,700</u>	<u>4,627,760</u>
Expenditures				
General government	7,937	-	452,369	460,307
Public safety	139,167	-	72,981	212,148
Public services	54,116	-	213,189	267,305
Education	-	4,478,163	1,124,376	5,602,539
Health and human services	237,225	-	-	237,225
Parks and recreation	26,113	-	-	26,113
Total Expenditures	<u>464,558</u>	<u>4,478,163</u>	<u>1,862,915</u>	<u>6,805,637</u>
Excess (deficiency) of revenues over expenditures	(219,247)	(121,414)	(1,837,215)	(2,177,877)
Other financing sources (uses)				
Transfer from (to) other funds	-	-	754,910	754,910
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>754,910</u>	<u>754,910</u>
Excess of revenue and other sources over expenditures and other uses	(219,247)	(121,414)	(1,082,305)	(1,422,967)
Fund balance, July 1, 2020, Restated	<u>401,470</u>	<u>1,068,906</u>	<u>4,464,748</u>	<u>5,935,124</u>
Fund balance, June 30, 2021	<u>\$ 182,222</u>	<u>\$ 947,493</u>	<u>\$ 3,382,444</u>	<u>\$ 4,512,159</u>

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – Town Special Revenue Funds

June 30, 2021

	DCF Grant	SHSP Grant	CDBG	Disaster Mitigation	Animal Care
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	10,000	28,931	-	86,183
Total assets	-	10,000	28,931	-	86,183
Deferred Outflows of Resources					
None	-	-	-	-	-
Total outflows of resources and assets	-	10,000	28,931	-	86,183
Liabilities					
Due to other funds	105,229	-	-	15,598	-
Other	3,767	-	-	-	346
Unearned revenue	-	-	-	-	-
Total liabilities	108,996	-	-	15,598	346
Deferred Inflows of Resources					
Unearned revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances					
Restricted	-	10,000	28,931	-	-
Committed	-	-	-	-	-
Unassigned	(108,996)	-	-	(15,598)	85,837
Total fund balances (deficits)	(108,996)	10,000	28,931	(15,598)	85,837
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ 10,000	\$ 28,931	\$ -	\$ 86,183

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – Town Special Revenue Funds

June 30, 2021

	Child Seatbelt	Friends of Whitman	Holiday Basket	Lincoln Days	Memorial Day Parade	Police Vest Grant	Police Forfeiture
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 56,866	\$ 5,660	\$ 24,386	\$ -	\$ 37,994
Due from other funds		-		-	-	2,644	2,544
Total assets	-	-	56,866	5,660	24,386	2,644	40,538
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total outflows of resources and assets	-	-	56,866	5,660	24,386	2,644	40,538
Liabilities							
Due to other funds	98	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	98	-	-	-	-	-	-
Deferred Inflows of Resources							
Unearned revenue	-	-	-	-	-	1,222	-
Total deferred inflows of resources	-	-	-	-	-	1,222	-
Fund Balances							
Restricted	-	-	-	-	-	1,422	40,538
Committed	-	-	-	-	-	-	-
Unassigned	(98)	-	56,866	5,660	24,386	-	-
Total fund balances (deficits)	(98)	-	56,866	5,660	24,386	1,422	40,538
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ -	\$ 56,866	\$ 5,660	\$ 24,386	\$ 2,644	\$ 40,538

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – Town Special Revenue Funds

June 30, 2021

	Senior Center Donations	H1N1 Clinic Grant	Fed Drug Forfeiture	Rescue Grants and Donations	MEDS	BYRNE JAG 2009	Hearthside Building
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 19	\$ -	\$ -	\$ -	\$ 6,607
Due from other funds	76,692	-	-	1,459	39,237	-	-
Total assets	76,692	-	19	1,459	39,237	-	6,607
Deferred Outflows of Resources							
None	-	-	-	-	-	-	-
Total outflows of resources and assets	76,692	-	19	1,459	39,237	-	6,607
Liabilities							
Due to other funds	-	300,919	-	-	-	350	-
Other	-	1,788	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	302,707	-	-	-	350	-
Deferred Inflows of Resources							
Unearned revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances							
Restricted	-	-	-	-	-	-	6,607
Committed	-	-	-	-	39,237	-	-
Unassigned	76,692	(302,707)	19	1,459	-	(350)	-
Total fund balances (deficits)	76,692	(302,707)	19	1,459	39,237	(350)	6,607
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 76,692	\$ -	\$ 19	\$ 1,459	\$ 39,237	\$ -	\$ 6,607

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – Town Special Revenue Funds

June 30, 2021

	Senior Center	Operation Riptide	Town Clerk Technician	Historical Records	Senior Center Programs	Total
Assets						
Cash and cash equivalents	\$ 4,952	\$ -	\$ -	\$ -	\$ -	\$ 136,484
Due from other funds	-	-	168,131	57,649	3,272	476,742
Total assets	4,952	-	168,131	57,649	3,272	613,226
Deferred Outflows of Resources						
None	-	-	-	-	-	-
Total outflows of resources and assets	4,952	-	168,131	57,649	3,272	613,226
Liabilities						
Due to other funds	-	1,352	-	-	-	423,546
Other	335	-	-	-	-	6,236
Unearned revenue	-	-	-	-	-	-
Total liabilities	335	1,352	-	-	-	429,782
Deferred Inflows of Resources						
Unearned revenue	-	-	-	-	-	1,222
Total deferred inflows of resources	-	-	-	-	-	1,222
Fund Balances						
Restricted	4,617	-	-	-	-	92,115
Committed	-	-	168,131	57,649	3,272	268,289
Unassigned	-	(1,352)	-	-	-	(178,182)
Total fund balances (deficits)	4,617	(1,352)	168,131	57,649	3,272	182,222
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 4,952	\$ -	\$ 168,131	\$ 57,649	\$ 3,272	\$ 613,226

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – Town Special Revenue Funds

For the Year Ended June 30, 2021

	<u>DCF Grant</u>	<u>SHSP Grant</u>	<u>CDBG</u>	<u>Disaster Mitigation</u>	<u>Animal Care</u>
Revenues					
Grant Revenue	\$ 62,599	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-
Other revenue	-	-	-	-	11,921
Total revenues	<u>62,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,921</u>
Expenditures					
General government	-	-	-	-	-
Public safety	107,951	-	-	15,598	3,204
Public service	-	-	1,267	-	840
Health and human Services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Total expenditures	<u>107,951</u>	<u>-</u>	<u>1,267</u>	<u>15,598</u>	<u>4,044</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	(45,352)	-	(1,267)	(15,598)	7,877
Other financing sources (uses)					
Transfers (to) other funds	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses					
	(45,352)	-	(1,267)	(15,598)	7,877
Fund Balance, July 1, 2020	<u>(63,644)</u>	<u>10,000</u>	<u>30,198</u>	<u>-</u>	<u>77,960</u>
Fund Balance, June 30, 2021	<u>\$ (108,996)</u>	<u>\$ 10,000</u>	<u>\$ 28,931</u>	<u>\$ (15,598)</u>	<u>\$ 85,837</u>

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – Town Special Revenue Funds

For the Year Ended June 30, 2021

	Child Seatbelt	Friends of Whitman	Holiday Basket	Lincoln Days	Memorial Day Parade	Police Vest Grant	Police Forfeiture
Revenues							
Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,088	\$ 35,076
Investment income	-	-	-	-	-	-	-
Other revenue	-	-	31,219	4	35	-	-
Total revenues	-	-	31,219	4	35	2,088	35,076
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	485	-	-	-	-	-	-
Public service	-	17,504	23,350	-	-	2,088	9,067
Health and human Services	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	2,173	-	-
Total expenditures	485	17,504	23,350	-	2,173	2,088	9,067
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	(485)	(17,504)	7,869	4	(2,138)	-	26,009
Other financing sources (uses)							
Transfers from (to) other funds	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(485)	(17,504)	7,869	4	(2,138)	-	26,009
Fund Balance, July 1, 2020	387	17,504	48,997	5,656	26,524	1,422	14,529
Fund Balance, June 30, 2021	\$ (98)	\$ -	\$ 56,866	\$ 5,660	\$ 24,386	\$ 1,422	\$ 40,538

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – Town Special Revenue Funds

For the Year Ended June 30, 2021

	Senior Center Donations	H1N1 Clinic Grant	Fed Drug Forfeiture	Rescue Grants and Donations	MEDS	BYRNE JAG 2009	Hearthside Building
Revenues							
Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ 18,514	\$ -	\$ -
Investment income	-	-	-	-	-	-	2
Other revenue	10,000	-	-	-	-	-	-
Total revenues	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,514</u>	<u>-</u>	<u>2</u>
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	404	-	-
Public service	-	-	-	-	-	-	-
Health and human Services	-	237,225	-	-	-	-	-
Parks and recreation	412	-	-	-	-	-	-
Total expenditures	<u>412</u>	<u>237,225</u>	<u>-</u>	<u>-</u>	<u>404</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	9,588	(237,225)	-	-	18,110	-	2
Other financing sources (uses)							
Transfers from (to) other funds	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	9,588	(237,225)	-	-	18,110	-	2
Fund Balance, July 1, 2020	<u>67,104</u>	<u>(65,482)</u>	<u>19</u>	<u>1,459</u>	<u>21,127</u>	<u>(350)</u>	<u>6,605</u>
Fund Balance, June 30, 2021	<u>\$ 76,692</u>	<u>\$ (302,707)</u>	<u>\$ 19</u>	<u>\$ 1,459</u>	<u>\$ 39,237</u>	<u>\$ (350)</u>	<u>\$ 6,607</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – Town Special Revenue Funds

For the Year Ended June 30, 2021

	Senior Center	Operation Riptide	Town Clerk Technician	Historical Records	Senior Center Programs	Total
Revenues						
Grant Revenue	\$ -	\$ 12,765	\$ -	\$ -	\$ -	\$ 131,042
Investment income	-	-	-	-	-	3
Other revenue	3,210	-	29,718	4,944	23,215	114,266
Total revenues	3,210	12,765	29,718	4,944	23,215	245,311
Expenditures						
General government	-	-	7,937	-	-	7,937
Public safety	-	11,525	-	-	-	139,167
Public service	-	-	-	-	-	54,116
Health and human Services	-	-	-	-	-	237,225
Parks and recreation	-	-	-	-	23,528	26,113
Total expenditures	-	11,525	7,937	-	23,528	464,558
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	3,210	1,240	21,781	4,944	(313)	(219,247)
Other financing sources (uses)						
Transfers from (to) other funds	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	3,210	1,240	21,781	4,944	(313)	(219,247)
	1,407	(2,592)	146,350	52,705	3,585	401,470
	\$ 4,617	\$ (1,352)	\$ 168,131	\$ 57,649	\$ 3,272	\$ 182,222

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – School Special Revenue Funds

June 30, 2021

	SPED IDEA Part B	SPED IDEA Part B Support	SPED IDEA Preschool	Title I Part A Disadvantaged Youth	Title II Part A Teacher Quality	Title III Language Acquisition
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid	-	-	-	-	-	-
Due from other funds	-	38	-	-	-	-
Due from state or federal government	267,274	-	9,456	264,166	24,085	8,783
Total assets	<u>267,274</u>	<u>38</u>	<u>9,456</u>	<u>264,166</u>	<u>24,085</u>	<u>8,783</u>
Deferred Outflows of Resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>267,274</u>	<u>38</u>	<u>9,456</u>	<u>264,166</u>	<u>24,085</u>	<u>8,783</u>
Liabilities						
Accounts payable and accrued liabilities	-	-	-	16,307	199	-
Due to other funds	267,274	-	9,456	247,835	23,886	8,783
Total liabilities	<u>267,274</u>	<u>-</u>	<u>9,456</u>	<u>264,142</u>	<u>24,085</u>	<u>8,783</u>
Deferred inflows of resources						
Deferred inflows	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted	-	38	-	24	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficits)	<u>-</u>	<u>38</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 267,274</u>	<u>\$ 38</u>	<u>\$ 9,456</u>	<u>\$ 264,166</u>	<u>\$ 24,085</u>	<u>\$ 8,783</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – School Special Revenue Funds

June 30, 2021

	<u>Title IV</u>	<u>Title V</u>	<u>Perkins Vocational Even</u>	<u>Perkins Vocational Odd</u>	<u>USDA FFVP</u>	<u>Cares Act</u>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid	-	-	-	-	-	-
Due from other funds	-	1,803	-	-	-	-
Due from state or federal government	74,173	-	-	-	5,057	-
Total assets	<u>74,173</u>	<u>1,803</u>	<u>-</u>	<u>-</u>	<u>5,057</u>	<u>-</u>
Deferred Outflows of Resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>74,173</u>	<u>1,803</u>	<u>-</u>	<u>-</u>	<u>5,057</u>	<u>-</u>
Liabilities						
Accounts payable and accrued liabilities	-	-	-	-	-	-
Due to other funds	74,173	-	-	-	5,057	-
Total liabilities	<u>74,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,057</u>	<u>-</u>
Deferred inflows of resources						
Deferred inflows	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted	-	1,803	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficits)	<u>-</u>	<u>1,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 74,173</u>	<u>\$ 1,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,057</u>	<u>\$ -</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – School Special Revenue Funds

June 30, 2021

	CRF Grant	RIDE Substitute Grant	ESSER Grant	RIDHS Bright Stars	Legislative Grant	SBA Capital COVID Grant
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid	-	-	-	-	-	-
Due from other funds	-	-	-	2,751	2,397	-
Due from state or federal government	-	-	516,482	-	-	-
Total assets	-	-	516,482	2,751	2,397	-
Deferred Outflows of Resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	-	-	516,482	2,751	2,397	-
Liabilities						
Accounts payable and accrued liabilities	-	-	516,482	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	516,482	-	-	-
Deferred inflows of resources						
Deferred inflows	-	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-	-
Fund balances						
Restricted	-	-	-	2,751	2,397	-
Unassigned	-	-	-	-	-	-
Total fund balance (deficits)	-	-	-	2,751	2,397	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ -	\$ 516,482	\$ 2,751	\$ 2,397	\$ -

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – School Special Revenue Funds

June 30, 2021

	RI State Council	RICAPP	Big Yellow School Bus	RI Skills Commission	CTE Categorical Even	CTE Course Sequence
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid	-	-	-	-	-	-
Due from other funds	1,270	1,083	484	10,426	871	301
Due from state or federal government	-	-	-	-	18,800	-
Total assets	<u>1,270</u>	<u>1,083</u>	<u>484</u>	<u>10,426</u>	<u>19,671</u>	<u>301</u>
Deferred Outflows of Resources						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>1,270</u>	<u>1,083</u>	<u>484</u>	<u>10,426</u>	<u>19,671</u>	<u>301</u>
Liabilities						
Accounts payable and accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	5,431	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,431</u>	<u>-</u>
Deferred inflows of resources						
Deferred inflows	-	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted	1,270	1,083	484	10,426	14,240	301
Unassigned	-	-	-	-	-	-
Total fund balance (deficits)	<u>1,270</u>	<u>1,083</u>	<u>484</u>	<u>10,426</u>	<u>14,240</u>	<u>301</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,270</u>	<u>\$ 1,083</u>	<u>\$ 484</u>	<u>\$ 10,426</u>	<u>\$ 19,671</u>	<u>\$ 301</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – School Special Revenue Funds

June 30, 2021

	CTE Categorical 2014	Various Funds	School Lunch	LHS Scholarship
Assets				
Cash	\$ -	\$ -	\$ 210,367	\$ 82,045
Prepaid	-	-	-	-
Due from other funds	17,488	11,807	118,058	-
Due from state or federal government	-	-	105,627	-
Total assets	<u>17,488</u>	<u>11,807</u>	<u>434,052</u>	<u>82,045</u>
Deferred Outflows of Resources				
Deferred outflows	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>17,488</u>	<u>11,807</u>	<u>434,052</u>	<u>82,045</u>
Liabilities				
Accounts payable and accrued liabilities	-	-	80,460	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>80,460</u>	<u>-</u>
Deferred inflows of resources				
Deferred inflows	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted	17,488	-	353,592	82,045
Unassigned	-	11,807	-	-
Total fund balance (deficits)	<u>17,488</u>	<u>11,807</u>	<u>353,592</u>	<u>82,045</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 17,488</u>	<u>\$ 11,807</u>	<u>\$ 434,052</u>	<u>\$ 82,045</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – School Special Revenue Funds

June 30, 2021

	NFL Play 60 Grant	LHS Student Activites	LHS Class Funds	LMS Student Activites	Total
Assets					
Cash	\$ -	\$ 223,970	\$ 165,394	\$ 60,709	\$ 742,485
Prepaid	-	-	-	-	-
Due from other funds	-	-	-	-	168,777
Due from state or federal government	-	-	-	0	1,293,903
Total assets	<u>-</u>	<u>223,970</u>	<u>165,394</u>	<u>60,709</u>	<u>2,205,165</u>
Deferred Outflows of Resources					
Deferred outflows	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>-</u>	<u>223,970</u>	<u>165,394</u>	<u>60,709</u>	<u>2,205,165</u>
Liabilities					
Accounts payable and accrued liabilities	-	-	-	-	613,448
Due to other funds	2,329	-	-	-	644,224
Total liabilities	<u>2,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,257,672</u>
Deferred inflows of resources					
Deferred inflows	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Restricted	-	-	-	60,709	548,651
Unassigned	(2,329)	223,970	165,394	-	398,842
Total fund balance (deficits)	<u>(2,329)</u>	<u>223,970</u>	<u>165,394</u>	<u>60,709</u>	<u>947,493</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 223,970</u>	<u>\$ 165,394</u>	<u>\$ 60,709</u>	<u>\$ 2,205,165</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2021

	SPED IDEA Part B	SPED IDEA Part B Support	SPED IDEA Preschool	Title I Part A Disadvantaged Youth	Title II Part A Teacher Quality	Title III Language Acquisition
Revenues						
Federal and state grant income	\$ 837,994	\$ -	\$ 25,796	\$ 648,710	\$ 188,785	\$ 17,476
Other income	-	-	-	-	-	-
Total revenues	<u>837,994</u>	<u>-</u>	<u>25,796</u>	<u>648,710</u>	<u>188,785</u>	<u>17,476</u>
Expenditures						
Education	<u>837,994</u>	<u>-</u>	<u>25,796</u>	<u>648,893</u>	<u>188,785</u>	<u>17,476</u>
Excess (deficiency) of revenue over expenditures	-	-	-	(183)	-	-
Other financing sources (uses)						
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	(183)	-	-
Fund Balance, July 1, 2020, restated	<u>-</u>	<u>38</u>	<u>-</u>	<u>207</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2021

	<u>Title IV</u>	<u>Title V</u>	<u>Perkins Vocational Even</u>	<u>Perkins Vocational Odd</u>	<u>USDA FFVP</u>	<u>Cares Act</u>
Revenues						
Federal and state grant income	\$ 18,773	\$ -	\$ 69,316	\$ 439	\$ 19,035	\$ 445,644
Other income	-	-	-	-	-	-
Total revenues	<u>18,773</u>	<u>-</u>	<u>69,316</u>	<u>439</u>	<u>19,035</u>	<u>445,644</u>
Expenditures						
Education	<u>18,773</u>	<u>-</u>	<u>70,836</u>	<u>880</u>	<u>20,331</u>	<u>445,644</u>
Excess (deficiency) of revenue over expenditures	-	-	(1,520)	(441)	(1,296)	-
Other financing sources (uses)						
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other use:	-	-	(1,520)	(441)	(1,296)	-
Fund Balance, July 1, 2020, restated	<u>-</u>	<u>1,803</u>	<u>1,520</u>	<u>441</u>	<u>1,296</u>	<u>-</u>
Fund Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 1,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2021

	CRF Grant	RIDE Substitute Grant	ESSER Grant	RIDHS Bright Stars	Legislative Grant	SBA Capital COVID Grant
Revenues						
Federal and state grant income	\$ 570,908	\$ 52,021	\$ 516,482	\$ -	\$ -	\$ 64,234
Other income	-	-	-	-	-	-
Total revenues	<u>570,908</u>	<u>52,021</u>	<u>516,482</u>	<u>-</u>	<u>-</u>	<u>64,234</u>
Expenditures						
Education	<u>570,908</u>	<u>52,021</u>	<u>516,482</u>	<u>-</u>	<u>-</u>	<u>64,234</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other	-	-	-	-	-	-
Fund Balance, July 1, 2020, restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,751</u>	<u>2,397</u>	<u>-</u>
Fund Balance, June 30, 2021	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,751</u></u>	<u><u>\$ 2,397</u></u>	<u><u>\$ -</u></u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2021

	<u>RI State Council</u>	<u>RICAPP</u>	<u>Big Yellow School Bus</u>	<u>RI Skills Commission</u>	<u>CTE Categorical Even</u>	<u>CTE Course Sequence</u>
Revenues						
Federal and state grant income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Education	-	-	400	-	87,891	-
Excess (deficiency) of revenue over expenditures	-	-	(400)	-	(87,891)	-
Other financing sources (uses)						
Transfers from (to) other funds	-	-	-	-	-	-
Excess (deficiency) of revenues and sources over expenditures and other	-	-	(400)	-	(87,891)	-
Fund Balance, July 1, 2020, restated	<u>1,270</u>	<u>1,083</u>	<u>884</u>	<u>10,426</u>	<u>102,131</u>	<u>301</u>
Fund Balance, June 30, 2021	<u>\$ 1,270</u>	<u>\$ 1,083</u>	<u>\$ 484</u>	<u>\$ 10,426</u>	<u>\$ 14,240</u>	<u>\$ 301</u>

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TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2021

	<u>CTE Categorical 2014</u>	<u>Various Funds</u>	<u>School Lunch</u>	<u>LHS Scholarship</u>
Revenues				
Federal and state grant income	\$ -	\$ 18,570	\$ 812,693	\$ 2,500
Other income	-		-	-
Total revenues	<u>-</u>	<u>18,570</u>	<u>812,693</u>	<u>2,500</u>
Expenditures				
Education	-	1,325	755,931	1,500
Excess (deficiency) of revenue over expenditures	-	17,245	56,762	1,000
Other financing sources (uses)				
Transfers from (to) other funds	-	-	-	-
Excess (deficiency) of revenues and sources over expenditures and other	-	17,245	56,762	1,000
Fund Balance, July 1, 2020, restated	<u>17,488</u>	<u>(5,438)</u>	<u>296,830</u>	<u>81,045</u>
Fund Balance, June 30, 2021	<u>\$ 17,488</u>	<u>\$ 11,807</u>	<u>\$ 353,592</u>	<u>\$ 82,045</u>

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in fund Balance – School Special Revenue Funds

For the Year Ended June 30, 2021

	NFL Play 60 Grant	LHS Student Activites	LHS Class Funds	LMS Student Activites	Total
Revenues					
Federal and state grant income	\$ -	\$ -	\$ -	\$ -	\$ 4,309,376
Other income	-	35,024	-	12,349	47,373
Total revenues	<u>-</u>	<u>35,024</u>	<u>-</u>	<u>12,349</u>	<u>4,356,749</u>
Expenditures					
Education	<u>2,329</u>	<u>102,901</u>	<u>30,702</u>	<u>16,131</u>	<u>4,478,163</u>
Excess (deficiency) of revenue over expenditures	(2,329)	(67,877)	(30,702)	(3,782)	(121,414)
Other financing sources (uses)					
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and sources over expenditures and other	(2,329)	(67,877)	(30,702)	(3,782)	(121,414)
Fund Balance, July 1, 2020, restated	<u>-</u>	<u>291,847</u>	<u>196,096</u>	<u>64,491</u>	<u>1,068,906</u>
Fund Balance, June 30, 2021	<u>\$ (2,329)</u>	<u>\$ 223,970</u>	<u>\$ 165,394</u>	<u>\$ 60,709</u>	<u>\$ 947,493</u>

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Balance Sheet – Capital Project Funds

June 30, 2021

	<u>Open Space Reserve</u>	<u>Capital Projects Reserve</u>	<u>Town Capital Projects</u>	<u>School Capital Projects</u>	<u>Total</u>
Assets					
Cash & cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	433,171	268,205	2,681,068	-	3,382,444
Total assets	433,171	268,205	2,681,068	-	3,382,444
Deferred outflows of resources					
Deferred inflows	-	-	-	-	-
Total assets and deferred outflows of resources	433,171	268,205	2,681,068	-	3,382,444
Liabilities					
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred inflows of resources					
None	-	-	-	-	-
Fund Balances					
Restricted	433,171	268,205	2,681,068	-	3,382,444
Unassigned	-	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 433,171	\$ 268,205	\$ 2,681,068	\$ -	\$ 3,382,444

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Capital Project Funds

For the Year Ended June 30, 2021

	Open Space Reserve	Capital Projects Reserve	Town Capital Projects	School Capital Projects	Total
Revenues					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	25,700	-	25,700
Total revenues	-	-	25,700	-	25,700
Expenditures					
Education	-	-	537,212	587,162	1,124,375
Public safety	-	-	72,981	-	72,981
General government	256,119	172,075	24,175	-	452,369
Public services	-	-	213,189	-	213,189
Total expenditures	256,119	172,075	847,557	587,162	1,862,915
Excess (deficiency) of revenue over expenditures	(256,119)	(172,075)	(821,857)	(587,162)	(1,837,215)
Other financing sources (uses)					
Transfer from (to) other funds	83,874	83,874	-	587,162	754,910
Total other financing sources (uses)	83,874	83,874	-	587,162	754,910
Excess (deficiency) of revenues and other sources over expenditures and other uses	(172,245)	(88,201)	(821,857)	-	(1,082,304)
Fund balance, July 1, 2020	605,416	356,406	3,502,925	-	4,464,748
Fund balance, June 30, 2021	\$ 433,171	\$ 268,205	\$ 2,681,068	\$ -	\$ 3,382,443

See independent auditors' report

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Combining Statement of Net Position – Private Purpose Trust Funds

June 30, 2021

	Eunice L. Hopkins Fund	Rufus Jenkins Fund	McDevitt Historical Cemetery Fund	Totals
Assets				
Cash	\$ 1,507	\$ 5,989	\$ 26,587	\$ 34,083
Investments	-	-	-	-
Total assets	1,507	5,989	26,587	34,083
Liabilities				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Net position				
Restricted for private purpose	1,507	5,989	26,587	34,083
Total liabilities and net position	\$ 1,507	\$ 5,989	\$ 26,587	\$ 34,083

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Combining Statement of Changes in Net Position – Private Purpose Trust Funds

For the Year Ended June 30, 2021

	<u>Eunice L. Hopkins Fund</u>	<u>Rufus Jenkins Fund</u>	<u>McDevitt Historical Cemetery Fund</u>	<u>Total</u>
Additions				
Investment income	\$ 1	\$ 2	\$ 11	\$ 14
Other	-	-	-	-
	1	2	11	14
Deductions				
Per trust agreements	-	-	-	-
Changes in fund equity held in trust for individuals, organizations, and other governments	1	2	11	14
Net position, July 1, 2020	1,506	5,987	26,576	34,069
Net position, June 30, 2021	\$ 1,507	\$ 5,989	\$ 26,587	\$ 34,083

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Combining Statement of Net Position – Custodial Funds

June 30, 2021

	<u>Road Surety</u>
Assets	
Due from other funds	<u>\$ 452,279</u>
Total assets	<u>452,279</u>
Deferred outflows of resources	
None	<u>-</u>
Total outflows of resources and assets	<u><u>452,279</u></u>
Liabilities	
Deposits Held	<u>161,730</u>
Total Liabilities	<u><u>161,730</u></u>
Deferred inflows of resources	
None	<u>-</u>
Net Position	
Restricted for Road Surety	<u>290,549</u>
Total Net Position	<u> </u>
Total net position, inflows of resources and liabilities	<u><u>\$ 452,279</u></u>
	-

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Combining Statement of Changes in Net Position – Custodial Funds

For the Year Ended June 30, 2021

	<u>Road Surety</u>
Additions	
Miscellaneous revenue	\$ -
Total additions	<u>-</u>
Deductions	
Amount expended	<u>41,462</u>
Total deductions	<u>41,462</u>
Increase (decrease) in deposits held	(41,462)
Net Position, July 1, 2020, restated	<u>332,011</u>
Net Position, June 30, 2021	<u><u>\$ 290,549</u></u>

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Tax Collectors Annual Report

June 30, 2021

<u>Tax Roll Year</u>	<u>Balance July 1, 2020</u>	<u>Assessment</u>	<u>Additions</u>	<u>Abatements & Adjustments</u>	<u>Amount to be collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2021</u>
2020	\$ -	\$ 57,799,412	\$ 18,027	\$ (143,464)	\$ 57,673,975	\$ 55,435,256	\$ 2,238,719
2019	2,469,755	-	10,399	(61,239)	2,418,915	1,641,413	777,502
2018	501,388	-	-	216	501,604	230,085	271,519
2017	167,865	-	-	80	167,945	9,515	158,430
2016	134,402	-	-	(83)	134,319	4,595	129,724
2015	130,344	-	-	74	130,418	10,218	120,200
2014	117,352	-	-	1,809	119,161	17,260	101,901
2013	100,132	-	-	(385)	99,747	1,290	98,457
2012	112,218	-	-	(105)	112,113	1,878	110,235
2011	102,862	-	-	-	102,862	1,412	101,450
2010 and prior	232,427	-	-	-	232,427	1,863	230,564
	<u>\$ 4,068,745</u>	<u>\$ 57,799,412</u>	<u>\$ 28,426</u>	<u>\$ (203,097)</u>	<u>\$ 61,693,486</u>	<u>\$ 57,354,785</u>	<u>\$ 4,338,701</u>
Less: Allowance for uncollectible accounts	(513,615)						(571,764)
	<u>\$ 3,555,130</u>						<u>\$ 3,766,937</u>

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Tax Collectors Annual Report

June 30, 2021

Schedule of property valuation assessed as of December 31, 2020:

	Valuation	Levy
Real property	\$ 3,003,510,865	\$ 63,723,695
Motor vehicles	192,036,372	5,887,396
Tangible personal property	188,848,654	6,001,612
Total	<u>\$ 3,384,395,891</u>	<u>\$ 75,612,703</u>
Less: Exemptions and motor vehicle phase out		
Real property	(789,268,784)	(15,898,686)
Motor vehicles	(62,446,368)	(1,914,606)
Total	<u>\$ 2,532,680,738</u>	<u>\$ 57,799,411</u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 57,354,785
60-day FY21 Accrual	
<i>July-August 2021 Collections</i>	1,093,193
60-day FY20 Accrual	
<i>July-August 2020 Collections</i>	<u>(840,256)</u>
Current Year Property Tax Revenue	<u>\$ 57,607,722</u>

FY2021 Tax Collections Summary			
Collections Subject to 60-day FY20 Accrual	Sept-June 2021 Collections	Total FY 2021 Cash Collections	(FY 21) Cash Collections Subject to 60-day FY 21 Accrual
\$ -	\$ 55,435,256	\$ 55,435,256	\$ 982,520
752,871	888,542	1,641,413	82,979
77,156	152,929	230,085	20,843
3,995	5,520	9,515	479
747	3,848	4,595	623
340	9,878	10,218	2,818
3,215	14,045	17,260	1,733
121	1,169	1,290	100
323	1,555	1,878	352
350	1,062	1,412	135
1,138	725	1,863	611
<u>\$ 840,256</u>	<u>\$ 56,514,529</u>	<u>\$ 57,354,785</u>	<u>\$ 1,093,193</u>

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2021

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2021

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 56,411,021	\$ -
Last Year's Levy Tax Collection	979,653	-
Prior Years Property Tax Collection	217,049	-
Interest & Penalty	383,544	-
PILOT & Tax Treaty (excluded from levy) Collection	80,215	-
Other Local Property Taxes	-	-
Licenses and Permits	26,389	-
Fines and Forfeitures	49,650	-
Investment Income	20,997	-
Departmental	1,296,444	-
Rescue Run Revenue	946,563	-
Police & Fire Detail	767,108	-
Other Local Non-Property Tax Revenues	275,704	-
Tuition	-	144,903
Impact Aid	-	-
Medicaid	-	494,500
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	768,950
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	10,480	1,826,323
COVID - ESSER	-	962,126
COVID - CRF	1,629,946	622,929
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
COVID - ARPA	-	-
MV Excise Tax Reimbursement	238,326	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	213,729	-
Library Construction Aid	-	-
Public Service Corporation Tax	269,570	-
Meals & Beverage Tax / Hotel Tax	559,412	-
LEA Aid	-	15,193,312
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,024,414	-
State Food Service Revenue	-	49,373
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	4,507,274	64,235
Motor Vehicle Phase Out	206,198	-
Other Revenue	-	117,372
Local Appropriation for Education	-	42,454,172
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 70,113,685</u>	<u>\$ 62,698,196</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2021

<u>EXPENDITURES</u>	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 416,443	\$ 563,024	\$ 243,296	\$ -	\$ 139,256	\$ 568,056	\$ 2,144,230	\$ 252,383	\$ 2,889,497
Compensation - Group B	-	-	-	-	-	-	-	-	86,348
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	267	-	-	-	-	3,964	40,916	4,166	123,996
Overtime - Group B	-	-	-	-	-	-	-	-	13
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	589,653
Active Medical Insurance - Group A	84,318	140,530	47,993	-	28,106	165,010	495,302	25,720	495,302
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	19,887
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group A	4,005	6,675	2,279	-	1,335	1,978	23,525	1,222	23,525
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	945
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	38,325	42,892	15,901	-	10,609	42,832	166,469	19,545	272,205
Life Insurance	518	873	355	-	178	917	4,028	252	8,188
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	1,475,994
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	8,493	18,548	7,083	-	9,896	8,546	34,782	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	24,067	11,136	12,625	-	4,332	50,603	226,252	14,787	8,663
Purchased Services	194,828	72,435	28,325	134,323	6,995	38,194	33,593	-	-
Materials/Supplies	20,616	13,223	16,364	9,338	2,922	180,404	21,234	20,049	75,487
Software Licenses	6,000	-	-	110,350	-	-	483	-	-
Capital Outlays	-	-	-	19,597	-	-	329,309	-	97,262
Insurance	669,136	-	-	-	-	-	-	-	-
Maintenance	-	-	14,810	-	-	24,835	249,540	69,908	63,541
Vehicle Operations	-	26	3,361	-	-	-	304,065	1,925	138,334
Utilities	25,045	20,036	39,737	2,128	5,009	38,098	50,091	36,223	17,451
Contingency	31,342	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	568,607	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	346,856	-	-
Trash Removal & Recycling	-	-	-	-	-	-	412,340	-	-
Claims & Settlements	2,124	-	-	-	-	-	-	-	-
Community Support	62,500	-	-	-	-	-	-	-	-
Other Operation Expenditures	210,659	833	185	423	-	1,414	12,409	-	42,520
Tipping Fees	-	-	-	-	-	-	418,543	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,798,685	\$ 890,230	\$ 432,315	\$ 276,159	\$ 208,637	\$ 1,124,850	\$ 5,882,573	\$ 446,178	\$ 6,428,809

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2021

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 240,833	\$ 992,224	\$ -	\$ -	\$ -	\$ 8,449,243	\$ 26,469,694
Compensation - Group B	-	-	-	-	-	-	86,348	2,096,245
Compensation - Group C	-	-	-	-	-	-	-	5,252,004
Compensation - Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	23,409	408,586	-	-	-	605,303	-
Overtime - Group B	-	-	-	-	-	-	13	-
Overtime - Group C	-	-	-	-	-	-	-	256,051
Police & Fire Detail	-	-	-	-	-	-	589,653	-
Active Medical Insurance - Group A	-	84,318	236,515	-	-	-	1,803,112	2,257,073
Active Medical Insurance- Group B	-	-	-	-	-	-	19,887	160,250
Active Medical Insurance- Group C	-	-	-	-	-	-	-	4,494,103
Active Dental Insurance- Group A	-	4,005	11,233	-	-	-	79,780	117,228
Active Dental Insurance- Group B	-	-	-	-	-	-	945	7,304
Active Dental Insurance- Group C	-	-	-	-	-	-	-	210,594
Payroll Taxes	-	23,094	106,717	-	-	-	738,589	842,308
Life Insurance	-	592	1,806	-	-	-	17,705	231,533
State Defined Contribution- Group A	-	-	-	-	-	-	-	681,370
State Defined Contribution - Group B	-	-	-	-	-	-	-	57,770
State Defined Contribution - Group C	-	-	-	-	-	-	-	3,882
Other Benefits- Group A	-	-	-	-	-	-	-	103,082
Other Benefits- Group B	-	-	-	-	-	-	-	33,284
Other Benefits- Group C	-	-	-	-	-	-	-	296,647
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	1,475,994	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	419,076
State Defined Benefit Pension- Group A	-	-	208,719	-	-	-	296,069	3,757,507
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	337,653
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	35,629	6,492	-	-	-	394,585	-
Purchased Services	-	-	71,242	-	-	-	579,935	10,296,388
Materials/Supplies	-	-	56,697	-	-	-	416,334	1,600,175
Software Licenses	-	-	-	-	-	-	116,833	197,785
Capital Outlays	-	-	92,069	-	-	-	538,238	935,462
Insurance	-	-	-	-	-	-	669,136	254,845
Maintenance	-	-	9,090	-	-	-	431,724	346,359
Vehicle Operations	-	-	55,981	-	-	-	503,692	28,830
Utilities	-	3,080	31,253	-	-	-	268,150	632,250
Contingency	-	-	-	-	-	-	31,342	-
Street Lighting	-	-	-	-	-	-	568,607	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	346,856	-
Trash Removal & Recycling	-	-	-	-	-	-	412,340	-
Claims & Settlements	-	-	-	-	-	-	2,124	-
Community Support	-	-	-	-	-	-	62,500	-
Other Operation Expenditures	-	-	5,508	-	-	-	273,950	222,648
Tipping Fees	-	-	-	-	-	-	418,543	-
Local Appropriation for Education	-	-	-	42,454,172	-	-	42,454,172	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	375,000	-	375,000	-
Municipal Debt- Interest	-	-	-	-	131,075	-	131,075	-
School Debt- Principal	-	-	-	-	1,855,000	-	1,855,000	-
School Debt- Interest	-	-	-	-	635,075	-	635,075	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	118,700
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	1,275,420	1,275,420	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 414,958	\$ 2,294,131	\$ 42,454,172	\$ 2,996,150	\$ 1,275,420	\$ 66,923,269	\$ 62,718,099

Financing Uses: Transfer to Capital Funds	\$ 167,748	\$ -
Financing Uses: Transfer to Other Funds	-	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 167,748	\$ -
Net Change in Fund Balance¹	3,022,669	(19,903)
Fund Balance¹- beginning of year	\$7,915,920	\$840,158
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	633,479
Misc. Adjustment	-	(1,896)
Fund Balance¹ - beginning of year adjusted	7,915,920	1,471,741
Rounding	-	-
Fund Balance¹ - end of year	\$ 10,938,589	\$ 1,451,838

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

TOWN OF LINCOLN, RHODE ISLAND

Other Supplementary Information Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2021

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2020						\$ 7,915,920	-	\$ 7,915,920	
<i>No funds removed from RGS for fiscal 2020</i>						-	-		
<i>No funds added to RGS for Fiscal 2020</i>						-	-		
<i>No misc. adjustments made for fiscal 2020</i>						-	-		
Fund Balance¹ - per MTP-2 at June 30, 2021 adjusted						<u>\$ 7,915,920</u>		<u>\$ 7,915,920</u>	
General Fund	\$ 69,346,578	\$ 28,622	\$ 23,794,791	\$ 42,621,920	\$ 2,958,489	\$ 7,616,565	\$ -	\$ 7,616,565	\$ 10,575,054
Police Detail	767,108	-	674,306	28,622	\$ 64,180	299,355	-	299,355	363,535
Totals per audited financial statements	<u>\$ 70,113,685</u>	<u>\$ 28,622</u>	<u>\$ 24,469,097</u>	<u>\$ 42,650,542</u>	<u>\$ 3,022,669</u>	<u>\$ 7,915,920</u>	<u>\$ -</u>	<u>\$ 7,915,920</u>	<u>\$ 10,938,589</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 42,454,172.00	\$ (42,454,172.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Eliminate transfers between Funds reported on MTP2:	-	(28,622)	-	(28,622)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 70,113,685</u>	<u>\$ -</u>	<u>\$ 66,923,269</u>	<u>\$ 167,748</u>	<u>\$ 3,022,669</u>	<u>\$ 7,915,920</u>	<u>\$ -</u>	<u>\$ 7,915,920</u>	<u>\$ 10,938,589</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2021

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City's (or Town's) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

TOWN OF LINCOLN, RHODE ISLAND

Supplementary Information
Annual Supplemental Transparency Report (MTP2)

For the Year Ended June 30, 2021

NOTE 4. Employee Groups - Compensation and Benefit Costs (continued)

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

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Independent Auditor's Report 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*

To the Honorable Town Council
Town of Lincoln
Lincoln, Rhode Island

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, each major fund, and the aggregate remaining fund information of the Town of Lincoln, RI, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Lincoln, RI's basic financial statements, and have issued our report thereon dated February 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lincoln, RI'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lincoln, RI's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lincoln, RI's internal control.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lincoln, RI's financial statements are free from 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*.

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

Hague, Sabady & Co. PC

Fall River, Massachusetts
February 28, 2022