

TOWN OF LINCOLN, VERMONT

AUDIT REPORT

JUNE 30, 2025

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 AUDIT REPORT
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Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordon M. Plummer, CPA
VT Lic. #92-000180

Independent Auditor's Report

Selectboard
Town of Lincoln, Vermont
62 Quaker Road
Lincoln, VT 05443

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lincoln, Vermont, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Lincoln, Vermont'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
Highway Fund	Unmodified
Capital Equipment Fund	Unmodified
Paving Fund	Unmodified
ARPA Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Governmental Activities and Aggregate Remaining Fund Information

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 previously present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the aggregate remaining fund information of the Town of Lincoln, Vermont, as of June 30, 2025, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Unmodified Opinions on General Fund, Highway Fund, Capital Equipment Fund, Paving Fund and ARPA Fund

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash basis financial position of the General Fund, the Highway Fund, the Capital Equipment Fund, the Paving Fund and the ARPA Fund of the Town of Lincoln, Vermont, as of June 30, 2025, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting, as described in Note I.D.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in “Government Auditing Standards”, issued by the Comptroller General of the United States. 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 Town of Lincoln, Vermont 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on Governmental Activities and Aggregate Remaining Fund Information

Management has not included the Walter S. Burnham Foundation Fund in the Town of Lincoln, Vermont’s financial statements. It appears the Walter S. Burnham Foundation Fund should be included in the financial statements of the Town as part of the governmental activities and aggregate remaining fund information to be in accordance with the modified cash basis of accounting. The amount by which this departure would affect the assets, liabilities, net position/fund balance, cash receipts, and cash disbursements of the governmental activities and the aggregate remaining fund information has not been determined.

Changes in Accounting Principles

As described in Note II.D. of the financial statements, in previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, the Town prepared its financial statements using the modified cash basis of accounting. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Basis of Accounting

We draw attention to Note I.D. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I.D., and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 the Town of Lincoln, Vermont'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 and "Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and "Government Auditing Standards", we:

- Exercise professional judgement 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 the Town of Lincoln, Vermont'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Lincoln, Vermont'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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lincoln, Vermont’s basic financial statements. The budgetary comparison information on Schedules 1 and 2 and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated December 22, 2025, on our consideration of the Town of Lincoln, Vermont’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lincoln, Vermont’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Lincoln, Vermont’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

December 22, 2025
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF LINCOLN, VERMONT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2025

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 1,094,860
Investments	10,740
Total Assets	1,105,600
<u>LIABILITIES</u>	
Payroll Withholdings Payable	3,872
Due to Delinquent Tax Collector	65
Total Liabilities	3,937
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Prepaid Property Taxes	13,972
Total Deferred Inflows of Resources	13,972
<u>NET POSITION</u>	
Restricted:	
Expendable:	
Records Restoration	22,971
Unrestricted	1,064,720
Total Net Position	\$ 1,087,691

The accompanying notes are an integral part of this financial statement.

TOWN OF LINCOLN, VERMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u>	<u>Program Cash Receipts</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Disbursements)/</u> <u>Receipts and</u> <u>Changes in Net Position</u> <u>Governmental</u> <u>Activities</u>
Functions/Programs:				
Governmental Activities:				
General Government	\$ 497,769	\$ 38,037	\$ 8,024	\$ (451,708)
Public Safety	69,785	0	0	(69,785)
Highways and Streets	963,754	176	201,683	(761,895)
Culture and Recreation	50,500	0	0	(50,500)
Solid Waste	22,340	0	0	(22,340)
Debt Service	<u>220,580</u>	<u>0</u>	<u>0</u>	<u>(220,580)</u>
Total Governmental Activities	\$ <u>1,824,728</u>	\$ <u>38,213</u>	\$ <u>209,707</u>	<u>(1,576,808)</u>
General Receipts:				
Property Taxes				1,513,672
Penalties and Interest on Delinquent Taxes				15,352
General State Grants				138,148
Unrestricted Investment Earnings				38,783
Other				<u>3,181</u>
Total General Receipts				<u>1,709,136</u>
Change in Net Position				<u>132,328</u>
Net Position - July 1, 2024, As Previously Presented				4,813,020
Change in Accounting Principles				<u>(3,857,657)</u>
Net Position - July 1, 2024, As Restated				<u>955,363</u>
Net Position - June 30, 2025				\$ <u>1,087,691</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF LINCOLN, VERMONT
 STATEMENT OF MODIFIED CASH BASIS ASSETS, LIABILITIES AND FUND BALANCES
 GOVERNMENTAL FUNDS
 JUNE 30, 2025

	General Fund	Highway Fund	Capital Equipment Fund	Paving Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,094,860	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,094,860
Investments	10,740	0	0	0	0	0	10,740
Due from Other Funds	<u>0</u>	<u>0</u>	<u>114,070</u>	<u>662,843</u>	<u>0</u>	<u>148,454</u>	<u>925,367</u>
Total Assets	<u>\$ 1,105,600</u>	<u>\$ 0</u>	<u>\$ 114,070</u>	<u>\$ 662,843</u>	<u>\$ 0</u>	<u>\$ 148,454</u>	<u>\$ 2,030,967</u>
LIABILITIES							
Payroll Withholdings Payable	\$ 3,872	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,872
Due to Other Funds	889,342	36,025	0	0	0	0	925,367
Due to Delinquent Tax Collector	<u>65</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65</u>
Total Liabilities	<u>893,279</u>	<u>36,025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>929,304</u>
DEFERRED INFLOWS OF RESOURCES							
Prepaid Property Taxes	<u>13,972</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,972</u>
Total Deferred Inflows of Resources	<u>13,972</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,972</u>
FUND BALANCES/(DEFICIT)							
Restricted	0	0	0	0	0	22,971	22,971
Committed	14,584	0	114,070	662,843	0	59,028	850,525
Assigned	173,476	0	0	0	0	66,455	239,931
Unassigned/(Deficit)	<u>10,289</u>	<u>(36,025)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(25,736)</u>
Total Fund Balances/(Deficit)	<u>198,349</u>	<u>(36,025)</u>	<u>114,070</u>	<u>662,843</u>	<u>0</u>	<u>148,454</u>	<u>1,087,691</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,105,600</u>	<u>\$ 0</u>	<u>\$ 114,070</u>	<u>\$ 662,843</u>	<u>\$ 0</u>	<u>\$ 148,454</u>	<u>\$ 2,030,967</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Highway Fund	Capital Equipment Fund	Paving Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash Receipts:							
Property Taxes	\$ 483,009	\$ 855,663	\$ 0	\$ 175,000	\$ 0	\$ 0	\$ 1,513,672
Penalties and Interest on Delinquent Taxes	15,352	0	0	0	0	0	15,352
Intergovernmental	138,893	201,683	0	0	0	6,333	346,909
Charges for Services	7,568	176	0	0	0	0	7,744
Permits, Licenses and Fees	26,401	0	0	0	0	4,068	30,469
Investment Income	8,335	2,289	3,801	20,480	0	3,878	38,783
Donations	946	0	0	0	0	0	946
Other	3,181	0	0	0	0	0	3,181
Total Cash Receipts	683,685	1,059,811	3,801	195,480	0	14,279	1,957,056
Cash Disbursements:							
General Government	479,171	0	0	0	3,670	1,330	484,171
Public Safety	69,785	0	0	0	0	0	69,785
Highways and Streets	0	871,487	0	0	0	0	871,487
Culture and Recreation	50,500	0	0	0	0	0	50,500
Solid Waste	22,340	0	0	0	0	0	22,340
Capital Outlay:							
General Government	13,598	0	0	0	0	0	13,598
Highways and Streets	0	0	8,959	5,495	0	77,813	92,267
Debt Service:							
Principal	0	0	164,598	0	0	29,500	194,098
Interest	0	0	16,155	0	0	10,327	26,482
Total Cash Disbursements	635,394	871,487	189,712	5,495	3,670	118,970	1,824,728
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	48,291	188,324	(185,911)	189,985	(3,670)	(104,691)	132,328
Other Financing Sources/(Uses):							
Transfers In	0	0	175,000	60,000	0	75,233	310,233
Transfers Out	(65,233)	(245,000)	0	0	0	0	(310,233)
Total Other Financing Sources/(Uses)	(65,233)	(245,000)	175,000	60,000	0	75,233	0
Net Change in Fund Balances	(16,942)	(56,676)	(10,911)	249,985	(3,670)	(29,458)	132,328
Fund Balances/(Deficit) - July 1, 2024, As Previously Presented	234,188	(17,111)	124,981	412,858	0	177,912	932,828
Change in Accounting Principles	(18,897)	37,762	0	0	3,670	0	22,535
Fund Balances - July 1, 2024, As Restated	215,291	20,651	124,981	412,858	3,670	177,912	955,363
Fund Balances/(Deficit) - June 30, 2025	\$ 198,349	\$ (36,025)	\$ 114,070	\$ 662,843	\$ 0	\$ 148,454	\$ 1,087,691

The accompanying notes are an integral part of this financial statement.

TOWN OF LINCOLN, VERMONT
 STATEMENT OF FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2025

	Custodial Fund Education Tax Fund
 <u>ASSETS</u>	
Assets:	\$ <u> 0</u>
 <u>LIABILITIES</u>	
Liabilities:	<u> 0</u>
 <u>NET POSITION</u>	
Net Position:	\$ <u><u> 0</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF LINCOLN, VERMONT
 STATEMENT OF CHANGES IN FIDUCIARY MODIFIED CASH BASIS NET POSITION
 FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>3,356,030</u>
Total Additions	<u>3,356,030</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>3,356,030</u>
Total Deductions	<u>3,356,030</u>
Change in Net Position	0
Net Position - July 1, 2024	<u>0</u>
Net Position - June 30, 2025	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF LINCOLN, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

The Town of Lincoln, Vermont, (herein the "Town") operates under a Selectboard form of government and provides the following services: public safety, highways and streets, health and social services, culture and recreation, community/economic development, solid waste, public improvements, planning and zoning and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I.D., these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report should include all of the activity of the Town of Lincoln, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, it appears the Walter S. Burnham Foundation Fund should be combined with the financial statements of the Town, but is not.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, receipts, and disbursements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town.

TOWN OF LINCOLN, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. Governmental activities generally are financed through property taxes, intergovernmental receipts, and other nonexchange transactions.

The statement of activities presents a comparison between direct disbursements and program receipts for each function of the Town's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts, including all property taxes, are presented as general receipts.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Highway Fund – This fund accounts for the financial resources of the Highway Department

Capital Equipment Fund – This fund accounts for the financial resources to be used for the capital expenditures of the Highway Department.

Paving Fund – This fund accounts for the financial resources to be used for the paving expenditures of the Town.

ARPA Fund – This fund accounts for the resources from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

Additionally, the Town reports the following fund type:

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

TOWN OF LINCOLN, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Equity (i.e., modified cash basis net position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., receipts) and decreases (i.e., disbursements) in modified cash basis net position.

Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Their reported fund balances (modified cash basis fund balances) are considered a measure of available spendable resources and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., receipts and other financing sources) and decreases (i.e., disbursements and other financing uses) in modified cash basis fund balances.

D. Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Town's policy is to prepare its financial statements generally on the basis of cash receipts and disbursements; consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures and related liabilities are recognized when paid rather than when the obligation is incurred. The exceptions to this are that the Town records investments at cost as assets, payroll withholdings payable and amounts due to the Delinquent Tax Collector for delinquent property tax penalties collected but not remitted as liabilities and property taxes paid in advance as deferred inflows of resources.

General capital asset acquisitions are reported as expenditures. Proceeds of general long-term debt, acquisitions under financed purchases and insurance proceeds are reported as other financing sources.

E. Assets, Liabilities, Deferred Inflows of Resources and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess cash withdrawals are shown as due to other funds.

2. Investments

The Town invests in investments as allowed by State Statute. Investments are reported at cost.

TOWN OF LINCOLN, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

3. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due from/to other funds.”

4. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources” represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related.

5. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in government-wide financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances in governmental fund financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard’s intended use of the resources); and unassigned.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund and Highway Fund budgets are approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The budgets presented herein are for the Town’s “General Fund” and “Highway Fund” only and do not include the National Forest Fund and the Conservation Commission Fund activity that is included in the General Fund, the Sand Pit Closure Fund activity that is included with the Highway Fund and unbudgeted transfers.

B. Budgeted Deficits

The Town budgeted a current year’s deficiency of cash receipts over cash disbursements in the General Fund in the amount of \$75,129. This is reflected as a budgeted deficiency of cash receipts over cash disbursements on Schedule 1.

The Town budgeted a current year’s deficiency of cash receipts over cash disbursements in the Highway Fund in the amount of \$68,817. This is reflected as a budgeted deficiency of cash receipts over cash disbursements on Schedule 2.

TOWN OF LINCOLN, VERMONT
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C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2025, expenditures in the Highway Fund exceeded appropriations by \$28,807. These over expenditures were funded by excess revenues.

D. Change in Accounting Principles

In previous years, the Town prepared its financial statements using generally accepted accounting principles. This year, however, the Town prepared its financial statements using the modified cash basis of accounting. Management believes the modified cash basis provides the information needed by the primary users of the financial statements. As a result, beginning net position/fund balances have been restated as follows:

	Reporting Units Affected by Restatements of Beginning Balances			
	Government-Wide	Funds		
	Governmental Activities	General Fund	Highway Fund	ARPA Fund
Net Position/Fund Balances/(Deficit) - July 1, 2024, As Previously Presented	\$ 4,813,020	\$ 234,188	\$ (17,111)	\$ 0
Change in Accounting Principles: Conversion to Modified Cash Basis of Accounting:				
Removal of Receivables	(66,341)	(62,341)	(4,000)	0
Removal of Prepaid Expenses/Items	(24,661)	(16,110)	(8,551)	0
Removal of Right to Use Leased Assets, Net of Accumulated Amortization	(366,271)	0	0	0
Removal of Capital Assets, Net of Accumulated Depreciation	(4,729,154)	0	0	0
Removal of Deferred Outflows of Resources	(30,455)	0	0	0
Removal of Accrued Liabilities	85,841	10,554	46,313	3,670
Removal of Long-term Liabilities	1,254,342	0	0	0
Removal of Deferred Inflows of Resources	19,042	49,000	4,000	0
Net Position/Fund Balances - July 1, 2024, As Restated	<u>\$ 955,363</u>	<u>\$ 215,291</u>	<u>\$ 20,651</u>	<u>\$ 3,670</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2025 consist of the following:

Cash:	
Deposits with Financial Institutions	\$1,094,332
Cash on Hand	<u>528</u>
Total Cash	1,094,860
Investments:	
Certificate of Deposit	<u>10,740</u>
Total Cash and Investments	<u>\$1,105,600</u>

TOWN OF LINCOLN, VERMONT
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The Town has one (1) certificate of deposit at M&T Bank in the amount of \$10,740 with an interest rate of 0.03%. The certificate of deposit matures during fiscal year 2026.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. In accordance with the Town’s investment policy, collateralization using obligations fully guaranteed by the full faith and credit of a Vermont municipality, the State of Vermont, and/or the United States Government, or United States Government Agencies will be required on certificates of deposit and repurchase agreements. The following table shows the custodial credit risk of the Town’s cash and certificate of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 264,200	\$ 264,200
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution’s Agent	<u>840,872</u>	<u>969,051</u>
Total	<u>\$1,105,072</u>	<u>\$1,233,251</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$1,094,332
Investments – Certificate of Deposit	<u>10,740</u>
Total	<u>\$1,105,072</u>

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 market interest rates. In accordance with the Town’s investment policy, interest rate risk will be minimized by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the Town’s investment portfolio. The Town’s certificate of deposit is not subject to interest rate risk disclosures.

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Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In accordance with the Town’s investment policy, credit risk will be minimized by diversifying the Town’s investment portfolio so that the impact of potential losses from any one type of investment will be minimized. The Town’s certificate of deposit is not subject to credit risk disclosures.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town has no investments subject to concentration of credit risk disclosures.

B. Interfund Balances and Activity

Interfund balances as of June 30, 2025 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$889,342
Highway Fund	0	36,025
Capital Equipment Fund	114,070	0
Paving Fund	662,843	0
Non-Major Governmental Funds	<u>148,454</u>	<u>0</u>
Total	<u>\$925,367</u>	<u>\$925,367</u>

Interfund transfers during the year ended June 30, 2025 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Conservation Commission Fund	\$ 1,500	* Appropriation
General Fund	Records Restoration Fund	20,233	Establish Reserve Fund
General Fund	Capital Improvements Fund	45,000	Appropriation
Highway Fund	Capital Equipment Fund	175,000	Appropriation
Highway Fund	Paving Fund	60,000	Appropriation
Highway Fund	Bridge Fund	<u>10,000</u>	Appropriation
Total		<u>\$ 311,733</u>	

* The transfer from the General Fund to the Conservation Commission Fund was netted within the General Fund as this fund is consolidated within the General Fund in order to comply with GASB Statement No. 54.

C. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities and General Fund consists of \$13,972 of property taxes paid in advance.

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D. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town does not have any minimum fund balance policies.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following fund are restricted as follows:

Non-Major Funds

Special Revenue Funds:

Restricted for Records Restoration Expenses by Statute (Source of Revenue is Recording Fees)	\$22,971
Total Restricted Fund Balances	\$22,971

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The fund balances in the following funds are committed as follows:

Major Funds

General Fund:

Committed for Conservation Commission Expenses by the Voters	<u>\$ 14,584</u>
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Capital Equipment Fund:

Committed for Capital Equipment Expenditures by the Voters	<u>114,070</u>
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Paving Fund:

Committed for Paving Expenditures by the Voters	<u>662,843</u>
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Non-Major Funds

Capital Projects Funds:

Committed for Capital Improvements Expenditures by the Voters	53,792
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Committed for Bridge Expenditures by the Voters	<u>5,236</u>
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Total Non-Major Funds	<u>59,028</u>
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Total Committed Fund Balances	<u>\$850,525</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2026	\$162,736
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Assigned for National Forest Fund Expenses	<u>10,740</u>
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Total General Fund	<u>173,476</u>
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Non-Major Funds

Special Revenue Fund:

Assigned for Reappraisal Expenses	<u>54,146</u>
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Capital Projects Funds:

Assigned for Town Office Planning & Construction Expenditures	<u>12,309</u>
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Total Non-Major Funds	<u>66,455</u>
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Total Assigned Fund Balances	<u>\$239,931</u>
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TOWN OF LINCOLN, VERMONT
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The unassigned deficit of \$36,025 in the Highway Fund will be funded with future property taxes.

E. Restricted Net Position

The restricted net position in the governmental activities consists of the restricted fund balances of \$22,971.

IV. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2024, the measurement date selected by the State of Vermont, the retirement system consisted of 362 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

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

As of June 30, 2024, the measurement date selected by the State of Vermont, VMERS was funded at 75.22% and had a plan fiduciary net position of \$1,008,504,817 and a total pension liability of \$1,340,652,483 resulting in a net position liability of \$332,147,666. The Town's proportionate share of this was 0.0216% resulting in a net pension liability of \$71,747. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.0216% was a decrease of 0.0087 from its proportion measured as of the prior year.

Summary of Plan Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Group A.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – Earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Normal Retirement Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC. Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Eligibility – Groups A and B – Age 55 with five (5) years of service. Group D – Age 50 with twenty (20) years of service.

Early Retirement Amount – Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Groups A and B members; payable without reduction to Group D members.

Vesting – All Groups – Five (5) years of service. Allowance beginning at Normal Retirement Age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments".

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Disability Retirement Eligibility – All Groups – Five (5) years of service and disability as determined by Retirement Board.

Disability Retirement Amount – All Groups – Immediate allowance based on AFC and service to date of disability. Children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit Eligibility – All Groups – Death after five (5) years of service.

Death Benefit Amount – Groups A, B and C – Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefit under disability allowance computed as of date of death. Group D – 70% of the unreduced accrued benefit, plus children’s benefit.

Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

Retirement Stipend – \$25 per month payable at the option of the Retirement Board.

Optional Benefit and Death after Retirement – Groups A, B and C – A lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. Group D – A lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contributions – Upon termination, if the member so elects, or if no other benefit is payable, the member’s accumulated contributions with interest are refunded.

Member Contribution Rates:

<u>Effective</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
July 1, 2024	4.00%	6.375%	11.50%	12.85%
July 1, 2025	4.25%	6.625%	11.75%	13.10%
July 1, 2026	4.50%	6.875%	12.00%	13.35%
July 1, 2027	4.75%	7.125%	12.25%	13.60%
July 1, 2028	5.00%	7.375%	12.50%	13.85%
July 1, 2029	5.25%	7.625%	12.75%	14.10%

TOWN OF LINCOLN, VERMONT
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Employer Contribution Rates:

<u>Effective</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
July 1, 2024	5.50%	7.00%	8.75%	11.35%
July 1, 2025	5.75%	7.25%	9.00%	11.60%
July 1, 2026	6.00%	7.50%	9.25%	11.85%
July 1, 2027	6.25%	7.75%	9.50%	12.10%
July 1, 2028	6.50%	8.00%	9.75%	12.35%
July 1, 2029	6.75%	8.25%	10.00%	12.60%

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

Investment Rate of Return – 7.00%, net of pension plan investment expenses, including inflation.

Salary Increases – Ranging from 4.07% to 6.21% based on service.

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2025 COLA is expected to be 1.90% for all groups. The January 1, 2024 COLA was 1.10% for all groups.

Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

Healthy Post-Retirement – Retirees – Groups A and B – PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Retiree Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

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Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) years younger than males.

Actuarial Cost Method – Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Agg Fixed Income	19%	1.70%
TIPS	2%	1.70%
Large/Mid Cap US Equity	4%	4.20%
Small Cap US Equity	3%	4.70%
Developed Large/Mid Cap International Equity	5%	5.95%
Global Equity	32%	5.25%
Core Real Estate	3%	3.45%
Non-Core Real Estate	4%	5.70%
Private Credit	11%	5.70%
Private Equity	11%	7.45%
Private Core Infrastructure	4%	4.95%
Agriculture/Farmland	2%	3.95%

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2024, is 3.93%, as published by The Bond Buyer.

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The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' 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 as of June 30, 2024.

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$109,691	\$71,747	\$40,604

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

B. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected two (2) times per year. During the tax year ended June 30, 2025, property taxes became due and payable on October 9, 2024 and March 12, 2025. The Town assesses an 8% penalty after the March 12 payment. Interest is assessed at one-half percent (1/2%) per month. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2025 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Education	1.2648	1.2018
Voted Exemptions	0.0012	0.0012
General Fund	0.1645	0.1645
Highway Fund	<u>0.3288</u>	<u>0.3288</u>
Total	<u>1.7593</u>	<u>1.6963</u>

TOWN OF LINCOLN, VERMONT
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C. Contingent Liabilities

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

D. Risk Management

The Town 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 Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town self-insures itself for unemployment coverage. The Town must pay the Vermont Department of Employment and Training for any paid claims. Unemployment claims for the year ended June 30, 2025 were \$894.

E. Long-term Debt

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital assets and to refund prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The Town has notes payable to finance various capital purchases through a local bank.

The Town enters into lease agreements, as the lessee, to lease assets. A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. At the commencement of a lease, the related obligations are presented in the amounts equal to the present value of lease payments payable during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

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Long-term debt outstanding as of June 30, 2025 was as follows:

Bonds Payable and Notes Payable:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Town Office Improvements, Principal Payments of \$29,500 Payable on November 1 Annually, Interest Ranging from 2.49% to 3.09% Payable on May 1 and November 1, Due November, 2036	\$383,500	\$ 0	\$ 29,500	\$354,000
Note Payable, M&T Bank, Road Grader, Principal Payments of \$37,105 Plus Interest Payable on December 21 Annually with a Final Principal Payment of \$37,107 Plus Interest Payable on December 21, 2025, Interest at 3.25%, Due December, 2025	74,212	0	37,105	37,107
Note Payable, M&T Bank, 2020 Freightliner Dump Truck, Principal Payments of \$31,860 Plus Interest Payable on December 6 Annually, Interest at 2.50%, Due and Paid December, 2024	31,860	0	31,860	0
Note Payable, M&T Bank, 2021 Freightliner Dump Truck, Principal Payments of \$33,763 Plus Interest Payable on December 18 Annually, Interest at 2.50%, Due December, 2025	67,526	0	33,763	33,763
Note Payable, M&T Bank, Backhoe/ Loader, Principal Payments of \$16,350 Plus Interest Payable on September 4 Annually, Interest at 2.50%, Due and Paid September, 2025	32,700	0	16,350	16,350
Note Payable, M&T Bank, 2023 Ford F350, Principal and Interest Payments of \$11,800 Payable on February 13 Annually, Interest at 4.95%, Due February, 2028	50,120	0	9,320	40,800

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, M&T Bank, 2023 Freightliner Truck, Principal Payments of \$36,200 Plus Interest Payable on February 27 Annually, Interest at 5.35%, Due February, 2028	\$144,800	\$ 0	\$ 36,200	\$108,600
Total	<u>\$784,718</u>	<u>\$ 0</u>	<u>\$194,098</u>	<u>\$590,620</u>

Debt service requirements to maturity are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 162,700	\$ 19,922	\$ 182,622
2027	75,964	14,305	90,269
2028	76,472	11,086	87,558
2029	39,484	7,819	47,303
2030	29,500	6,515	36,015
2031-2035	147,500	19,941	167,441
2036-2037	<u>59,000</u>	<u>1,818</u>	<u>60,818</u>
Total	<u>\$ 590,620</u>	<u>\$ 81,406</u>	<u>\$ 672,026</u>

Leases:

In October, 2012, the Town entered into an agreement with William J. Norton, Jr. and Kim M. Norton to purchase a property to be utilized for sand extraction by the Town. The agreement requires annual payments of \$21,995 beginning October 12, 2023 and continuing until October 12, 2047. A purchase option is included in the agreement whereby the seller, and any of their descendants who acquire land adjacent to the property, have the right to purchase the property for \$5,000. The purchase option must be exercised between April 1, 2044 and March 31, 2045. The lease liability is measured at a discount rate of 3.0%. As of June 30, 2025, the lease liability was \$361,675.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 were as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,145	\$ 10,850	\$ 21,995
2027	11,479	10,516	21,995
2028	11,823	10,172	21,995
2029	12,178	9,817	21,995
2030	12,543	9,452	21,995
2031-2035	68,592	41,383	109,975
2036-2040	79,517	30,458	109,975
2041-2045	92,182	17,793	109,975
2046-2048	<u>62,216</u>	<u>3,769</u>	<u>65,985</u>
Total	<u>\$ 361,675</u>	<u>\$ 144,210</u>	<u>\$ 505,885</u>

TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 515,546	\$ 483,009	\$ (32,537)
Interest on Delinquent Taxes	0	4,136	4,136
Education Billing Fee Retained	0	7,568	7,568
Current Use	116,000	138,148	22,148
Dog Licenses	2,600	2,129	(471)
Liquor Licenses	70	70	0
Recording Fees	12,000	12,252	252
Office Fees	2,600	3,425	825
Marriage/Civil Union Licenses	150	0	(150)
Zoning Permits/Applications	10,000	7,800	(2,200)
Truck Permits	800	725	(75)
Bank Interest	16,000	7,987	(8,013)
State Equalization Payment	0	745	745
Employee Health Contributions	4,000	0	(4,000)
Miscellaneous Other Revenues	4,000	3,181	(819)
	<u>683,766</u>	<u>671,175</u>	<u>(12,591)</u>
Total Cash Receipts			
Cash Disbursements:			
Town Administration:			
Town FICA (Office Employees)	14,428	0	14,428
Town Retirement (Office Employees)	2,750	0	2,750
Child Care Contribution Tax	0	2,239	(2,239)
Care of Cemeteries	700	250	450
Care of Jackson Property	1,500	0	1,500
IT Services - VC3	11,000	17,097	(6,097)
IT Services - NEMRC	0	8,604	(8,604)
IT Services - Other	0	1,780	(1,780)
Legal Services	25,000	11,918	13,082
Advertising/Notice & Hearings	4,000	1,542	2,458
League of Cities & Towns	2,929	0	2,929
County Tax	12,675	12,675	0
Health Insurance	40,000	0	40,000
Insurance - Unemployment	550	678	(128)
Insurance - Workers Compensation	450	1,264	(814)
Insurance - Property & Liability	14,000	11,712	2,288
Insurance - Burnham Hall	8,300	5,542	2,758
Website	3,150	3,150	0
Town Report Expenses	3,250	3,638	(388)
Election Expenses	2,000	1,303	697
	<u>146,682</u>	<u>83,392</u>	<u>63,290</u>
Total Town Administration			
Selectboard:			
Selectboard Salary	11,000	11,000	0
Social Security	0	682	(682)
Medicare	0	160	(160)
	<u>11,000</u>	<u>11,842</u>	<u>(842)</u>
Total Selectboard			

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TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Selectboard Assistant:			
Health Insurance	\$ 0	\$ 345	\$ (345)
Total Selectboard Assistant	0	345	(345)
Town Administration:			
Town Administrator	130,000	92,308	37,692
Assistant to Administrator (SB)	28,840	19,201	9,639
Bookkeeper	10,658	10,294	364
Social Security	0	8,883	(8,883)
Medicare	0	1,758	(1,758)
Retirement	0	5,077	(5,077)
Consultants/Auditors	15,000	10,205	4,795
Training	1,000	101	899
Travel & Meetings	400	42	358
Health Insurance	0	11,857	(11,857)
Miscellaneous Administrative	4,000	0	4,000
Total Town Administration	189,898	159,726	30,172
Town Clerk:			
Town Clerk Salary	45,297	45,781	(484)
Social Security	0	2,838	(2,838)
Medicare	0	664	(664)
Retirement	0	2,874	(2,874)
ACS Computer Fees	3,960	4,669	(709)
Training	500	459	41
Travel & Meetings	250	643	(393)
Health Insurance	0	28,771	(28,771)
Software/Support	1,000	0	1,000
Total Town Clerk	51,007	86,699	(35,692)
Assistant Town Clerk:			
Assistant Town Clerk Salary	10,000	10,090	(90)
Social Security	0	615	(615)
Medicare	0	144	(144)
Total Assistant Town Clerk	10,000	10,849	(849)

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TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Listers:			
Listers Salary	\$ 30,000	\$ 3,502	\$ 26,498
Assessors Salary	0	6,320	(6,320)
Social Security	0	609	(609)
Medicare	0	142	(142)
Professional Services	0	1,449	(1,449)
Tax Map Update	950	1,100	(150)
Software/Support	3,500	0	3,500
Total Listers	34,450	13,122	21,328
Treasurer:			
Town Treasurer Salary	25,430	4,890	20,540
Social Security	0	303	(303)
Medicare	0	71	(71)
Training	200	20	180
Travel & Meetings	600	0	600
Software/Support	3,500	0	3,500
Equipment	1,000	0	1,000
Total Treasurer	30,730	5,284	25,446
Assistant Town Treasurer:			
Assistant Treasurer Salary	2,750	2,778	(28)
Social Security	0	172	(172)
Medicare	0	40	(40)
Total Assistant Town Treasurer	2,750	2,990	(240)
Zoning:			
Zoning Salary	19,570	23,735	(4,165)
Social Security	0	1,519	(1,519)
Medicare	0	339	(339)
Professional Services	950	1,100	(150)
Travel & Meetings	600	698	(98)
Total Zoning	21,120	27,391	(6,271)
Planning:			
Grant Bylaws Expenses	10,000	4,510	5,490
Administrative Salary	450	0	450
Consultants - ACRP	2,000	7,900	(5,900)
Total Planning	12,450	12,410	40

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TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Public Safety:			
Health Officer & Admin Expenses	\$ 1,000	\$ 0	\$ 1,000
Dog Warden & Census	1,500	2,240	(740)
Constable Reimbursement	2,400	2,400	0
Humane Society Contract	750	450	300
School Generator Maintenance/Fuel	1,750	207	1,543
Street Lights	2,300	2,437	(137)
Green Up Day	600	675	(75)
Total Public Safety	10,300	8,409	1,891
Town Office:			
Postage	2,300	1,977	323
Copier	2,960	3,037	(77)
Office Equipment Repair	250	0	250
Office Supplies	4,500	3,210	1,290
Computer Expenses	2,000	253	1,747
Equipment	1,000	14,239	(13,239)
Electricity	2,300	1,622	678
Heating Fuel	1,800	1,047	753
Telephone	3,500	3,403	97
Repair/Maintenance	2,000	369	1,631
Mowing/Snow Plow/Shoveling	1,300	820	480
Cleaning	2,500	2,968	(468)
Miscellaneous Town Office	1,500	1,013	487
Total Town Office	27,910	33,958	(6,048)
Transfer Station:			
Contractors	18,000	18,000	0
Maintenance	2,000	4,340	(2,340)
Total Transfer Station	20,000	22,340	(2,340)
Transfers:			
Transfer to Capital Improvements Fund	45,000	45,000	0
Transfer to Conservation Fund	1,500	1,500	0
Total Transfers	46,500	46,500	0
Appropriations:			
Lincoln Cemetery Association	5,000	5,000	0
Lincoln Cooperative Preschool	5,500	5,500	0
Lincoln Library	44,000	44,000	0
Lincoln Sports, Inc.	4,000	4,000	0
Lincoln Volunteer Fire Company	56,000	56,000	0
Bristol Rescue	7,938	7,938	0
WomenSafe	1,250	1,250	0
HOPE	2,000	2,000	0
Addison County Home Health and Hospice, Inc.	1,250	1,250	0

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TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Appropriations/(Cont'd):			
Homeward Bound	\$ 250	\$ 250	\$ 0
Addison County Parent/Child Center	1,300	1,300	0
Addison County Readers	600	600	0
Tri-Valley Transit	1,170	1,170	0
Bristol Recreation Department	2,500	2,500	0
Age Well	1,100	1,100	0
Community Health Services of Addison County	750	750	0
Counseling Service of Addison County, Inc.	1,600	1,600	0
Elderly Services, Inc.	700	700	0
John W. Graham Emergency Shelter	1,000	1,000	0
Retired Senior Volunteer Program (RSVP)	490	490	0
Vermont Adult Learning	500	500	0
Addison County River Watch	400	400	0
Addison County Economic Development Corp.	500	500	0
Addison County Court Diversion Program	200	200	0
Charter House Coalition	1,000	1,000	0
Lincoln Community School Mentor Program	1,000	1,000	0
Turning Point Center of Addison County	1,000	1,000	0
Addison Allies Network	300	300	0
Have a Heart Food Shelf	800	800	0
Total Appropriations	144,098	144,098	0
Total Cash Disbursements	758,895	669,355	89,540
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	\$ (75,129)	1,820	\$ 76,949
Adjustments to Reconcile from Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
National Forest Fund Income		6	
Conservation Commission Fund Income		1,288	
Conservation Commission Fund Expenses		(1,323)	
Conservation Commission Fund Transfer In		1,500	
Transfer to Records Restoration Fund		(20,233)	
Net Change in Fund Balance		(16,942)	
Fund Balance - July 1, 2024, As Previously Presented		234,188	
Change in Accounting Principles		(18,897)	
Fund Balance - July 1, 2024, As Restated		215,291	
Fund Balance - June 30, 2025		\$ 198,349	

The reconciling items are due to combining two (2) funds, the National Forest Fund and the Conservation Commission Fund, with the General Fund in order to comply with GASB Statement No. 54 and unbudgeted transfers.

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Cash Receipts:			
Property Taxes	\$ 855,663	\$ 855,663	\$ 0
State Aid	131,000	139,816	8,816
National Forest Pilot Payment	31,000	37,867	6,867
Grant Income	0	24,000	24,000
Employee Health Contributions	1,200	0	(1,200)
Bank Interest	0	1,698	1,698
Total Cash Receipts	1,018,863	1,059,044	40,181
Cash Disbursements:			
Highway Department Administrative:			
Wages	127,982	249,737	(121,755)
Overtime	15,000	31,258	(16,258)
Payroll Taxes	10,938	21,040	(10,102)
Retirement	7,864	10,882	(3,018)
Training & Travel	250	358	(108)
Health Insurance	28,246	30,002	(1,756)
Insurance - Unemployment	550	216	334
Insurance - Workers Compensation	15,200	11,529	3,671
Employee Uniform Rental	2,000	5,253	(3,253)
Contract Labor - Other	3,000	0	3,000
Miscellaneous Expenses	1,000	2,726	(1,726)
Total Highway Department Administrative	212,030	363,001	(150,971)
Equipment Maintenance:			
2020 Freightliner	4,000	7,212	(3,212)
2023 Freightliner Dump Truck	2,500	2,463	37
2021 Freightliner	3,500	9,864	(6,364)
2023 F350 with Sander & Plow	1,000	891	109
2023 Trailer	500	0	500
Grader (CAT 143H)	5,000	7,723	(2,723)
Loader (JD 310SL)	1,250	2,438	(1,188)
Loader (JD 544K)	2,000	2,164	(164)
Excavator (CAT 311)	2,000	1,611	389
Total Equipment Maintenance	21,750	34,366	(12,616)
Equipment:			
Fuel	48,000	64,283	(16,283)
Lubricants	5,000	4,093	907
Tires/Chains	18,000	15,406	2,594
Total Equipment	71,000	83,782	(12,782)

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TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Town Garage:			
Insurance - Property & Liability	\$ 21,000	\$ 11,261	\$ 9,739
Garage Supplies	8,000	17,462	(9,462)
Electricity	2,900	3,268	(368)
Heating Fuel	10,000	10,185	(185)
Telephone	2,000	2,677	(677)
Miscellaneous Expenses	1,000	4,172	(3,172)
Rubbish Removal	2,000	2,071	(71)
Total Town Garage	46,900	51,096	(4,196)
Building Maintenance:			
Repairs/Maintenance	4,000	4,893	(893)
Mowing	1,000	1,180	(180)
Total Building Maintenance	5,000	6,073	(1,073)
Supplies:			
Winter Sand	30,000	41,240	(11,240)
Gravel	155,000	152,375	2,625
Salt	55,000	38,953	16,047
Chloride	26,000	26,777	(777)
Culverts	13,000	0	13,000
Cold Patch	0	265	(265)
Road Improvements	0	3,279	(3,279)
Signs	5,000	13,474	(8,474)
Total Supplies	284,000	276,363	7,637
Highway Projects:			
Major Project/Grant Match	0	7,845	(7,845)
Professional Services	5,000	0	5,000
Contractual Snow Plowing	72,000	0	72,000
Contractual (Project)	21,000	0	21,000
Contractual Services	30,000	0	30,000
Road Improvements	13,000	3,435	9,565
Bridge Improvements	15,000	0	15,000
Roadside Mowing	25,000	34,876	(9,876)
Right-of-Way Maintenance (Canopy)	20,000	10,650	9,350
Equipment Rental	1,000	0	1,000
Total Highway Projects	202,000	56,806	145,194

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TOWN OF LINCOLN, VERMONT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS
HIGHWAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Transfers:			
Transfer to Capital Equipment Fund	\$ 175,000	\$ 175,000	\$ 0
Transfer to Paving Fund	60,000	60,000	0
Transfer to Bridge Fund	10,000	10,000	0
Total Transfers	245,000	245,000	0
Total Cash Disbursements	1,087,680	1,116,487	(28,807)
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	\$ (68,817)	(57,443)	\$ 11,374
Adjustments to Reconcile from Budgetary Basis of Accounting to the Modified Cash Basis of Accounting:			
Sand Pit Closure Fund Income		767	
Net Change in Fund Balance		(56,676)	
Fund Balance/(Deficit) - July 1, 2024, As Previously Presented		(17,111)	
Change in Accounting Principles		37,762	
Fund Balance - July 1, 2024, As Restated		20,651	
Fund Balance/(Deficit) - June 30, 2025		\$ (36,025)	

The reconciling item is due to combining one (1) fund, the Sand Pit Closure Fund, with the Highway Fund in order to comply with GASB Statement No. 54.

TOWN OF LINCOLN, VERMONT
 COMBINING SCHEDULE OF MODIFIED CASH BASIS
 ASSETS, LIABILITIES AND FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds		Capital Projects Funds			Total
	Reappraisal Fund	Records Restoration Fund	Capital Improvements Fund	Bridge Fund	Town Office Planning & Construction Fund	
<u>ASSETS</u>						
Due from Other Funds	\$ <u>54,146</u>	\$ <u>22,971</u>	\$ <u>53,792</u>	\$ <u>5,236</u>	\$ <u>12,309</u>	\$ <u>148,454</u>
Total Assets	\$ <u><u>54,146</u></u>	\$ <u><u>22,971</u></u>	\$ <u><u>53,792</u></u>	\$ <u><u>5,236</u></u>	\$ <u><u>12,309</u></u>	\$ <u><u>148,454</u></u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:						
Restricted	0	22,971	0	0	0	22,971
Committed	0	0	53,792	5,236	0	59,028
Assigned	<u>54,146</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,309</u>	<u>66,455</u>
Total Fund Balances	<u>54,146</u>	<u>22,971</u>	<u>53,792</u>	<u>5,236</u>	<u>12,309</u>	<u>148,454</u>
Total Liabilities and Fund Balances	\$ <u><u>54,146</u></u>	\$ <u><u>22,971</u></u>	\$ <u><u>53,792</u></u>	\$ <u><u>5,236</u></u>	\$ <u><u>12,309</u></u>	\$ <u><u>148,454</u></u>

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TOWN OF LINCOLN, VERMONT
 COMBINING SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds		Capital Projects Funds			Total
	Reappraisal Fund	Records Restoration Fund	Capital Improvements Fund	Bridge Fund	Town Office Planning & Construction Fund	
Cash Receipts:						
Intergovernmental	\$ 6,333	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,333
Permits, Licenses and Fees	0	4,068	0	0	0	4,068
Investment Income	1,673	0	1,662	162	381	3,878
Total Cash Receipts	<u>8,006</u>	<u>4,068</u>	<u>1,662</u>	<u>162</u>	<u>381</u>	<u>14,279</u>
Cash Disbursements:						
General Government	0	1,330	0	0	0	1,330
Capital Outlay:						
Highways and Streets	0	0	0	77,813	0	77,813
Debt Service:						
Principal	0	0	29,500	0	0	29,500
Interest	0	0	10,327	0	0	10,327
Total Cash Disbursements	<u>0</u>	<u>1,330</u>	<u>39,827</u>	<u>77,813</u>	<u>0</u>	<u>118,970</u>
Excess/(Deficiency) of Cash Receipts Over Cash Disbursements	<u>8,006</u>	<u>2,738</u>	<u>(38,165)</u>	<u>(77,651)</u>	<u>381</u>	<u>(104,691)</u>
Other Financing Sources:						
Transfers In	0	20,233	45,000	10,000	0	75,233
Total Other Financing Sources	<u>0</u>	<u>20,233</u>	<u>45,000</u>	<u>10,000</u>	<u>0</u>	<u>75,233</u>
Net Change in Fund Balances	8,006	22,971	6,835	(67,651)	381	(29,458)
Fund Balances - July 1, 2024	<u>46,140</u>	<u>0</u>	<u>46,957</u>	<u>72,887</u>	<u>11,928</u>	<u>177,912</u>
Fund Balances - June 30, 2025	<u>\$ 54,146</u>	<u>\$ 22,971</u>	<u>\$ 53,792</u>	<u>\$ 5,236</u>	<u>\$ 12,309</u>	<u>\$ 148,454</u>

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Sullivan, Powers & Co., P.C.

Certified Public Accountants

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Jordan M. Plummer, CPA
VT Lic. #92-000180

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"

Selectboard
Town of Lincoln, Vermont
62 Quaker Road
Lincoln, VT 05443

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lincoln, Vermont, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Lincoln, Vermont's basic financial statements, and have issued our report thereon dated December 22, 2025. Our opinions on the governmental activities and the aggregate remaining fund information were qualified because of the omission of the Walter S. Burnham Foundation Fund from the governmental activities and the aggregate remaining fund information.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lincoln, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lincoln, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lincoln, Vermont'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lincoln, Vermont'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 financial statements. 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.

Sullivan, Powers & Co.

December 22, 2025
Montpelier, Vermont
VT Lic. #92-000180