

LINCOLN FIRE DISTRICT  
BASIC FINANCIAL STATEMENTS  
Fiscal Year Ended October 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Lincoln Fire District  
Lincoln, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Fire District, as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise Lincoln Fire District's basic financial statements as listed in the table of contents.

### *Summary of Opinions*

<u>Opinion Unit:</u>	<u>Type of Opinion:</u>
Governmental Activities	Qualified
General Fund	Unmodified

### *Qualified Opinion on Governmental Activities*

In our opinion, except for the effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities of the Lincoln Fire District as of October 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Unmodified Opinion on the General Fund*

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of each major fund of the Lincoln Fire District as of October 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.

### **Basis for Qualified and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lincoln Fire District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

### *Matter Giving Rise to the Qualified Opinion on Governmental Activities*

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, requires the net pension asset and/or liability and various components related to the net pension asset and/or liability be reported utilizing a measurement date which is no earlier than the end of the prior fiscal year. However, Lincoln Fire District participates in the retirement plans administered by the State of Rhode Island and as such, the

measurement date utilized by the plan was June 30, 2021 which is a date earlier than Lincoln District's prior fiscal year end. The amount by which this departure would affect the net pension assets, deferred outflow of resources, net pension liabilities, deferred inflows of resources, net position, and expenses of the Governmental Activities has not been determined.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lincoln Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln Fire District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 52-54 and required schedules related to pension plans and OPEB on pages 55-65, respectively, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln Fire District's financial statements as a whole. The schedule of property taxes on page 66 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of property taxes is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, on our consideration of Lincoln Fire District'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 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 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 Lincoln Fire District's internal control over financial reporting and compliance.

WADOVICK + COMPANY

West Warwick, Rhode Island  
October 5, 2023

LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended October 31, 2022  
(Unaudited)

As the management of the Lincoln Fire District (the District), we offer readers of the Lincoln Fire District's financial statements this narrative overview and analysis of the District's economic activities for the fiscal year ended October 31, 2022. The Lincoln Fire District was formed as the result of the merger and consolidation of Saylesville Fire District and Albion Fire District effective November 1, 2021.

Governmental Accounting Standards Board's (GASB) requires a "management's discussion and analysis" (MD&A) to be presented in the financial reports which include the basic financial statements. The MD&A provides an overview of the financial activities of the District based upon currently known facts, decisions, and conditions. Our MD&A follows; please read in conjunction with the financial statements which begin on Page 12.

**Financial Highlights**

- As of October 31, 2022, the District had a total net position of \$289,982, of which \$18,491 was unrestricted.
- As of October 31, 2022, the Governmental Funds of the District had a combined total fund balance of \$2,428,164. This fund balance consisted of \$573,879 unassigned; \$134,485 committed for compensated absences; \$1,686,737 committed for capital outlays, \$10,000 committed for fiscal 2023 budget overages; \$3,486 non-spendable; and \$19,577 restricted for fire prevention.
- The unassigned fund balance of \$573,879 plus the \$10,000 commitment for the fiscal 2023 budget is in accordance with the Fund Balance policy adopted by the taxpayers to maintain an unassigned fund balance of 20% of the subsequent year's budget.
- In accordance with Generally Accepted Accounting Principles for governmental funds, the District's General Fund had an increase in fund balance before transfers to other funds of \$155,223. This increase in fund balance/net income was after the District established an OPEB Trust Fund by contributing \$250,000 to this Trust Fund to pay future post-employment benefits of the firefighters.
- In accordance with a resolution approved by the District taxpayers, management of the District established a Capital Projects Fund and Compensated Absence Fund during fiscal 2022 by transferring \$1,699,915 and \$100,000, respectively, from the District's General Fund.
- The District set up an OPEB Trust Fund during fiscal 2022, with an initial \$250,000 contribution from the District's General Fund. In addition, additional contributions of \$33,240 were made by the District in fiscal 2022, resulting from savings in the amount budgeted for health care. As of October 31, 2022, the net position of the OPEB Trust Fund was \$293,143.
- By establishing an OPEB Trust Fund and contribution \$283,240 during fiscal 2022, the District was able to reduce the actuarially determined net OPEB liability from \$2,614,595 down to \$1,499,679.

**Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The District's primary financial statements and other supplementary financial information provide information about all the Governments' activities. Such information offers both a short-term and a long-

LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended October 31, 2022  
(Unaudited)

term view of the financial health of the District as well as information about activities for which the District acts solely as a trustee for the benefit of those outside of the District's government.

**Government-wide financial statements**

*Government-wide financial statements* are designed to provide readers with a broad overview of the finances of the District, in a manner which is similar to a private-sector business. They are presented on the accrual basis of accounting where revenues and expenditures are recognized on the date they occurred rather than on the date they were collected or paid.

The *Statement of Net Position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both government-wide financial statements distinguish the District's functions, which are supported by taxes and intergovernmental revenues (governmental activities), from other functions intended to recover all or a significant portion of their costs through user charges (business-type activities). The governmental activities of the District include general government and administration, public safety, education, development services, cultural and recreational services.

The government-wide financial statements are reported on Pages 12 and 13.

**Fund financial statements**

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and proprietary funds. As of October 31, 2022, the District did not maintain any funds which meet the definition of a proprietary fund.

*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, governmental fund financial statements focus on current sources and uses of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements; accordingly, 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



LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended October 31, 2022  
(Unaudited)

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, Compensated Absence Fund, and Capital Projects Fund, which are all considered to be Major Funds.

The basic governmental funds' statements are presented on Pages 14 through 18.

*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 statement because resources of those funds are *not* available to support the District programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary Funds follow the full accrual basis of accounting.

The basic fiduciary fund financial statements are presented on Pages 19 and 20.

*Notes to Financial Statements*

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on Pages 21 through 51.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the operations of the District. Required Supplementary information is presented on Pages 52 through 65.

The financial statements also include a Schedule of Property Taxes Receivable required to be reported by the State of Rhode Island, Office of the Auditor General. This exhibit can be found on Page 66.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the District's case, its Net Position increased for the year ended October 31, 2022, by \$795,210. This increase of \$795,210 was primarily the result of the establishment of and contribution to the OPEB Trust Fund in fiscal 2022 resulting in a decrease in the net OPEB liability.

The most considerable portions of the net position of the District consists of investments in capital assets such as land, buildings and improvements, motor vehicles, and furniture and equipment, less any debt used to acquire these assets still outstanding. The District uses capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended October 31, 2022  
(Unaudited)

Although the investment of the District in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources since the capital assets themselves are highly unlikely to be used to liquidate such liabilities.

**STATEMENTS OF NET POSITION**  
**October 31, 2022 and 2021**

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 3,280,082	\$ 3,278,727
Net Pension Asset	107,691	34,442
Capital Assets, Net	1,641,885	1,825,869
Total Assets	<u>5,029,658</u>	<u>5,139,038</u>
Deferred outflows of resources	<u>386,608</u>	<u>359,261</u>
Long-Term Liabilities	4,278,988	5,350,370
Other Liabilities	456,911	264,267
Total Liabilities	<u>4,735,899</u>	<u>5,614,637</u>
Deferred inflows of resources	<u>390,385</u>	<u>364,561</u>
Net investment in capital assets	251,914	342,186
Restricted	19,577	15,160
Unrestricted	18,491	(838,245)
Total Net Position	<u>\$ 289,982</u>	<u>\$ (480,899)</u>

LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended October 31, 2022  
(Unaudited)

**Analysis of District Operations**

The following analysis summarizes the District operations for the year ended October 31, 2022, and 2021.

**STATEMENT OF ACTIVITIES**  
**For the Fiscal Years Ended October 31, 2022 and 2021**

	Governmental Activities	
	2022	2021
<b><u>Revenues:</u></b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 37,828	\$ 39,049
Operating Grants and Contributions	62,430	77,368
Capital Grants and Contributions	0	11,100
<i>General Revenues:</i>		
Property taxes	2,703,724	2,516,043
Motor vehicle phase-out taxes	178,371	61,877
Lincoln Housing Authority PILOT	14,306	14,818
Tax Sale Receipts and miscellaneous	10,260	2,598
Unrestricted investment earnings	5,856	2,370
Total Revenues	<u>3,012,775</u>	<u>2,725,223</u>
<b><u>Expenses:</u></b>		
Public Safety	2,182,489	2,524,835
Interest on long-term debt	59,405	61,625
Total Expenses	<u>2,241,894</u>	<u>2,586,460</u>
Increase (decrease) in net position	770,881	138,763
Net position (deficit) beginning of year	(480,899)	(619,662)
Net position end of year	<u>\$ 289,982</u>	<u>\$ (480,899)</u>

**NOTE:** The information in the table above for 2021 represents the changes in net position for the fiscal year November 1, 2020 to October 31, 2021 for Albion Fire District; the short tax year, 10 month period January 1, 2021 to October 31, 2021 for the Saylesville Fire District; and the Lincoln Fire District from November 1, 2020 to October 31, 2021. Effective November 1, 2021, the operations of the Saylesville Fire District and Albion Fire District were consolidated into the Lincoln Fire District.

LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended October 31, 2022  
(Unaudited)

**Financial Analysis of District Funds**

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

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

As of October 31, 2022, the governmental funds reported a combined ending fund balance of \$2,428,164. Unassigned fund balance amounted to \$573,879, with a non-spendable fund balance of \$3,486, committed fund balance of \$1,831,222, and restricted fund balance of \$19,577.

The General Fund is the operating fund of the District. For the year ended October 31, 2022, the General Fund of the District reported a decrease in fund balance of \$1,644,692. The decrease was the result of the transfer for funds establishing the OPEB Trust Fund, the Compensated Absence Fund, and the Capital Projects Fund. As of October 31, 2022, the cumulative surplus fund balance in the General Fund was \$606,942. The unassigned portion of the fund balance/cumulative surplus as of October 31, 2022, was \$573,879, representing approximately 20% of the fiscal 2023 budget in accordance with the fund balance policy established by the District taxpayers.

**General Fund Budgetary Highlights**

Total revenues in the District's General Fund exceeded budgeted revenues by \$563,854 for the year ended October 31, 2022. The most significant favorable revenue variances were in the collection of delinquent property taxes, State motor vehicle reimbursement, and grant and donations income.

Total expenditures in the District's General Fund were more than the budget by \$150,695 for the year ended October 31, 2022. The most significant unfavorable expenditure variances were full time salaries, overtime compensation, and unbudgeted grant expenditures.

The excess of revenues over expenditures on a budgetary basis of accounting in the District's General Fund was \$413,159 for the fiscal year ended October 31, 2022.

**Capital Assets and Debt and Administration**

**Capital Assets**

The District's investment in capital assets for its governmental activities amounts to \$1,641,885 net of accumulated depreciation on October 31, 2022. Included are land, building and improvements, apparatus and vehicles, fire equipment, and furniture and equipment. Information on capital assets can be found in Note 5, Page 33.

LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended October 31, 2022  
(Unaudited)

**CAPITAL ASSETS**  
**(Net of depreciation)**

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 32,000	\$ 32,000
Buildings and improvements	479,067	509,409
Apparatus and Vehicles	924,890	1,048,949
Fire Equipment	188,195	216,229
Furniture and Equipment	<u>17,733</u>	<u>19,282</u>
Total	<u>\$ 1,641,885</u>	<u>\$ 1,825,869</u>

**Long Term Debt (Other than Pension and OPEB Obligations)**

As of October 31, 2022, the District had total long term debt obligations (other than Pension and OPEB Obligations) outstanding totaling \$1,716,171. The details of this long term debt is provided below and can be found in Note 6, Page 33.

**LONG TERM DEBT OBLIGATIONS**

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Notes payable	\$ 1,071,823	\$ -
Bonds payable	-	1,086,213
Lease purchase obligations	418,148	497,472
Compensated absences	<u>226,200</u>	<u>91,200</u>
Total Obligations	<u>\$ 1,716,171</u>	<u>\$ 1,674,885</u>

During fiscal 2022, the District paid off the bonded debt obligations which were held with the USDA through the use of proceeds from the note payable obligation executed with Navigant Credit Union. The \$1.1 million note payable obligation is for a 20 year period at 3.75%. The payoff of the USDA debt obligations utilizing the Navigant Note Payable obligation is expected to save the District approximately \$110,000 over the term of the note.

**Economic Factors and Next Year's Budgets and Tax Rates**

- The taxpayers of the Lincoln Fire District approved the fiscal 2023 budget on October 18, 2022, in the amount of \$2,919,397. This represented an increase of \$131,288 or 4.7% from the fiscal 2022 approved budget.

LINCOLN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended October 31, 2022  
(Unaudited)

- Although the fiscal 2022, budget increased in total by 4.7%, the amount to be raised by current year taxes decreased by \$56,861 or 2.1%.
- Revenue budget for fiscal 2023, from the State of Rhode Island Motor Vehicle Phase out increased by \$178,994.
- The Lincoln Fire District has a three-tier tax system. This system comprises the following for the fiscal year 2023: Residential Real Estate \$1.20 per thousand; Commercial Real Estate \$1.89 per thousand; and Tangible Property \$3.15 per thousand.
- The net assessed value of property of the Lincoln Fire District as of December 31, 2021 was \$1,864,730,690. This assessed value resulted in a net tax levy of \$2,683,873 for the 2022 tax roll which is used for tax revenue for the fiscal 2023 operations.

**Request for Information**

This financial report is designed to provide our citizens with a general overview of the finances of the Lincoln Fire District. For questions concerning this report or additional financial information, please contact the Lincoln Fire District, District Clerk or Fire Chief, 38 School Street, Albion, Rhode Island 02802.

LINCOLN FIRE DISTRICT  
STATEMENT OF NET POSITION  
October 31, 2022

	Governmental Activities
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,574,633
Cash held in escrow	100,000
Taxes receivable, net	595,568
Other receivables, net	6,395
Prepaid expense	3,486
TOTAL CURRENT ASSETS	<u>3,280,082</u>
NON-CURRENT ASSETS	
Net pension asset	107,691
Capital assets, net of accumulated depreciation	1,641,885
TOTAL NON-CURRENT ASSETS	<u>1,749,576</u>
TOTAL ASSETS	<u>5,029,658</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pension plans	386,608
TOTAL DEFERRED OUTFLOWS	<u>386,608</u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	171,385
Accrued payroll and related	84,156
Accrued expenses	37,865
Accrued interest	22,000
Current portion of compensated absences	20,000
Current portion of long-term debt	121,505
TOTAL CURRENT LIABILITIES	<u>456,911</u>
NON-CURRENT LIABILITIES	
Compensated absences, net	206,200
Net OPEB liability	1,499,679
Net pension liability	1,204,643
Long-term debt obligations, net	1,368,466
TOTAL NON-CURRENT LIABILITIES	<u>4,278,988</u>
TOTAL LIABILITIES	<u>4,735,899</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pension plans	390,385
TOTAL DEFERRED OUTFLOWS	<u>390,385</u>
<u>NET POSITION</u>	
Net investment in capital assets	251,914
Restricted - fire prevention	19,577
Unrestricted	18,491
TOTAL NET POSITION	<u>\$ 289,982</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended October 31, 2022

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services, Fees & Licenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
Public safety	\$ 2,182,489	\$ 37,828	\$ 62,430	\$ -	\$ (2,082,231)
Interest on long-term debt	59,405	-	-	-	(59,405)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,241,894</u>	<u>\$ 37,828</u>	<u>\$ 62,430</u>	<u>\$ -</u>	<u>\$ (2,141,636)</u>
GENERAL REVENUES					
Property taxes including interest on taxes					2,703,724
Rhode Island motor vehicle reimbursement					178,371
Lincoln Housing Authority payment in lieu of taxes					14,306
Tax sale receipts					10,260
Unrestricted investment earnings					<u>5,856</u>
TOTAL GENERAL REVENUES					<u>2,912,517</u>
CHANGE IN NET POSITION					770,881
NET POSITION - November 1, 2021					<u>(480,899)</u>
NET POSITION - October 31, 2022					<u>\$ 289,982</u>

The accompanying notes are an integral part of the financial statements.



LINCOLN FIRE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
October 31, 2022

	GENERAL FUND	COMPENSATED ABSENCE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,574,633	\$ -	\$ -	\$ 2,574,633
Cash held in escrow with lender	100,000	-	-	100,000
Receivables:				
Taxes, net of allowance of \$172,000	595,568	-	-	595,568
Other, net of allowance of \$2,800	6,395	-	-	6,395
Prepaid expenditures	3,486	-	-	3,486
Due from other funds	-	134,485	1,686,737	1,821,222
TOTAL ASSETS	<u>\$ 3,280,082</u>	<u>\$ 134,485</u>	<u>\$ 1,686,737</u>	<u>\$ 5,101,304</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 171,385	\$ -	\$ -	\$ 171,385
Accrued payroll and related	84,156	-	-	84,156
Accrued expenses	37,865	-	-	37,865
Due to other funds	1,821,222	-	-	1,821,222
TOTAL LIABILITIES	<u>2,114,628</u>	<u>-</u>	<u>-</u>	<u>2,114,628</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable tax revenue and other fees	<u>558,512</u>	<u>-</u>	<u>-</u>	<u>558,512</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>558,512</u>	<u>-</u>	<u>-</u>	<u>558,512</u>
<u>FUND BALANCES</u>				
Non-spendable	3,486	-	-	3,486
Restricted for fire prevention	19,577	-	-	19,577
Committed for capital outlays	-	-	1,686,737	1,686,737
Committed for compensated absence payouts	-	134,485	-	134,485
Committed for budget overages fiscal 2023	10,000	-	-	10,000
Unassigned	573,879	-	-	573,879
TOTAL FUND BALANCES	<u>606,942</u>	<u>134,485</u>	<u>1,686,737</u>	<u>2,428,164</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 3,280,082</u>	 <u>\$ 134,485</u>	 <u>\$ 1,686,737</u>	 <u>\$ 5,101,304</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
October 31, 2022

Total Fund Balance of Governmental Funds	\$ 2,428,164
Capital assets (net of accumulated depreciation) used in activities are not financial resources and, therefore, are not reported in the Governmental Fund balance sheet.	1,641,885
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Position.	(1,716,171)
Unavailable tax and fees revenues (net of an allowance for uncollectibles) are recorded in the funds, but not reported under the measurement focus in the Statement of Net Position.	558,512
Accrued interest expense on long-term debt obligations is not due and payable in the current period and therefore is not reported in the funds. This liability is reported in the Statement of Net Position.	(22,000)
Net pension assets and liabilities and related deferred inflows and outflows of resources related to pension plans are reported in the Statement of Net Position but are not reported in the Governmental Fund balance sheet	(1,100,729)
Net OPEB liability is reported on the Statement of Net Position but is not reported in the Governmental Fund balance sheet	<u>(1,499,679)</u>
Net Position of Governmental Activities	<u>\$ 289,982</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended October 31, 2022

	GENERAL FUND	COMPENSATED ABSENCE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Property tax revenue	\$ 3,043,013	\$ -	\$ -	\$ 3,043,013
State motor vehicle reimbursement	178,371	-	-	178,371
Lincoln Housing Authority payment in lieu of taxes	14,306	-	-	14,306
Interest on taxes	12,500	20,965	-	33,465
Accident billing income	-	8,664	-	8,664
Plan and review income	6,808	-	-	6,808
Fire alarm income	9,440	-	-	9,440
Smoke detector inspection fees	4,890	-	-	4,890
Investment income	1,000	4,856	-	5,856
Detail income	4,970	-	-	4,970
Grant and donations income	62,430	-	-	62,430
Tax sale receipts	10,260	-	-	10,260
Miscellaneous	3,975	-	-	3,975
TOTAL REVENUES	3,351,963	34,485	-	3,386,448
<u>EXPENDITURES</u>				
Current:				
Salaries - full time	896,587	-	-	896,587
Overtime - full time	164,057	-	-	164,057
Salaries - part time	443,919	-	-	443,919
Tax Collector's salary	14,997	-	-	14,997
Treasurer's salary	6,500	-	-	6,500
Office clerk	22,391	-	-	22,391
Clothing allowance	15,816	-	-	15,816
Payroll taxes	120,329	-	-	120,329
Call Fund (Volunteer)	8,552	-	-	8,552
District officials	7,875	-	-	7,875
Employee benefits	518,470	-	-	518,470
Contribution to OPEB Trust Fund	250,000	-	-	250,000
Office supplies, printing and postage	11,530	-	-	11,530
Building maintenance expenses	25,587	-	-	25,587
Equipment repairs	14,249	-	-	14,249
Apparatus repairs	74,417	-	-	74,417
Fire alarm communications	9,680	-	-	9,680
Vehicle fuel	40,979	-	-	40,979
Heat	13,352	-	-	13,352
Electricity	16,166	-	-	16,166
Fire training	22,383	-	-	22,383
Telephone	7,969	-	-	7,969
Insurance	124,549	-	-	124,549
Legal and professional services	25,734	-	-	25,734
Provisions	8,327	-	-	8,327
Association and dues - Chiefs expense	905	-	-	905
Tax office/data processing	7,954	-	-	7,954
Computers and software	19,565	-	-	19,565
Bank fees and miscellaneous	180	-	-	180
Fire prevention	472	-	-	472
Payroll fees	8,483	-	-	8,483
District taxpayers' meeting	2,788	-	-	2,788
Grant expenditures	69,505	-	-	69,505
Tax sale expenditures	8,333	-	-	8,333

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended October 31, 2022

	GENERAL FUND	COMPENSATED ABSENCE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<u>EXPENDITURES (CONTINUED)</u>				
Current (Continued):				
Capital Outlay:				
Building/Capital improvements/Acquisitions	38,437	-	13,178	51,615
Debt Service:				
Principal	1,193,714	-	-	1,193,714
Interest	72,505	-	-	72,505
Debt issuance costs	9,484	-	-	9,484
TOTAL EXPENDITURES	<u>4,296,740</u>	<u>-</u>	<u>13,178</u>	<u>4,309,918</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(944,777)</u>	<u>34,485</u>	<u>(13,178)</u>	<u>(923,470)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from other funds	-	100,000	1,699,915	1,799,915
Transfers to other funds	(1,799,915)	-	-	(1,799,915)
Proceeds from the issuance of debt obligations	1,100,000	-	-	1,100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(699,915)</u>	<u>100,000</u>	<u>1,699,915</u>	<u>1,100,000</u>
CHANGE IN FUND BALANCES	(1,644,692)	134,485	1,686,737	176,530
FUND BALANCE - November 1, 2021	<u>2,251,634</u>	<u>-</u>	<u>-</u>	<u>2,251,634</u>
FUND BALANCE - October 31, 2022	<u>\$ 606,942</u>	<u>\$ 134,485</u>	<u>\$ 1,686,737</u>	<u>\$ 2,428,164</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended October 31, 2022

Change in Fund Balance - Governmental Funds	\$ 176,530
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 depreciation expense exceeded capital addition outlays in fiscal 2022.	(183,984)
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on changes in net position.	1,193,714
Governmental funds do not report estimated accrued interest on long-term debt as a liability in the Fund Statements if they are not going to be paid with current available resources. This liability is reported in the Government-Wide Financial Statements. This adjustment reflects the decrease in accrued interest on long-term debt obligations from October 31, 2021 to October 31, 2022.	13,100
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Unavailable tax and fee revenue decreased from fiscal 2021.	(373,676)
Proceeds from the debt issuance are reported as an other financing source in the fund statements. However, issuance of debt obligations has no effect on the changes in net position.	(1,100,000)
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position.	(135,000)
Changes in the Net OPEB liability related to OPEB plans results in increase or decrease to the OPEB expense reported in the Statement of Activities. For fiscal 2022, the effect of these adjustments resulted in an decrease in the post employemnet expense reported in the Statement of Activities.	1,114,916
Changes in the net pension asset, net pension liability, and the related deferred outflows and inflows of resources related to the pension plans result in an increase or decrease in the pension expense reported in the Government-Wide Statement of Activities. For fiscal 2022, the effect of these adjustments resulted in a decrease in pension expense versus the amount recorded in the Governmental Funds.	<u>89,610</u>
Change in Net Position - Governmental Activities in the Statement of Activities	<u><u>\$ 795,210</u></u>

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
October 31, 2022

	OPEB TRUST FUND
	<hr/>
<u>ASSETS</u>	
Cash and cash equivalents	\$ -
Investments	259,903
Receivables	<hr/> 33,240
TOTAL ASSETS	<hr/> \$ 293,143
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	<hr/> -
<u>NET POSITION</u>	
Held in trust for OPEB benefits	<hr/> <hr/> \$ 293,143

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended October 31, 2022

	OPEB TRUST FUND
	<hr/>
<u>ADDITIONS:</u>	
District contributions	\$ 283,240
District contributions - Pay as you go	83,259
Investment income, including unrealized gains	9,963
TOTAL ADDITIONS	<hr/> 376,462 <hr/>
 <u>DEDUCTIONS</u>	
Benefits paid	83,259
Administrative expenses	60
TOTAL DEDUCTIONS	<hr/> 83,319 <hr/>
 CHANGE IN NET POSITION	 293,143
 NET POSITION - November 1, 2021	 <hr/> -
 NET POSITION - October 31, 2022	 \$ 293,143 <hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
October 31, 2022

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*THE FINANCIAL REPORTING ENTITY*

The Lincoln Fire District (the District) was formed from the merging of the Albion and Saylesville Fire Districts. The merger was organized by the Rhode Island General Assembly on July 11, 2019 and approved by the electorate on December 5, 2020 to meet the fire and rescue needs of the combined districts in Lincoln, Rhode Island. The newly formed Lincoln Fire District began operating on November 1, 2021. The Fire District provides fire protection and rescue services throughout the newly combined District.

The District complies with generally accepted accounting principles (GAAP). GAAP includes 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.

*PRIMARY GOVERNMENT*

In evaluating how to define the District 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 in some manner for the debt of the organization.

The following entity was considered for classification as component unit for the year ended October 31, 2022:

*Lincoln Rescue & Fire Fighter's Association, Local 3023* – This entity is a 501(c)(3) non-profit association. The Association is deemed to have separate legal status from the District and does not meet the criteria for classification as a component unit. As a result, the financial data of the Lincoln Rescue & Fire Fighter's Association is omitted from the District's financial statements.



LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

*BASIS OF PRESENTATION*

*Government-Wide Financial Statements* – The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Currently, the District has no business-type activities. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables, and payables.

*Fund Financial Statements* – Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

The funds of the financial reporting entity are described below.

*GOVERNMENTAL FUNDS*

*General Funds* – The General Fund is the primary operating fund of the District 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.

*Capital Project Funds* – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Special Revenue Funds* – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are committed or restricted to expenditures for specific purposes other than that debt service or capital projects.

*Fiduciary Fund Types (Not included in government-wide statements)* – Pension and Other Post Employment Benefit (OPEB) Trust Funds are used to account for resources legally held in trust for use for payment of pension and OPEB benefits, and cannot be used at the District's discretion or to support the District's general operations. The reporting entity has an OPEB Trust Fund. This fund is used to account for the activity and balances of fund restricted for the future retirement benefits of public safety personnel.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

The funds are further classified as major or non-major as follows:

<i>Major Funds:</i>	<u>General:</u>	See above for description.
	<u>Capital Project Fund:</u>	See above for description.
	<u>Compensated Absence Fund:</u>	See above for description.

*Non-Major Funds:*     None

#### *MEASUREMENT FOCUS*

On the Government-Wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of the income and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds are using fund balance as their measure of available spendable financial resources at the end of the period. The District considers property taxes as available if they are collected within 60 days after year end.

#### *BASIS OF ACCOUNTING*

In the Government-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reportable when due.

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

#### *CASH & CASH EQUIVALENTS*

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

*INVESTMENTS*

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reported as investment income. The District's investments are held in the District's Fiduciary Fund.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net position and activities.

*ACCOUNTS RECEIVABLE*

In the Government-Wide Statements, receivables consist of all revenues earned at year-end and not yet received. Receivable balances for the governmental activities include property taxes and EMS rescue billings.

In the fund financial statements, receivables in governmental funds include revenue accruals such as property taxes and EMS rescue billings. Non-exchange transactions collectible but not available are considered unearned in the fund financial statements in accordance with the modified accrual basis of accounting. Allowances for uncollectible accounts receivable are based upon historical trend and the periodic aging of accounts receivable. At October 31, 2022 the District has estimated the allowance to be \$172,000 for taxes receivable and \$2,800 for other receivables.

*INVENTORIES*

For Governmental Fund Types, disbursements for inventory-type items are not recorded as assets but have been recorded as expenditures at the time individual inventory items were purchased.

*PREPAID ITEMS*

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment.

*NET OPEB LIABILITY*

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

*PENSIONS*

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.

Town of Lincoln 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.

*VACATION, SICK LEAVE AND OTHER COMPENSATED ABSENCES*

It is the policy of the District to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits, which will be paid to employees upon separation from District service. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the Government-Wide Financial Statements. At October 31, 2022, the accrued compensated absences of the General Fund are not expected to be paid with current resources and accordingly have been reported in the Government-wide financial statements.

*SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES*

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

*PROPERTY, PLANT AND EQUIPMENT*

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Statements – In the Government-Wide Financial Statements, long-lived assets are accounted for as capital assets. 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. Infrastructure, such as streets and drainage systems, are capitalized. The capitalization threshold of the District is any individual item with a total cost greater than \$10,000 and a useful life in excess of one year.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

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 Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

	Years
Building and improvements	10 - 30
Apparatus and vehicles	7 - 20
Fire equipment	5 - 30
Furniture and equipment	5 - 15

Fund Financial Statements – In the fund financial statements, long-lived assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### *DEFERRED OUTFLOWS/INFLOWS OF RESOURCES*

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until a later date. At October 31, 2022, the Lincoln Fire District reported deferred outflows of resources on the government-wide statement of net position related to the Municipal Employees Retirement System (MERS) Pension Plan and Town of Lincoln Private Plan.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At October 31, 2022, the Lincoln Fire District had one item that qualified as deferred inflows of resources in the governmental funds balance sheet. Unavailable property tax and other fees revenue (\$558,512) represents property taxes and miscellaneous fee revenue earned but not considered available to meet current obligations at October 31, 2022. These amounts are deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available. The Government-Wide Statement of Net Position includes items that qualify for reporting as deferred inflows of resources. These deferred inflows of resources relate to the MERS Pension Plan and Town of Lincoln Private Plan.

#### *EQUITY CLASSIFICATIONS*

Government-Wide Statements – Equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable by the acquisition, construction or improvement of those assets.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

Restricted net position – consists of net position with constraints placed on them either by (1) external groups such as creditors, grantors, contributions, laws, or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Statements – Governmental fund equity is classified as fund balance. With the implementation of GASB Statement No. 54, fund balance is classified as one of the following five categories: nonspendable, restricted, committed, assigned, or unassigned. These categories are defined below:

Nonspendable Fund Balance – includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash.

Restricted Fund Balance – includes amount that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amount cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previous commit those amounts. The highest level of decision-making authority for the Lincoln Fire District is the taxpayers that assemble annually to vote on the District’s budget and resolutions proposed by the Chief and Board of Commissioners.

Assigned Fund Balance – includes amounts that are constrained by the government’s intent 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.

Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

*MINIMUM FUND BALANCE POLICY*

On October 19, 2021, the District taxpayers passed a resolution establishing a Capital Projects Fund. This resolution requires the District maintain a minimum fund balance of 20% of the subsequent years General Fund Budget in the District’s General Fund comprised of non-spendable and unassigned fund balance. Any amounts in excess of 20% at year end is required to be transferred to the Capital Projects Fund at which point it is committed to use for capital outlays which must be approved by the Board of Commissioners prior to the expenditures being incurred. During the fiscal year ended October 31, 2022, the District transferred \$1,699,915 from the General Fund to the Capital Projects Fund in accordance with the requirements of the approved resolutions establishing the Capital Projects Fund.

LINCOLN FIRE DISTRICT  
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*RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,716,171 are as follows:

Compensated absences	\$ 226,200
Note payable	1,071,823
Lease purchase obligations	<u>418,148</u>
TOTAL	<u>\$ 1,716,171</u>

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the Government-Wide Statement of Net Position. One element of that reconciliation explains that “Net pension assets and liabilities and related deferred outflows and inflows of resources related to pension plans are reported in the Statement of Net Position but are not reported on the Fund Statements.” The details of this (\$1,076,400) difference are as follows:

Deferred outflows of resources	\$ 410,937
Deferred inflows of resources	(390,385)
Net pension asset	107,691
Net pension liability	<u>(1,204,643)</u>
NET ADJUSTMENT	<u>\$ (1,076,400)</u>

*RECENTLY ISSUED ACCOUNTING STANDARDS*

During the fiscal year ended October 31, 2022 the District implemented the following new accounting pronouncements:

*GASB Statement No. 98* – The Annual Comprehensive Financial Report, effective for fiscal year ending October 31, 2022

The following are recently issued governmental accounting standards which will be applicable in future years:

*GASB Statement No. 91* – Conduit Debt Obligations, effective for fiscal year ending October 31, 2023

*GASB Statement No. 93* – Replacement of Interbank Offered Rates, effective for fiscal year ending October 31, 2023

*GASB Statement No. 94* – Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for fiscal year ending October 31, 2023

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*GASB Statement No. 96* – Subscription-Based Information Technology Arrangements, effective for fiscal year ending October 31, 2023

*GASB Statement No. 99* – Omnibus 2022, effective for fiscal year ending October 31, 2024

*GASB Statement No. 100* – Accounting Changes and Error Corrections, effective for fiscal year ending October 31, 2024

*GASB Statement No. 101* – Compensated Absences, effective for fiscal year ending October 31, 2025

The impact of these pronouncements on the District's financial statements has not been determined.

*POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Lincoln Fire District's OPEB Trust Fund (described in more detail in Note 10) and additions to/deductions from the OPEB Trust Fund's fiduciary net position have been determined on the same basis as they have been reported by the Trust Fund. For this purpose, the OPEB Trust Fund recognized benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at original cost.

*USE OF ESTIMATES*

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

**NOTE 2 – BUDGETARY PROCESS**

*ADOPTION*

Budgets are adopted in accordance with District charter requirements. It is the responsibility of the Board of Commissioners to submit a proposed budget to the members of the District one week prior to the annual meeting held in October. A public hearing is conducted on the recommended budget and the final recommended budget is legally enacted through a vote of the District residents at the Annual District Meeting. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year-end.

*ENCUMBRANCES*

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the



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expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as either committed or assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The District had no encumbrances outstanding at October 31, 2022.

### **NOTE 3 – CASH DEPOSITS AND INVESTMENTS**

#### ***Cash and Cash Equivalents***

At October 31, 2022, the carrying amount of the District's cash and cash equivalents was \$2,574,633, and total bank balance of \$2,580,242. The District's entire bank balance of \$2,580,242 was covered by either FDIC insurance or collateralized by the financial institution holding the deposit under the District's name. District also had \$100,000 of restricted deposits held in in escrow for unspent debt proceeds.

#### ***Investments***

Investments are stated at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District follows the guidance for fair value measurements and disclosures in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

In determining fair value, the District uses various valuation approaches, as appropriate in the circumstances. GASB Statement No. 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. 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 the 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).

At October 31, 2022, the entire balance of \$259,903 in investments in the District's OPEB Trust Fund were reported at fair value measured with Level 1 inputs. The District's investments are held by the Rhode Island Interlocal Risk Management Trust. The OPEB Trust Fund's investments include actively traded mutual funds obtained through Vanguard. The District has chosen a growth portfolio strategy. The asset allocation is designed for investors seeking both a reasonable level of income and long-term growth of capital income. Investments held in the trust are not covered by FDIC insurance.

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***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. It is the District's policy to follow the requirements contained in Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, which requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its federal regulator must be collateralized. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty or agent of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. At October 31, 2022, the District's deposits were held at four financial institutions. The District manages its risk by participating in a certificate of deposit pool, maximizing the Federal Deposit Insurance Corporation ("FDIC") coverage over deposits by limiting the amount on deposit in any one financial institution, and also by securing full collateralization of any remaining uninsured deposits. The District's restricted cash held in escrow is not covered by the District's federal depository insurance or collateralization agreement.

**NOTE 4 – RECEIVABLES**

Receivables at October 31, 2022, including the applicable allowance for uncollectible accounts, are as follows:

	General Fund
Receivables:	
Taxes	\$ 767,568
Tax sale and other fees receivable	<u>9,195</u>
 GROSS RECEIVABLES	 776,763
 Less: Allowance for uncollectible accounts	 <u>174,800</u>
 NET RECEIVABLES	 <u><u>\$ 601,963</u></u>

All real estate in the District is taxed to the owners according to the last valuation made by the Tax Assessor of the Town of Lincoln. Taxes are levied each November 1<sup>st</sup> and are payable and due by November 30<sup>th</sup>. All unpaid taxes levied become delinquent on December 1<sup>st</sup> of the current year and are

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subject to interest at an annual rate of 12%. For the year ended October 31, 2022, the District levied property taxes based on the December 31, 2020 assessment as follows:

	Taxable Assessment	Exemptions	Net Taxable Assessments	Rate Per \$1,000	Tax Levy
Real property - Residential	\$ 1,061,122,600	\$ -	\$ 1,061,122,600	1.460	\$ 1,550,706
Real property - Commercial	384,353,265	-	384,353,265	1.985	763,798
Motor vehicle	94,672,207	38,750,203	55,922,004	1.800	113,987
Tangible property	<u>77,563,555</u>	<u>-</u>	<u>77,563,555</u>	3.150	<u>248,516</u>
	<u>\$ 1,617,711,627</u>	<u>\$ 38,750,203</u>	<u>\$ 1,578,961,424</u>		<u>\$ 2,677,007</u>

The District is responsible for assessing, collecting, and distributing property taxes in accordance with enabling State legislation. The District recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Government Accounting and Financial Reporting Standards. Unpaid property taxes as of October 31, 2022 are recorded as a receivable. Those net property taxes and miscellaneous fees receivable which were not collected within 60 days immediately following October 31, 2022 are reported as deferred inflow of resources and amounted to \$558,512. Property taxes recognized as revenue for the fiscal year ended October 31, 2022 due to their collection in the 60 days following October 31, 2022 totaled \$43,451.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended October 31, 2022 is as follows:

	Balance November 1, 2021	Additions	Retirements & Disposals	Balance October 31, 2022
Capital assets not depreciated:				
Land	\$ 32,000	\$ -	\$ -	\$ 32,000
Total capital assets not being depreciated	32,000	-	-	32,000
Capital assets being depreciated:				
Buildings and improvements	1,996,143	-	-	1,996,143
Apparatus and vehicles	2,496,509	-	-	2,496,509
Fire equipment	931,793	-	-	931,793
Furniture and equipment	120,563	-	-	120,563
Total capital assets being depreciated	5,545,008	-	-	5,545,008
Less accumulated depreciation:				
Buildings and improvements	(1,486,734)	(30,342)	-	(1,517,076)
Apparatus and vehicles	(1,447,560)	(124,059)	-	(1,571,619)
Fire equipment	(715,564)	(28,034)	-	(743,598)
Furniture and equipment	(101,281)	(1,549)	-	(102,830)
Total accumulated depreciation	(3,751,139)	(183,984)	-	(3,935,123)
Net capital assets	\$ 1,825,869	\$ (183,984)	\$ -	\$ 1,641,885

Depreciation expense charged to public safety was \$183,984 for the year ended October 31, 2022.

**NOTE 6 – LONG-TERM LIABILITIES**

Long-Term Liability Activity

Long-term liability activity for the year ended October 31, 2022 was as follows:

	Balance November 1, 2021	Additions	Retirements	Balance October 31, 2022	Amounts Due Within One Year
Governmental Activities:					
Long-term debt:					
Note payable	\$ -	\$ 1,100,000	\$ (28,177)	\$ 1,071,823	\$ 39,385
Bonds payable	1,086,213	-	(1,086,213)	-	-
Lease purchase obligation	100,000	-	(18,467)	81,533	19,203
Lease purchase obligation	397,472	-	(60,857)	336,615	62,917
Compensated absences	91,200	135,000	-	226,200	20,000
TOTAL	\$ 1,674,885	\$ 1,235,000	\$ (1,193,714)	\$ 1,716,171	\$ 141,505

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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Note Payable and Lease Purchase Obligations

Notes payable and lease purchase obligation payable at October 31, 2022 are comprised of the following:

	Interest Rate	Interest Dates	Issued/Maturity Date	Original Issue	Balance October 31, 2022
Governmental Activities:					
Note payable	3.750%	8/01	11/5/21 - 08/1/41	\$ 1,100,000	\$ 1,071,823
Lease purchase obligation	3.989%	4/22	04/22/21 - 4/22/26	100,000	81,533
Lease purchase obligation	3.386%	12/15	11/01/14 - 12/15/26	720,000	336,615
TOTAL				<u>\$ 1,920,000</u>	<u>\$ 1,489,971</u>

Debt Service Requirements

Presented below is a summary of debt service requirements for the lease purchase obligations, including interest, to maturity by years:

Fiscal Year Ending October 31,	Governmental Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2023	\$ 121,505	\$ 54,839	\$ 176,344
2024	125,877	50,467	176,344
2025	130,407	45,937	176,344
2026	135,103	41,241	176,344
2027	117,510	36,379	153,889
2028 - 2032	255,146	142,739	397,885
2033 - 2037	306,712	91,173	397,885
2038 - 2041	297,711	28,876	326,587
	<u>\$ 1,489,971</u>	<u>\$ 491,651</u>	<u>\$ 1,981,622</u>

On November 5, 2021, the Lincoln Fire District entered into a note payable obligation with a local credit union in the amount of \$1,100,000. Proceeds from the note payable obligation were utilized to pay off the principal balance of the bonds payable to the United States Department of Agriculture (USDA) held by the the Albion Fire District and the Saylesville Fire District. The principal balance of the Albion Fire District's obligation to the USDA was \$459,955 while the principal obligation of the Saylesville Fire District was \$626,258

Interest expense paid on long-term debt obligations and reported in the governmental fund expenditures of the General Fund was \$72,505 for the year ended October 31, 2022. Interest expense reported in the Government-Wide Statement of Activities for the year ended October 31, 2022 was \$59,405.

Payments on all long-term debt and other long-term liabilities that pertain to the District's governmental activities are made by the General Fund.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**NOTE 7 – INTERFUND BALANCES**

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund. The composition of the interfund balances at October 31, 2022 is as follows:

	Interfund Receivables	Interfund Payables
Government Activities:		
Major Fund:		
General Fund	\$ -	\$ 1,821,222
Compensated Absence Fund	134,485	-
Capital Projects Fund	<u>1,686,737</u>	<u>-</u>
 TOTAL	 <u>\$ 1,821,222</u>	 <u>\$ 1,821,222</u>

**NOTE 8 – FUND BALANCE**

As stated in Note 1, Fund Balance may be classified as one of five categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned. Committed Fund Balance represents that amount of fund balance which can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority. The Lincoln Fire District's taxpayers are considered to be the highest level of decision making authority. In accordance with the District Charter, the taxpayers vote on the annual budget and on any resolutions proposed by the Board of Commissioners. The passage of the District's annual budget and proposed resolutions may result in the commitment of fund balance. The Committed Fund Balance at October 31, 2022 consisted of \$1,686,737 committed for capital improvements, \$134,485 committed for compensated absence payouts, and \$10,000 committed for fiscal 2023 budget overages.

Assigned Fund Balance represents the amount of fund balance which has been constrained by the District's intent to be used for specific purposes. The assignment of fund balance is determined by actions of the Board of Commissioners rather than the actions of the District taxpayers. The ability to assign fund balance is granted to the Board of Commissioners by the District taxpayers. The District did not have any fund balance assignments as of October 31, 2022.

Restricted Fund Balance at October 31, 2022 totaled \$19,577 and represented amounts which are legally restricted by Rhode Island Law for fire education and prevention.

Non-spendable Fund Balance at October 31, 2022 totaled \$3,486 and represents amounts which has been prepaid on insurance policies for future fiscal years.

The District has adopted a spending policy which requires the use of restricted amounts first when restricted, committed, and/or unrestricted fund balances are available unless there are legal documents/contracts that prohibits doing this, such as in grant agreements which require matching contributions. Additionally, the District would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**NOTE 9 – DEFINED BENEFITS PENSION PLANS**

**General Information about the Pension Plans-MERS**

***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 <http://www.ersri.org>.

***Benefit Provisions***

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 Average Compensation (FAC):** 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.

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***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 in (a) 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



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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).

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.

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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 (i) 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, 2021 valuation date, the following employees were covered by the benefit terms:

	Fire Employees MERS Plan Unit 1815	General Employees MERS Plan Unit 3103	Fire Employees MERS Plan Unit 4111
Retirees & Beneficiaries	-	1	3
Inactive, Nonretired members	-	-	1
Active members	<u>3</u>	<u>-</u>	<u>5</u>
Total	<u>3</u>	<u>1</u>	<u>9</u>

***Contributions***

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Lincoln Fire District 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 contribution information for the fiscal year ended June 30, 2021, for the MERS Plans is as follows:

	Fire Employees MERS Plan Unit 1815	General Employees MERS Plan Unit 3103	Fire Employees MERS Plan Unit 4111
Employer Contributions	\$ 21,996	\$ -	\$ 58,975
Covered Payroll	\$ 176,532	\$ -	\$ 310,719
Percentage of Covered Payroll	12.46%	0%	18.98%

***Net Pension (Asset) Liability***

The total pension (asset) liability was determined by actuarial valuations performed as of June 30, 2020 and rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension (Asset) Liability at the June 30, 2021 measurement date (June 30, 2020 valuation rolled forward to June 30, 2021)	
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 7.25%; Police & Rescue Employees - 4.00% to 14.00%
Inflation	2.50%
Mortality	Mortality - variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
Cost of Living Adjustments	A 2.1% COLA is assumed for all MERS units with the COLA provision.

The actuarial assumptions used in the June 30, 2020 valuation rolled forward to June 30, 2021 and the calculation of the total pension (asset) liability at June 30, 2021 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, 2021 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
<b>Global Equity</b>		
US Equity	23.20%	5.83%
International Developed Equity	11.80%	6.35%
Emerging Markets Equity	5.00%	8.04%
<b>Private Growth</b>		
Private Equity	11.25%	9.47%
Non-Core RE	2.25%	5.32%
Opportunistic Private Credit	1.50%	9.47%
<b>Income</b>		
High Yield Infrastructure	1.00%	3.19%
REITS	1.00%	5.32%
Equity Options	2.00%	5.59%
EMD (50/50 Blend)	2.00%	1.96%
Liquid Credit	2.80%	3.19%
Private Credit	3.20%	3.19%
<b>Crisis Protection Class</b>		
Treasury Duration	5.00%	-0.32%
Systematic Trend	5.00%	3.39%
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.32%
Private Infrastructure	2.40%	5.81%
TIPs	2.00%	0.30%
<b>Volatility Protection</b>		
IG Corp Credit	3.25%	1.14%
Securitized Credit	3.25%	1.14%
Absolute Return	6.50%	3.39%
Cash	2.00%	-0.32%

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.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

Changes in the Net Pension (Asset) Liability

Fire Employees - MERS Plan Unit 1815	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
<u>Balances as of June 30, 2020</u>	\$ 45,081	\$ 74,574	\$ (29,493)
Changes for the Year			
Service cost	26,515	-	26,515
Interest on the total pension liability	4,084	-	4,084
Differences between expected & actual experience	(8,786)	-	(8,786)
Employer contributions	-	21,996	(21,996)
Employee contributions	-	15,888	(15,888)
Net investment income	-	31,003	(31,003)
Benefit payments, including employee refunds	-	-	-
Administrative expense	-	(118)	118
Net changes	<u>21,813</u>	<u>68,769</u>	<u>(46,956)</u>
<u>Balance as of June 30, 2021</u>	<u>\$ 66,894</u>	<u>\$ 143,343</u>	<u>\$ (76,449)</u>

Changes in the Net Pension (Asset) Liability

General Employees - MERS Plan Unit 3103	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
<u>Balances as of June 30, 2020</u>	\$ 134,524	\$ 139,473	\$ (4,949)
Changes for the Year			
Service cost	-	-	-
Interest on the total pension liability	9,085	-	9,085
Differences between expected & actual experience	324	-	324
Employer contributions	-	-	-
Employee contributions	-	-	-
Net investment income	-	35,839	(35,839)
Benefit payments, including employee refunds	(9,474)	(9,474)	-
Administrative expense	-	(137)	137
Net changes	<u>(65)</u>	<u>26,228</u>	<u>(26,293)</u>
<u>Balance as of June 30, 2021</u>	<u>\$ 134,459</u>	<u>\$ 165,701</u>	<u>\$ (31,242)</u>

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

Changes in the Net Pension (Asset) Liability			
Fire Employees - MERS Plan Unit 4111	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
<u>Balances as of June 30, 2020</u>	\$ 1,630,027	\$ 1,227,534	\$ 402,493
Changes for the Year			
Service cost	60,528	-	60,528
Interest on the total pension liability	112,956	-	112,956
Differences between expected & actual experience	413	-	413
Employer contributions	-	58,975	(58,975)
Employee contributions	-	31,072	(31,072)
Net investment income	-	337,528	(337,528)
Benefit payments, including employee refunds	(93,261)	(93,261)	-
Administrative expense	-	-	-
Other changes	-	(1,286)	1,286
Net changes	<u>80,636</u>	<u>333,028</u>	<u>(252,392)</u>
<u>Balance as of June 30, 2021</u>	<u>\$ 1,710,663</u>	<u>\$ 1,560,562</u>	<u>\$ 150,101</u>

***Sensitivity of the Net Pension (Asset) Liability to changes in the discount rate***

The following presents the net pension (asset) liability of the District calculated using the discount rate of 7.0 percent, as well as what the District's net pension (asset) liability 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 (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Fire Employees - MERS Plan Unit 1815	\$ (70,843)	\$ (76,449)	\$ (83,550)
General Employees - MERS Plan Unit 3103	\$ (19,394)	\$ (31,242)	\$ (46,365)
Fire Employees - MERS Plan Unit 4111	\$ 298,695	\$ 150,101	\$ (39,483)

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial reports.

***MERS Pension Expense***

For the year ended October 31, 2022, the District recognized negative pension expense in the Government-Wide Statement of activities for the various MERS plans as follows:

Fire Employees - MERS Plan Unit 1815	\$ (54,577)
General Employees - MERS Plan Unit 3103	(5,337)
Fire Employees - MERS Plan Unit 4111	<u>(46,164)</u>
	<u>\$ (106,078)</u>

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

**Town of Lincoln Private Plan**

***Plan Description***

The Town Plan is a cost-sharing multiple employer defined benefit pension plan that covers eligible firefighters from the former Saylesville and Lonsdale Fire Districts who work twenty hours or more per week for more than five months. As of November 1, 2021, the Districts consolidated its operations and membership into the newly formed Lincoln Fire District. The plan also covers all Town of Lincoln and Lincoln School Department employees not covered by other plans. The Town Plan is reported in the District's General Fund.

***Plan Membership***

As of the January 1, 2022 valuation date, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	114
Inactive plan members entitled to but not yet receiveing benefits	46
Active plan members	<u>136</u>
Total	<u><u>296</u></u>

***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.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

- Participants who terminate employment before completing ten years of service are refunded their employee contributions with annual interest credited at 5% after 1997 and 3.5% 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 67.5% 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.

***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 District is required to contribute an amount determined in accordance with the actuarial valuation. Administrative costs are paid from plan assets. For the year ended October 31, 2022, contributions to the pension plan from the District were \$101,549.

***Actuarial Method and Significant Assumptions***

The annual required contribution (ARC) was determined as part of the June 30, 2022 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 Town 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 PUB-2010 safety mortality table with fully generational from 2010 based on mortality improvement scale MP-19



LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

***Investment Policy***

Investments shall be made solely in the interest of the Town Plan with an emphasis on long-term growth of principal while avoiding excessive risk, primarily through asset diversification. Investments of the Town 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 Town 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, 2022 the annual money-weighted rate of return on pension plan investments, net of pension plan expense was -5.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

***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, 2022 are summarized in the following table:

Asset Class	Long-Term Target	Long-Term Expected
	Asset Allocation	Arithmetic Real Rate of Return
Domestic Fixed Income	30%	0.88%
International Fixed Income	0%	1.86%
Domestic Equities	56%	4.90%
International Equities	14%	5.19%
Real Estate	0%	3.62%

***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.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

***Pension Liability and Pension Expense***

At October 31, 2022, the District reported \$1,054,542 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. At June 30, 2022, the District's proportion was 6.30%.

For the year ended October 31, 2022, the District recognized pension expense of \$16,468 related to the Town Plan.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the District calculated using the discount rate of 6.75% percent, as well as what the District's net pension liability 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 (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Net pension liability	\$ 1,527,416	\$ 1,054,542	\$ 673,589

***Net Pension Liability***

The components of the net pension liability of the District at the June 30, 2022 measurement date were as follows:

Total pension liability	\$ 3,130,791
Plan fiduciary net position	<u>(2,076,249)</u>
Net pension liability	<u>\$ 1,054,542</u>
 Plan fiduciary net position as a percentage of the total pension liability	  66.32%

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to all Pensions Plans**

For the year ended October 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to its various pension plans from the following sources:

	Fire Employees MERS Plan Unit 1815	General Employees MERS Plan Unit 3103	Fire Employees MERS Plan Unit 4111	Town of Lincoln Fire Pension Plan	Total All Plans
<b>Deferred Outflows of Resources:</b>					
Contributions subsequent to measurement date	\$ 3,322	\$ -	\$ 95,728	\$ 81,465	\$ 180,515
Net difference between projected and actual earnings	-	-	-	128,108	128,108
Assumption changes	-	-	13,797	39,866	53,663
Difference between expected and actual experience	29	-	367	23,926	24,322
Subtotal deferred outflows of resources	<u>3,351</u>	<u>-</u>	<u>109,892</u>	<u>273,365</u>	<u>386,608</u>
<b>Deferred Inflows of Resources:</b>					
Net difference between projected and actual earnings	19,200	18,217	180,153	-	217,570
Assumption changes	2,380	-	15,684	9,088	27,152
Difference between expected and actual experience	35,179	-	55,801	54,683	145,663
Subtotal deferred inflows of resources	<u>56,759</u>	<u>18,217</u>	<u>251,638</u>	<u>63,771</u>	<u>390,385</u>
Net Deferred Outflows (Inflows)	<u>\$ (53,408)</u>	<u>\$ (18,217)</u>	<u>\$ (141,746)</u>	<u>\$ 209,594</u>	<u>\$ (3,777)</u>

An amount of \$180,515 reported as deferred outflows of resources related to contributions to pension plans 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 and inflows of resources related to pensions will be recognized in pension expense as follows:

	Fire Employees MERS Plan Unit 1815	General Employees MERS Plan Unit 3103	Fire Employees MERS Plan Unit 4111	Town of Lincoln Fire Pension Plan	Total
2023	\$ (7,447)	\$ (4,402)	\$ (54,273)	\$ 32,140	\$ (33,982)
2024	(7,305)	(4,180)	(56,509)	33,956	(34,038)
2025	(7,175)	(4,351)	(51,586)	1,762	(61,350)
2026	(7,433)	(5,284)	(58,808)	60,271	(11,254)
2027	(2,540)	-	(7,733)	-	(10,273)
Thereafter	(24,830)	-	(8,565)	-	(33,395)
Total	<u>\$ (56,730)</u>	<u>\$ (18,217)</u>	<u>\$ (237,474)</u>	<u>\$ 128,129</u>	<u>\$ (184,292)</u>

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST**

***Plan Description***

The Lincoln Fire District administers a single-employer, defined benefit post-employment health insurance plan administered by the Rhode Island Interlocal Risk Management Trust. The Plan does not issue a stand-alone financial report. The plan is reported as a Trust Fund in the District's financial statements. The Trust's assets and liabilities at October 31, 2022 and its activity for the year then ended are included in the statements of fiduciary net position and changes in fiduciary net position.

The most recent actuarial valuation for the OPEB Plan was performed as of October 31, 2022

***Funding Policy***

The contribution requirements of the plan members and the District are established and may be amended by the District, subject to applicable labor contracts. Contributions are recognized when due on a pay-as-you-go basis and making discretionary pre-funding contributions to the OPEB trust.

***Covered Participants***

As of the October 31, 2022 valuation date, pension plan membership consisted of the following:

Retired plan members	10
Active plan members	<u>4</u>
Total	<u><u>14</u></u>

***Actuarial Assumptions***

The total OPEB liability was determined by an actuarial valuation as of November 1, 2021, rolled forward to October 31, 2022 measurement date. The following actuarial assumptions were used in the measurement.

- Actuarial Cost Method – Entry Age Actuarial Cost Method
- Salary Increases – 4.0% (comprised of 3.0% inflation and 1.0% individual merit component)
- Health Care Cost Trend Rate – Medical 7.0% gradually decreasing to an ultimate rate of 4.5%  
Dental 4.0%
- Inflation Rate – 2.5%
- Discount Rate – The discount rate used to measure the OPEB liability was 5.16% as of October 31, 2022 and 2.41% as of November 1, 2021.

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

***Changes in the Net OPEB Liability***

Changes in the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<u>Balances as of November 1, 2021</u>	\$ 2,614,595	\$ -	\$ 2,614,595
Changes for the Year			
Service cost	147,059	-	147,059
Interest on the total OPEB liability	65,559	-	65,559
Differences between expected & actual experience	(211,457)	-	(211,457)
Changes in assumptions	(739,675)	-	(739,675)
Employer contributions	-	366,499	(366,499)
Employee contributions	-	-	-
Net investment income	-	9,963	(9,963)
Benefit payments, including employee refunds	(83,259)	(83,259)	-
Administrative expense	-	(60)	60
Other changes	-	-	-
Net changes	(821,773)	293,143	(1,114,916)
<u>Balance as of October 31, 2022</u>	<u>\$ 1,792,822</u>	<u>\$ 293,143</u>	<u>\$ 1,499,679</u>

OPEB Plan Fiduciary Net Position	293,143
Net OPEB Liability	<u>\$ 1,499,679</u>

Plan Fiduciary Net Position as a percentage of Total OPEB Liability	16.35%
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***Sensitivity of the NET OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB Liability as of October 31, 2022, calculated using an assumed discount rate of 5.16% as described above. The schedule also presents what the liability would be using a discount rate that is 1% higher and 1% lower than the current assumed rate.

Ending Net OPEB Liability			
	1.00% Decrease (4.16%)	Current Discount Rate (5.16%)	1.00% Increase (6.16%)
Lincoln Fire District OPEB Plan	\$ 1,721,563	\$ 1,499,679	\$ 1,316,651

LINCOLN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
October 31, 2022

***Sensitivity of the NET OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB Liability as of October 31, 2022, calculated using an assumed healthcare trend rate of 7.0%, decreasing to an ultimate rate of 4.5%. The schedule also presents what the liability would be using a discount rate that is 1% higher and 1% lower than the current assumed rate.

	Ending Net OPEB Liability		
	1% Decrease 6.0% decreasing to 3.5%	Healthcare Trend Rate 7.0% decreasing to 4.5%	1% Increase 8.0% decreasing to 5.5%
Lincoln Fire District OPEB Plan	\$ 1,273,678	\$ 1,499,679	\$ 1,780,135

***OPEB Expense and Deferred Outflows (Inflows) of Resources Related to OPEB Plan***

For the year ended October 31, 2022, the District recognized OPEB expense of \$1,499,679 in the Government-Wide Statement of Activities. The District did not report an deferred outflows (inflows) of resources related to the OPEB Plan.

**NOTE 11 – DEFINED CONTRIBUTION PENSION PLAN**

The District established under Section 457(b) of the IRC a deferred compensation plan available to eligible employees. The District contributed 8% of the participants' salary, subject to statutory limits. Expense related to the Plan totaled \$14,667

**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of October 31, 2022, the District has estimated the reserve for any potential losses to be immaterial and therefore has not recorded any liability in the financial statements.

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

The District has received grants from various federal and state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grants. District officials are of the opinion that such disallowances, if any, would be immaterial.

The District has evaluated subsequent events through October 5, 2023, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

LINCOLN FIRE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)  
BUDGET AND ACTUAL  
GENERAL FUND - BUDGETARY BASIS  
(UNAUDITED)  
For the Year Ended October 31, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Property tax revenue	\$ 2,646,861	\$ 2,407,843	\$ (239,018)
Delinquent taxes - prior years	70,495	635,170	564,675
State motor vehicle reimbursement	30,000	178,371	148,371
Payment in lieu of taxes - Federal Housing	17,000	14,306	(2,694)
Interest on taxes	12,500	12,500	-
Plan and review income	-	6,808	6,808
Fire alarm income	6,000	9,440	3,440
Smoke detector inspection fees	-	4,890	4,890
Investment income	1,000	1,000	-
Detail income	-	4,970	4,970
Grant and donations income	-	62,430	62,430
Tax sale fees	-	10,260	10,260
Miscellaneous	4,253	3,975	(278)
TOTAL REVENUES	2,788,109	3,351,963	563,854

EXPENDITURES

Current:

Salaries - full time	863,000	896,587	(33,587)
Overtime - full time	100,000	164,057	(64,057)
Salaries - part time	448,000	443,919	4,081
Tax Collector's salary	15,000	14,997	3
Treasurer's salary	6,500	6,500	-
Office clerk	20,000	22,391	(2,391)
Clothing allowance	15,000	15,816	(816)
Payroll taxes	114,215	120,329	(6,114)
Call Fund (Volunteer)	15,000	8,552	6,448
District officials	10,500	7,875	2,625
Health insurance	330,000	330,000	-
Pension expense	193,668	188,470	5,198
Office Supplies, printing and postage	16,500	11,530	4,970
Building maintenance expenses	27,100	25,587	1,513
Equipment repairs	10,000	14,249	(4,249)
Apparatus repairs	70,000	74,417	(4,417)
Fire alarm communications	7,800	9,680	(1,880)
Vehicle fuel	32,000	40,979	(8,979)
Heat	14,000	13,352	648
Electricity	16,500	16,166	334
Fire training	15,000	22,383	(7,383)
Telephone	8,300	7,969	331
Insurance	126,171	124,549	1,622
Legal and professional services	25,000	25,734	(734)
Provisions	6,500	8,327	(1,827)
Association and dues - Chiefs expense	2,500	905	1,595
Tax office/data processing	13,000	7,954	5,046

LINCOLN FIRE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)  
BUDGET AND ACTUAL  
GENERAL FUND - BUDGETARY BASIS  
(UNAUDITED)  
For the Year Ended October 31, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>EXPENDITURES (CONTINUED)</u>			
Current (Continued):			
Computers and software	20,000	19,565	435
Bank fees and miscellaneous	-	180	(180)
Fire prevention	3,500	472	3,028
Payroll fees	8,000	8,483	(483)
District taxpayers' meeting	2,500	2,788	(288)
Grant expenditures	-	69,505	(69,505)
Tax sale expenditures	-	8,333	(8,333)
Capital Outlay:			-
Station Improvements/Equipment Acquisitions	44,000	38,437	5,563
Capital Reserve Account	12,000	12,000	-
Debt Service:			
Ladder 20 loan	74,311	74,311	-
Squad 2 loan - refurbish	23,000	22,456	544
Building loan	79,544	59,000	20,544
TOTAL EXPENDITURES	<u>2,788,109</u>	<u>2,938,804</u>	<u>(150,695)</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 413,159</u>	<u>\$ 413,159</u>



LINCOLN FIRE DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
OCTOBER 31, 2022

**BUDGETARY TO GAAP BASIS RECONCILIATION**

The following represents the differences for the District's General Fund between budgetary and GAAP basis accounting principles for the year ended October 31, 2022.

Total Revenue and Other Financing Sources - General Fund - GAAP Basis	\$ 4,451,963
Proceeds from issuance of note payable obligation	<u>(1,100,000)</u>
TOTAL REVENUE - BUDGETARY BASIS	<u><u>\$ 3,351,963</u></u>
 Total Expenditures and Other Financing Uses - General Fund - GAAP Basis	 \$ 6,096,655
Payoff of principal debt obligations to USDA	(1,086,213)
Transfer to Capital Projects Fund	(1,687,915)
Establishment of Compensated Absence Fund	(100,000)
Contribution to OPEB Trust Fund	(250,000)
Cost of debt issuance	(9,484)
Interest payoff on USDA Debt	<u>(24,239)</u>
TOTAL EXPENDITURES - BUDGETARY BASIS	<u><u>\$ 2,938,804</u></u>
 Change in Fund Balance - General Fund - GAAP Basis	 \$ (1,644,692)
Proceeds from issuance of note payable obligation	(1,100,000)
Payoff of principal debt obligations to USDA	1,086,213
Transfer to Capital Projects Fund	1,687,915
Establishment of Compensated Absence Fund	100,000
Contribution to OPEB Trust Fund	250,000
Cost of debt issuance	9,484
Interest payoff on USDA Debt	<u>24,239</u>
EXCESS OF REVENUE OVER	
EXPENDITURES - BUDGETARY BASIS	<u><u>\$ 413,159</u></u>

LINCOLN FIRE FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION ASSET AND RELATED RATIOS  
FIRE EMPLOYEES - MERS PLAN 1815  
(Unaudited)  
October 31, 2022

	Fire Employees June 30, 2021	Fire Employees June 30, 2020	Fire Employees June 30, 2019	Fire Employees June 30, 2018
<b>A. Total pension liability</b>				
1. Service Cost	\$ 26,515	\$ 27,117	\$ 29,625	\$ 14,772
2. Interest on the total pension liability	4,084	4,243	2,107	517
3. Changes of benefit terms	-	-	-	-
4. Difference between expected and actual experience of the total pension liability	(8,786)	(30,627)	35	-
5. Changes of assumptions	-	(2,708)	-	-
6. Benefit payments, including refunds or employee contributions	-	-	-	-
7. Net change in total pension liability	21,813	(1,975)	31,767	15,289
8. Total pension liability – beginning	45,081	47,056	15,289	-
9. Total pension liability – ending (a)	<u>\$ 66,894</u>	<u>\$ 45,081</u>	<u>\$ 47,056</u>	<u>\$ 15,289</u>
<b>B. Plan fiduciary net position</b>				
1. Contributions – employer	\$ 21,996	\$ 13,823	\$ 11,128	\$ 6,881
2. Contributions – employee	15,888	15,340	12,349	8,541
3. Net investment income	31,003	2,723	2,651	1,248
4. Benefit payments, including refunds of employee contributions	-	-	-	-
5. Pension plan administrative expense	(118)	(75)	(41)	(17)
6. Other	-	(1)	2	22
7. Net change in plan fiduciary net position	68,769	31,810	26,089	16,675
8. Plan fiduciary net position – beginning	74,574	42,764	16,675	-
9. Plan fiduciary net position – ending (b)	<u>\$ 143,343</u>	<u>\$ 74,574</u>	<u>\$ 42,764</u>	<u>\$ 16,675</u>
<b>C. Net pension liability/(asset) - ending (a) - (b)</b>	<u>\$ (76,449)</u>	<u>\$ (29,493)</u>	<u>\$ 4,292</u>	<u>\$ (1,386)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	214.28%	165.42%	90.88%	109.07%
<b>E. Covered employee payroll</b>	\$ 176,532	\$ 170,439	\$ 137,214	\$ 84,849
<b>F. Net pension (asset) liability as a percentage of covered payroll</b>	-43.31%	-17.30%	3.13%	-1.63%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

LINCOLN FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CONTRIBUTIONS  
FIRE EMPLOYEES - MERS PLAN 1815  
(Unaudited)  
October 31, 2022

<u>Year Ending</u>	<u>Actuarially Determined Contribution % of Covered Payroll</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contributions as % of Covered Payroll</u>
6/30/2021	12.46%	\$ 21,996	\$ -	\$ 176,532	12.46%
6/30/2020	8.11%	\$ 13,823	\$ -	\$ 170,439	8.11%
6/30/2019	8.11%	\$ 11,128	\$ -	\$ 137,214	8.11%
6/30/2018	8.11%	\$ 6,881	\$ -	\$ 84,849	8.11%

**Notes:**

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

2.) The Saylesville Fire District, now part of the Lincoln Fire District, began participating in the MERS Plan on July 1, 2017.

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

LINCOLN FIRE FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION ASSET AND RELATED RATIOS  
GENERAL EMPLOYEES - MERS PLAN 3103  
(Unaudited)  
October 31, 2022

	General Employees June 30, 2021	General Employees June 30, 2020	General Employees June 30, 2019	General Employees June 30, 2018	General Employees June 30, 2017	General Employees June 30, 2016	General Employees June 30, 2015	General Employees June 30, 2014
<b>A. Total pension liability</b>								
1. Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Interest on the total pension liability	9,085	9,125	6,393	6,393	6,978	2,355	7,977	7,421
3. Changes of benefit terms	-	-	-	-	-	-	(65,888)	-
4. Difference between expected and actual experience of the total pension liability	324	379	42,106	3,081	1,255	68,164	(12,915)	-
5. Changes of assumptions	-	(597)	-	-	(471)	-	-	-
6. Benefit payments, including refunds or employee contributions	(9,474)	(9,474)	(9,474)	(9,474)	(9,474)	(8,277)	-	(4)
7. Net change in total pension liability	(65)	(567)	39,025	-	(1,712)	62,242	(70,826)	7,417
8. Total pension liability – beginning	134,524	135,091	96,066	96,066	97,778	35,536	106,362	98,945
9. Total pension liability – ending (a)	<u>\$ 134,459</u>	<u>\$ 134,524</u>	<u>\$ 135,091</u>	<u>\$ 96,066</u>	<u>\$ 96,066</u>	<u>\$ 97,778</u>	<u>\$ 35,536</u>	<u>\$ 106,362</u>
<b>B. Plan fiduciary net position</b>								
1. Contributions – employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,394	\$ 7,394	\$ 7,394
2. Contributions – employee	-	-	-	-	-	-	-	-
3. Net investment income	35,839	5,092	8,927	10,826	15,236	(48)	3,255	17,101
4. Benefit payments, including refunds of employee contributions	(9,474)	(9,474)	(9,474)	(9,474)	(9,474)	(8,277)	-	(4)
5. Pension plan administrative expense	(137)	(140)	(139)	(144)	(144)	(129)	(130)	(107)
6. Other	-	(1)	(1)	-	1	-	-	-
7. Net change in plan fiduciary net position	26,228	(4,523)	(687)	1,208	5,619	(1,060)	10,519	24,384
8. Plan fiduciary net position – beginning	139,473	143,996	144,683	143,475	137,856	138,916	128,397	104,013
9. Plan fiduciary net position – ending (b)	<u>\$ 165,701</u>	<u>\$ 139,473</u>	<u>\$ 143,996</u>	<u>\$ 144,683</u>	<u>\$ 143,475</u>	<u>\$ 137,856</u>	<u>\$ 138,916</u>	<u>\$ 128,397</u>
<b>C. Net pension liability/(asset) - ending (a) - (b)</b>	<u>\$ (31,242)</u>	<u>\$ (4,949)</u>	<u>\$ (8,905)</u>	<u>\$ (48,617)</u>	<u>\$ (47,409)</u>	<u>\$ (40,078)</u>	<u>\$ (103,380)</u>	<u>\$ (22,035)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	123.24%	103.68%	106.59%	150.61%	149.35%	140.99%	390.92%	120.72%
<b>E. Covered employee payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>F. Net pension (asset) liability as a percentage of covered payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

LINCOLN FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CONTRIBUTIONS  
GENERAL EMPLOYEES - MERS PLAN 3103  
(Unaudited)  
October 31, 2022

<u>Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contributions as % of Covered Payroll</u>
6/30/2021	\$ -	\$ -	\$ -	\$ -	N/A
6/30/2020	\$ -	\$ -	\$ -	\$ -	N/A
6/30/2019	\$ -	\$ -	\$ -	\$ -	N/A
6/30/2018	\$ -	\$ -	\$ -	\$ -	N/A
6/30/2017	\$ -	\$ -	\$ -	\$ -	N/A
6/30/2016	\$ 7,394	\$ 7,394	\$ -	\$ -	N/A
6/30/2015	\$ 7,394	\$ 7,394	\$ -	\$ -	N/A
6/30/2014	\$ 7,394	\$ 7,394	\$ -	\$ -	N/A

**Notes:**

- 1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarilly determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

LINCOLN FIRE FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION ASSET AND RELATED RATIOS  
FIRE EMPLOYEES - MERS PLAN UNIT 4111  
(Unaudited)  
October 31, 2022

	General Employees June 30, 2021	General Employees June 30, 2020	General Employees June 30, 2019	General Employees June 30, 2018	General Employees June 30, 2017	General Employees June 30, 2016	General Employees June 30, 2015	General Employees June 30, 2014
<b>A. Total pension liability</b>								
1. Service Cost	\$ 60,528	\$ 62,573	\$ 62,028	\$ 52,539	\$ 45,641	\$ 43,617	\$ 38,431	\$ 37,668
2. Interest on the total pension liability	112,956	109,632	103,664	98,786	94,118	88,902	69,807	64,647
3. Changes of benefit terms	-	-	-	-	-	-	83,335	-
4. Difference between expected and actual experience of the total pension liability	413	(27,222)	(22,215)	(41,610)	(48,428)	(40,209)	83,712	-
5. Changes of assumptions	-	(16,130)	-	-	93,402	-	-	(11,076)
6. Benefit payments, including refunds or employee contributions	(93,261)	(67,417)	(49,574)	(39,968)	(23,765)	(23,765)	(22,810)	(22,833)
7. Net change in total pension liability	80,636	61,436	93,903	69,747	160,968	68,545	252,475	68,406
8. Total pension liability – beginning	1,630,027	1,568,591	1,474,688	1,404,941	1,243,973	1,175,428	922,953	854,547
9. Total pension liability – ending (a)	<u>\$ 1,710,663</u>	<u>\$ 1,630,027</u>	<u>\$ 1,568,591</u>	<u>\$ 1,474,688</u>	<u>\$ 1,404,941</u>	<u>\$ 1,243,973</u>	<u>\$ 1,175,428</u>	<u>\$ 922,953</u>
<b>B. Plan fiduciary net position</b>								
1. Contributions – employer	\$ 58,975	\$ 57,337	\$ 51,379	\$ 46,193	\$ 43,101	\$ 41,342	\$ 47,179	\$ 43,175
2. Contributions – employee	31,072	30,765	30,081	25,103	22,126	23,529	18,389	17,055
3. Net investment income	337,528	44,815	71,963	79,174	100,741	(280)	17,982	94,203
4. Benefit payments, including refunds of employee contributions	(93,261)	(67,417)	(49,574)	(39,968)	(23,765)	(23,765)	(22,810)	(22,833)
5. Pension plan administrative expense	(1,286)	(1,235)	(1,123)	(1,054)	(952)	(754)	(721)	(590)
6. Other	-	2,463	1	-	(1)	(1)	-	-
7. Net change in plan fiduciary net position	333,028	66,728	102,727	109,448	141,250	40,071	60,019	131,010
8. Plan fiduciary net position – beginning	1,227,534	1,160,806	1,058,079	948,631	807,381	767,310	707,291	576,281
9. Plan fiduciary net position – ending (b)	<u>\$ 1,560,562</u>	<u>\$ 1,227,534</u>	<u>\$ 1,160,806</u>	<u>\$ 1,058,079</u>	<u>\$ 948,631</u>	<u>\$ 807,381</u>	<u>\$ 767,310</u>	<u>\$ 707,291</u>
<b>C. Net pension liability/(asset) - ending (a) - (b)</b>	<u>\$ 150,101</u>	<u>\$ 402,493</u>	<u>\$ 407,785</u>	<u>\$ 416,609</u>	<u>\$ 456,310</u>	<u>\$ 436,592</u>	<u>\$ 408,118</u>	<u>\$ 215,662</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	91.23%	75.31%	74.00%	71.75%	67.52%	64.90%	65.28%	76.63%
<b>E. Covered employee payroll</b>	\$ 310,719	\$ 304,345	\$ 300,814	\$ 253,446	\$ 249,266	\$ 236,918	\$ 221,376	\$ 220,924
<b>F. Net pension (asset) liability as a percentage of covered payroll</b>	48.31%	132.25%	135.56%	164.38%	183.06%	184.28%	184.36%	97.62%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

LINCOLN FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CONTRIBUTIONS  
FIRE EMPLOYEES - MERS PLAN 4111  
(Unaudited)  
October 31, 2022

<u>Year Ending</u>	<u>Actuarially Determined Contribution % of Covered Payroll</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contributions as % of Covered Payroll</u>
6/30/2021	18.98%	\$ 58,975	\$ -	\$ 310,719	18.98%
6/30/2020	18.84%	\$ 57,337	\$ -	\$ 304,345	18.84%
6/30/2019	17.08%	\$ 51,379	\$ -	\$ 300,814	17.08%
6/30/2018	18.23%	\$ 46,193	\$ -	\$ 253,446	18.23%
6/30/2017	17.29%	\$ 43,101	\$ -	\$ 249,266	17.29%
6/30/2016	17.45%	\$ 41,342	\$ -	\$ 236,918	17.45%
6/30/2015	21.31%	\$ 47,179	\$ -	\$ 221,376	21.31%
6/30/2014	19.54%	\$ 43,175	\$ -	\$ 220,924	19.54%

**Notes:**

- 1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarilly determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

LINCOLN FIRE FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
NOTES TO SCHEDULES  
MERS PENSION PLANS ADMINISTERED BY ERSRI  
(Unaudited)  
October 31, 2022

**Changes in Benefit Provisions:**

**June 30, 2021 Measurement Date**

There were no changes in actuarial methods or assumptions reflected in the calculation for the net pension liability (asset) of the plan as of the June 30, 2021 measurement date compared to the June 30, 2020 measurement date.

**June 30, 2020 Measurement Date**

As part of the 2020 Actuarial Experience Study for the 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.*
- *Increased 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 for the net pension liability (asset) of the plan 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 for the net pension liability (asset) of the plan 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 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 increase 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 projections scale.*

**June 30, 2016 Measurement Date**

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



LINCOLN FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION ASSET AND RELATED RATIOS  
TOWN PRIVATE PENSION PLAN  
(Unaudited)  
October 31, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>A. Total pension liability</b>									
1. Service Cost	\$ 1,158,574	\$ 1,116,353	\$ 979,703	\$ 927,656	\$ 862,751	\$ 821,908	\$ 807,572	\$ 638,666	\$ 645,295
2. Interest on the total pension liability	3,420,083	3,262,882	3,105,632	2,866,839	2,749,185	2,622,196	2,546,038	2,384,723	2,250,505
3. Changes of benefit terms	-	-	-	-	(4,239)	-	(27,751)	-	-
4. Difference between expected and actual experience of the total pension liability	(1,084,070)	407,804	336,943	13,523	(98,513)	177,000	(534,405)	(275,473)	82,849
5. Changes of assumptions	65,618	(240,234)	1,449,456	1,492,462	(62,380)	(125,146)	(19,094)	5,360,356	333,062
6. Benefit payments, including refunds or employee contributions	(2,433,120)	(2,087,133)	(1,983,991)	(1,898,421)	(1,763,444)	(1,681,893)	(1,715,565)	(1,712,917)	(1,541,807)
7. Net change in total pension liability	1,127,085	2,459,672	3,887,743	3,402,059	1,683,360	1,814,065	1,056,795	6,395,355	1,769,904
8. Total pension liability – beginning	50,725,877	48,266,205	44,378,462	40,976,403	39,293,043	37,478,978	36,422,183	30,026,828	28,256,924
9. Total pension liability – ending (a)	<u>\$ 51,852,962</u>	<u>\$ 50,725,877</u>	<u>\$ 48,266,205</u>	<u>\$ 44,378,462</u>	<u>\$ 40,976,403</u>	<u>\$ 39,293,043</u>	<u>\$ 37,478,978</u>	<u>\$ 36,422,183</u>	<u>\$ 30,026,828</u>
<b>B. Plan fiduciary net position</b>									
1. Contributions – employer	\$ 2,413,431	\$ 2,435,855	\$ 1,512,526	\$ 1,870,413	\$ 1,812,602	\$ 1,608,486	\$ 1,393,880	\$ 1,227,757	\$ 1,222,045
2. Contributions – employee	372,913	386,850	375,440	348,003	332,942	329,828	290,824	291,998	295,906
3. Net investment income (loss)	(3,221,305)	6,882,672	1,274,072	2,034,357	2,085,573	2,375,356	695,262	621,875	2,942,211
4. Benefit payments, including refunds of employee contributions	(2,433,120)	(2,087,133)	(1,983,991)	(1,898,421)	(1,763,444)	(1,681,893)	(1,715,565)	(1,712,917)	(1,541,807)
5. Pension plan administrative expense	-	-	-	-	-	-	-	-	-
6. Other	-	-	-	-	-	-	-	-	-
7. Net change in plan fiduciary net position	(2,868,081)	7,618,244	1,178,047	2,354,352	2,467,673	2,631,777	664,401	428,713	2,918,355
8. Plan fiduciary net position – beginning	<u>37,996,083</u>	<u>30,377,839</u>	<u>29,199,792</u>	<u>26,845,440</u>	<u>24,377,767</u>	<u>21,745,990</u>	<u>21,081,589</u>	<u>20,652,876</u>	<u>17,734,521</u>
9. Plan fiduciary net position – ending (b)	<u>\$ 35,128,002</u>	<u>\$ 37,996,083</u>	<u>\$ 30,377,839</u>	<u>\$ 29,199,792</u>	<u>\$ 26,845,440</u>	<u>\$ 24,377,767</u>	<u>\$ 21,745,990</u>	<u>\$ 21,081,589</u>	<u>\$ 20,652,876</u>
<b>C. Net pension liability/(asset) - ending (a) - (b)</b>	<u>\$ 16,724,960</u>	<u>\$ 12,729,794</u>	<u>\$ 17,888,366</u>	<u>\$ 15,178,670</u>	<u>\$ 14,130,963</u>	<u>\$ 14,915,276</u>	<u>\$ 15,732,988</u>	<u>\$ 15,340,594</u>	<u>\$ 9,373,952</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	67.75%	74.90%	62.94%	65.80%	65.51%	62.04%	58.02%	57.88%	68.78%
<b>E. Covered employee payroll</b>	\$ 6,579,003	\$ 7,156,804	\$ 6,683,828	\$ 5,840,123	\$ 5,810,106	\$ 5,623,140	\$ 5,142,178	\$ 5,073,432	\$ 5,139,367
<b>F. Net pension (asset) liability as a percentage of covered payroll</b> (Currently no active employees in this plan)	254.22%	177.87%	267.64%	259.90%	243.21%	265.25%	305.96%	302.37%	182.40%

The information presented above is for the Town of Lincoln, Rhode Island's Pension Plan. Lincoln Fire District (formerly Saylesville Fire District) is a participant in this plan. However, the detailed information pertaining solely to the Lincoln Fire District was not readily available in the actuarial valuation. A portion of the net pension liability noted above is allocated to the Lincoln Fire District based on the District's proportionate share as determined by the Town's Actuary.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for years which information is available.

The Fire Fighter Pension Plan administered by the Town of Lincoln, Rhode Island reports activity using a June 30 fiscal year end. As a result, the information presented in this schedule reports on the same basis which is the most recent information available. The October 31st financial statements of the District utilize the June 30th measurement date.

LINCOLN FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS  
SCHEDULE OF CONTRIBUTIONS  
TOWN PRIVATE PENSION PLAN  
(Unaudited)  
October 31, 2022

<u>Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contributions as % of Covered Payroll</u>
10/31/2022	\$ 101,549	\$ 101,549	\$ -	\$ 242,731	41.84%
* 10/31/2021	\$ 84,624	\$ 84,624	\$ -	\$ 199,528	42.41%
12/31/2020	\$ 93,206	\$ 93,206	\$ -	\$ 228,684	40.76%
12/31/2019	\$ 80,798	\$ 80,798	\$ -	\$ 204,768	39.46%
12/31/2018	\$ 91,444	\$ 91,444	\$ -	\$ 199,739	45.78%
12/31/2017	\$ 66,419	\$ 66,419	\$ -	\$ 194,673	34.12%
12/31/2016	\$ 61,722	\$ 61,722	\$ -	\$ 188,322	32.77%
12/31/2015	\$ 51,623	\$ 51,623	\$ -	\$ 185,502	27.83%
12/31/2014	\$ 46,174	\$ 46,174	\$ -	\$ 192,472	23.99%
12/31/2013	\$ 46,647	\$ 46,647	\$ -	\$ 193,476	24.11%
12/31/2022	\$ 41,674	\$ 41,674	\$ -	\$ 167,097	24.94%

\* short tax year for the Saylesville Fire District - 10 month year. Contribution represents 10/12th of ADC

**Notes:**

1.) The Town of Lincoln, Rhode Island's Actuary determines the required contribution for all plan participants. The Town's Finance Director notified the District of the annual required contribution upon receipt of the actuarial report. The contribution requirement is normally determined one or two years in advance.

2.) Effective January 1, 2018, the Lonsdale Fire District was merged with the Saylesville Fire District. Effective November 1, 2021, the Saylesville fire merged into the newly created Lincoln Fire District. Lonsdale Fire District was also a participant in the Town of Lincoln, Rhode Island's Pension Plan and therefore, the information for both Saylesville and Lonsdale Fire District is combined and shown commencing with Fiscal 2018.

LINCOLN FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
OPEB PLAN  
(Unaudited)  
October 31, 2022

	October 31, 2022	October 31, 2021
<b>A. Total OPEB liability</b>		
1. Service Cost	\$ 147,059	\$ 139,818
2. Interest on the total pension liability	65,559	63,652
3. Changes of benefit terms	-	-
4. Difference between expected and actual experience of the total pension liability	(211,457)	-
5. Changes of assumptions	(739,675)	17,995
6. Benefit payments, including refunds or employee contributions	(83,259)	(108,374)
7. Net change in total pension liability	(821,773)	113,091
8. Total OPEB liability – beginning	2,614,595	2,501,504
9. Total OPEB liability – ending (a)	<u>\$ 1,792,822</u>	<u>\$ 2,614,595</u>
<b>B. Plan fiduciary net position</b>		
1. Contributions – employer	\$ 366,499	\$ 108,374
2. Contributions – employee	-	-
3. Net investment income (loss)	9,963	-
4. Benefit payments, including refunds of employee contributions	(83,259)	(108,374)
5. Trust administrative expenses	(60)	-
6. Other	-	-
7. Net change in plan fiduciary net position	293,143	-
8. Plan fiduciary net position – beginning	-	-
9. Plan fiduciary net position – ending (b)	<u>\$ 293,143</u>	<u>\$ -</u>
<b>C. Net OPEB liability - ending (a) - (b)</b>	<u>\$ 1,499,679</u>	<u>\$ 2,614,595</u>
<b>D. Plan fiduciary net position as a percentage of the total OPEB liability</b>	16.35%	0.00%
<b>E. Covered employee payroll</b>	\$ 715,003	\$ 608,644
<b>F. Net OPEB liability as a percentage of covered payroll</b>	209.74%	429.58%

**Notes:**

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

LINCOLN FIRE FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
OPEB PLAN  
(Unaudited)  
October 31, 2022

**Schedule of Employer Contributions**

<u>Year Ending</u>	<u>Actuarially Determined Contribution (ADC)</u>	<u>Contributions Related to ADC</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contributions as % of Covered Payroll</u>
10/31/2022	\$ 187,781	\$ 366,499	\$ (178,718)	\$ 715,003	51.26%

**Schedule of Investment Returns**

<u>Year Ending</u>	<u>Annual Money Weighted Rate of Return, Net of Investment Expenses</u>
10/31/2022	4.27%

**Notes:**

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

**LINCOLN FIRE DISTRICT**  
**SCHEDULE OF PROPERTY TAXES RECEIVABLE**  
For the Year Ended October 31, 2022

FISCAL YEAR ENDED	BALANCE November 1, 2021	CURRENT YEAR ASSESSMENT	SUPPLEMENTAL ADDENDUMS (NET)	REFUNDS AND ADJUSTMENTS	ABATEMENTS AND ADJUSTMENTS	AMOUNT TO BE COLLECTED	CURRENT YEAR COLLECTIONS	BALANCE October 31, 2022	FY 2022 CASH COLLECTIONS SUMMARY			NOVEMBER - DECEMBER (FY23) CASH COLLECTIONS SUBJECT TO 60-DAY RULE
									NOVEMBER - DECEMBER 2021 COLLECTIONS SUBJECT TO 60-DAY RULE	JANUARY 2022 - OCTOBER 2022 2022 COLLECTIONS NOT SUBJECT TO 60-DAY RULE	TOTAL FY 2022 CASH COLLECTIONS	
2022	\$ 585,152	\$ 2,673,833	\$ (23,365)	\$ -	\$ (229)	\$ 3,235,391	\$ 2,752,305	\$ 483,086	\$ -	\$ 2,752,305	\$ 2,752,305	\$ 38,591
2021	204,200	-	59,331	-	(69)	263,462	184,849	78,613	-	184,849	184,849	4,118
2020	81,870	-	797	-	(39)	82,628	35,599	47,029	-	35,599	35,599	368
2019	24,403	-	2,504	-	(16)	26,891	3,715	23,176	-	3,715	3,715	108
2018	16,398	-	25	-	-	16,423	1,508	14,915	-	1,508	1,508	108
2017	17,384	-	4	-	(467)	16,921	755	16,166	-	755	755	67
2016	14,167	-	(10)	-	-	14,157	272	13,885	-	272	272	32
2015	16,736	-	-	-	-	16,736	137	16,599	-	137	137	39
2014	13,925	-	28	-	-	13,953	387	13,566	-	387	387	20
2013	13,787	-	-	-	(10)	13,777	73	13,704	-	73	73	-
2012	13,803	-	-	-	(2)	13,801	114	13,687	-	114	114	-
2011	14,511	-	-	-	(2)	14,509	71	14,438	-	71	71	-
2010	5,094	-	-	-	-	5,094	-	5,094	-	-	-	-
2009	3,189	-	-	-	-	3,189	44	3,145	-	44	44	-
2008	6,543	-	-	-	-	6,543	-	6,543	-	-	-	-
2007	3,922	-	-	-	-	3,922	-	3,922	-	-	-	-
	1,035,084	\$ 2,673,833	\$ 39,314	\$ -	\$ (834)	\$ 3,747,397	\$ 2,979,829	767,568	\$ -	\$ 2,979,829	\$ 2,979,829	\$ 43,451
Less: Allowance for Uncollectible									172,000			
									\$ 870,084			
										\$ 595,568		

**RECONCILIATION OF CURRENT YEAR  
PROPERTY TAX REVENUE**

Current year collections	\$ 2,979,829
Revenue collected within 60 days subsequent fiscal year ending June 30, 2022	43,451
Other tax collections-FY22	19,733
Less prior year 60 day revenue rule collections	-
CURRENT YEAR PROPERTY TAX REVENUE	\$ 3,043,013

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 Board of Commissioners  
Lincoln Fire District  
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 Lincoln Fire District, as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise Lincoln Fire District's basic financial statements, and have issued our report thereon dated October 5, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lincoln Fire District'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 Lincoln Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln Fire District'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 Lincoln Fire District'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

WADOVICK + COMPANY

West Warwick, Rhode Island  
October 5, 2023