

City of Lincoln, Alabama

Financial Statements
For the Year Ended
September 30, 2016

Vance CPA LLC
Certified Public Accountant
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Financial Statements

CITY OF LINCOLN LINCOLN, ALABAMA

For the Year Ended September 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Lincoln, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the each major fund, and the aggregate remaining fund information of the City of Lincoln, Alabama, as of September 30, 2016, and the respective changes in financial position and, where applicable,

cash flows thereof, and the budgetary comparison of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and schedule of employers contributions information 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.

The City of Lincoln has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lincoln, Alabama's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as whole.

Oxford, Alabama
October 30, 2017

Vance CPA LLC

Vance CPA LLC

STATEMENT OF NET POSITION

Statement 1

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 3,030,542	\$ 3,216,811	\$ 6,247,353
Cash with fiscal agents	2,631,007	1,388,624	4,019,631
Due from other governments	442,836	—	442,836
Accounts receivable	681,468	583,067	1,264,535
Inventory	—	75,988	75,988
Prepaid expenses	32,171	—	32,171
Land	4,187,417	—	4,187,417
Capital assets being depreciated, net	12,470,963	20,937,976	33,408,939
Total assets	<u>23,476,404</u>	<u>26,202,466</u>	<u>49,678,870</u>
DEFERRED OUTFLOWS OF RESOURCES			
Employee pension contributions	723,177	137,748	860,925
Total deferred outflows	<u>723,177</u>	<u>137,748</u>	<u>860,925</u>
LIABILITIES			
Current liabilities:			
Accounts payable	436,187	21,222	457,409
Accrued Bond Interest	121,704	5,383	127,087
Customer deposits	—	156,262	156,262
Long Term liabilities:			
Due within one year:			
Bonds payable	346,842	140,000	486,842
Notes payable	13,920	—	13,920
Due within more than one year			
Bond payable	15,443,598	1,845,935	17,289,533
Compensated absences	148,750	30,117	178,867
Net pension liability	1,317,729	250,996	1,568,725
Total liabilities	<u>17,828,730</u>	<u>2,449,915</u>	<u>20,278,645</u>
DEFERRED INFLOWS OF RESOURCES			
Pension earnings	154,413	29,412	183,825
Total deferred inflows	<u>154,413</u>	<u>29,412</u>	<u>183,825</u>
NET POSITION			
Net investment in capital assets	1,164,460	15,952,041	17,116,501
Restricted for:			
Debt service	137,788	1,100,988	1,238,776
Capital expenditure	2,493,219	—	2,493,219
Streets	256,471	287,636	544,107
Court	248,527	—	248,527
Public Safety	74,945	—	74,945
Unrestricted	1,841,028	6,520,222	8,361,250
Total Net Position	<u>\$ 6,216,438</u>	<u>\$ 23,860,887</u>	<u>\$ 30,077,325</u>

See accompanying notes to the basic financial statements.

STATEMENT OF ACTIVITIES

Statement 2

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Activities	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Outlays	
Governmental:					
General Government	\$ 2,260,867	\$ 1,654,971	\$ 113,607	\$ 56,990	\$ (435,299)
Public Safety	4,984,917	1,530,874	7,008	—	(3,447,035)
Culture and recreation	1,081,055	108,982	41,318	—	(930,755)
Public Works	788,624	—	60,677	744,848	16,901
Total governmental activities	<u>9,115,463</u>	<u>3,294,827</u>	<u>222,610</u>	<u>801,838</u>	<u>(4,796,188)</u>
Business-type activities:					
Water and sewer	2,954,649	3,015,977	—	—	61,328
Total business-type activities	<u>2,954,649</u>	<u>3,015,977</u>	<u>—</u>	<u>—</u>	<u>61,328</u>
Total	<u>\$ 12,070,112</u>	<u>\$ 6,310,804</u>	<u>\$ 222,610</u>	<u>\$ 801,838</u>	<u>\$ (4,734,860)</u>

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (4,796,188)	\$ 61,328	\$ (4,734,860)
General revenues:			
Taxes:			
Sales	3,857,813	—	3,857,813
Motor Fuel	656,336	—	656,336
Ad Valorem	300,659	—	300,659
Tobacco	135,246	—	135,246
Other	73,733	—	73,733
Intergovernmental	289,268	—	289,268
Miscellaneous	161,018	—	161,018
Change in net position	<u>677,885</u>	<u>61,328</u>	<u>739,213</u>
Net position – beginning of year	<u>5,538,553</u>	<u>23,799,609</u>	<u>29,338,162</u>
Net position – end of year	<u>\$ 6,216,438</u>	<u>\$ 23,860,937</u>	<u>\$ 30,077,375</u>

See accompanying notes to the basic financial statements.

BALANCE SHEET – GOVERNMENTAL FUNDS

Statement 3

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$2,436,610	\$ 593,932	\$ 3,030,542
Cash with fiscal agent	2,631,007	—	2,631,007
Accounts receivable	681,468	—	681,468
Due from other Governments	402,044	40,792	442,836
Prepaid expenses	32,171	—	32,171
Total assets	<u>\$ 6,183,300</u>	<u>\$ 634,724</u>	<u>\$ 6,818,024</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	413,448	10,337	423,785
Accrued interest	121,704	—	121,704
Accrued salaries and withholdings payable	<u>12,402</u>	<u>—</u>	<u>12,402</u>
Total liabilities	<u>547,554</u>	<u>10,337</u>	<u>557,891</u>
Fund balances:			
Unspendable	32,171	—	32,171
Restricted	2,631,007	579,943	3,210,950
Committed	—	359,533	359,533
Unassigned	<u>2,972,568</u>	<u>(315,089)</u>	<u>2,657,479</u>
Total fund balances	<u>5,635,746</u>	<u>624,387</u>	<u>6,260,133</u>
Total liabilities and fund equity	<u>\$ 6,183,300</u>	<u>\$ 634,724</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Bond discount costs in governmental activities are reported as expenses in the funds

Bond Discount	189,944
Bond Premiums	(500,384)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds,
net of accumulated depreciation of \$5,824,953

16,658,380

Pension liabilities are not due and payable in the current period and therefore are not reported as liabilities in government funds, nor are reported deferred outflows and inflows

(748,965)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Warrants payable	\$ (15,480,000)	
Notes Payable	(13,920)	
Compensated absences	<u>(148,750)</u>	
Total long-term liabilities (see note 7)		<u>(15,642,670)</u>

Total net position of governmental activities (Statement 1) \$ 6,216,438

See accompanying notes to the basic financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

Statement 4

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,023,787	\$ —	\$ 5,023,787
Licenses and permits	1,270,848	172,587	1,443,435
Intergovernmental	959,541	66,057	1,025,598
Charges and fees for services	1,478,271	3,979	1,482,250
Fines and court costs	—	384,123	384,123
Miscellaneous	<u>63,280</u>	<u>—</u>	<u>63,280</u>
Total revenues	<u>8,795,727</u>	<u>626,746</u>	<u>9,422,473</u>
EXPENDITURES			
General government	1,168,875	438,577	1,607,452
Public safety	4,269,727	4,376	4,274,103
Highways and street	632,581	97,872	730,453
Culture and recreation	837,284	82,440	919,724
Capital outlay	1,380,457	—	1,380,457
Debt service:			
Principal	5,103,939	—	5,103,939
Interest and fiscal agent fees	<u>548,141</u>	<u>—</u>	<u>548,141</u>
Total expenditures	<u>13,941,004</u>	<u>623,265</u>	<u>14,564,269</u>
Excess Revenues Over (Under) Expenditures	(5,145,277)	3,481	(5,141,796)
Other Financing Sources (Uses)			
Debt Proceeds	<u>7,185,384</u>	<u>—</u>	<u>7,185,384</u>
Total other financing sources (uses)	<u>7,185,384</u>	<u>—</u>	<u>7,185,384</u>
Net change in fund balance	2,040,107	3,481	2,043,588
Fund Balances, October 1	<u>3,595,639</u>	<u>620,906</u>	<u>4,216,545</u>
Fund Balances, September 30	<u>\$ 5,635,746</u>	<u>\$ 624,387</u>	<u>\$ 6,260,133</u>

See accompanying notes to the basic financial statements.

**RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

Statement 4 (Continued)

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Net changed in fund balances – total government funds (Statement 4)	\$ 2,043,588
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	1,380,457
Depreciation expense	(670,909)
Loan proceeds are reported as financing sources in governmental funds, but issuing debt increases long-term liabilities in the statement of net position:	
Bond discount amortization	(8,110)
Bond proceeds	(6,814,509)
Pension contributions are reported as expenditures in the funds while pension expense is reported in the government-wide statements.	(342,778)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Principal Payments	5,103,939
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(13,793)</u>
Change in Net Position of Governmental Activities	<u>\$ 677,885</u>

See accompanying notes to the basic financial statements.

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**CITY OF LINCOLN, ALABAMA****Statement 5****For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts
	<u>Original</u>	<u>Final</u>	
REVENUES			
Taxes	\$ 4,982,100	\$ 4,982,100	\$ 5,023,787
Licenses and permits	1,192,000	1,192,000	1,270,848
Intergovernmental	562,082	562,082	959,541
Charges and fees for services	1,452,500	1,452,500	1,478,271
Miscellaneous	<u>362,027</u>	<u>362,027</u>	<u>63,280</u>
Total Revenues	<u>8,550,709</u>	<u>8,550,709</u>	<u>8,795,727</u>
EXPENDITURES			
General government	1,291,233	1,291,233	1,168,875
Public Safety	5,114,289	5,114,289	4,269,727
Public Works	771,781	771,781	632,581
Culture and recreation	1,046,015	1,046,015	837,284
Capital outlay	275,281	1,380,457	1,380,457
Debt service:			
Principal	281,667	5,103,939	5,103,939
Interest and fiscal agent fees	<u>562,469</u>	<u>548,141</u>	<u>548,141</u>
Total Expenditures	<u>9,342,735</u>	<u>15,255,855</u>	<u>13,941,004</u>
Excess Revenues Over (Under) Expenditures	<u>(792,026)</u>	<u>(6,705,146)</u>	<u>(5,145,277)</u>
Other Financing Sources (Uses)			
Debt proceeds	<u>—</u>	<u>7,185,384</u>	<u>7,185,384</u>
Total Other Financing Sources (Uses)	<u>—</u>	<u>7,185,384</u>	<u>7,185,384</u>
Net change in fund balance	(792,026)	480,238	2,040,107
Fund Balances, October 1	<u>3,595,639</u>	<u>3,595,639</u>	<u>3,595,639</u>
Fund Balances, September 30	<u>\$ 2,803,613</u>	<u>\$ 4,075,877</u>	<u>\$ 5,635,746</u>

See accompanying notes to the basic financial statements.

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

Statement 6

CITY OF LINCOLN, ALABAMA**For the Year Ended September 30, 2016**

	<u>Water Fund</u>
ASSETS	
Current Assets	
Cash	\$ 3,216,811
Accounts receivable (net)	583,067
Inventory	75,988
Total current assets	<u>3,875,866</u>
Noncurrent Assets	
Cash w/fiscal agents	1,388,624
Property and Equipment	33,171,884
Accumulated Depreciation	<u>(12,233,908)</u>
Total noncurrent assets	<u>22,326,600</u>
Total asset	<u>26,202,466</u>
DEFERRED OUTFLOWS OF RESOURCES	
Employee pension contribution	137,748
Total deferred outflows of resources	<u>137,748</u>
LIABILITIES	
Current liabilities:	
Accounts payable	21,222
Accrued interest payable	5,383
Accrued compensated absences	7,529
Water Revenue Warrants Payable	<u>140,000</u>
Total current liabilities	<u>174,134</u>
Noncurrent Liabilities:	
Customer Deposits	156,262
Water Revenue Warrants payable	1,845,935
Net pension liability	250,996
Accrued compensated absences	<u>22,588</u>
Total noncurrent liabilities	<u>2,275,781</u>
Total liabilities	<u>2,449,915</u>
DEFERRED INFLOWS OF RESOURCES	
Pension earnings	29,412
Total deferred inflows of resources	<u>29,412</u>
NET POSITION	
Net investment in capital assets	15,952,041
Restricted for bond service	287,636
Capital improvements	1,100,988
Unrestricted	<u>6,520,222</u>
Total net position	\$ <u>23,860,887</u>

See accompanying notes to the basic financial statements.

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS**

Statement 7

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	<u>Water Fund</u>
Operating revenues:	
Water Sewer Fees	\$ 2,978,351
Other operating revenue	<u>37,576</u>
Total operating revenue	<u>3,015,927</u>
Operating expenses:	
Water Purchases	28,691
Personnel Services	731,841
Utilities	460,332
Repairs and Maintenance	488,152
Other Supplies and expenses	647,300
Depreciation	<u>520,950</u>
Total operating expenses	<u>2,877,266</u>
Net operating (Loss)	138,661
Non-operating Revenue (Expenses)	
Interest Income	50
Interest Expense	<u>(77,433)</u>
	<u>(77,383)</u>
Change in Net Position	61,278
Net position – beginning of year	<u>23,799,609</u>
Net position – end of year	<u>\$ 23,860,887</u>

See accompanying notes to the basic financial statements.

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**Statement 8****CITY OF LINCOLN, ALABAMA****For the Year Ended September 30, 2016**

	<u>Water And Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 2,981,854
Payments to suppliers	(1,636,454)
Payments to employees	<u>(726,712)</u>
Net cash provided (used) by operating activities	<u>618,688</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Debt proceeds	1,130,935
Purchases of capital assets	(379,728)
Principal paid on capital debt	(140,000)
Interest paid on capital debt	<u>(75,474)</u>
Net cash provided (used) by capital and related financing activities	<u>535,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>50</u>
Net increase (decrease) in cash and cash equivalents	1,154,471
Balances – beginning of the year	<u>3,450,964</u>
Balances – end of the year	<u>\$ 4,605,435</u>
Cash, including time deposits	\$ 3,216,811
Restricted cash, including time deposits	<u>1,388,624</u>
Total cash and cash equivalents, end of year	<u>\$ 4,605,435</u>

(Continued)

See accompanying notes to the basic financial statements.

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(Continued)
CITY OF LINCOLN, ALABAMA

Statement 8

For the Year Ended September 30, 2016

	<u>Water Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 138,661
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	520,950
Decrease in Accounts Receivable	(34,073)
Decrease in Inventory	(699)
Inc./(Dec.) in Accounts Payable	(26,546)
Inc./(Dec.) in Customer Deposits	3,477
Inc./(Dec.) in salaries and benefits	5,129
Inc./(Dec.) in pension related	<u>11,789</u>
Net cash provided by operating activities	<u>\$ 618,688</u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 - Summary of Significant Accounting Policies

The City 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.

Reporting Entity: The City was incorporated under the Municipal Code Act of 1907. The City operates under a mayor-council form of government and provides the following services: public safety, street maintenance, sanitation, water and sewer, culture and recreation and community development.

Generally accepted accounting principles require that the financial statements represent the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting the following criteria: 1) the primary government appoints a voting majority of the organization's governing body and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government or 2) the potential component unit is fiscally dependent on the primary government. A potential component unit is considered fiscally dependent if it does not have the authority to do all three of the following: 1) determine its own budget without another government having the authority to approve and modify that budget, 2) levy taxes or set rates or charges without approval by another government, and 3) issue bonded debt without approval by another government.

Based on the application of the above criteria, the City has no component units.

The accompanying financial statements reflect the activity of the City (the primary government), and do not include all of the financial activities of the component units listed above as required by generally accepted accounting principles.

Basis of Presentation:

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

Governmental Funds

The funds of the financial reporting entity are described below:

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the City other than debt service payments made by enterprise funds.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
Major: General	See above for description

Proprietary Funds:

Water and Sewer Fund	Accounts for activities of the public trust in providing water and sanitation services to the public.
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Nonmajor:

Special Revenue Funds:

Library Fund	Accounts for revenues and expenditures on city library.
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7 Cent Gasoline Fund	Accounts for revenues and expenditures which are restricted for street and highway expenses.
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4 Cent Gasoline Fund	Accounts for revenues and expenditures which are restricted for street and highway expenses.
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NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

Court Fund	Accounts for revenues and expenditures for the city court.
Correction Fund	Accounts for revenues and expenditures restricted for court and correctional related expenses.
Police Dept Fund	Accounts for revenues and expenditures for certain police department activities.
Fire Dept Fund	Accounts for revenues and expenditures for certain fire department activities.
Hazard Material Fund	Accounts for revenues and expenditures for public safety issues related to hazardous materials.
Toys for Tots	Accounts for revenues and expenditures for an annual charitable fundraising program.
Fire Rescue Fund	Accounts for revenues and expenditures related to operation of the fire and rescue activities.
Motor Vehicle Fund	Accounts for revenues and expenditures which are restricted for street and highway expenses.
Seizure Fund	Accounts for revenues and expenditures from seized property which are restricted for law enforcement activities.
Drug Tip Fund	Accounts for revenues and expenditures which are restricted for law enforcement activities.
Fire Prevention	Accounts for revenues and expenditures for fire prevention education.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

Basis of Accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. **Accrual:** Both governmental and business-type activities in the government-wide financial statements and the proprietary financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
2. **Modified Accrual:** The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Financial Statement Amounts:

Cash, Cash Equivalents and Investments: Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit. Generally, investments are stated at fair value.

Receivables: All receivables are reported at their gross value; accordingly, no allowance for doubtful accounts is required. Amounts determined to be uncollectible are removed from accounts receivable and charged to expense as of September 30 each year.

Due To and Due From Other Funds: During the course of operations, numerous 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.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

Inventories: Inventories are valued at cost, which approximates market, using the first-in/first-out (“FIFO”) method. The costs of proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items: Payments made to vendors for services that will benefit periods beyond September 30, 2016, are recorded as prepaid items.

Restricted Assets: Enterprise Funds have designated resources that are to be used only to service outstanding debt and to account for customer deposits.

Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 – 50 years
Water, sewer and gas distribution system	30 – 50 years
Machinery and equipment	3 – 10 years
Other infrastructure	10 – 50 years

GASBS No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Compensated Absences: City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned.

At September 30, 2016, the estimated liability for compensated absences was \$178,867. The amount expected to be paid from current resources was not material.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

Bond discounts in governmental activities are deferred and amortized over the term of the bonds using the straight-line method. They are recorded as deferred charges.

Bond issuance cost of the 2010A and B issue contains bond discounts of \$35,470 and \$129,679 respectively.

Bond issue costs of the 2013 A and B contains bond discounts of \$42,864 and \$24,419 respectively.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Net Position and Fund Equity

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. 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 to the acquisitions, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) imposed by law through constitutional provisions or enabling legislation.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council, the City's highest level of decision-making authority. Commitments may be removed or changed only by formal resolution of the Council.

Assigned Fund Balance – includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City's Budget Committee is authorized to make assignments.

Unassigned Fund Balance – is represented by the residual classification of the General 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then any committed funds, then assigned and finally unassigned.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued

A detailed schedule of fund balances at September 30, 2016 is as follows:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepays/deposits	\$ 32,171	\$ —	\$ 32,171
Total nonspendable fund balance	<u>32,171</u>	<u>—</u>	<u>32,171</u>
Restricted for:			
Debt Service	137,788	—	137,788
Capital expenditures	2,493,219	—	2,493,219
Streets	—	256,471	256,471
Court	—	248,527	248,527
Public Safety	—	74,945	74,945
Total restricted fund balance	<u>2,631,007</u>	<u>579,943</u>	<u>3,210,950</u>
Committed for:			
Recreation	—	1,725	1,725
Public Safety	—	357,808	357,808
Total committed fund balance	<u>—</u>	<u>359,533</u>	<u>359,533</u>
Unassigned:	<u>2,972,568</u>	<u>(315,089)</u>	<u>2,657,479</u>
Total Fund Balances	<u>\$5,635,746</u>	<u>\$624,387</u>	<u>\$ 6,260,133</u>

Note 2 - Budgets and Appropriations

The City budgetary process requires that expending agencies submit annual appropriation requests. The requests are combined and submitted to the Mayor and City Council. Once received by the City Council, a series of hearings, which are open to the public, are held and a final budget adopted. The final budget may be amended by the City Council throughout the year.

Formal budgetary accounting is employed as a management control tool for the General, Street and other funds; however, a legal budget is adopted only for the General Fund. Thus, the budgetary financial statements included in this report do not include Special Revenue or Proprietary Funds. For each fund for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the City Council, budgetary transfers between departments can be made.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 3 - Deposits and Investments

At year-end, the carrying amount of the City's deposits with financial institutions was \$6,056,934 and the bank balance was \$6,300,101. Of these deposits, none were uninsured and uncollateralized with the exception of Bond Trust Funds which are invested in U.S. Treasury Obligations.

Investments: Statutes authorize the City to invest in obligations of the U.S. Treasury, federal agency securities and certificates of deposits.

Note 4 – Capital Assets

	<u>Balance</u> <u>10/01/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/16</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,940,979	\$ 246,438	\$ —	\$ 4,187,417
Capital assets being depreciated:				
Buildings	7,249,310	129,560	—	7,378,870
Improvements other than buildings	5,533,445	247,010	—	5,780,455
Equipment and furniture	<u>4,379,142</u>	<u>757,449</u>	<u>—</u>	<u>5,136,591</u>
Total capital assets being depreciated	<u>17,161,897</u>	<u>1,134,019</u>	<u>—</u>	<u>18,295,916</u>
Less accumulated depreciation for:				
Buildings	(895,252)	(128,125)	—	(1,023,377)
Improvements other than buildings	(743,667)	(98,788)	—	(842,455)
Equipment and furniture	<u>(3,515,125)</u>	<u>(443,996)</u>	<u>—</u>	<u>(3,959,121)</u>
Total accumulated depreciation	<u>(5,154,044)</u>	<u>(670,909)</u>	<u>—</u>	<u>(5,824,953)</u>
Total capital assets being				
Depreciated net,	<u>12,007,853</u>	<u>463,110</u>	<u>—</u>	<u>12,470,963</u>
Governmental activity capital assets,				
net	<u>\$ 15,948,832</u>	<u>\$ 709,548</u>	<u>\$ —</u>	<u>\$ 16,658,380</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 75,164
Public Safety	397,021
Culture and Recreation	141,331
Highways and Street	<u>57,393</u>
	<u>\$ 670,909</u>

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 4 – Capital Assets - Continued

	<u>Balance</u> <u>10/01/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/16</u>
BUSINESS-TYPE ACTIVITIES				
Buildings	6,237,688	—	—	6,237,688
Improvements other than Buildings	20,804,912	145,417	—	20,950,329
Equipment and Furniture	<u>5,749,556</u>	<u>234,311</u>	<u>—</u>	<u>5,983,867</u>
Total capital assets being depreciated	32,792,156	379,728	—	33,171,884
Less accumulated depreciation:				
Buildings	(2,236,422)	(127,587)	—	(2,364,009)
Improvements other than buildings	(4,182,610)	(350,718)	—	(4,533,328)
Equipment and Furniture	<u>(5,293,926)</u>	<u>(42,645)</u>	<u>—</u>	<u>(5,336,571)</u>
Total Accumulated				
Depreciation	<u>(11,712,958)</u>	<u>(520,950)</u>	<u>—</u>	<u>(12,233,908)</u>
Business-type activity capital assets, net	<u>\$ 21,079,198</u>	<u>\$ (141,222)</u>	<u>\$ —</u>	<u>\$ 20,937,976</u>

Note 5 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has general liability insurance through a commercial insurance carrier. The City also purchases commercial insurance for other risks of loss, including property and casualty insurance. Settled claims resulting from these claims have not exceeded commercial insurance coverage in any of the past three years.

The City has workers' compensation insurance through the Municipal Workers' Compensation Fund, a public entity risk pool. At year-end, participants receive refunds of unused premiums and the related investment earnings.

The City has employee health insurance coverage through the Local Government Health Insurance Program; administered by the State Employee's Health Insurance Board ("SEHIB") that participates in a plan administered by Blue Cross/Blue Shield which functions as a public entity risk pool. This plan is self-sustaining through member premiums. Monthly premiums are determined annually by the plan's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 6 - Contingent Liabilities

The City is subject to various claims and lawsuits, which arise, primarily in the ordinary course of operations. The City does not anticipate any significant losses with respect to such existing or pending claims and lawsuits at September 30, 2016.

Note 7 - Long-Term Debt

On December 23, 2010, the City issued General Obligation Warrants 2010-A and 2010-B in the amounts of \$2,025,000 and \$4,005,000 respectively. 2010-A was used to pay off an interim bank loan used to finance capital construction. 2010-B is being used to construct buildings and infrastructure.

The 2010-B warrants were issued as General Obligation Recovery Zone Economic Development Warrants. These are federally taxable warrants. The City receives an interest subsidy from the United States Government in the amount of 45% of the interest payment each year. The interest shown in the following schedule of debt service to maturity is the net interest payment after the subsidy.

The 2013A and 2013-B bonds were issued in the amounts of \$2,495,000 and \$1,970,000 respectfully. The 2013-A proceeds were used to permanently finance a loan for the industrial park development. The 2013-B proceeds were used for capital improvements.

The following is a summary of long-term debt transactions for the City for the year ended September 30, 2016:

	Debt Outstanding 10/01/15	Increases	Decreases	Debt Outstanding 09/30/16
GOVERNMENTAL ACTIVITIES				
2007 General Obligation Warrants	\$ 3,735,000	\$ —	\$ (3,500,000)	\$ 235,000
2010 A General Obligation Bond	1,795,000	—	(1,530,000)	265,000
2010 B General Obligation Bond	4,005,000	—	—	4,005,000
2013 A General Obligation Bond	2,495,000	—	—	2,495,000
2013 B General Obligation Bond	1,855,000	—	(60,000)	1,795,000
2016 General Obligation Bond	—	6,685,000	—	6,685,000
Bank note fire truck	25,434	—	(11,514)	13,920
Bank note fire truck	2,425	—	(2,425)	—
Estimated liability for compensated absences	134,957	13,793	—	148,750
Totals	<u>\$ 14,047,816</u>	<u>\$ 6,698,793</u>	<u>\$ (5,103,939)</u>	<u>\$ 15,642,670</u>

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 7 - Long-Term Debt – Continued

BUSINESS-TYPE ACTIVITIES

	Debt Outstanding 10/01/15	Increases	Decreases	Debt Outstanding 09/30/16
2013 Water & Sewer Refunding Warrants	\$ 995,000	\$ —	\$ (140,000)	\$ 855,000
2016 Water & Sewer Warrants	—	1,110,000	—	1,110,000
2016 Bond Premium	—	20,935	—	20,935
Estimated Liability for Compensated Absences	24,988	5,129	—	30,117
Totals	\$ 1,019,988	\$ 1,136,064	\$ (140,000)	\$ 2,016,052

The following is a schedule of debt service requirements to maturity for governmental activities:

For fiscal years ended September 30							
	2017	2018	2019	2020	2021	Thereafter	Total
Principal:							
2007 GO Warrants	\$ 115,000	\$ 120,000	\$ —	\$ —	\$ —	\$ —	\$ 235,000
2010 A GO Warrants	65,000	65,000	65,000	70,000	—	—	265,000
2010 B GO Warrants	—	—	—	—	—	4,005,000	4,005,000
2013 A GO Warrants	—	—	—	—	—	2,495,000	2,495,000
2013 B GO Warrants	60,000	65,000	70,000	65,000	75,000	1,460,000	1,795,000
2016 GO Warrants	95,000	95,000	300,000	300,000	375,000	5,520,000	6,685,000
Bank note fire truck	11,842	2,078	—	—	—	—	13,920
Total Principal Requirements	<u>\$ 346,842</u>	<u>\$ 347,078</u>	<u>\$ 435,000</u>	<u>\$ 435,000</u>	<u>\$ 450,000</u>	<u>\$ 13,480,000</u>	<u>\$ 15,493,920</u>
Interest:							
2007 GO Warrants	\$ 9,050	\$ 4,680	\$ —	\$ —	\$ —	\$ —	\$ 13,730
2010 A GO Warrants	9,606	7,250	4,894	2,538	—	—	24,288
2010 B GO Warrants	158,733	158,733	158,733	158,733	158,733	2,469,740	3,263,405
2013 A GO Warrants	99,800	99,800	99,800	99,800	99,800	2,081,200	2,580,200
2013 B GO Warrants	71,575	70,675	69,700	67,600	65,650	629,812	975,012
2016 GO Warrants	138,814	204,600	202,700	196,700	190,700	1,326,850	2,260,364
Bank note fire truck	340	24	—	—	—	—	364
Total Interest Requirements	<u>\$ 487,918</u>	<u>\$ 545,762</u>	<u>\$ 535,827</u>	<u>\$ 525,371</u>	<u>\$ 514,883</u>	<u>\$ 6,507,602</u>	<u>\$ 9,117,363</u>
Total Debt Requirements	<u>\$ 834,760</u>	<u>\$ 892,840</u>	<u>\$ 970,827</u>	<u>\$ 960,371</u>	<u>\$ 964,883</u>	<u>\$ 19,987,602</u>	<u>\$ 24,611,283</u>

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 7 - Long-Term Debt – Continued

Thereafter:

	2022 to 2026	2027 to 2031	2032 to 2036	2037 to 2041	2042 to 2043	Total
Principal:						
2010 B	\$ —	\$ 65,000	\$1,635,000	\$2,305,000	\$ —	\$ 4,005,000
2013 A	—	—	—	920,000	1,575,000	2,495,000
2013 B	390,000	425,000	415,000	230,000	—	1,460,000
2016 A	<u>2,065,000</u>	<u>2,365,000</u>	<u>1,090,000</u>	<u>—</u>	<u>—</u>	<u>5,520,000</u>
Total Principal	<u>2,455,000</u>	<u>2,855,000</u>	<u>3,140,000</u>	<u>3,455,000</u>	<u>1,575,000</u>	<u>13,480,000</u>
Interest:						
2010 B	\$ 793,665	\$ 791,625	\$ 664,912	\$ 219,538	\$ —	\$ 2,469,740
2013 A	499,000	499,000	499,000	489,200	95,000	2,081,200
2013 B	291,200	204,188	115,426	18,998	—	629,812
2012016 A	<u>777,100</u>	<u>465,350</u>	<u>84,400</u>	<u>—</u>	<u>—</u>	<u>1,326,850</u>
Total Interest	<u>2,360,965</u>	<u>1,960,163</u>	<u>1,363,738</u>	<u>727,736</u>	<u>95,000</u>	<u>6,507,602</u>
Grand Total	<u>\$ 4,815,965</u>	<u>\$4,815,163</u>	<u>\$4,503,738</u>	<u>\$4,182,736</u>	<u>\$1,670,000</u>	<u>\$19,987,602</u>

The following is a schedule of debt service requirements to maturity for business-type activities:

For fiscal years ended September 30

	2017	2018	2019	2020	2021	Thereafter	Total
Principal:							
2013 Water & Sewer							
Refunding warrants	\$140,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 115,000	\$ 855,000
2016 Water & Sewer							
Warrants	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,110,000</u>	<u>1,110,000</u>
Total principal							
Requirements	<u>\$140,000</u>	<u>\$ 145,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 155,000</u>	<u>\$1,225,000</u>	<u>\$ 1,965,000</u>
Interest:							
1998 Water & Sewer							
Refunding Warrants	\$ 15,700	\$ 12,850	\$ 9,900	\$ 6,900	\$ 3,850	\$ 1,150	\$ 50,350
2001A Water Revenue							
Warrants	<u>21,643</u>	<u>25,800</u>	<u>25,800</u>	<u>25,800</u>	<u>25,800</u>	<u>110,650</u>	<u>235,493</u>
Total Interest							
Requirements	<u>\$ 37,343</u>	<u>\$ 38,650</u>	<u>\$ 35,700</u>	<u>\$ 32,700</u>	<u>\$ 29,650</u>	<u>\$ 111,800</u>	<u>\$ 285,843</u>
Total Debt							
Requirements	<u>\$177,343</u>	<u>\$ 183,650</u>	<u>\$ 185,700</u>	<u>\$182,700</u>	<u>\$ 184,650</u>	<u>\$1,336,800</u>	<u>\$ 2,250,843</u>

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 7 - Long-Term Debt – Continued

Thereafter:	2022 to 2026	2027 to 2029	Total
Principal:			
2013 Water & Sewer Refunding Warrants	\$ 115,000	\$ —	\$ 115,000
2016 Water & Sewer Warrants	<u>720,000</u>	<u>390,000</u>	<u>1,110,000</u>
Total Principal	<u>835,000</u>	<u>390,000</u>	<u>1,225,000</u>
Interest:			
2013 Water & Sewer Refunding Warrants	\$ 1,150	\$ —	\$ 1,150
2016 Water & Sewer Warrants	<u>97,900</u>	<u>12,750</u>	<u>110,650</u>
Total Interest	<u>99,050</u>	<u>12,750</u>	<u>111,800</u>
Grand Total	<u>\$ 934,050</u>	<u>\$ 402,750</u>	<u>\$1,336,800</u>

Note 8 - Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

General Information about the Pension Plan

Plan description. The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 8 - Defined Benefit Pension Plan - continued

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to § 36-27-6.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 8 - Defined Benefit Pension Plan - continued

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 876 local participating employers. These participating employers include 294 cities, 65 counties, and 517 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	22,211
Terminated employees entitled to but not yet receiving benefits	1,353
Terminated employees not entitled to a benefit	5,451
Active Members	<u>55,378</u>
Total	<u>84,393</u>

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 8 - Defined Benefit Pension Plan - continued

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2016 (or other year-end if not September), the City's active employee contribution rate was 7.8 percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 8.6 percent of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2016 was 7.14% of pensionable pay for Tier 1 employees, and 5.15% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were 275,561 for the year ended September 30, 2016.

Net Pension Liability

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2015 rolled forward to September 30, 2016 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>2015 Actual</u>	<u>2016 Actual</u>
a) Total Pension Liability as of September 30, 2015	\$ 8,766,108	\$ 9,052,941	\$ 9,577,363
b) Entry Age Normal Cost for October 1, 2015 – September 30, 2016	\$ 344,144	\$ 385,886	\$ 396,803
c) Actual Benefit Payments and Refunds for October 1, 2015 – September 30, 2016	\$ (349,459)	\$ (349,459)	\$ (349,459)
d) Total Pension Liability as of September 30, 2016 [(a) x (1.08)] + (b) – [(c) x (1.04)]	<u>\$ 9,448,103</u>	<u>\$ 9,799,625</u>	<u>\$ 10,353,411</u>
e) Difference between expected and actual 2015 and actual 2016			<u>\$ 553,786</u>

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 8 - Defined Benefit Pension Plan - continued

Actuarial assumptions. The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return*	8.00%

*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target <u>Allocation</u>	Long-Term Expected Rate <u>of Return</u>
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	<u>100.00%</u>	

*Includes assumed rate of inflation of 2.50%

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 8 - Defined Benefit Pension Plan - continued

Discount rate. The discount rate used to measure the total pension liability was the long term rate of return, 8%. 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 the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2015	<u>\$ 8,766,108</u>	<u>\$ 7,665,505</u>	<u>\$ 1,100,603</u>
Changes for the year:			
Service cost	344,144	—	344,144
Interest	687,310	—	687,310
Change of assumptions	553,786	—	553,786
Differences between expected and actual experience	309,780	—	309,780
Contributions - employer	—	266,917	(266,917)
Contributions - employee	—	219,883	(219,883)
Net investment income	—	789,784	(789,784)
Benefit payments, including refunds of employee contributions	(349,459)	(349,459)	—
Administrative expense	—	—	—
Transfers among employers	41,742	41,742	—
Net changes	<u>1,587,303</u>	<u>968,867</u>	<u>618,436</u>
Balances at 9/30/2016	<u>\$10,353,411</u>	<u>\$8,634,372</u>	<u>\$ 1,719,039</u>

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the City's net pension liability calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 8 - Defined Benefit Pension Plan - continued

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increases (9.00%)
Town's net pension liability	3,151,954	1,719,039	524,465

(Dollar amounts in thousands)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2016. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2016. The auditor's report dated October 17, 2016 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended September 30, 2016, the City recognized pension expense of [see general ledger amount]. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	274,578	130,275
Changes of assumptions	490,856	—
Net difference between projected and actual earnings on pension plan investments	65,631	—
Employer contributions subsequent to the measurement date	275,561	—
Total	<u>1,106,626</u>	<u>130,275</u>

*Enter FY 2016 employer contributions applied to pension liability and add for total Deferred Outflows of Resources

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 8 - Defined Benefit Pension Plan – continued

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

Year ended September 30:

2018	92,462
2019	92,461
2020	143,844
2021	42,544
2022	76,420
Thereafter	253,059

Note 9 – Unemployment Compensation

The City of Lincoln is liable for unemployment claims paid by the Unemployment Compensation Trust fund, which are attributable to service in the employ of the City of Lincoln. The City of Lincoln makes advance payments to this fund to meet this liability in accordance with the unemployment Compensation Act of Alabama code of Alabama 1975, Section 25-4-1 through 25-4-148.

Note 10 – Insurance Coverage

The City has property and liability insurance with the Alabama Municipal Insurance Corporation. The policy in force during this fiscal year expired 10/14/2016 and was extended to 10/14/2017.

Blanket property insurance coverage was \$13,526,349 with general and auto liability coverage of \$5,000,000.

Note 11 – Utility Customers

At the end of fiscal year 9/30/16, the City had 3,407 utility customers.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Note 12 – Subsequent Events

The City evaluated subsequent events through October 30, 2017, the date which the financial statements were available to be issued. The City did not have any subsequent events requiring disclosure or recording in these financial statements.

Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service Cost	\$ 301,503	\$ 281,749
Interest	649,184	597,980
Changes of benefit terms	—	—
Differences between expected and actual experience	(173,699)	—
Change of assumptions	—	—
Benefit payments, including refunds of employee contributions	<u>(251,353)</u>	<u>(228,015)</u>
Net change in total pension liability	525,635	651,714
Total pension liability - beginning	<u>8,240,473</u>	<u>7,588,759</u>
Total pension liability – ending (a)	<u><u>\$ 8,766,108</u></u>	<u><u>\$ 8,240,473</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 218,501	\$ 207,450
Contributions - member	200,300	187,269
Net investment income	88,192	770,944
Benefit payments, including refunds of employee contributions	(251,353)	(228,015)
Transfers among employers	<u>119,681</u>	<u>21,212</u>
Net change in plan fiduciary net position	375,321	958,860
Plan net position - beginning	<u>7,290,184</u>	<u>6,331,324</u>
Total net position – ending (b)	<u><u>\$ 7,665,505</u></u>	<u><u>\$ 7,290,184</u></u>
Net pension liability (asset) – ending (a) – (b)	\$ 1,100,603	\$ 950,289
Plan fiduciary net position as a percentage of the total pension liability	87.44%	88.47%
Covered-employee payroll*	\$ 3,508,675	\$ 3,746,910
Net pension liability (asset) as a percentage of covered-employee payroll	31.37%	25.36%

*Employer's covered-payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For FY2015 the measurement period is October 1, 2014 – September 30, 2015.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution*	\$ 275,561	\$ 230,752
Contributions in relation to the actuarially determined contribution*	<u>275,561</u>	<u>230,752</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>
Covered-employee payroll**	<u>3,508,675</u>	<u>3,746,910</u>
Contributions as a percentage of covered-employee payroll	7.9%	6.16%

*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For FY 2016 the fiscal year is the twelve month period beginning after 6/15/2014.

**Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY2016, the fiscal year is the twelve month period beginning after 6/15/2015.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were based on the September 30, 2012 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	11 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 – 7.25%, including inflation
Investment rate of return	8.00%, net pension plan investment expense, including inflation

Supplementary Information

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	Special Revenue				
	Library Fund	7 Cent Gasoline Fund	4 Cent Gasoline Fund	Court Fund	Correction Fund
ASSETS					
Cash	\$ 849	\$ 104,363	\$ 79,757	\$ —	\$ 248,527
Accounts Receivable	—	—	—	—	—
Total assets	<u>849</u>	<u>104,363</u>	<u>79,757</u>	<u>—</u>	<u>248,527</u>
LIABILITIES					
Cash deficit	—	—	—	306,618	—
Accounts payable	—	—	—	<u>7,448</u>	—
Total liabilities	—	—	—	<u>314,066</u>	—
FUND BALANCES					
Restricted for:					
Streets	—	104,363	79,757	—	—
Court	—	—	—	—	248,527
Public Safety	—	—	—	—	—
Committed for:					
Recreation	849	—	—	—	—
Public Safety	—	—	—	—	—
Unassigned	—	—	—	<u>(314,066)</u>	—
Total fund balances	<u>849</u>	<u>104,363</u>	<u>79,757</u>	<u>(314,066)</u>	<u>248,527</u>
Total Liabilities					
and fund balances	<u>\$ 849</u>	<u>\$ 104,363</u>	<u>\$ 79,757</u>	<u>\$ —</u>	<u>\$ 248,527</u>

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	Special Revenue				
	Police Dept Fund	Fire Dept Fund	Hazard Material Fund	Toys For Tots	Rescue Fund
ASSETS					
Cash	\$ 3,414	\$ 2,298	\$ 68,809	\$ 876	\$ 247,852
Accounts Receivable	—	—	—	—	40,792
Total assets	<u>3,414</u>	<u>2,298</u>	<u>68,809</u>	<u>876</u>	<u>288,644</u>
LIABILITIES					
Cash deficit	—	—	—	—	—
Accounts payable	—	—	993	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>993</u>	<u>—</u>	<u>—</u>
FUND BALANCES					
Restricted for:					
Streets	—	—	—	—	—
Court	—	—	—	—	—
Public Safety	—	—	67,816	—	—
Committed for:					
Recreation	—	—	—	876	—
Public Safety	3,414	2,298	—	—	288,644
Unassigned	—	—	—	—	—
Total fund balances	<u>3,414</u>	<u>2,298</u>	<u>67,816</u>	<u>876</u>	<u>288,644</u>
Total liabilities and fund balances	<u>\$ 3,414</u>	<u>\$ 2,298</u>	<u>\$ 68,809</u>	<u>\$ 876</u>	<u>\$ 288,644</u>

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	Special Revenue				
	Motor Vehicle Fund	Seizure Fund	Drug Tip Fund	Fire Prevention Fund	Total Nonmajor Governmental Fund
ASSETS					
Cash	\$ 72,351	\$ 7,129	\$ 63,452	\$ 873	\$ 900,550
Accounts Receivable	—	—	—	—	40,792
Total assets	<u>72,351</u>	<u>7,129</u>	<u>63,452</u>	<u>873</u>	<u>941,342</u>
LIABILITIES					
Cash deficit	—	—	—	—	306,618
Accounts payable	—	—	—	1,896	10,337
Total liabilities	—	—	—	1,896	316,955
FUND BALANCES					
Restricted for:					
Streets	72,351	—	—	—	256,471
Court	—	—	—	—	248,527
Public Safety	—	7,129	—	—	74,945
Committed for:					
Recreation	—	—	—	—	1,725
Public Safety	—	—	63,452	—	357,808
Unassigned	—	—	—	(1,023)	(315,089)
Total fund balances	<u>72,351</u>	<u>7,129</u>	<u>63,452</u>	<u>(1,023)</u>	<u>624,387</u>
Total liabilities and fund balances	<u>\$ 72,351</u>	<u>\$ 7,129</u>	<u>\$ 63,452</u>	<u>\$ 873</u>	<u>\$ 941,342</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	Special Revenue				
	Library Fund	7 Cent Gasoline Fund	4 Cent Gasoline Fund	Court Fund	Correction Fund
REVENUES					
Fines & Forfeitures	\$ —	\$ —	\$ —	\$ 348,844	\$ 29,397
Fees	4,649	—	—	—	—
Intergovernmental	—	25,218	19,717	—	—
Donations	—	—	—	—	—
Interest	—	230	175	—	—
Total revenues	<u>4,649</u>	<u>25,448</u>	<u>19,892</u>	<u>348,844</u>	<u>29,397</u>
EXPENDITURES					
General Government	—	—	—	434,595	—
Culture & recreation	4,376	—	—	—	—
Public Safety	—	—	—	—	—
Capital outlay	—	—	—	—	—
Total expenditures	<u>4,376</u>	<u>—</u>	<u>—</u>	<u>434,595</u>	<u>—</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	<u>273</u>	<u>25,448</u>	<u>19,892</u>	<u>(85,751)</u>	<u>29,397</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	—	—	—	—	—
Operating transfers out	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER)					
EXPENDITURES	273	25,448	19,892	(85,751)	29,397
Fund Balances, October 1	<u>576</u>	<u>78,915</u>	<u>59,865</u>	<u>(228,315)</u>	<u>219,130</u>
Fund Balances, September 30	<u>\$ 849</u>	<u>\$ 104,363</u>	<u>\$ 79,757</u>	<u>\$ (314,066)</u>	<u>\$ 248,527</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

Special Revenue

	Police Dept Fund	Fire Dept Fund	Hazard Material Fund	Toys For Tots	Rescue Fund
REVENUES					
Fines & Forfeitures	\$ —	\$ —	\$ —	\$ —	\$ —
Fees	—	—	—	—	167,938
Intergovernmental	—	—	4,390	—	—
Donations	—	—	—	3,815	—
Interest	—	—	—	—	9
Total revenues	<u>—</u>	<u>—</u>	<u>4,390</u>	<u>3,815</u>	<u>167,947</u>
EXPENDITURES					
General Government	—	—	—	3,982	—
Culture & recreation	—	—	—	—	—
Public Safety	—	—	7,846	—	87,455
Capital outlay	—	—	—	—	82,440
Total expenditures	<u>—</u>	<u>—</u>	<u>7,846</u>	<u>3,982</u>	<u>169,895</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>—</u>	<u>—</u>	<u>(3,456)</u>	<u>(167)</u>	<u>(1,948)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	—	—	—	—	—
Operating transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>—</u>	<u>—</u>	<u>(3,456)</u>	<u>(167)</u>	<u>(1,948)</u>
Fund Balances, October 1	<u>3,414</u>	<u>2,298</u>	<u>71,272</u>	<u>1,043</u>	<u>290,592</u>
Fund Balances, September 30	<u><u>\$ 3,414</u></u>	<u><u>\$ 2,298</u></u>	<u><u>\$ 67,816</u></u>	<u><u>\$ 876</u></u>	<u><u>\$ 288,644</u></u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2016

	Special Revenue				
	Motor Vehicle Fund	Seizure Fund	Drug Tip Fund	Fire Prevention Fund	Total Nonmajor Governmental Fund
REVENUES					
Fines & Forfeitures	\$ —	\$ —	\$ 5,465	\$ —	\$ 383,706
Fees	—	—	—	—	172,587
Intergovernmental	16,732	—	—	—	66,057
Donations	—	—	—	164	3,979
Interest	3	—	—	—	417
Total revenues	<u>16,735</u>	<u>—</u>	<u>5,465</u>	<u>164</u>	<u>626,746</u>
EXPENDITURES					
General Government	—	—	—	—	438,577
Culture & recreation	—	—	—	—	4,376
Public Safety	—	—	—	2,571	97,872
Capital outlay	—	—	—	—	82,440
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,571</u>	<u>623,265</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	<u>16,735</u>	<u>—</u>	<u>5,465</u>	<u>(2,407)</u>	<u>3,481</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	—	—	—	—	—
Operating transfers out	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER)					
EXPENDITURES	16,735	—	5,465	(2,407)	3,481
Fund Balances, October 1	<u>55,616</u>	<u>7,129</u>	<u>57,987</u>	<u>1,384</u>	<u>620,906</u>
Fund Balances, September 30	<u>\$ 72,351</u>	<u>\$ 7,129</u>	<u>\$ 63,452</u>	<u>\$ (1,023)</u>	<u>\$ 624,387</u>