

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor any offers to buy be accepted prior to the time that the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 25, 2025

NEW ISSUES (2) - BOOK ENTRY ONLY

RATINGS: Insured: S&P “AA” (stable outlook)
Underlying: S&P: “A+” (stable outlook)
(See “RATINGS” herein.)

In the opinion of Bond Counsel, under existing law, interest on the Series 2025-A Warrants (i) will be excludable from gross income for federal income tax purposes if the City complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2025-A Warrants in order that interest thereon be and remain excludable from gross income, and (ii) will not be an item of tax preference for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, under existing law, Interest on the Series 2025-B Warrants will not be excludable from gross income of the holders thereof for purposes of federal income taxation. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025-A Warrants and Series 2025-B Warrants will be exempt from State of Alabama income taxation. See “TAX MATTERS RELATING TO THE SERIES 2025-A WARRANTS” and “TAX MATTERS RELATING TO THE SERIES 2025-B WARRANTS”, herein for further information and certain other tax consequences arising with respect to the Series 2025 Warrants.

CITY OF LINCOLN, ALABAMA

\$9,095,000*
General Obligation Warrants,
Series 2025-A

\$4,660,000*
Taxable General Obligation Warrants,
Series 2025-B

Dated: Date of Delivery

Due: June 1, as shown on the inside cover page

The Series 2025-A Warrants and the Series 2025-B Warrants constitute separate series and are together referred to in this Official Statement as the “Series 2025 Warrants” or the “Warrants”. The Warrants are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Series 2025 Warrants will be made so long as Cede & Co. is the registered owner of the Series 2025 Warrants. Individual purchases of the Series 2025 Warrants will be made in Book-Entry Only form, and individual purchasers (“Beneficial Owners”) of the Series 2025 Warrants will not receive physical delivery of bond certificates.

Interest will be payable on the Series 2025 Warrants each June 1 and December 1, beginning December 1, 2025. Payment of debt service on Series 2025 Warrants not in Book-Entry Only form shall be made by check or draft or, at the request of the holder of the Warrants in an aggregate principal amount of not less than \$100,000 accompanied by adequate written instructions, by wire transfer, provided that payment of principal of Series 2025 Warrants shall be made only upon surrender of such Series 2025 Warrants at the office of the Paying Agent, Regions Bank (Birmingham, Alabama) So long as DTC or its nominee is the registered owner of the Series 2025 Warrants, disbursement of such payments to DTC is the responsibility of the Paying Agent, disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owner is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

The Series 2025 Warrants will constitute general obligations of the City for the payment of which its full faith and credit are irrevocably pledged. For a description of certain risk factors and other considerations involved in an investment in the Series 2025 Warrants, including certain limitations on the levy of ad valorem taxes within the City, see “RISK FACTORS and “AD VALOREM TAXATION” herein.

The Warrants will be subject to redemption prior to their respective maturities as described herein.

The scheduled payment of principal of, and interest on, the Series 2025 Warrants when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025 Warrants by **ASSURED GUARANTY INC.**



FOR MATURITIES, AMOUNTS, RATES, YIELDS, AND CUSIP NUMBERS, SEE INSIDE COVER.

The Series 2025 Warrants are offered when, as and if issued, subject to approval of validity by Bond Counsel, Maynard Nexsen, PC, Birmingham, Alabama. It is expected that the Warrants in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about _____.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

RAYMOND JAMES®

The date of this Official Statement is _____.

*Preliminary; subject to change

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2025 Warrants or the advisability of investing in the Series 2025 Warrants. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “Appendix E - Specimen Municipal Bond Insurance Policy”.

CITY OF LINCOLN, ALABAMA

\$9,095,000*

General Obligation Warrants, Series 2025-A

MATURITIES, AMOUNTS, RATES, YIELDS, AND CUSIP⁽¹⁾ NUMBERS

Maturity	Principal Amount	Interest Rate	Yield	CUSIP⁽¹⁾	Maturity	Principal Amount	Interest Rate	Yield	CUSIP⁽¹⁾
2026	\$335,000				2035	\$460,000			
2027	310,000				2036	480,000			
2028	330,000				2037	505,000			
2029	340,000				2038	530,000			
2030	360,000				2039	560,000			
2031	385,000				2041	585,000			
2032	395,000				2042	620,000			
2033	415,000				2043	650,000			
2034	440,000				2044	680,000			

\$ _____ % Term Bonds maturing on June 1, 20 ____ (Yield: _____ %), CUSIP No. _____ ⁽¹⁾

\$4,660,000*

Taxable General Obligation Warrants, Series 2025-B

MATURITIES, AMOUNTS, RATES, YIELDS, AND CUSIP⁽¹⁾ NUMBERS

Maturity	Principal Amount	Interest Rate	Yield	CUSIP⁽¹⁾
2028	\$290,000			
2029	305,000			
2030	320,000			
2031	335,000			
2032	355,000			
2033	370,000			
2034	390,000			
2035	410,000			
2036	435,000			
2037	455,000			
2038	485,000			
2039	510,000			

\$ _____ % Term Bonds maturing on June 1, 20 ____ (Yield: _____ %), CUSIP No. _____ ⁽¹⁾

* Preliminary; subject to change.

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"). CGS is managed by S&P Global Market Intelligence on behalf of the American Bankers Association. Copyright © CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Underwriter or the agents or counsel thereof assume responsibility for the accuracy of such numbers.

CITY OF LINCOLN, ALABAMA

Carroll “Lew” Watson, Mayor

CITY COUNCIL

Sadie Britt
Billy Pearson
Jennie Massey Jones
Brandon Tate
Joey Callahan

CITY CLERK/TREASURER

Laura S. Carmack

**BOND COUNSEL
TO THE CITY**

Maynard Nexsen, PC
Birmingham, Alabama

AUDITORS

Vance CPA LLC
Oxford, Alabama

UNDERWRITER

Raymond James & Associates, Inc.
Birmingham, Alabama

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OFFICIAL STATEMENT

REGARDING

CITY OF LINCOLN, ALABAMA

\$9,095,000*	\$4,660,000*
General Obligation Warrants, Series 2025-A	Taxable General Obligation Warrants, Series 2025-B

INTRODUCTION

General

This Official Statement is furnished in connection with the issuance of the Series 2025-A Warrants referred to above (the “Series 2025-A Warrants”) and the Series 2025-B Warrants referred to above (the “Series 2025-B Warrants”) by the City of Lincoln (the “City”). The Series 2025-A Warrants and Series 2025-B Warrants are hereinafter collectively referred to as the “Series 2025 Warrants” or the “Warrants”.

The City is a municipal corporation organized under the laws of the State of Alabama. The Series 2025 Warrants will be issued pursuant to two separate ordinances (the “Warrant Ordinances”) adopted by the governing body of the City.

The Series 2025 Warrants will constitute general obligations of the City for the payment of which its full faith and credit are irrevocably pledged.

The Series 2025-A Warrants are being issued for the purpose of (i) financing certain capital improvements to the facilities of the City, (ii) refunding certain outstanding indebtedness of the City, and (iii) paying the costs of issuing the Series 2025-A Warrants. See “THE PLAN OF FINANCING”.

The Series 2025-B Warrants are being issued for the purpose of (i) financing certain incentives for an economic development project of the City, (ii) funding a capitalized interest fund to pay interest on the Series 2025-B Warrants for a period of approximately 24-months, and (iii) paying the costs of issuing the Series 2025-B Warrants. See “THE PLAN OF FINANCING”.

The Series 2025 Warrants are subject to optional and mandatory redemption at the times and under the circumstances set forth herein. See “DESCRIPTION OF THE SERIES 2025 WARRANTS - Redemption Prior to Maturity”. The Series 2025 Warrants are being offered in the denomination of \$5,000 or any multiple thereof and may be transferred and exchanged subject to certain terms and conditions set forth herein. See “DESCRIPTION OF THE SERIES 2025 WARRANTS”.

The scheduled payment of principal of and interest on the Series 2025 Warrants when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025 Warrants by Assured Guaranty Inc. (the “Insurer” or “AG”). See “BOND INSURANCE”.

The City has covenanted to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. For further information during the initial offering period with respect to the Series 2025 Warrants, contact Laura S. Carmack, City Clerk, City of Lincoln, Post Office Box 172, Lincoln, Alabama 35096, telephone number (205) 763-7777, or Raymond James & Associates, Inc., 2900 Highway 280, Suite 100, Birmingham, Alabama 35223, telephone number (205) 802-4274.

* Preliminary; subject to change.

Changes to the Preliminary Official Statement

This Preliminary Official Statement and the information herein is subject to change, completion, and amendment. A definitive Official Statement will be made available prior to the delivery of the Series 2025 Warrants.

For purposes of this Preliminary Official Statement, selling compensation, delivery dates, and certain other information dependent on pricing of the Series 2025 Warrant have been omitted. Further, for purposes of this Preliminary Official Statement, offering prices, interest rates, aggregate principal amount, principal amount per maturity, and certain other information dependent on pricing of the Series 2025 Warrants have been estimated. Actual information dependent on pricing will be established after pricing of the Series 2025 Warrants and will be reflected in the final Official Statement. Such actual information will vary from the estimates.

Investors should check under the heading “INTRODUCTION – Changes to the Preliminary Official Statement” in the final Official Statement for guidance regarding information dependent on pricing of the Series 2025 Warrants and for guidance regarding other information that is changed between the date of this Preliminary Official Statement and the date of the final Official Statement.

GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT

Certain capitalized terms used frequently in this Official Statement are defined in this section of the Official Statement.

“**City**” means the City of Lincoln, a municipal corporation organized under the laws of the State of Alabama.

“**Federal Securities**” means direct obligations of, or obligations the payment of which is guaranteed by, the United States of America.

“**Improvements**” means the municipal capital improvements being financed with proceeds of the Series 2025-A Warrants, as more specifically identified in the “PLAN OF FINANCING”.

“**Insurer**” or “**AG**” means Assured Guaranty Inc.

“**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended.

“**Paying Agent**” means Regions Bank (Birmingham, Alabama) which is the paying agent and registrar for the Warrants.

“**Policy**” means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Series 2025 Warrants.

“**Series 2025 Warrants**” or “**Warrants**” means the Series 2025-A Warrants and the Series 2025-B Warrants.

“**Series 2025-A Warrants**” means the City’s General Obligation Warrants, Series 2025-A, which are being offered by this Official Statement.

“**Series 2025-B Warrants**” means the City’s Taxable General Obligation Warrants, Series 2025-B, which are being offered by this Official Statement.

“**Warrant Ordinances**” means the two separate ordinances adopted by the governing body of the City authorizing the issuance of the Series 2025-A Warrants and the Series 2025-B Warrants.

DESCRIPTION OF THE SERIES 2025 WARRANTS

General Provisions

The Warrants will be fully registered warrants in the denomination of \$5,000 or any multiple thereof, will be dated their initial date of delivery, and will be numbered separately from 1 upward.

The Warrants will mature annually on June 1 in the amounts and years set forth on the inside cover page hereof. The Warrants will bear interest at the applicable per annum rates set forth on the inside cover page hereof. All Warrants with the same maturity will bear interest at the same rate. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Warrants will be payable on each June 1 and December 1, beginning December 1, 2025.

Method and Place of Payment

The Warrants will be issued in book-entry only form, as described below under “Book-Entry Only System”, and the method and place of payment will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Warrants is discontinued.

Payment of interest due on each interest payment date will be made by check or draft mailed on such interest payment date to the persons who were registered holders of the Warrants on the regular record date for such interest payment date, which will be the 15th day of the month preceding such interest payment date. Payment of the principal of (and premium, if any, on) the Warrants and payment of accrued interest due upon redemption on any date other than an interest payment date will be made only upon surrender of the Warrants at the designated office of the Paying Agent (Regions Bank).

The holder of Warrants in an aggregate principal amount of \$100,000 or more may, upon the terms and conditions of the Warrant Ordinances, request payment of debt service by wire transfer to an account of such holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Paying Agent.

Redemption of Warrants Prior to Maturity

Series 2025-A Warrants. The Series 2025-A Warrants are subject to redemption prior to their maturity as follows:

Optional Redemption of the Series 2025-A Warrants. The Series 2025-A Warrants maturing on June 1, 20__ or thereafter, or any smaller principal amount of such Series 2025-A Warrants that is a multiple of the smallest authorized denomination, may be redeemed at the option of the City on June 1, 20__, or any date thereafter at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date.

Mandatory Redemption of Term Warrants (2025-A). The Series 2025-A Warrants maturing on June 1, 20__ (the “20__ Term Warrants (2025-A)”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on June 1 in years and principal amounts (after credit as provided below) as follows:

Year	Amount
20__	
20__	
20__	
20__	
20__	
<hr/>	
\$____ of the 20__ Term Warrants (2025-A)	
will be retired at maturity	

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date with respect to 20__ Term Warrants (2025-A), the Paying Agent shall proceed to select for redemption, by lot, 20__ Term Warrants (2025-A) or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 20__ Term Warrants (2025-A) or portions thereof for redemption on such scheduled mandatory redemption date. The City may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 20__ Term Warrants (2025-A) scheduled for redemption on such date: (i) the principal amount of 20__ Term Warrants (2025-A) delivered by the City to the Paying Agent for cancellation and not previously claimed as a credit; (ii) the principal amount of 20__ Term Warrants (2025-A) previously redeemed (other than 20__ Term Warrants (2025-A) redeemed pursuant to this paragraph) and not previously claimed as a credit; and (iii) the principal amount of 20__ Term Warrants (2025-A) otherwise deemed paid in full and not previously claimed as a credit.

Series 2025-B Warrants. The Series 2025-B Warrants are subject to redemption prior to their maturity as follows:

Optional Redemption of the Series 2025-B Warrants. The Series 2025-B Warrants maturing on June 1, 20__ or thereafter, or any smaller principal amount of such Series 2025-B Warrants that is a multiple of the smallest authorized denomination, may be redeemed at the option of the City on June 1, 20__, or any date thereafter at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date.

Mandatory Redemption of Term Warrants (2025-B). The Series 2025-B Warrants maturing on June 1, 20__ (the “20__ Term Warrants (2025-B)”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on June 1 in years and principal amounts (after credit as provided below) as follows:

Year	Amount
20__	
20__	
20__	
20__	
20__	
<hr/>	
\$____ of the 20__ Term Warrants (2025-B)	
will be retired at maturity	

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date with respect to 20__ Term Warrants (2025-B), the Paying Agent shall proceed to select for redemption, by lot, 20__ Term Warrants (2025-B) or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such 20__ Term Warrants (2025-B) or portions thereof for redemption on such scheduled mandatory redemption date. The City may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the 20__ Term Warrants (2025-B) scheduled for redemption on such date: (i) the principal amount of 20__ Term Warrants (2025-B) delivered by the City to the Paying Agent for cancellation and not previously claimed as a credit; (ii) the principal amount of 20__ Term Warrants (2025-B) previously redeemed (other than 20__ Term Warrants (2025-B) redeemed pursuant to this paragraph) and not previously claimed as a credit; and (iii) the principal amount of 20__ Term Warrants (2025-B) otherwise deemed paid in full and not previously claimed as a credit.

Other Matters Related to Redemption Prior to Maturity

[Except in the case of mandatory redemption of Term Warrants,] if less than all Warrants Outstanding are to be redeemed, the particular Warrants to be redeemed may be specified by the City by written notice to the Paying Agent, or, in the absence of timely receipt by the Paying Agent of such notice, shall be selected by the Paying Agent by lot or by such other method as the Paying Agent shall deem fair and appropriate; provided, however, that (i) the principal amount of Warrants of each maturity to be redeemed must be a multiple of the smallest authorized

denomination of Warrants, and (ii) if less than all Warrants with the same stated maturity are to be redeemed, the Warrants of such maturity to be redeemed shall be selected by lot by the Paying Agent.

Any redemption will be made upon at least 30 days' notice by first-class mail to the holders of Warrants to be redeemed.

If a trust is established for payment of less than all Warrants of a particular maturity, the Warrants of such maturity to be paid from the trust shall be selected by the Paying Agent within 7 days after such trust is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Paying Agent. The Paying Agent shall notify holders whose Warrants (or portions thereof) have been selected for payment from such trust and shall direct such holders to surrender their Warrants to the Paying Agent in exchange for Warrants with the appropriate designation.

Upon any partial redemption of a Warrant, such Warrant shall be surrendered to the Paying Agent in exchange for one or more new Warrants in authorized form for the unredeemed portion of principal.

Any Warrant (or portion thereof) which is to be redeemed must be surrendered to the Paying Agent for payment of the redemption price. Warrants (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the City defaults in payment of the redemption price.

Registration and Exchange

The Warrants will be issued in book-entry only form, as described below under "Book-Entry Only System", and the method for registration and exchange of the Warrants will be as provided in the book-entry only system. The provisions set forth in this section below will apply in the event that the use of the Book-Entry Only System for the Warrants is discontinued.

The Warrants are transferable only on the warrant register maintained at the principal office of the Paying Agent. Upon surrender of a Warrant to be transferred, properly endorsed, a new Warrant will be issued to the designated transferee.

The Warrants will be issued in denominations of \$5,000 or any multiple thereof and, subject to the provisions of the Warrant Ordinances, may be exchanged for a like aggregate principal amount of Warrants, of any authorized denominations and of the same maturity, as requested by the holder surrendering the same.

No service charge shall be made for any transfer or exchange, but the City may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Book-Entry Only System

The Warrants will be issued in book-entry only form, as described more particularly in Appendix C to this Official Statement.

Authority for Issuance

The Series 2025-A Warrants are being issued by the City under the authority of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 and Section 11-81-4 of the Code of Alabama 1975. The Series 2025-B Warrants are being issued by the City under the authority of the constitution and laws of the State of Alabama, including particularly Section 94.01 of the Alabama Constitution of 2022 and Section 11-47-2 of the Code of Alabama 1975.

SECURITY AND SOURCE OF PAYMENT

General

The Warrants will be general obligations of the City, for the payment of which the full faith and credit of the City will be irrevocably pledged. Revenues available to the City for payment of debt service on the Warrants include ad valorem taxes, sales and business license taxes and other general fund revenues. **None of such legally available revenues are, however, specially pledged for payment of debt service on the Warrants. Information**

describing certain taxes and other revenues of the City is set forth in the Official Statement under the caption “FINANCIAL SYSTEM–Description of Major Sources of General Fund Revenues”.

Provisions for Payment

The Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid if there shall have been deposited with the Paying Agent cash and/or Federal Securities which (assuming due and punctual payment of the principal of and interest on such Federal Securities) will provide money sufficient to pay when due the debt service due and to become due on such Warrants on and prior to the redemption date or maturity date thereof, as the case may be. At such time as the Warrants shall be deemed paid as aforesaid, they shall no longer be secured by or entitled to the benefits of the Warrant Ordinances, except for the purpose of any payment from such cash and/or Federal Securities deposited with the Paying Agent and the purpose of transfer and exchange as provided in the Warrant Ordinances.

Remedies

The City Clerk/Treasurer of the City is, under existing law, subject to mandamus in the event that she has money available for payment of debt service on the Warrants and does not apply such money as and to the extent provided in the Warrant Ordinances. Rights of the holders of the Warrants and the enforceability thereof may also be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Warrants.

United States Bankruptcy Code

The United States Bankruptcy Code permits political subdivisions and public agencies or instrumentalities of a state, including the City, that are insolvent or unable to meet their debts as they come due to file petitions for relief in the federal bankruptcy courts if it is specifically authorized to do so by state law and can satisfy certain statutory requirements related to pre-filing negotiations with its creditors. While the matter is not entirely free from doubt, prospective purchasers of the Warrants should assume that existing Alabama statutes presently authorize the City and other political subdivisions in Alabama to file such petitions for relief.

Bankruptcy proceedings by the City could have adverse effects on holders of the Warrants, including (i) delay in the enforcement of their remedies, (ii) subordination of their claims to the claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings or to other claims of creditors of the City, (iii) subordination of liens, (iv) avoidance of liens or preferential transfers, and (v) imposition without their consent of a plan for adjustment of the City's debts reducing or delaying payment on the Warrants. Such a plan of adjustment, when confirmed by the bankruptcy court, binds all creditors who had timely notice or actual knowledge of the petition or plan, even if they vote against the plan, and discharges all claims against the political subdivision debtor unless excepted from discharge by the plan or the order confirming the plan. Among other conditions for confirmation, the plan must either be accepted by each class of claims or interest that is impaired under the plan, or be accepted by at least one impaired class if the plan is otherwise confirmable, does not discriminate unfairly, and is fair and equitable. An impaired class accepts a plan only if it has been accepted by at least 2/3 in amount and more than 50% in number of the allowed claims of such class that vote to accept or reject the plan. The effect of these and other provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2025 Warrants, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series 2025 Warrants. The Policy guarantees the scheduled payment of principal of and interest on the Series 2025 Warrants when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At March 31, 2025:

- The policyholders’ surplus of AG was approximately \$3,522 million.

- The contingency reserve of AG was approximately \$1,421 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,416 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2025 Warrants or the advisability of investing in the Series 2025 Warrants. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

CONSENT RIGHTS OF THE INSURER

As long as the Insurer is not then in default on the Policy, the Insurer shall be deemed to be the sole holder of such Series 2025 Warrants insured by it for all purposes of the Warrant Ordinances and under Alabama law, including, without limitation, exercising rights and remedies of warrantholders.

THE PLAN OF FINANCING

Series 2025-A Warrants. The Series 2025-A Warrants are being issued for the purpose of (i) financing or reimbursing the cost to the City of certain capital improvements to the public facilities of the City described below (collectively, the “Improvements”), (ii) refunding certain existing bank loans of the City, and (iii) paying the costs of issuing the Series 2025-A Warrants. The Improvements are expected to include: road construction, paving projects, lighting projects and public park improvements. The City, however, has reserved the right under the Warrant Ordinance for the Series 2025-A Warrants to use the proceeds of the Series 2025-A Warrants for other legally permissible purposes.

Series 2025-B Warrants. The Series 2025-B Warrants are being issued for the purpose of (i) financing certain incentives for an economic development project in the City, (ii) funding a capitalized interest fund to pay interest on the Series 2025-B Warrants for a period of approximately 24-months, and (iii) paying the costs of issuing the Series 2025-B Warrants. In connection with such economic development project, the City will enter into an agreement with the developer of a retail establishment proposed to be constructed in the City and provide such incentives to the developer to facilitate the construction of such project. The City, however, has reserved the right under the Warrant Ordinance for the Series 2025-B Warrants to use the proceeds of the Series 2025-B Warrants for other legally permissible purposes.

SOURCES AND USES OF FUNDS

Series 2025-A Warrants. The expected sources and uses of funds for the plan of financing for the Series 2025-A Warrants are as follows:

Sources of Funds

Principal amount of Series 2025-A Warrants.....	
Plus: net original issue premium	
Total	

Uses of Funds

Costs of acquiring or reimbursing the Improvements	
Refunding Bank Loans.....	
Expenses of issuance (including underwriter’s discount, insurance premium, legal, accounting and other issuance expenses)	
Total	

Series 2025-B Warrants. The expected sources and uses of funds for the plan of financing for the Series 2025-B Warrants are as follows:

Sources of Funds

Principal amount of Series 2025-B Warrants
Plus: net original issue premium
Total

Uses of Funds

Economic Development Incentives.....
Capitalized Interest.....
Expenses of issuance (including underwriter's
discount, insurance premium, legal,
accounting and other issuance expenses)
Total

DEBT SERVICE REQUIREMENTS

The following table contains debt service requirements on the Series 2025 Warrants. The debt service requirements for all the City's general obligation indebtedness is set forth in a table under "DEBT MANAGEMENT—Debt Service Requirements on General Obligation Debt".

Fiscal Year 9/30	Series 2025-A Warrants		Series 2025-B Warrants		Total Debt Service
	Principal ⁽¹⁾⁽²⁾	Interest ⁽²⁾	Principal ⁽¹⁾⁽²⁾	Interest ⁽²⁾	
2026	\$335,000	\$415,591	-	\$247,270 ⁽³⁾	\$997,861
2027	310,000	438,000	-	247,270 ⁽³⁾	995,270
2028	330,000	422,500	\$290,000	247,270	1,289,770
2029	340,000	406,000	305,000	233,698	1,284,698
2030	360,000	389,000	320,000	219,180	1,288,180
2031	385,000	371,000	335,000	203,788	1,294,788
2032	395,000	351,750	355,000	186,770	1,288,520
2033	415,000	332,000	370,000	168,559	1,285,559
2034	440,000	311,250	390,000	149,245	1,290,495
2035	460,000	289,250	410,000	128,692	1,287,942
2036	480,000	266,250	435,000	106,880	1,288,130
2037	505,000	242,250	455,000	82,215	1,284,465
2038	530,000	217,000	485,000	56,417	1,288,417
2039	560,000	190,500	510,000	28,917	1,289,417
2040	585,000	162,500	-	-	747,500
2041	620,000	133,250	-	-	753,250
2042	650,000	102,250	-	-	752,250
2043	680,000	69,750	-	-	749,750
2044	715,000	35,750	-	-	750,750
Total	\$9,095,000	\$5,145,841	\$4,660,000	\$2,306,169	\$21,207,009

⁽¹⁾ For purposes of this table the principal amount of warrants to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

⁽²⁾ For purposes of this Preliminary Official Statement, principal and interest requirements have been estimated based on an assumed principal amount and principal maturities as shown and certain assumed interest rates. Actual principal amounts and maturities and actual interest rates will be established after pricing of the Series 2025 Warrants and will be reflected in the final Official Statement. Actual debt service payments will vary from this estimate.

⁽³⁾ Interest to be paid by capitalized interest.

INFORMATION ON CITY OF LINCOLN, ALABAMA

The City is an Alabama municipal corporation. For information on the City, see “Appendix A–Information on City of Lincoln, Alabama”.

LITIGATION

There is no litigation pending or, to the knowledge of the City, threatened questioning the validity of the Series 2025 Warrants, the proceedings under which they are to be issued, the security for the Series 2025 Warrants provided by the Warrant Ordinances, the consummation of the transactions contemplated by the Warrant Ordinances, the organization of the City, or the election or qualification of the City’s officers.

The City is a defendant in several suits and has been notified of various claims against it arising from matters relating to normal operations of a municipality. The City believes that any liability resulting from these suits and claims will be covered by the City’s liability insurance, which has customary deductible amounts, or by other funds of the City which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama; however, Chapter 93 of Title 11 of the Code of Alabama 1975 now prescribes certain limits on the liability of local governmental units for bodily injury or death and for damage or loss of property. The limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 for damage or loss of property arising out of any single occurrence. The Alabama Supreme Court has held that the limitations prescribed by Chapter 93 are constitutional.

Local governmental units throughout the country increasingly have been subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions of Section 1983 of Title 42 of the United States Code. While the question is not free from doubt, it should be assumed that existing Alabama statutory limitations on liability for personal injury would not serve to limit liability under Section 1983.

RISK FACTORS

General

An investment in the Warrants involves certain risks which should be carefully considered by investors. The sufficiency of revenues to pay debt service on the Warrants may be affected by events and conditions relating to, among other things, population and employment trends and economic conditions in the City, the nature and extent of which are not presently determinable.

Holders of the Warrants should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Warrants.

Tax-Exempt Status of Series 2025-A Warrants

It is expected that the Series 2025-A Warrants will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See “TAX MATTERS RELATING TO THE SERIES 2025-A WARRANTS”. It is anticipated that Bond Counsel will render opinions substantially in the form attached hereto as Appendix D, which should be read in its entirety for a complete understanding of the scope of the opinions and the conclusions expressed therein. A legal opinion expresses the professional judgment of the attorney rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The tax status of the Series 2025-A Warrants could be affected by post-issuance events. There are various requirements of the Internal Revenue Code that must be observed or satisfied after the issuance of the Series 2025-A Warrants in order for the Series 2025-A Warrants to qualify for, and retain, tax-exempt status. These requirements include appropriate use of the proceeds of the Series 2025-A Warrants, use of the facilities financed by the Series 2025-A Warrants, investment of warrant proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the City.

The Internal Revenue Service conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Series 2025-A Warrants, the City would be treated as the taxpayer, and the owners of the Series 2025-A Warrants may have limited rights to participate in the audit process. The initiation of an audit with respect to the Warrants could adversely affect the market value and liquidity of the Series 2025-A Warrants, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Series 2025-A Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2025-A Warrants.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2025-A Warrants could affect the tax-exempt status of the Series 2025-A Warrants or the effect of investing in the Series 2025-A Warrants. For example, the United States Congress could eliminate the exemption for interest on the Series 2025-A Warrants, or it could reduce or eliminate the federal income tax, or it could adopt a so-called flat tax.

The Warrant Ordinance for the Series 2025-A Warrants does not provide for the payment of any additional interest or penalty if a determination is made that the Series 2025-A Warrants do not comply with the existing requirements of the Internal Revenue Code or if a subsequent change in law adversely affects the tax-exempt status of the Series 2025-A Warrants or the effect of investing in the Series 2025-A Warrants.

Legislative Changes Affecting Tax Status of the Series 2025-A Warrants

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, to alter certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2025-A Warrants. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2025-A Warrants. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2025-A Warrants and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2025-A Warrants. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2025-A Warrants. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2025-A Warrants. Prospective purchasers of the Series 2025-A Warrants should consult their own tax advisors as to the tax consequences of owning the Series 2025-A Warrants in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bankruptcy

Holders of the Warrants should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases. See, "SECURITY AND SOURCE OF PAYMENT – United States Bankruptcy Code".

Limitation on Levy of Ad Valorem Taxes

The levy and collection of ad valorem taxes in Alabama are subject to the provisions of the Alabama Constitution, which places certain restrictions on ad valorem taxation. Such limitations are described more particularly in "AD VALOREM TAXATION" herein.

Cybersecurity

Despite the implementation of network security measures by the City, its information technology systems may be vulnerable to breaches, hacker and ransomware attacks, computer viruses, physical or electronic break-ins and other similar events or issues. State and local governments have recently been subject to such attacks.

The foregoing events or issues could lead to the inadvertent disclosure of confidential information, ransomware attacks holding critical information and operations hostage or could have an adverse effect on the City's ability to provide municipal services or to collect taxes and fees. Any breach or cyberattack that compromises data could result in negative press and substantial fines or penalties for violation of state privacy laws. Despite efforts of the City, no assurances can be given that the City's measures will prevent cybersecurity attacks, and no assurances can be given that any cybersecurity attacks, if successful, will not have a material adverse effect on the operations or financial condition of the City.

Qualification of Legal Opinions

The various legal opinions to be delivered concurrently with delivery of the Series 2025 Warrants (1) will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally and (2) will express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

Secondary Market

If and when a Warrantholder elects to sell a Series 2025 Warrant prior to its maturity, there is no assurance that a market shall have been established, maintained and be in existence for the sale of such Series 2025 Warrant subsequent to its issuance.

Downgrade or Withdrawal of Rating

The downgrade or withdrawal of the rating of the Series 2025 Warrants may have an adverse effect on the market value of the Series 2025 Warrants.

COVID-19 and Public Health Epidemics or Outbreaks

The outbreak of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has been declared a pandemic by the World Health Organization. Since its discovery in late 2019, it has spread globally, including throughout the United States. In the United States, there has been a focus on containing COVID-19 by prohibiting non-essential travel and limiting person-to-person contact. Throughout 2020 and 2021, states and local governments issued "stay at home" and "shelter in place" orders, which limited businesses and activities to essential functions.

The extent to which the coronavirus or other public health epidemics or outbreaks impact the City's operations and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, the extent of future outbreaks, and the actions to contain the outbreaks. Such public health epidemics or outbreaks in the United States could have a material adverse effect on the City's operations and its financial condition, including a negative impact on the revenues available to the City to pay debt service on the Series 2025 Warrants.

LEGAL MATTERS

The legality and validity of the Warrants will be approved by Bond Counsel, Maynard Nexsen, PC, Birmingham, Alabama. Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Warrants have been

authorized to be issued, and rendering an opinion in conventional form as to the validity and legality of the Warrants, the exemption of interest on the Warrants from State of Alabama income taxes, and the exemption of interest on the Warrants from federal income taxes. Bond Counsel also served as Disclosure Counsel and assisted in the preparation of this Official Statement.

It is anticipated that Bond Counsel will render opinions substantially in the forms attached hereto as Appendix D. In connection with the rendering of such opinions, Bond Counsel is serving as counsel to the City.

The various legal opinions to be delivered concurrently with the delivery of the Warrants express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS RELATING TO THE SERIES 2025-A WARRANTS

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2025-A Warrants will be excludable from gross income for federal income tax purposes if the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), that must be satisfied subsequent to the issuance of the Series 2025-A Warrants in order that interest thereon be and remain excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Series 2025-A Warrants to be included in gross income, retroactive to the date of issuance of the Series 2025-A Warrants. The City has covenanted to comply with all such requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025-A Warrants will not be an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2025-A Warrants may be taken into account for purposes of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2025-A Warrants other than the opinions expressed in the two preceding paragraphs. The form of Bond Counsel’s opinion is expected to be substantially as set forth in Appendix D to this Official Statement.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025-A Warrants will be exempt from State of Alabama income taxation.

Original Issue Discount

[In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2025-A Warrant, to the extent properly allocable to each owner of such Series 2025-A Warrant, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2025-A Warrant over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2025-A Warrants of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2025-A Warrant during any accrual period generally equals (i) the issue price of such Series 2025-A Warrant plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2025-A Warrant (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2025-A Warrant during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in such Series 2025-A Warrant. Any gain realized by

an owner from a sale, exchange, payment or redemption of a Series 2025-A Warrant will be treated as gain from the sale or exchange of such Series 2025-A Warrant.]

Premium

[An amount equal to the excess of the purchase price of a Series 2025-A Warrant over its stated redemption price at maturity constitutes premium on such Series 2025-A Warrant. A purchaser of a Series 2025-A Warrant must amortize any premium over such Series 2025-A Warrant's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2025-A Warrant is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2025-A Warrant prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2025-A Warrants at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2025-A Warrants.]

Collateral Tax Consequences

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2025-A Warrants. Prospective purchasers of the Series 2025-A Warrants should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025-A Warrants, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

NO BANK QUALIFICATION

The City will not designate the Series 2025-A Warrants as "qualified tax-exempt obligations" under Section 265(b) of the Internal Revenue Code.

TAX MATTERS RELATING TO THE SERIES 2025-B WARRANTS

Interest on the Series 2025-B Warrants is not excludable from gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code. Thus, owners of the Series 2025-B Warrants generally must include interest (including original issue discount, if any) on the Series 2025-B Warrants in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025-B Warrants will be exempt from State of Alabama income taxation.

Bond Counsel will express no opinion regarding federal tax consequences arising with regard to the Series 2025-B Warrants other than the opinions expressed in the preceding paragraph. The form of Bond Counsel's opinion is expected to be substantially as set forth in Appendix D to this Official Statement.

Each prospective purchaser of the Series 2025-B Warrants should seek advice based on the prospective purchaser's particular circumstances from an independent tax advisor.

UNDERWRITING

Series 2025-A Warrants. Raymond James & Associates, Inc., Birmingham, Alabama (the "Underwriter"), has purchased the Series 2025-A Warrants at a price of \$_____ (consisting of the \$_____ par amount of the Series 2025-A Warrants less underwriter's discount of \$_____ and _____ original issue _____ of \$_____). The initial public offering price for the Series 2025-A Warrants may be changed by the Underwriter. The Underwriter may offer and sell the Series 2025-A Warrants to certain dealers (including dealers depositing Series 2025-A Warrants in investment trust) and other at prices lower than the public offering price set forth on the cover page of this Official Statement.

Series 2025-B Warrants. The Underwriter has purchased the Series 2025-B Warrants at a price of \$_____ (consisting of the \$_____ par amount of the Series 2025-B Warrants less underwriter's discount of \$_____ and _____ original issue _____ of \$_____). The initial public offering price for the Series 2025-B Warrants may be changed by the Underwriter. The Underwriter may offer and sell the Series 2025-B Warrants to certain dealers (including dealers depositing Series 2025-B Warrants in investment trust) and other at prices lower than the public offering price set forth on the cover page of this Official Statement.

CONTINUING DISCLOSURE

General

The City has covenanted for the benefit of the holders of the Warrants to provide the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") with (i) certain financial information and operating data relating to the City on an annual basis (the "Annual Financial Information") within 180 days after the end of its fiscal year and (ii) notices ("Material Event Notices") of the occurrence of the following events in a timely manner not in excess of 10 business days after the occurrence of the event:

1. A delinquency in payment of principal of or interest on the Warrants.
2. Non-payment related defaults under the proceedings of the City authorizing the Warrants, whether or not such defaults constitute an event of default thereunder, if material.
3. Unscheduled draws on any debt service reserve fund reflecting financial difficulties of the City.
4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Warrants reflecting financial difficulties of the City.
5. Substitution of a credit enhancer for the one originally described in the Official Statement (if any), or the failure of any credit enhancer respecting the Warrants to perform its obligations under the agreement between the City and such credit enhancer.
6. The existence of any adverse tax opinion with respect to the Warrants, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants.
7. Any modification of the rights of the registered owners of the Warrants, if material.
8. Redemption of any of the Warrants prior to the stated maturity or mandatory redemption date thereof, if material, and tender offers with respect to the Warrants.
9. Defeasance of the lien of any of the Warrants or the occurrence of circumstances which, pursuant to such authorizing proceedings, would cause the Warrants, or any of them, to be no longer regarded as outstanding thereunder.
10. The release, substitution or sale of the property securing repayment of the Warrants, if material.
11. Any changes in published ratings affecting the Warrants.
12. Bankruptcy, insolvency, receivership or similar event of the City.
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

15. Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

In addition, the City has covenanted to provide in a timely manner to EMMA notice of the City's failure to provide the Annual Financial Information on or before the date specified herein. As used above in paragraphs (15) and (16), the term "financial obligation" means a: (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of a debt obligation or such a derivative instrument; the term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12 of the Securities and Exchange Commission.

The Annual Financial Information will include financial information and operating data relating to the City of the type found in the section of this Official Statement called "RESULTS OF OPERATIONS - Comparative Statement of General Fund Revenues and Expenditures" (provided partial year results shall not be required). In addition, the City will provide to EMMA, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The City shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Warrants for breach by the City of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the City. The failure by the City to provide the required information shall not be an event of default with respect to the Warrants under the Warrant Ordinances. A failure by the City to comply with its obligations to provide the required information must be reported as described above and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Warrants and their market price.

No person other than the City shall have any liability or responsibility for compliance by the City with its obligations to provide information. The Paying Agent has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The City retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

Non Compliance with Prior Undertakings

- The City's FY2022 Audited Financial Statement were not timely posted with EMMA as required by Rule 15c2-12 and the terms of continuing disclosure agreements executed by the City in connection with certain of its indebtedness (Series 2013-A and 2013-B General Obligation Warrants, Series 2016 Water and Sewer Revenue Warrants, Series 2016 General Obligation Warrants, Series 2019-A General Obligation Warrants, Series 2020 General Obligation Warrants).
- The City's FY2022 Unaudited Financial Statements were not timely posted with EMMA when the Audited Financial Statements were not available by the due date as required by Rule 15c2-12 and the terms of continuing disclosure agreements executed by the City in connection with certain of its indebtedness (Series 2013-A and 2013-B General Obligation Warrants, Series 2016 Water and Sewer Revenue Warrants, Series 2016 General Obligation Warrants, Series 2019-A General Obligation Warrants, Series 2020 General Obligation Warrants).

- The City’s FY2021-2023 Financial Information and Operating Data were not timely posted with EMMA as required by Rule 15c2-12 and the terms of continuing disclosure agreements executed by the City in connection with certain of its indebtedness (Series 2013-A and 2013-B General Obligation Warrants, Series 2013-A Water and Sewer Revenue Warrants, Series 2016 Water and Sewer Revenue Warrants, Series 2016 General Obligation Warrants, Series 2019-A General Obligation Warrants, Series 2020 General Obligation Warrants).

Engagement of Disclosure Dissemination Agent

The City has engaged Digital Assurance Certification, LLC as its disclosure dissemination agent for the purpose of assisting it with ongoing compliance with its continuing disclosure filing requirements.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), is expected to assign a rating to the Series 2025 Warrants (as shown on the cover page), with the understanding that, upon delivery of the Series 2025 Warrants, a policy insuring the payment when due of the principal of and interest on the Series 2025 Warrants will be issued by the Insurer.

S&P has assigned an underlying rating to the Series 2025 Warrants (as shown on the cover page), with such rating reflecting the rating agency’s current assessment of the creditworthiness of the City with respect to obligations secured by the full faith and credit of the City.

Any definitive explanation of the significance of such ratings may be obtained only from S&P. The City furnished to S&P the information contained in this Official Statement and certain other information respecting the City and the Series 2025 Warrants. Generally, rating agencies base their ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The above ratings are not recommendations to buy, sell or hold the Series 2025 Warrants, and any such rating may be subject to revision or withdrawal at any time by such rating agency. Any downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the affected Series 2025 Warrants. Except as may be required in connection with the obligations described under the heading “CONTINUING DISCLOSURE”, neither the City nor the Underwriter has undertaken any responsibility either to bring to the attention of the warrant holders any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Series 2025 Warrants, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or any of its agencies, then such event could also adversely affect the ratings and market value of outstanding debt obligations, including the Series 2025 Warrants.

INDEPENDENT AUDITORS

The financial statements of the City included in Appendix B to this Official Statement have been audited by the Vance CPA LLC, Oxford, Alabama, independent certified public accountants, as stated in their report appearing herein as Appendix B to this Official Statement. Such financial statements speak only as of September 30, 2024 and have been included as a matter of public record. Vance CPA LLC (1) has not been engaged to perform, and has not performed, any procedures with respect to such financial statements since the date of its report on such financial statements and (2) has not performed any procedures relating to this Official Statement. The permission of Vance CPA LLC for the use herein of its report on such financial statements has not been sought.

DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Warrants.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

The Warrants will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. The Warrant Ordinances have not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the City since the date hereof.

Certain statements contained in this Official Statement including, without limitation, statements containing the words “estimates,” “believes,” “anticipates,” “expects,” and words of similar import, constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the City to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, population trends and political and economic developments that could adversely impact the collection of revenues. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The City disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Warrants offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time. The prices and other terms of the offering and sale of the Warrants may be changed from time to time by the Underwriter after the Warrants are released for sale, and the Warrants may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

ADDITIONAL INFORMATION

For further information during the initial offering period with respect to the Warrants, contact Laura S. Carmack, City Clerk, City of Lincoln, Post Office Box 172, Lincoln, Alabama 35096, telephone number (205) 763-7777, or Raymond James & Associates, Inc., 2900 Highway 280, Suite 100, Birmingham, Alabama 35223, telephone number (205) 802-4274.

CITY OF LINCOLN, ALABAMA

APPENDIXA

Information on the City of Lincoln, Alabama

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INFORMATION ON CITY OF LINCOLN, ALABAMA

General

The City is a municipal corporation organized under the laws of the State of Alabama. The City is located in Talladega County, Alabama, which is just northeast of the geographical center of Alabama. The population of the City is 7,790 according to the most recent estimate (2024) by the United States Census Bureau. The City encompasses an area of approximately 25.87 square miles.

Governance and Administration

The City is governed under the mayor-council form of government. The Mayor is elected on an at-large basis for a 4-year term and five Council members are elected from single-member districts, each for a 4-year term. The Mayor serves as chief executive officer of the City and is responsible for the daily operations of all departments of the City. The Council acts as the legislative branch of the City. The Mayor has the power to veto resolutions or ordinance of the Council, but the Council may override his veto by a vote of two-thirds of the Council members. The Council may override a veto of the budget by a simple majority.

Executive, Legislative and Administrative Officials

Executive

Carroll “Lew” Watson, Mayor

Legislative – City Council

Sadie Britt
Billy Pearson
Jennie Massey Jones
Brandon Tate
Joey Callahan

Administrative

Laura S. Carmack, City Clerk/Treasurer

Services, Departments and Agencies

The City’s current-year budget authorizes the employment of 111 full-time (with 14 vacancies) and 4 part-time (with 1 vacancy) employees in its various departments or agencies, which include the following:

Police Department. 1 department head, 18 full-time sworn police officers (2 vacant sworn officers), 1 full-time animal control officer and 2 full-time records clerk.

Fire Department. 1 fire chief, 26 full-time fire-medics (3 vacant full-time fire-medics) and 20 part-time fire-emt/medics.

Municipal Court. 1 full-time magistrate/court clerk, 1 part-time judge, and 1 part-time city prosecutor.

Street Maintenance. 1 department head, 8 full-time employees (2 vacant full-time employees).

Parks and Recreation. 1 department head, 9 full-time employees, 1 part-time employee and 10 seasonal employees, as needed.

City Clerk’s Office. 1 department head, 5 full-time positions.

Human Resources. 1 department head.

Building and Planning. 1 department head, 2 full-time employees.

Library. 1 department head, 2 full-time employees. 1 vacant part-time employee.

Water & Sewer. 1 superintendent, 1 department head, 13 full-time employees. 3 vacant full-time positions.

Wastewater. 1 department head, 2 full-time employees. 1 full-time vacant position.

Utility Billing. 1 department head and 4 full-time employees. 2 vacant full-time positions.

Sanitation. 3 full-time employees. 1 part-time employee.

Lincoln's Landing Park. 1 department head, 2 full-time positions. 1 vacant full-time position and 3 vacant seasonal positions.

Independent Agencies and Public Corporations. There are several independent public corporations or agencies that have responsibility for providing governmental services. These agencies and public corporations, and their relationship to the City, are described more particularly in the notes to the financial statements included in Appendix B.

Summary of Governmental Services. The following table lists the governmental services provided by the City, other levels of government or independently appointed or elected agencies.

Governmental Services Provided by the City and Others				
	City	County	State	Independent
Police protection (1)	Principal	Shared	Shared	
Fire protection	Exclusive			
Street maintenance and repair (2)(3)	Shared	Shared	Shared	
Solid waste disposal.....	Principal			
Water service	Exclusive			
Sanitary sewer service	Exclusive			
Gas and electric services				Exclusive
Courts (4).....	Shared	Shared	Principal	
Road construction (5)	Shared	Shared	Principal	
Education (6)				Exclusive
Health (7).....		Shared	Principal	
Recreation (8)	Exclusive			
Cable				Exclusive
(1)	The City, the County and the State have co-extensive law enforcement jurisdiction.			
(2)	The State is responsible for maintaining state and federal highways in the city limits.			
(3)	The County is responsible for maintaining County roads in the city limits.			
(4)	The City operates a municipal court, a limited jurisdiction court which is a component of the Unified Judicial System of the State.			
(5)	The City builds and maintains streets that are not county, state or federal highways.			
(6)	The Talladega County Board of Education, the governing body of which is elected, operates schools with local ad valorem taxes and state and federal funds.			
(7)	The County and other cities in the County contribute to the County Health Department on a formula basis. The County operates a public, tax-supported hospital.			
(8)	The City finances all major public recreation facilities in its jurisdiction.			

Employee Relations

The City considers relations with its employees to be satisfactory. No employees of the City are represented by labor unions or similar employee organizations. The City does not bargain collectively with any labor union or employee organization.

Personnel and Retirement System

The City employs approximately 86 full-time personnel in its several departments at the present time. The benefits and compensation for all employees of the City's several departments are established by the City Council and, except for employees of the Water and Sewer Department, which are paid from the City's Water and Sewer Department Fund, are paid from the City's general fund.

The employees of the City participate in a retirement system established by the Legislature of Alabama known as the Employees' Retirement System of Alabama (the "Retirement System"). Contributions to the Retirement System are made by both the employees and the City. The respective amounts of such contributions are established by the Legislature of Alabama. As set forth in the audited financial statements of the City included in Appendix B to this Official Statement, as of September 30, 2023, the City's total pension liability was \$20,422,982 and the plan fiduciary net position was \$16,089,041, resulting in a net pension liability of \$4,333,941. The City's obligations under the Retirement System are described more particularly in the audited financial statements of the City included in Appendix B to this Official Statement.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45 ("GASB 45"), which is entitled Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. This Statement establishes standards for the measurement, recognition and presentation of post-employment benefits other than pension benefits ("OPEB") expenses/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplemental information in the financial reports of state and local governmental employers. GASB 45 is intended to improve the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB costs (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

The City does not offer any post-employment benefits other than pension benefits and therefore has no outstanding OPEB liability.

FINANCIAL SYSTEM

General

The City maintains a financial reporting system which provides timely and accurate reports of receipts and expenditures. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (i) the safeguarding of assets against loss from unauthorized use or disposition, and (ii) the reliability of financial records for preparing financial statements and maintaining accountability for assets. Activities of the City are monitored internally on a monthly basis and are audited annually, as required by law, by independent certified public accountants. The report of such accountants with respect to certain of the City's financial statements for the fiscal year ended September 30, 2024 is included as Appendix B to this Official Statement.

Budgetary System

The City follows the following procedures in establishing a budget:

1. The Mayor is responsible for preparing the General Fund Operating Budget for the coming fiscal year.

2. The budget is then legally adopted through the passage of an ordinance.
3. Expenditures within the special revenue funds are approved by the City Council by ordinance. The debt service fund is budgeted within the general fund budget through an operating transfer. However, a separate budget is not prepared for the debt service fund.
4. The Mayor is authorized to transfer budgeted amounts between funds; however, any unbudgeted transfers between funds must be approved by the City Council.
5. The budget is used as a benchmark to evaluate overall results in comparison to projections. Any unusual deviations are reviewed with department supervisors.
6. The budgeted amounts shown in the financial statements are the final authorized amounts for the year.

Accounting System

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, for accounting and reporting purposes, into two broad categories, Governmental Funds and Proprietary Funds. Each of these categories is divided into separate fund types as follows:

Governmental Funds

General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another proprietary fund.

Proprietary Funds

The City operates the following enterprises:

Water and Sewer Fund – Provides water and sewer services to City residents.

The notes to the financial statements included in Appendix B include a summary of other significant accounting policies of the City. See Note 1.

Description of Major Sources of General Fund Revenues

The City's major sources of revenues for its General Fund are as follows:

Sales and Use Tax. The City presently levies license, privilege and excise taxes on sales within the City's corporate limits at a rate of 5.0%, the net proceeds of which are deposited in the General Fund. The proceeds of this tax constitute a major portion of the revenues of the General Fund. According to the financial records of the City, the sales tax revenues collected by the City for the below listed fiscal years are as follows:

Fiscal Year	Sales and Use Tax Revenues
2024	\$7,786,805
2023	7,305,134
2022	6,502,152
2021	5,691,051
2020	4,727,822
2019	4,592,436

Ad Valorem Taxes. Property or ad valorem taxes are levied under various provisions of the constitution and statutes of Alabama and may be used only for the purpose or purposes for which they are levied. The City levies a 5.0-mill tax for general municipal purposes, proceeds of which are deposited in the General Fund. Under present law, the rates at which local ad valorem taxes are levied may be increased only after approval by the legislature and a majority vote of the qualified electors of the affected jurisdiction. See “AD VALOREM TAXATION”. According to the financial records of the City, the ad valorem tax revenues collected by the City for the below listed fiscal years are as follows:

Fiscal Year	Ad Valorem Tax Revenues
2024	\$621,287
2023	526,022
2022	441,857
2021	387,641
2020	373,671
2019	346,246

Under applicable judicial precedents, neither the general sales and use tax nor any business license tax may be levied at rates that are confiscatory or unreasonable, nor may the rate of any such taxes in the police jurisdiction of a municipality be fixed at a rate that will yield an amount in excess of the cost of furnishing police and fire protection and other essential services to the activity or person being taxed.

City Levied Gas Tax. Beginning August 1, 2023, the City levied a \$0.04 per gallon gas tax on each gallon of gasoline and motor fuels sold within the corporate limits of the City and a tax of \$0.02 per gallon gas tax on each gallon of gasoline and motor fuels sold outside the corporate limits of the City but within the City’s police jurisdiction. One-half of the revenue of such tax is deposited into the general fund of the City and may be utilized in the general operation of the City. The remaining one-half of the revenue of such tax is limited in its use to no other activities than installation of lighting for Exit 165 on Interstate 20 and the paving of the streets and roads within the City, including debt service on indebtedness for such purposes. According to the financial records of the City, the City levied gas tax revenues collected by the City for the fiscal year ending September 30, 2024 (the first full year of such \$0.04 gas tax collections) are as follows:

Fiscal Year	City Levied Gas Tax Revenues
2024	\$1,499,257

Payments in Lieu of Taxes. The City has entered into a written contract with Honda Manufacturing of Alabama, LLC (“Honda”) for the delivery of fire protection and prevention, emergency medical services protection, police protection and emergency rescue services to Honda’s automobile manufacturing facility located outside the corporate limits of the City. Pursuant to this contract, Honda has agreed to pay the City the sum of \$1,362,936 for the fiscal year ending September 30, 2024, which shall be deposited in the City’s general fund.

For a table setting forth the gross revenues for the City’s General Fund, see “RESULTS OF OPERATIONS - Major Sources of General Fund Revenues”.

RESULTS OF OPERATIONS

This section of the Official Statement presents certain historical financial information concerning the City. The information in this section under the subheading “Comparative Statement of General Fund Revenues and Expenditures” (excluding the partial year results) will be updated annually and such annual report will be filed with appropriate information repositories in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

Comparative Statement of General Fund Revenues and Expenditures.

The table below sets forth audited revenues, expenditures and changes in fund balance for the City's General Fund for the four fiscal years ended September 30, 2020 through 2024. The audited financial statements for fiscal year ended September 30, 2024 are included in Appendix B to this Official Statement. Audited financial statements for prior fiscal years may be obtained from the City Clerk of the City upon request.

Comparative Statement of General Fund Revenues and Expenditures and Changes in Fund Balance					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES					
Taxes	\$6,319,658	\$7,151,008	\$7,881,907	\$8,882,871	\$10,150,315
Licenses and Permits	1,350,206	1,377,610	1,559,600	1,722,302	2,040,487
Intergovernmental	93,736	1,485,321	157,354	110,170	834,073
Charges and Fees for Services	1,412,729	1,716,462	2,009,215	2,286,509	2,312,247
Miscellaneous	255,373	87,985	651,083	470,231	330,392
Total Revenue	9,431,702	11,818,386	12,259,159	13,472,083	15,667,514
EXPENDITURES					
General Government	1,043,569	1,150,173	1,108,112	1,233,679	1,297,600
Public Safety	4,816,603	4,934,682	5,113,781	5,453,324	6,076,356
Highways and streets	1,134,718	2,107,726	1,475,080	2,332,312	1,563,361
Culture and recreation	971,876	1,288,267	1,640,447	1,911,864	1,995,002
Capital Outlay	1,292,578	6,774,726	5,392,783	1,300,073	2,370,566
Debt Service					
Principal	460,968	555,907	713,149	818,420	846,789
Interest and fiscal agent fees	815,560	727,367	752,199	849,721	767,520
Total Expenditures	10,535,872	17,538,848	16,195,551	13,899,393	14,917,194
Excess of Revenues Over/(Deficiency) Expenditures	(1,104,170)	(5,720,462)	(3,936,392)	(427,310)	750,320
Other Financing Sources (Uses)					
Debt Proceeds	13,878,023	1,241,128	2,100,000	-	-
Advance refund of debt	(4,005,000)	-	-	-	-
Sale of Surplus Property	190,384	1,182	-	-	-
Operating Transfers In	-	-	300,000	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources and Uses	10,063,407	1,242,310	2,400,000	-	-
Net Change in Fund Balances	8,959,237	(4,478,152)	(1,536,392)	(427,310)	750,320
Fund Balances, October 1	743,466	9,702,703	5,224,551	3,688,159	3,260,849
Fund Balances, September 30	\$9,702,703	\$5,224,551	\$3,688,159	\$3,260,849	\$4,011,169

Major Sources of General Fund Revenues

The following table sets forth the principal sources of General Fund revenues for fiscal years ended September 30, 2023 (audited) and September 30, 2024 (audited) and the percentage of total General Fund revenues represented by each such source:

Principal General Fund Revenue Sources

	FY Ending 9/30/23 (audited)		FY Ending 9/30/24 (unaudited)	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Taxes	\$8,882,871	65.94%	\$10,150,315	64.79%
Licenses and Permits	1,722,302	12.78	2,040,487	13.02%
Intergovernmental	110,170	0.82	834,073	5.32%
Charges for services	2,286,509	16.97	2,312,247	14.76%
Miscellaneous Revenues	470,231	3.49	330,392	2.11%

For a description of the major sources of General Fund revenues, see “FINANCIAL SYSTEM - Description of Major Sources of General Fund Revenues”.

DEBT MANAGEMENT

General

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds and warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge upon the general credit of the City and to guarantee obligations of certain public corporations affiliated with the City.

In general, the issuance of general obligation bonds requires voter approval. The following types of obligations may be issued or incurred without voter approval: (1) general obligation warrants; (2) general obligation refunding bonds; (3) certain revenue anticipation bonds, warrants and notes; (4) general and special obligation bonds financing street, sidewalk and sewer improvements supported, in whole or in part, by assessments; and (5) capitalized lease obligations that are funded on a “year-to-year basis”.

The City has never defaulted in the payment of debt service on its bonds, warrants or other funded indebtedness, nor has the City ever refunded any funded indebtedness for the purpose of preventing or avoiding such a default.

Outstanding Indebtedness

Long-Term, General Obligation Indebtedness. Following the issuance of the Series 2025 Warrants, the City will have the following long-term, general obligation indebtedness outstanding:

Description of Indebtedness	Source of Payment	Principal Balance
General Obligation Warrants, Series 2025-A	general obligation	\$9,095,000*
Taxable General Obligation Warrants, 2025-B	general obligation	4,660,000*
Lease Agreement (Series 2025 Bonds) ⁽¹⁾	general obligation	8,635,000*
General Obligation Warrants, Series 2020	general obligation	6,835,000
General Obligation Warrants, Series 2019-A	general obligation	5,680,000
General Obligation Warrants, Series 2016	general obligation	3,895,000
General Obligation Warrants (Federally Tax-Exempt), Series 2013-A	general obligation	2,495,000
General Obligation Warrants (Federally Taxable), Series 2013-B	general obligation	1,150,000
Bank Notes Payable	general obligation	1,448,069
Accrued compensated employee absences	general obligation	432,502 ⁽²⁾
Hardware Store Incentives	general obligation	<u>3,000,000⁽³⁾</u>
TOTAL		<u>\$47,325,571*</u>

⁽¹⁾ See “Anticipated Indebtedness” below.

⁽²⁾ As of September 30, 2024.

⁽³⁾ See “Economic Development Incentives” below.

* Preliminary; subject to change.

Short-Term Indebtedness. Other than portions of long-term debt due in the current fiscal year, the City currently has no short-term indebtedness outstanding.

Water and Sewer Revenue Warrants. The City previously has issued its Water and Sewer Revenue Warrants, Series 2016, which are outstanding in the approximate principal amount of \$560,000. The Series 2016 Water and Sewer Revenue Warrants are payable solely from the revenues of the City’s water and sewer systems and do not in any event constitute a general obligation of the City.

Economic Development Incentives. In 2023, the City entered into an agreement with a developer to construct an Ace Hardware in the City. The agreement has a term of 15 years and during such term, the City has agreed to rebate to the developer a portion of the City’s sales tax revenue generated from the Ace Hardware. The aggregate of the expected incentives under the agreement is \$3,000,000 (the “Hardware Store Incentives”).

Anticipated Indebtedness

Other than the Series 2025 Warrants and the Series 2025 Bonds described below, the City does not expect to incur general obligation indebtedness within the next 12 months.

Lease Agreement (Series 2025 Bonds). Contemporaneously with the issuance of the Series 2025 Warrants, The Public Building Authority of the City of Lincoln, Alabama (the “PBA”) expects to issue its Building Revenue Bonds, Series 2025 (“Series 2025 Bonds”). The proceeds of the Series 2025 Bonds will be used to construct a new public safety facility for the City. Pursuant to a lease agreement between the PBA and the City, the facility will be leased to the City for a term equal to the then current fiscal year of the City and will grant to the City successive options to renew such term for subsequent fiscal years for so long as the Series 2025 Bonds remain outstanding. The City will pay rent for each fiscal year equal to the debt service due on the Series 2025 Bonds for such fiscal year. The City’s obligation to pay rent in each fiscal year while the term of the lease is in effect shall constitute a general obligation of the City. The principal amount specified in the table above is the outstanding principal amount of the Series 2025 Bonds and assumes that the lease agreement shall remain in effect and is not terminated by the City through the final maturity of the Series 2025 Bonds; provided, however, the City will have no direct, indirect, contingent or moral obligation to renew the lease agreement for any fiscal year beyond the then current fiscal year of the City and has no obligation for the payment of any amount which would otherwise become due under the lease agreement in any year subsequent to a termination of the lease agreement. In addition, the City will covenant and agree that should any space in the facility become vacant, then until such time as all such vacant space in the facility shall have been filled, the City shall not thereafter enter into any lease or rental agreement or renew any existing lease or rental agreement for other space in or about the City suitable for use for the same purposes for which the vacant space is the facility is suitable.

Constitutional Debt Limit

Constitutional Debt Limit-General. The City’s present constitutional debt limit is based on two provisions of the Constitution of Alabama of 2022, namely, Section 225 of the Constitution of Alabama of 2022 and Section 94.01 of the Constitution of Alabama of 2022 (also known as Amendment 772 to the Alabama Constitution of 1901). Obligations chargeable against debt limit for purposes of Section 225 of the Constitution of Alabama of 2022 are not chargeable against debt limit for purposes of Section 94.01 of the Constitution of Alabama of 2022, and obligations chargeable against debt limit for purposes of Section 94.01 of the Constitution of Alabama of 2022 are not chargeable against debt limit for purposes of Section 225 of the Constitution of Alabama of 2022.

Constitutional Debt Limit-Section 225. Under Section 225 of the Constitution of Alabama of 2022, the City’s present constitutional debt limit is an amount equal to 20% of the assessed value of the taxable property located within its corporate limits; however, in addition to obligations issued pursuant to Amendment No. 772, the following are not chargeable against the City’s constitutional debt limit: (1) obligations issued for the purpose of acquiring, providing or constructing schools, water works or sewers; (2) obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; (3) tax anticipation notes not exceeding one-fourth of general revenues; (4) revenue securities payable solely from the revenues of water, sewer, gas or electric systems; and (5) capitalized lease obligations that are funded on a “year-to-year basis”.

The following statement reflects the City's legal debt margin under Section 225 of the Constitution of Alabama of 2022 after the issuance of the Series 2025 Warrants and the City entering into the Lease Agreement (Series 2025 Bonds) in connection with the issuance of the Series 2025 Bonds:

City of Lincoln
Statement of Legal Debt Margin

Assessed value of taxable property (as of September 30, 2024)	\$143,165,780
Debt limit (20% of assessed value)	\$28,633,156
Total Indebtedness - Section 225:	
Long-term indebtedness ⁽¹⁾	\$47,325,571
Less: Exempt indebtedness ⁽²⁾	<u>(\$29,715,062)</u>
Total indebtedness chargeable against debt limit	<u>(\$17,610,509)</u>
Legal debt margin – Section 225	<u>\$11,022,647</u>

⁽¹⁾ Includes the indebtedness described more particularly under “Outstanding Indebtedness–Long-Term, General Obligation Indebtedness”, including the Warrants. Does not include Water and Sewer Revenue Warrants, Series 2016 and normal accounts payable or accrued but unpaid interest on outstanding indebtedness.

⁽²⁾ The following indebtedness (in the amounts noted in parentheses) is not chargeable against debt limit: (a) Series 2013-A Warrants (\$2,495,000), Series 2013-B Warrants (\$1,150,000), Series 2020 Warrants (\$6,835,000), Series 2025-B Warrants (\$4,660,000), and Hardware Store Incentives (\$3,000,000) which were all incurred by the City under Section 94.01 of the Constitution of Alabama of 2022 and accordingly are not obligations chargeable against the City's constitutional debt limit for purposes of Section 225 of the Constitution of Alabama of 2022 (see “Statement of Legal Debt Margin – Section 94.01” below), (b) Series 2016 Warrants (\$1,230,062) and Series 2025-A Warrants (\$1,710,000), which were incurred for acquiring, providing or constructing water works or sewers and not chargeable against debt limit, and (c) Lease Agreement (Series 2025 Bonds) (\$8,635,000), which is a year-to-year capital lease obligation and is not chargeable against debt limit.

Constitutional Debt Limit—Section 94.01. Under Section 94.01 of the Constitution of Alabama of 2022, the City may become indebted and issue bonds, warrants which may be payable from funds to be realized in future years, notes, or other obligations, or evidences of indebtedness to a principal amount not exceeding 50% of the assessed value of the taxable property located within its corporate limits in order to secure funds for any of the economic and industrial development powers or authorities granted in such amendment; however, under existing law, obligations chargeable against the debt limit under Section 94.01 of the Constitution of Alabama of 2022 are not chargeable against the City’s constitutional debt limit under Section 225 of the Constitution of Alabama of 2022.

The following statement reflects the City’s legal debt margin under Section 94.01 of the Constitution of Alabama of 2022 after the issuance of the Series 2025 Warrants and the City entering into the Lease Agreement (Series 2025 Bonds) in connection with the issuance of the Series 2025 Bonds:

**City of Lincoln
Statement of Legal Debt Margin**

Assessed value of taxable property (as of September 30, 2024)	\$143,165,780
Debt limit (50% of assessed value)	\$71,582,890
Total Indebtedness – Section 94.01 ⁽¹⁾	<u>(\$18,140,000)</u>
Legal debt margin – Section 94.01	<u><u>\$53,442,890</u></u>

⁽¹⁾ The following indebtedness (in the amounts noted in parentheses) is chargeable under the City’s debt limit under Section 94.01 of the Constitution of Alabama of 2022: Series 2013-A Warrants (\$2,495,000), Series 2013-B Warrants (\$1,150,000), Series 2020 Warrants (\$6,835,000), Series 2025-B Warrants (\$4,660,000), and Hardware Store Incentives (\$3,000,000), which were incurred by the City under Section 94.01 of the Constitution of Alabama of 2022.

Debt Service Requirements on General Obligation Debt

The following table contains the debt service requirements on all long-term, general obligation debt of the City that will be outstanding after the issuance of the Series 2025 Warrants and the City entering into the Lease Agreement (Series 2025 Bonds) in connection with the issuance of the Series 2025 Bonds:

City of Lincoln Debt Service Requirements on General Obligation Debt					
Fiscal Year Ended 9/30	Series 2025-A Warrants ⁽¹⁾⁽³⁾	Series 2025-B Warrants ⁽¹⁾⁽³⁾	Lease Agreement (Series 2025 Bonds) ⁽¹⁾⁽³⁾	Other Outstanding General Obligation Indebtedness ⁽¹⁾⁽²⁾	Total Debt Service
2025	-	-	-	\$1,317,194	\$1,317,194
2026	\$750,591	\$247,270	\$464,572	1,319,294	2,781,726
2027	748,000	247,270	468,250	1,316,319	2,779,839
2028	752,500	537,270	466,250	1,316,988	3,073,008
2029	746,000	538,698	464,250	1,317,781	3,066,729
2030	749,000	539,180	467,250	1,317,926	3,073,356
2031	756,000	538,788	465,000	1,315,601	3,075,389
2032	746,750	541,770	467,750	1,315,213	3,071,483
2033	747,000	538,559	465,250	1,318,238	3,069,046
2034	751,250	539,245	487,750	1,243,538	3,021,782
2035	749,250	538,692	484,000	1,250,101	3,022,042
2036	746,250	541,880	480,250	1,251,663	3,020,042
2037	747,250	537,215	481,500	1,251,988	3,017,953
2038	747,000	541,417	482,500	1,252,263	3,023,180
2039	750,500	538,917	483,250	1,251,701	3,024,368
2040	747,500	-	488,750	1,250,825	2,487,075
2041	753,250	-	488,750	1,249,575	2,491,575
2042	752,250	-	488,500	1,250,913	2,491,663
2043	749,750	-	483,000	1,250,938	2,483,688
2044	750,750	-	482,500	1,249,700	2,482,950
2045	-	-	936,750	1,050,800	1,987,550
2046	-	-	938,000	1,048,300	1,986,300
2047	-	-	937,750	1,049,650	1,987,400
2048	-	-	936,000	1,049,600	1,985,600
2049	-	-	937,750	1,048,200	1,985,950
2050	-	-	937,750	1,050,400	1,988,150
2051	-	-	936,000	-	936,000
2052	-	-	937,500	-	937,500
2053	-	-	937,000	-	937,000
2054	-	-	934,500	-	934,500
Total	\$14,240,841	\$6,966,169	\$18,428,322	\$31,904,704	\$71,540,035

(1) For purposes of this table the principal amount of warrants to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

(2) Includes all indebtedness described more particularly under “Outstanding Indebtedness—Long-Term, General Obligation Indebtedness”, other than the Series 2025-A Warrants, Series 2025-B Warrants, Lease Agreement (Series 2025 Bonds), Hardware Store Incentives, Bank Notes Payable and accrued compensated employee absences.

(3) For purposes of this Preliminary Official Statement, principal and interest requirements have been estimated based on an assumed principal amount and principal maturities as shown and certain assumed interest rates. Actual principal amounts and maturities and actual interest rates will be established after pricing of the Series 2025 Warrants and Series 2025 Bonds and will be reflected in the final Official Statement. Actual debt service payments will vary from this estimate.

Debt Ratio

The following table sets forth certain debt ratios applicable to the City:

City of Lincoln Debt Ratios

Population ⁽¹⁾	7,272
Assessed Value of Taxable Property ⁽²⁾	\$143,165,780
General Obligation Debt ⁽³⁾	\$47,325,571
General Obligation Debt Per Capita	\$6,508
Ratio of General Obligation Debt to Assessed Value	33.05%

(1) Based on 2022 Census Estimate, U.S. Census Bureau.

(2) Source: Talladega County Revenue Commissioner.

(3) After giving effect to the issuance of the Series 2025 Warrants and the Series 2025 Bonds.

AD VALOREM TAXATION

General

The levy and collection of ad valorem taxes in Alabama are subject to the Alabama Constitution, which, among other things, fixes the percentage of market value at which property can be assessed for taxation, limits the tax rates that can be levied against property and places a ceiling on the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year. The amount of an ad valorem tax in Alabama is computed by multiplying the applicable tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (the “assessment ratio”) of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are stated in terms of mills per dollar of assessed value. Each mill represents a tax equal to one-tenth of one percent of the assessed value of such property.

Classification of Taxable Property

Amendment No. 373 to the Alabama Constitution divides all taxable property into the following four classes valued for taxation according to the assessment ratios shown below:

Class I	All property owned by utilities	30%
Class II	All property not otherwise classified	20%
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10%
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15%

Amendment No. 373 permits the owner of Class III property to elect to have such property appraised at its “current use value” rather than its “fair and reasonable market value”. “Current use value” has been defined statutorily as the

value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the prospective value such property might have if it were put to some other possible use.

Assessment Ratio Adjustment

The Alabama Legislature has no power to adjust assessment ratios pertaining to local (as distinguished from state) taxes but does have the power to approve or disapprove an adjustment proposed by a local taxing authority. The governing body of any county, municipality or other local taxing authority may increase or decrease the assessment ratio with respect to any class of property subject to the following conditions: (i) the governing body of such county, municipality or other taxing authority must hold a public hearing on the proposed adjustment before authorizing the adjustment, (ii) the Legislature must adopt an act approving the adjustment and (iii) a majority of the electors of such county, municipality or other taxing authority must approve the adjustment in a special election. In addition, the Legislature has placed the following restrictions on the adjustment of assessment ratios:

(1) If the total assessed value of all property of a single class located within a taxing authority's jurisdiction exceeds 50% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class;

(2) If the total assessed value of all properties of a single class located within the jurisdiction of a local taxing authority is less than 20% of the total assessed value of all taxable property located within such jurisdiction, then the assessment ratio with respect to that class of property may be increased by no more than 5% from the ratio otherwise prescribed for such class; and

(3) If the total assessed value of all property of a single class located within the jurisdiction of a local taxing authority exceeds 75% of the total assessed value of all taxable property located within such jurisdiction, then (i) the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class and (ii) the prospective assessment ratio for all other classes of property may be increased by no more than 5% from the ratio otherwise prescribed for such classes.

The governing body of the City has not sought to adjust the assessment ratio applicable to any class of taxable property nor does the City have any present plan for any such adjustment.

Rate Adjustments

Amendment No. 373 authorizes any county, municipality or other local taxing authority to decrease any ad valorem tax rate at any time, provided that such decrease does not jeopardize the payment of any bonded indebtedness secured by such tax. Amendment No. 373 also permits a county, municipality or other local taxing authority to increase the rate at which any ad valorem tax is levied, but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed increase before authorizing the increase, (ii) the Legislature adopts an act approving the increase and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approves the increase in a special election.

Ceiling on Ad Valorem Taxes

Amendment No. 373 also limits the total amount of state, county, municipal and other ad valorem taxes that may be imposed on any class of property in any one tax year. This limitation is expressed in terms of a specified percentage of the fair and reasonable market value of such property. The applicable percentages to the four classes of property are as follows:

Class I -	2%
Class II -	1 1/2%
Class III -	1%
Class IV -	1 1/4%

If the total amount of tax otherwise payable with respect to a class of property would exceed the maximum tax limit, the millage rate of each separate tax to which such property is subject must be reduced in the same proportion that the

millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all applicable taxing authorities. This provision becomes operative as to the several classes of property only if the total tax rate exceeds the following:

Class I -	66 2/3 mills
Class II -	75 mills
Class III -	100 mills
Class IV -	83 1/3 mills

Ad Valorem Tax Rates

Ad valorem taxes on property in the jurisdiction of the City are currently levied at the following rates:

<u>Taxing Authority</u>	<u>Mills</u>
State of Alabama	6.5
Talladega County:	
General Fund	5.0
Road & Bridge	2.5
Special County Road	2.0
School – Countywide	7.0
School District 1L - Lincoln (outside city)	11.0
School District 5 - Lincoln (inside city)	<u>11.0</u>
Talladega County Total:	38.5
City of Lincoln:	
General	<u>5.0</u>
Total	50.0

Assessed Valuation of Taxable Property

The following table contains net assessed value of taxable property (including motor vehicles but excluding exempt property) in the City for the last five fiscal years:

<u>Fiscal Year</u>	<u>Assessed Value of Taxable Property</u>
2024	\$143,165,780
2023	133,198,860
2022	110,340,060
2021	94,827,600
2020	83,865,720

Source: Talladega County Revenue Commissioner.

Largest Ad Valorem Taxpayers

Listed below are the ten largest ad valorem taxpayers in the City and the City's portion of the ad valorem taxes paid by each for the tax year ended September 30, 2024.

<u>Name of Taxpayer</u>	<u>Total Assessed Value of Property in City limits</u>	<u>City's Portion of Ad Valorem Taxes Paid</u>
Legacy Cabinets, Inc.	\$4,061,880	\$16,034
Carillon Oaks Lincoln, LLC	3,251,140	16,266
Alabama Power Company	3,056,200	14,995
Rausch Coleman Homes Birmingham, LLC	2,506,760	13,282
McCaig & Griffin LLC	2,589,220	13,060
CF KL Assets 2019-1 LLC	2,171,220	10,856
Coosa Valley Electric Corp.	1,740,080	8,700
Streamliner RE Holdings, LLC	1,532,940	7,665
Legacy Cabinets, LLC	1,532,280	7,661
Lincoln Crossing, LLC	1,486,200	7,431

Source: Talladega County Revenue Commissioner.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City of Lincoln is located in northwest Talladega County. Incorporated since 1911, the City is located approximately 45 miles east of Birmingham and 14 miles north of Talladega, the county seat. Talladega County covers an area of approximately 761 square miles.

The principal agricultural products of the County include poultry and eggs, cattle and corn. The County produces a large amount of pine pulpwood and hardwood pulpwood. Major manufactured products of the County are diversified and include Honda automobiles and engines, motor vehicle parts, plastics, cabinets, air filters, ice cream and frozen desserts, wood pulp, marble, testing equipment, fabric tape, bolts and fasteners, aircraft control systems and metal products. Major mineral products of Talladega County include barite (heavy spar), chalcopyrite (copper pyrites), chert, clay (china), gold, hematite (clinton, dyestone, fossil, oolitic, and red and gray iron ore), limestone, magnetite (gray iron ore), marble (crystalline) and talc. Logan Martin Lake, comprising 275 miles of shoreline and 17,000 acres of open water, separates the County from St. Clair and Shelby counties.

Population

The following table sets forth population statistics for the City of Lincoln, Talladega County, the State of Alabama and the United States for the years indicated:

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024*</u>
City of Lincoln	2,941	4,577	6,266	6,845	7,790
Talladega County	74,107	80,321	82,291	82,149	81,375
State of Alabama	4,040,389	4,447,100	4,779,736	5,024,279	5,157,699
United States	248,718,302	281,421,906	308,745,538	331,449,281	340,110,988

Source: U.S. Census Bureau.

*Estimates

Employment

The following table sets forth estimated nonagricultural wage and salary employment statistics for Talladega County as of 2023:

Talladega County Nonagricultural Employment by Industry		
	<u>Number Employed</u>	<u>%</u>
Manufacturing	10,655	36.5
Public Administration	2,801	9.6
Health Care and Social Assistance	2,784	9.5
Retail Trade	2,742	9.4
Accommodation and Food Services	2,060	7.1
Administrative and Support and Waste Management Services	2,047	7.0
Transportation and Warehousing	1,812	6.2
Construction	1,009	3.5
Wholesale Trade	696	2.4
Finance and Insurance	527	1.8
Professional, Scientific, and Technical Services	452	1.5
Other Services (except Public Admin.)	435	1.5
Arts, Entertainment, and Recreation	342	1.2
Educational Services	258	0.9
Real Estate and Rental and Leasing	206	0.7
Management of Companies and Enterprises	137	0.5
Utilities	121	0.4
Information	<u>110</u>	<u>0.4</u>
Total wage and salary employees	29,194	100.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth labor force data, estimates and employment rates for Talladega County for the dates indicated:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>April 2025*</u>
Civilian Labor Force	34,592	33,869	34,245	34,686	34,840	35,428
Employment	31,801	32,435	33,183	33,705	33,658	34,336
Unemployment	2,791	1,434	1,062	981	1,182	1,092
Unemployment Rate	8.1%	4.2%	3.1%	2.8%	3.4%	3.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

*Preliminary, subject to change.

The following table sets forth comparative unemployment rates for Talladega County, the State of Alabama and the United States for the dates indicated:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>April 2025*</u>
Talladega County	8.1%	4.2%	3.1%	2.8%	3.4%	3.1%
State of Alabama	6.4	3.3	2.5	2.5	3.1	2.7
United States	8.1	5.3	3.6	3.6	4.0	3.9

Source: U.S. Department of Labor, Bureau of Labor Statistics.

*Preliminary, subject to change.

Major Employers

The major governmental and nongovernmental employers in Talladega County (exclusive of the County itself), their principal activity and the number of employees of each are as follows:

<u>Employer</u>	<u>Product or Service</u>	<u>Approximate No. of Employees</u>
Honda of Alabama	Automobiles/V-6 Engines	5,000
New South Express	Honda Parts Supplier	1,520
Alabama Institute for Deaf & Blind	Education Institution	1,245
Talladega County Board of Education	County Public Schools	952
Nemak - Alabama	Motor Vehicle Parts	700
Kasai North America, Inc.	Plastic Extrusion	676
Legacy Cabinets	Cabinets	551
Coosa Valley Medical Center	Healthcare	540
Wal-Mart - Sylacauga	Retailer	425
Filter Buy	AC & Custom Filters	400

Source: Talladega County Economic Development Authority.

Income Levels

There are two basic methods of measuring annual income: per capita income, which is the total income of all families and individuals in a given area divided by the total population of the area, and median family income above and below which there are an equal number of family incomes.

The following tables present comparative information regarding income levels in Talladega County and the State of Alabama:

Per Capita Income

Year	City of Lincoln	Talladega County	State of Alabama	United States
2023*	\$32,205	\$29,774	\$34,835	\$43,289
2019	27,546	24,244	28,934	35,384
2009	19,123	18,713	22,984	27,334
1999	18,442	15,704	18,189	21,587
1989	10,309	9,700	11,486	14,420

Source: 1990, 2000, 2010 and 2020 U.S. Census Bureau; 2023 American Community Survey.

*Five-year Estimates (2019-2023)

Median Family Income

Year	City of Lincoln	Talladega County	State of Alabama	United States
2023*	\$74,861	\$68,513	\$80,385	\$96,922
2019	71,146	57,538	66,772	80,069
2009	42,139	44,695	52,863	62,982
1999	36,900	38,004	41,657	50,046
1989	25,804	25,225	28,688	35,225

Source: 1990, 2000, 2010 and 2020 U.S. Census Bureau; 2023 American Community Survey.

*Five-year Estimates (2019-2023)

General Housing Characteristics

The following table presents general housing characteristics for housing units in the City of Lincoln:

	<u>2023*</u>	<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>
Total Housing Units	3,315	3,310	3,217	2,297	1,335
Total Occupied Units	2,702	2,556	2,492	1,831	1,063
Total Owner-Occupied Units	2,466	2,130	1,985	1,573	916
Median Value of Owner-Occupied Units	\$181,900	\$143,800	\$85,200	\$94,900	\$49,900

Source: 1990, 2000, 2010 and 2020 U.S. Census of Population and Housing; 2023 American Community Survey.

*Five-year Estimates (2019-2023)

Industrial Parks

The City has two industrial parks, Lincoln Industrial Park and Lincoln On The Green. The parks are fully served by electric, natural gas, water, sewer and telecommunication utilities. Highway transportation is convenient to the parks.

Lincoln Industrial Park is a fully served 160.0 acre site, located within the City limits, and zoned heavy industrial. Lincoln On The Green is a fully served 330.0-acre site, located within the City limits, and zoned office/industrial.

Education

The County is the home of 1 college and 1 community college that has 2 campuses located in the County.

Students residing within the City attend Lincoln Elementary School and Lincoln High School. The City's schools are governed by the Talladega County Board of Education, whose members are publicly elected. The Talladega County School System consists of 17 schools with an enrollment of approximately 6,860 students. The City of Talladega has 5 schools within its system and approximately 1,412 students. The City of Sylacauga has 4 schools within its system and approximately 1,898 students. In addition, the County has 3 private and parochial schools and approximately 211 students, with grades ranging from pre-kindergarten through high school.

Health Care Services

The County is the site of Citizens Baptist Medical Center (122 licensed beds) and Coosa Valley Medical Center (168 licensed beds). These facilities provide services in many areas of specialization. There is a regional mental health facility, AltaPointe Health, which merged with Cheaha Regional Mental Health Center in August 2016. The facility has locations in both Sylacauga and Talladega. There are also 11 nursing homes and assisted living facilities located in the County, with a combined total of 641 licensed beds.

Utilities

Electricity is supplied to the residents of the City by the Alabama Municipal Electric Authority and the Southeastern Power Administration and distributed by the Coosa Valley Electric Cooperative and Alabama Power. Natural gas service is supplied and distributed by Spire, formerly Alabama Gas Corporation. Water and sewer service is supplied by the Talladega County Water Department and distributed by Lincoln Water and Sewer. Telecommunication services are provided by CenturyLink, DIRECTV/AT&T, DISH Network, HughesNet/Gen4, and USA Communications.

Recreation

The Talladega Superspeedway and the International Motorsports Hall of Fame and Museum are located in Talladega, Alabama, and bring thousands of tourists to the County each year. Thousands of tourists also visit DeSoto Caverns Park and Cheaha State Park, located in the Talladega National Forest, annually. The Davey Allison Memorial Park-Walk of Fame, dedicated in 1994, is located in the City of Talladega and attracts thousands of tourists annually. Top Trails OHV Park, located on 2,800 acres in northern Talladega County, offers challenging off-road trails for bikes and quads, and is becoming one of the top off-road trail destinations in the South. Blue Bell Creameries, located in Sylacauga, offers tours of their ice cream making process. Pursell Farms, also located in Sylacauga, is a premier regional family farm resort available for Alabama corporate retreats, leisure getaways, and weddings. Pursell Farms is also home of the FarmLinks Golf Club, rated Golfweek's #1 all-access golf course in the state. Talladega's Historic Ritz Theatre (circa 1936) is considered one of the best surviving examples of the Art Deco mainstreet theatres of the 1930's. In addition, the County also has access to year-round golf, tennis, hunting, fishing, boating, canoeing, hiking and biking trails, and many other outdoor recreational activities.

Transportation

The County is served by Interstate 20, U.S. Highways 78, 231 and 280, and State Highways 21, 34, 76, 77, 148, 202, 235 and 275. Railways that intersect the County include Amtrak, CSX Transportation, Norfolk Southern Railway and Eastern Alabama Railway. There are two public airports in the County, Talladega Municipal Airport in the City of Talladega and Sylacauga Municipal Airport (Merkel Field) in the City of Sylacauga. Scheduled commercial airline service is available in Birmingham.

APPENDIX B

**Audited Financial Statements of the City of Lincoln
for the fiscal year
ended September 30, 2024**

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City of Lincoln, Alabama

Financial Statements
For the Year Ended
September 30, 2024

Vance CPA LLC
Certified Public Accountants
7830 Hwy 72, Suite 1064 • Madison, Alabama 35758
Tel. (706) 442-3084

Financial Statements

CITY OF LINCOLN LINCOLN, ALABAMA

For the Year Ended September 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Lincoln, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Lincoln, Alabama, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Lincoln, Alabama's basic financial statements as listed in the table of contents.

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, and each major fund of the City of Lincoln, Alabama, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 City of Lincoln, Alabama and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 City of Lincoln, Alabama'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.

Auditors' 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 auditors' 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lincoln, Alabama's internal control. Accordingly, no such opinion expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the City of Lincoln, Alabama's ability to continue as a going concern for a reasonable period.

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 Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, schedule of changes in net pension liability and schedule of employer's 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.

Supplementary 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. The combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Madison, Alabama
June 14, 2025

Vance CPA LLC

Vance CPA LLC

STATEMENT OF NET POSITION

Statement 1

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	3,910,501	231,896	4,142,397
Cash with fiscal agents	468,934	313,172	782,106
Due from other governments	870,281	0	870,281
Accounts receivable	127,383	3,085,418	3,212,801
Inventory	0	67,799	67,799
Prepaid expenses	64,131	0	64,131
Land and construction in progress	6,913,616	0	6,913,616
Capital assets being depreciated, net	26,311,793	25,332,485	51,644,278
Total assets	38,666,639	29,030,770	67,697,409
DEFERRED OUTFLOWS OF RESOURCES			
Bond prepaid insurance	41,286	0	41,286
Employee pension contributions	2,170,183	460,980	2,631,163
Total deferred outflows	2,211,469	460,980	2,672,449
LIABILITIES			
Current liabilities:			
Accounts payable	744,892	138,062	882,954
Accrued interest	255,715	1,654	257,369
Accrued payroll expense	33,402	8,206	41,608
Customer deposits	0	252,276	252,276
Long Term liabilities:			
Due within one year:			
Bonds payable	575,000	1,912,278	2,487,278
Notes payable	280,787	0	280,787
Compensated absences	99,981	8,145	108,126
Due within more than one year			
Bond payable	21,289,507	568,055	21,857,562
Notes payable	2,536,045	0	2,536,045
Compensated absences	299,943	24,433	324,376
Net pension liability	3,574,635	759,306	4,333,941
Total liabilities	29,689,907	3,672,415	33,362,322
DEFERRED INFLOWS OF RESOURCES			
Pension earnings	234,022	49,710	283,732
Total deferred inflows	234,022	49,710	283,732
NET POSITION			
Net investment in capital assets	8,518,998	22,852,152	31,371,150
Restricted for:			
Debt service	468,934	313,172	782,106
Capital expenditure	325,537	0	325,537
Streets	540,830	0	540,830
Court	427,349	0	427,349
Public Safety	747,362	0	747,362
Unrestricted	(74,831)	2,604,301	2,529,470
Total Net Position	10,954,179	25,769,625	36,723,804

See accompanying notes to the basic financial statements.

STATEMENT OF ACTIVITIES

Statement 2

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	Program Revenues			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Outlays
Activities				
Governmental:				
General Government	1,805,924	2,057,462	180,219	64,808
Public Safety	7,012,085	1,881,679	7,969	-
Culture and recreation	3,215,245	165,092	52,984	-
Public Works	1,861,762	643,038	863,583	-
Total governmental activities	13,895,016	4,747,271	1,104,755	64,808
Business-type activities:				
Water and sewer	4,728,795	5,505,158	-	202,100
Total business-type activities	4,728,795	5,505,158	-	202,100
Total	\$ 18,623,811	\$ 10,252,429	\$ 1,104,755	\$ 266,908
Changes in Net Position:		Governmental Activities	Business-type Activities	Total
Net (expense)/revenue		(7,978,182)	978,463	(6,999,719)
General revenues:				-
Taxes:				-
Sales		7,786,805	-	7,786,805
Motor Fuel		1,499,257	-	1,499,257
Ad Valorem		621,287	-	621,287
Tobacco		125,280	-	125,280
Other		117,686	-	117,686
Intergovernmental		70,405	-	70,405
Miscellaneous		354,572	-	354,572
Change in net position		2,597,110	978,463	3,575,573
Prior period adjustment (Note 14)		-	1,133,706	1,133,706
Net position – beginning of year		8,357,069	23,657,456	32,014,525
Net position – end of year		\$ 10,954,179	\$ 25,769,625	\$ 36,723,804

BALANCE SHEET – GOVERNMENTAL FUNDS

Statement 3

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	General Fund	Corrections Fund	Fire and Rescue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	3,560,337	427,349	514,994	816,663	5,319,343
Cash with fiscal agent	468,934	0	0	0	468,934
Accounts receivable	77,037	0	40,223	10,123	127,383
Due from other Governments	870,281	0	0	0	870,281
Prepaid expenses	64,131	0	0	0	64,131
Total assets	5,040,720	427,349	555,217	826,786	6,850,072
LIABILITIES AND FUND BALANCES					
Liabilities					
Deficit cash	0	0	0	1,408,842	1,408,842
Accounts payable	740,434	0	4,005	453	744,892
Accrued interest	255,715	0	0	0	255,715
Accrued salaries and withholdings payable	33,402	0	0	0	33,402
Total liabilities	1,029,551	0	4,005	1,409,295	2,442,851
Fund balances:					
Unspendable	64,131	0		0	64,131
Restricted	794,471	427,349	551,212	736,980	2,510,012
Committed	51,857	0		79,230	131,087
Unassigned	3,100,710	0		(1,398,719)	1,701,991
Total fund balances	4,011,169	427,349	551,212	(582,509)	4,407,221
Total liabilities and fund equity	5,040,720	427,349	555,217	826,786	

The 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	62,997
Bond Premiums	(1,297,504)
Bond Prepaid Insurance	41,286

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds, net of accumulated depreciation of \$11,739,811

33,225,409

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

(1,638,474)

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

Warrants payable	\$ (20,630,000)	
Notes Payable	(2,816,832)	
Compensated absences	(399,924)	
Total long-term liabilities (see note 7)		(23,846,756)

Total net position of governmental activities (Statement 1)

\$ 10,954,179

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

Statement 4

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	General	Corrections Fund	Fire and Rescue	Other	Total
Revenues					
Taxes	10,150,315	0	0	0	10,150,315
License	2,040,487	0	0	0	2,040,487
Intergovernmental	834,073	0	0	138,675	972,748
Charges & Fees	2,312,247	0	386,215	20,205	2,718,667
Fines & Court Cost	0	18,809	0	270,688	289,497
Miscellaneous	330,392	0	1,520	22,660	354,572
Total Revenue	15,667,514	18,809	387,735	452,228	16,526,286
Expenditures					
General Government	1,297,600	0	0	369,903	1,667,503
Public Safety	6,076,356	0	222,031	19,902	6,318,289
Highways & Streets	1,563,361	0	0	0	1,563,361
Culture & Recreation	1,995,002	0	0	18,196	2,013,198
Capital Outlay	2,370,566	0	0	0	2,370,566
Principal	846,789	0	34,160	0	880,949
Interest	767,520	0	1,979	0	769,499
Total Expenditures	14,917,194	0	258,170	408,001	15,583,365
Net Change in Fund Balance	750,320	18,809	129,565	44,227	942,921
Fund Balance Oct 1	3,260,849	408,540	421,647	(626,736)	3,464,300
Fund balance Sept 30	4,011,169	427,349	551,212	(582,509)	4,407,221

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, 2024

Net changed in fund balances – total government funds (Statement 4)	\$ 942,921
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	2,370,566
Depreciation expense	(1,018,190)
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	(6,691)
Bond premium amortization	61,772
Bond prepaid insurance amortization	(1,652)
Pension contributions are reported as expenditures in the funds while pensions expense is reported in the government-wide statements.	(572,402)
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	846,789
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditure on governmental funds:	
Accrued compensated absences	<u>(26,003)</u>
Change in Net Position of Governmental Activities	<u>\$ 2,597,110</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, 2024**

	Water Fund
ASSETS	
Current Assets	
Cash	231,896
Accounts receivable (net)	3,085,418
Inventory	67,799
Total current assets	<u>3,385,113</u>
Noncurrent Assets	
Cash w/fiscal agents	313,172
Property and Equipment	42,484,184
Accumulated Depreciation	<u>(17,151,699)</u>
Total noncurrent assets	<u>25,645,657</u>
Total asset	<u>\$ 29,030,770</u>
DEFERRED OUTFLOWS OF RESOURCES	
Employee pension contribution	460,980
Total deferred outflows of resources	<u>\$ 460,980</u>
LIABILITIES	
Current liabilities:	
Accounts payable	138,062
Accrued expenses	9,860
Accrued compensated absences	8,145
Water Revenue Warrants Payable	1,912,278
Total current liabilities	<u>2,068,345</u>
Noncurrent Liabilities:	
Customer Deposits	252,276
Accrued compensated absences	24,433
Water Revenue Warrants payable	568,055
Net pension liability	759,306
Total noncurrent liabilities	<u>1,604,070</u>
Total liabilities	<u>3,672,415</u>
DEFERRED INFLOWS OF RESOURCES	
Pension earnings	49,710
Total deferred inflows of resources	<u>\$ 49,710</u>
NET POSITION	
Net investment in capital assets	22,852,152
Restricted for bond service	313,172
Unrestricted	2,604,301
Total net position	<u>25,769,625</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, 2024

	Water Fund
Operating revenues:	
Water Sewer Fees	5,378,032
Other operating revenue	113,135
Total operating revenue	<u>5,491,167</u>
Operating expenses:	
Water Purchases	36,545
Personnel Services	1,750,507
Utilities	449,893
Repairs and Maintenance	722,978
Other Supplies and expenses	955,603
Depreciation	712,200
Total operating expenses	<u>4,627,726</u>
Operating income	<u>863,441</u>
Non-operating Revenue (Expenses)	
Interest Income	13,991
Interest Expense	(101,069)
Total Non-operating Revenue (Expenses)	<u>(87,078)</u>
Net Income before Contributed Capital	776,363
Contributed Capital	<u>202,100</u>
Change in Net Position	978,463
Prior period adjustment (Note 14)	1,133,706
Net position – beginning of year	<u>23,657,456</u>
Net position – end of year	<u>\$ 25,769,625</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, 2024**

	<u>Water & Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 5,429,413
Payments to suppliers	(3,003,749)
Payments to employees	<u>(1,750,507)</u>
Net cash provided (used) by operating activities	<u>675,157</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,112,988)
Capital Contribution	202,100
Principal paid on capital debt	(165,000)
Interest paid on capital debt	<u>(101,069)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,176,957)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>13,991</u>
Net increase (decrease) in cash and cash equivalent	<u>13,991</u>
 Net change in cash	(487,809)
 Balances – beginning of the year	<u>1,032,877</u>
Balances – end of the year	<u>\$ 545,068</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, 2024

	<u>Water Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 863,441
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	712,200
Increase/(decrease) in Accounts Receivable	(1,114,621)
Increase/(decrease) in Inventory	(29,647)
Increase/(decrease) in Accounts Payable	114,693
Increase/(decrease) in Customer Deposits	15,416
Increase/(decrease) in salaries and benefits	(1,420)
Increase/(decrease) in pension related	<u>115,095</u>
Total Adjustments	<u>(188,284)</u>
Net cash provided by operating activities	<u><u>\$ 675,157</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

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. They include all the 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, 2024

Note 1 – Summary of Significant Accounting Policies – Continued

revenues. Business-type activities are financed as a 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 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, 2024

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 principal 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 public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement like the private sector.

Major and Nonmajor Funds

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

Fund	Brief Description
Major:	
General	See above for description
Correction Fund	Accounts for revenues and expenditures restricted to court and correctional related expenses.
Fire Rescue Fund	Accounts for revenues and expenditures related to operation of the fire and rescue activities.
Proprietary Funds:	
Water and Sewer Fund	Accounts for activities of the public trust in providing water and sanitation services to the public.
Nonmajor:	
Special Revenue Funds:	
Library Fund	Accounts for revenues and expenditures on city library.
7 Cent Gasoline Fund	Accounts for revenues and expenditures which are restricted for street and highway expenses.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 1 – Summary of Significant Accounting Policies – Continued

4 Cent Gasoline Fund	Accounts for revenues and expenditures which are restricted for street and highway expenses.
Court Fund	Accounts for revenues and expenditures for the city court.
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.
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.
Rebuild Alabama	Accounts for revenues and expenditures which are restricted for street and highway expense.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

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 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, 2024

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, 2024, 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 expense 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 pipes (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, 2024, the estimated liability for compensated absences was \$432,502. 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, 2024

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.

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, 2024

Note 1 – Summary of Significant Accounting Policies – Continued

These classifications may consist of the following:

Non-spendable 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 the 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, 2024

Note 1 – Summary of Significant Accounting Policies – Continued

A detailed schedule of fund balances at September 30, 2024 is as follows:

	<u>General Fund</u>	<u>Corrections Fund</u>	<u>Fire and Rescue Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Non-spendable:					
Prepays/deposits	\$ 64,131	\$ —	\$ —	\$ —	\$ 64,131
Total non-spendable fund balance	<u>64,131</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>64,131</u>
Restricted for:					
Debt Service	468,934	—	—	—	468,934
Capital expenditures	325,537	—	—	—	325,537
Streets	—	—	—	540,830	540,830
Court	—	427,349	—	—	427,349
Public Safety	—	—	551,212	196,150	747,362
Total restricted fund balance	<u>794,471</u>	<u>427,349</u>	<u>551,212</u>	<u>736,980</u>	<u>2,510,012</u>
Committed to:					
Recreation	51,857	—	—	2,825	54,682
Public Safety	—	—	—	76,405	76,405
Total committed fund balance	<u>51,857</u>	<u>—</u>	<u>—</u>	<u>79,230</u>	<u>131,087</u>
Unassigned:	<u>3,100,710</u>	<u>—</u>	<u>—</u>	<u>(1,398,719)</u>	<u>1,701,991</u>
Total Fund Balances	<u>\$ 4,011,169</u>	<u>\$ 427,340</u>	<u>\$ 551,212</u>	<u>\$ (582,509)</u>	<u>\$ 4,407,221</u>

Recently Issued Accounting Principles

GASB Statement No. 87, *Leases*, was issued to improve accounting and financial reporting for leases by governments. The requirements of this statement are effective for fiscal year 2022. The city has no leases requiring any reporting.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest costs incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for the city for the fiscal year ending September 30, 2024. The city is currently complying with the new standard.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 1 – Summary of Significant Accounting Policies – Continued

Pensions

The Employees' Retirement System of Alabama (the Plan or ERS) 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 to be of fair value. Financial statements are prepared in accordance with the 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 Annual Comprehensive Financial Report.

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 is 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 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 based on generally accepted accounting principles.

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

Note 3 - Deposits and Investments

At year-end, the carrying amount of the City's deposits with financial institutions was \$4,924,503 and the bank balance was \$5,006,834. Of these deposits, none were uninsured and uncollateralized except for 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.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 4 – Capital Assets

	<u>Balance 10/01/23</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 09/30/24</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 64,940	\$ —	\$ —	\$ 64,940
Land	<u>6,842,019</u>	<u>6,657</u>	<u>—</u>	<u>6,848,676</u>
Total capital assets not being depreciated	<u>6,906,959</u>	<u>6,657</u>	<u>—</u>	<u>6,913,616</u>
Capital assets being depreciated:				
Buildings	8,851,285	1,530,840	—	10,382,125
Improvements other than buildings	17,108,722	—	—	17,108,722
Equipment and furniture	<u>9,727,688</u>	<u>833,069</u>	<u>—</u>	<u>10,560,757</u>
Total capital assets being depreciated	<u>35,687,695</u>	<u>2,363,909</u>	<u>—</u>	<u>38,051,604</u>
Less accumulated depreciation for:				
Buildings	(2,018,957)	(174,767)	—	(2,193,724)
Improvements other than buildings	(2,072,547)	(427,322)	—	(2,499,869)
Equipment and furniture	<u>(6,630,117)</u>	<u>(416,101)</u>	<u>—</u>	<u>(7,046,218)</u>
Total accumulated depreciation	<u>(10,721,621)</u>	<u>(1,018,190)</u>	<u>—</u>	<u>(11,739,811)</u>
Total capital assets being Depreciated net,	<u>24,966,074</u>	<u>1,345,719</u>	<u>—</u>	<u>26,311,793</u>
Governmental activity capital assets, net	<u>\$ 31,873,033</u>	<u>\$ 1,352,376</u>	<u>\$ —</u>	<u>\$ 33,225,409</u>
Depreciation expense was charged to functions as follows:				
General Government	\$ 65,323			
Public Safety	296,431			
Culture and Recreation	392,732			
Highways and Street	<u>263,704</u>			
	<u>\$ 1,018,190</u>			

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 4 – Capital Assets (continued)

	Balance 10/01/23	Additions	Reductions	Balance 09/30/24
BUSINESS-TYPE ACTIVITIES				
Buildings	7,192,735	553,553	—	7,746,288
Improvements other than Buildings	27,201,737	519,115	—	27,720,852
Equipment and Furniture	6,976,724	40,320	—	7,017,044
Total capital assets being depreciated	<u>41,371,196</u>	<u>1,112,988</u>	<u>—</u>	<u>42,484,184</u>
Less accumulated depreciation:				
Buildings	(3,297,657)	(155,045)	—	(3,452,702)
Improvements other than buildings	(7,127,885)	(414,107)	—	(7,541,992)
Equipment and Furniture	<u>(6,013,957)</u>	<u>(143,048)</u>	<u>—</u>	<u>(6,157,005)</u>
Total Accumulated Depreciation	<u>(16,439,499)</u>	<u>(712,200)</u>	<u>—</u>	<u>(17,151,699)</u>
Business-type activity capital assets, net	<u>\$ 24,931,697</u>	<u>\$400,788</u>	<u>\$ —</u>	<u>\$ 25,332,485</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.

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, 2024.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 7 - Long-Term Debt

Governmental Activities

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.

On December 2016 the City issued warrants for the purpose of (i) advance refunding \$3,340,000 aggregate principal amount of the City's General Obligation Warrants, Series 2007, which are outstanding in the aggregate principal amount of \$3,575,000 (the "Refunded 2007 Warrants"), (ii) advance refunding \$1,470,000 principal amount of the City's outstanding General Obligation Warrants (Federally Tax-Exempt), Series 2010-A, which are outstanding in the aggregate principal amount of \$1,735,000 (the "Refunded 2010-A Warrants; together with the Refunded 2007 Warrants, the "Refunded Warrants"), (iii) financing certain capital improvements, including the construction of various street and road improvements, and (iv) paying the costs of issuing the Warrants. The City, however, has reserved the right under the Warrant Ordinance to use the proceeds of the Warrants for other legally permissible purposes.

In October 2016 the city borrowed \$270,000 from a local bank to purchase a fire truck. The loan, bearing 2.74% interest rate, will be with 120 monthly payments of principal and interest in the amount of \$2,576.

On February 16, 2018 the City borrowed \$152,537 from a local bank to purchase an ambulance. The loan bearing 3.656% interest rate will be paid with 84 monthly payments of principal and interest in the amount of \$2,061.

Note 7 - Long-Term Debt (continued)

In December 2019, the City issued General Obligation Warrant Series 2019-A in the amount of \$5,920,000, due in annual principal installments ranging from \$45,000 to \$600,000 with interest at 2.0% to 4.0%, due March 1 and September 1 each year through 2049. The issued bonds had a net original issue premium of \$333,400 and were issued for the current refunding of the 2010-B bonds in the amount of \$4,112,424, to acquire or reimburse for capital improvements in the amount of \$2,004,050, and to pay the expenses of issuance.

In August 2020, the City issued General Obligation Warrant Series 2020 in the amount of \$6,905,000, due in annual principal installments ranging from zero to \$1,101,000 with interest at 1.25% to 4.0%, due March 1 and September 1 each year through 2050. These issued bonds had a net original issue premium of \$910,244 and were issued for the purpose of acquiring capital improvements.

The following is a summary of governmental activities long-term debt transactions for the City for the year ended September 30, 2024:

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	Debt Outstanding 10/01/23	increase	decrease	Debt Outstanding 9/30/24
2013 A GO Warrants	2,495,000	0	0	2,495,000
2013B GO Warrants	1,310,000	0	(80,000)	1,230,000
2016 GO Warrants	4,730,000	0	(410,000)	4,320,000
2019 A Warrants	5,780,000	0	(50,000)	5,730,000
2020 Warrants	6,875,000	0	(20,000)	6,855,000
2017 Bank Note Fire Truck	91,454	0	(28,758)	62,696
2018 Bank Note Ambulance	34,026	0	(23,882)	10,144
2021 Bank Note Ambulance	50,171	0	(10,278)	39,893
2021 Bank Note Land	488,929	0	(55,831)	433,098
2021 Bank Note Sanitation Carts	142,466	0	(29,185)	113,281
2021 Bank Note Garbage Trucks	297,362	0	(60,916)	236,446
2022 Bank Note Fire Engine	573,565	0	(21,054)	552,511
2022 Bank Note Lincoln Fishing Park	1,425,648	0	(56,885)	1,368,763
Bond Discounts	(69,688)		6,691	(62,997)
2016 Bond Premium	377,563		(25,019)	352,544
2019 A Bond Premium	235,489		(8,943)	226,546
2020 Bond Premium	746,224		(27,810)	718,414
Net Pension Liability	3,415,620	159,015	0	3,574,635
Estimated liability for compensated absences	373,921	26,003	0	399,924
	29,372,750	185,018	(901,870)	28,655,898

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 7 - Long-Term Debt (continued)

	2025	2026	2027	2028	2029	thereafter	Totals
principal							
2013 A GO Warrants	0	0	0	0	0	2,495,000	2,495,000
2013 B GO Warrants	80,000	80,000	95,000	95,000	95,000	785,000	1,230,000
2016 GO Warrants	425,000	440,000	450,000	450,000	475,000	2,080,000	4,320,000
2019 A Warrants	50,000	50,000	55,000	55,000	55,000	5,465,000	5,730,000
2020 Warrants	20,000	25,000	10,000	25,000	20,000	6,755,000	6,855,000
2017 Bank Note Fire Truck	29,555	30,708	2,433	0	0	0	62,696
2018 Bank Note Ambulance	10,144	0	0	0	0	0	10,144
2021 Bank Note Ambulance	10,538	10,804	11,077	7,474	0	0	39,893
2021 Bank Note Land	57,500	60,990	69,500	62,814	56,128	126,166	433,098
2021 Bank Note Sanitation Carts	29,923	30,680	32,410	20,268	0	0	113,281
2021 Bank Note Garbage Trucks	62,456	64,036	67,649	42,305	0	0	236,446
2022 Bank Note Fire Engine	21,910	22,800	23,727	24,676	25,625	433,773	552,511
2022 Bank Note Fishing Park	58,761	60,700	1,249,302	0	0	0	1,368,763
Total principal requirements	855,787	875,718	2,066,098	782,537	726,753	18,139,939	23,446,832
Interest							
2013 A GO Warrants	99,800	99,800	99,800	99,800	99,800	1,282,800	1,781,800
2013B GO Warrants	55,500	52,100	48,700	44,663	40,625	204,624	446,212
2016 GO Warrants	143,450	130,700	117,500	108,500	95,000	228,750	823,900
2019 A Warrants	186,144	184,644	183,581	182,413	181,244	1,553,113	2,471,139
2020 Warrants	257,300	257,050	256,738	256,613	256,113	4,467,843	5,751,657
2017 Bank Note Fire Truck	1,364	529	142	0	0	0	2,035
2018 Bank Note Ambulance	84	0	0	0	0	0	84
2021 Bank Note Ambulance	876	610	336	69	0	0	1,891
2021 Bank Note Land	12,000	10,281	8,510	6,687	4,864	15,255	57,597
2021 Bank Note Sanitation Carts	2,488	1,731	955	196	0	0	5,370
2021 Bank Note Garbage Trucks	5,192	3,613	1,993	409	0	0	11,207
2022 Bank Note Fire Engine	21,698	20,808	19,881	18,932	17,983	80,580	179,882
2022 Bank Note Fishing Park	43,398	41,460	19,983	0	0	0	104,841
Total interest requirements	829,294	803,326	758,119	718,282	695,629	7,832,965	11,637,615
Total debt requirements	1,685,081	1,679,044	2,824,217	1,500,819	1,422,382	25,972,904	35,084,447

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 7 - Long-Term Debt (continued)

Therefore:

	2030 to 2034	2035 to 2039	2040 to 2044	2045 to 2049	2050	Total
Principal						
2013 A GO Warrants	0	70,000	2,425,000	0	0	2,495,000
2013 B GO Warrants	380,000	405,000	0	0	0	785,000
2016 GO Warrants	1,945,000	135,000	0	0	0	2,080,000
2019 A Warrants	1,080,000	2,910,000	995,000	480,000	0	5,465,000
2020 Warrants	90,000	415,000	1,215,000	4,025,000	1,010,000	6,755,000
2021 Bank Note Land	126,166	0	0	0	0	126,166
2022 Bank Note Fire Engine	433,773	0	0	0	0	433,773
Total Principal	4,054,939	3,935,000	4,635,000	4,505,000	1,010,000	18,139,939
Interest						
2013 A GO Warrants	499,000	499,000	284,800	0	0	1,282,800
2013 B GO Warrants	151,188	53,436	0	0	0	204,624
2016 GO Warrants	223,350	5,400	0	0	0	228,750
2019 A Warrants	868,013	513,650	127,500	43,950	0	1,553,113
2020 Warrants	1,273,965	1,251,227	1,204,651	697,600	40,400	4,467,843
2021 Bank Note Land	15,255	0	0	0	0	15,255
2022 Bank Note Fire Engine	80,580	0	0	0	0	80,580
Total Interest	3,111,351	2,322,713	1,616,951	741,550	40,400	7,832,965
Grand Total	7,166,290	6,257,713	6,251,951	5,246,550	1,050,400	25,972,904

Business-Type-Activities

In May 2013, the city issued Water and Sewer Revenue Warrants in the amount of \$1,230,000 carrying interest rates of 1% to 2%. The warrants were issued for the purpose of financing various capital improvements, refunding outstanding indebtedness of the City, funding a debt service reserve fund, and paying the costs of the issue.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 7 - Long-Term Debt (continued)

In September 2016, the City issued Water and Sewer Revenue Warrants in the amount of \$1,080,000, carrying interest rates of 2% to 3%. The warrants were issued for the purpose of capital improvements.

The following is a summary of business-type long-term debt transactions for the City for the year ended September 30, 2024:

	Debt Outstanding 10/01/23	Increases	Decreases	Debt Outstanding 09/30/24
2016 Water and Sewer Warrants	\$ 895,000	\$ —	\$ (165,000)	\$ 730,000
2022 Bank Note Talladega Water System	1,750,000	—	(7,722)	1,742,278
2016 Bond Premium	9,665	—	(1,610)	8,055
Estimated liability for compensated absences	31,158	1,420	—	32,578
Totals	<u>\$ 2,685,823</u>	<u>\$ 1,420</u>	<u>\$ (174,332)</u>	<u>\$ 2,512,911</u>

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

For the fiscal year ended September 30						
	2025	2026	2027	2028	2029	Totals
principal						
2016 Water & Sewer Warrants	170,000	170,000	175,000	175,000	40,000	730,000
2022 Bank Note Talladega Water System	1,742,278	0	0	0	0	1,742,278
Total principal requirements	1,912,278	170,000	175,000	175,000	40,000	2,472,278
interest						
2016 Water & Sewer Warrants	18,200	13,100	8,775	3,525	450	44,050
2022 Bank Note Talladega Water System	91,470	0	0	0	0	91,470
Total interest requirements	109,670	13,100	8,775	3,525	450	135,520
Total debt requirements	2,021,948	183,100	183,775	178,525	40,450	2,607,798

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide 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 which consists of 13 trustees. The Retirement Systems of Alabama (RSA) administered the Plan. The *Code of Alabama 1975, Title 36, Chapter 27* 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.

The ERS Board of Control consists of 15 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) Eight 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. One vested active employee of an employer participating in ERS pursuant to § 36-27-6
 - d. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - f. One vested active employee of a participating employer other than a municipality, city, or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan (continued)

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 entity's election, are entitled to an annual retirement benefit, which is 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 the 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.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and 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, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan (continued)

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 employees adopting the Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employees adopted the Act 2019-132.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	30,598
Terminated employees entitled to but not yet receiving benefits	2,286
Terminated employees not entitled to a benefit	18,689
Active Members	57,278
Post-DROP Participants still in active service	<u>39</u>
Total	<u>108,890</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. The State Police of the ERS contributed 10% of the earnable compensation.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan (continued)

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting the Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' contribution rates increased from 6% to 8.5% of earnable compensation.

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.

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 preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2024, the City's active employee contribution rate was 7.14 percent of the covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 9.80 percent of pensionable payroll.

The city's contractually required contribution rate for the year ended September 30, 2024, was 7.26% of pensionable pay for Tier 1 employees, and 3.52% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2020, a percentage 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 city were \$384,593 for the year ending September 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan – (continued)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
a) Total Pension Liability as of September 30, 2022	\$17,638,384	\$18,507,538
b) Discount Rate	7.45%	7.45%
c) Entry Age Normal Cost for October 1, 2022 – September 30, 2023	\$ 536,353	\$ 536,353
d) Transfer among employees	\$ —	\$ 1,000,372
e) Actual Benefit Payments and Refunds for October 1, 2022 – September 30, 2023	<u>\$ (964,177)</u>	<u>\$ (964,177)</u>
f) Total Pension Liability as of September 30, 2023 [(a) x (1.08)] + (b) – [(c) x (1.04)]	<u>\$18,488,704</u>	<u>\$20,422,982</u>
g) Difference between expected and actual		\$ 933,906

Actuarial Assumptions

The total pension liability as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary Increases	3.25%-6.0%
Investment Rate of Return	7.45%
*Net of pension plan investment expense.	

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan – (continued)

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a long-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 weighing 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:

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan – (continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.0%	2.8%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash	<u>5.0%</u>	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. 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.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan – (continued)

<i>Changes in Net Pension Liability:</i>			
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances at 9/30/2022	\$ 17,638,384	\$13,497,235	\$ 4,141,146
Changes for the year:			
Service cost	536,353	—	536,353
Interest	1,278,144	—	1,278,144
Change of benefit terms	—	—	—
Differences between expected and actual experience	933,906	—	933,906
Contributions - employer	—	368,461	(368,461)
Contributions - employee	—	383,706	(383,706)
Net investment income	—	(1,803,444)	(1,803,444)
Benefit payments, including refunds of employee contributions	(964,177)	(964,177)	—
Administrative expense	—	—	—
Transfers among employers	1,000,372	1,000,372	—
Net changes	2,784,598	(2,591,806)	192,792
Balances at 9/30/2023	\$ 20,422,982	\$16,089,041	\$ 4,333,941

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 7.45%, 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 6.45% or 1-percentage-point higher 8.45% than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increases</u>
	<u>6.45%</u>	<u>7.45%</u>	<u>8.45%</u>
Town's net pension liability	6,785,623	4,333,941	2,293,851

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, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor's report 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 <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Note 8 - Defined Benefit Pension Plan – (continued)

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

For the year ended September 30, 2024, the city recognized pension expense of \$370,689. At September 30, 2024, 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	1,135,305	283,732
Changes of assumptions	531,565	—
Net difference between projected and actual earnings on pension plan investments	579,700	—
Employer contributions subsequently to the measurement date	<u>384,593</u>	<u>—</u>
Total	<u>2,631,163</u>	<u>283,732</u>

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:

2025	548,465
2026	430,816
2027	788,842
2028	26,975
2029	137,614
Thereafter	30,126

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.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

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 10/14/2024 and was extended to 10/14/2025.

Blanket property insurance coverage was \$36,380,165 with general and auto liability coverage of \$5,000,000.

Note 11 – Utility Customers

At the end of the fiscal year 9/30/24, the city had 4,630 utility customers.

Note 12 – Subsequent Events

The City evaluated subsequent events through June 14, 2025, the date on 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.

Note 13 – Tax Abatements

The City has tax abatements with one business under the provisions of Alabama Code section 40-98-4, et. Seq. (1975) as amended, the regulations promulgated thereunder, as the same may time to time be amended (the “Abatement Act”) state’s as of September 30, 2024. Under the act, local governmental units may permit non-educational property tax abatements up to 10 years of businesses’ future property taxes, construction related transaction taxes and mortgage and recording taxes, for the purpose of industrial development.

The agreements grant tax abatements to any businesses either already located within or agreeing to establish its location within the City. During the fiscal year ending September 30, 2024 the City granted tax abatements to an industry for the operation of a new facility in its jurisdiction. This abatement agreement amounted to \$24,949 for the fiscal year.

Note 14 – Water and Sewer

A prior period adjustment was made to record \$1,133,706 of sewer income previously omitted in 2023 restating net assets at September 30, 2023 from \$23,657,456 to \$24,791,162.

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**CITY OF LINCOLN, ALABAMA****Statement 5****For the Year Ended September 30, 2024**

	Budgeted Amounts		Actual Amounts
	Original	Final	
REVENUES			
Taxes	10,114,850	10,114,850	10,150,315
Licenses and permits	1,972,000	1,972,000	2,040,487
Intergovernmental	109,300	109,300	834,073
Charges and fees for services	1,514,366	1,514,366	2,312,247
Miscellaneous	199,600	199,600	330,392
Total Revenues	13,910,116	13,910,116	15,667,514
EXPENDITURES			
General government	1,540,936	1,540,936	1,297,600
Public Safety	6,021,466	6,093,385	6,076,356
Highways	930,218	1,645,315	1,563,361
Culture and recreation	3,101,340	3,101,340	1,995,002
Capital outlay	932,180	2,370,566	2,370,566
Debt service:			
Principal	694,894	846,789	846,789
Interest and fiscal agent fees	785,309	882,771	767,520
Total Expenditures	14,006,343	16,481,102	14,917,194
Excess Revenues Over (Under) Expenditures	(96,227)	(2,570,986)	750,320
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balance	(96,227)	(2,570,986)	750,320
Fund Balances, October 1	3,260,849	3,260,849	3,260,849
Fund Balances, September 30	\$ 3,164,622	\$ 689,863	\$ 4,011,169

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability				
Service Cost	\$ 536,353	\$ 478,521	\$ 410,233	\$ 368,252
Interest	1,278,144	1,219,413	1,085,327	967,605
Changes of benefit terms	—	12,183	—	202,370
Differences between expected and actual experience	933,906	(208,280)	504,158	(331)
Change of assumptions	—	—	879,069	—
Benefit payments, including refunds of employee contributions	(964,177)	(893,931)	(533,957)	(309,391)
Transfer among Employees	<u>1,000,372</u>	<u>215,558</u>	<u>107,955</u>	<u>412,631</u>
Net change in total pension liability	2,784,598	823,464	2,452,785	1,641,136
Total pension liability - beginning	<u>17,638,384</u>	<u>16,814,920</u>	<u>14,362,135</u>	<u>12,720,999</u>
Total pension liability – ending (a)	<u>\$ 20,422,982</u>	<u>\$ 17,638,384</u>	<u>\$ 16,814,920</u>	<u>\$ 14,362,135</u>
Plan fiduciary net position				
Contributions - employer	\$ 368,461	\$ 318,882	\$ 275,854	\$ 254,245
Contributions - member	383,706	329,559	294,843	259,965
Net investment income	1,803,444	(1,981,476)	2,804,980	662,176
Benefit payments, including refunds of employee contributions	(964,177)	(893,931)	(533,957)	(309,391)
Transfers among employers	<u>1,000,372</u>	<u>215,558</u>	<u>107,955</u>	<u>412,631</u>
Net change in plan fiduciary net position	2,591,806	(2,011,408)	2,949,675	1,279,626
Plan net position - beginning	<u>13,497,235</u>	<u>15,508,643</u>	<u>12,558,968</u>	<u>11,279,342</u>
Total net position – ending (b)	<u>\$ 16,089,041</u>	<u>\$ 13,497,235</u>	<u>\$ 15,508,643</u>	<u>\$ 12,558,968</u>
Net pension liability (asset) – ending (a) – (b)	\$ 4,333,941	\$ 4,141,149	\$ 1,306,277	\$ 1,803,167
Plan fiduciary net position as a percentage of the total pension liability	78.78%	76.52%	92.23%	87.44%
Covered-employee payroll*	\$ 4,970,158	\$ 4,673,324	\$ 4,290,312	\$ 4,414,977
Net pension liability (asset) as a Percentage of covered-employee payroll	87.3%	88.6%	30%	40.8%

(continued)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (continued)

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	2019	2018	2017	2016
Total pension liability				
Service Cost	\$ 368,227	\$ 354,171	\$ 353,054	\$ 344,144
Interest	919,202	841,045	791,503	687,310
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	(265,032)	215,728	(199,462)	309,780
Change of assumptions	—	74,893	—	553,786
Benefit payments, including refunds of employee contributions	(350,900)	(332,239)	(280,933)	(349,459)
Transfer among Employees	(63,637)	(58,769)	737	41,742
Net change in total pension liability	607,860	1,094,829	664,899	1,587,303
Total pension liability - beginning	<u>12,113,139</u>	<u>11,018,310</u>	<u>10,353,411</u>	<u>8,766,108</u>
Total pension liability – ending (a)	<u>\$ 12,720,999</u>	<u>\$ 12,113,139</u>	<u>\$ 11,018,310</u>	<u>\$ 10,353,411</u>
Plan fiduciary net position				
Contributions - employer	\$ 260,420	\$ 214,193	\$ 219,614	\$ 266,917
Contributions - member	252,432	236,550	229,228	219,883
Net investment income	281,150	920,775	1,116,349	789,784
Benefit payments, including refunds of employee contributions	(350,900)	(332,239)	(280,933)	(349,459)
Transfers among employers	(63,637)	(58,769)	737	41,742
Net change in plan fiduciary net position	379,465	980,516	1,284,995	968,867
Plan net position - beginning	<u>10,899,877</u>	<u>9,919,367</u>	<u>8,634,372</u>	<u>7,665,505</u>
Total net position – ending (b)	<u>\$ 11,279,342</u>	<u>\$ 10,899,877</u>	<u>\$ 9,919,367</u>	<u>\$ 8,634,372</u>
Net pension liability (asset) – ending (a) – (b)	\$ 1,441,657	\$ 1,098,943	\$ 1,098,943	\$ 1,719,039
Plan fiduciary net position as a percentage of the total pension liability	88.67%	90.03%	90.03%	83.40%
Covered-employee payroll*	\$ 4,209,056	\$ 3,800,136	\$ 3,800,136	\$ 3,508,675
Net pension liability (asset) as a Percentage of covered-employee payroll	34.3%	28.92%	28.92%	49.0%

(continued)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (continued)

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	<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	(251,353)	(228,015)
Transfer among Employees	—	—
Net change in total pension liability	<u>525,635</u>	<u>651,714</u>
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	<u>375,321</u>	<u>958,860</u>
Plan net position - beginning	<u>6,331,324</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	88.47%	88.47%
Covered-employee payroll*	\$ 3,746,910	\$ 3,610,011
Net pension liability (asset) as a Percentage of covered-employee payroll	29.37%	26.3%

*Employer's covered payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For FY2024 the measurement period is October 1, 2022 – September 30, 2023.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution*	\$ 384,593	\$ 370,689	\$ 333,502	\$ 280,865
Contributions in relation to the actuarial determined contribution*	<u>384,593</u>	<u>370,689</u>	<u>333,502</u>	<u>280,865</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered-employee payroll**	<u>4,884,131</u>	<u>4,970,158</u>	<u>4,673,324</u>	<u>4,290,312</u>
Contributions as a percentage of covered-employee payroll	7.87%	7.46%	7.13%	6.55%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution*	\$ 254,647	\$ 269,877	\$ 224,235	\$ 209,499
Contributions in relation to the actuarial determined contribution*	<u>254,647</u>	<u>269,877</u>	<u>224,235</u>	<u>209,499</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered-employee payroll**	<u>4,414,977</u>	<u>4,209,056</u>	<u>3,989,656</u>	<u>3,800,136</u>
Contributions as a percentage of covered-employee payroll	5.77%	6.4%	5.6%	5.5%

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution*	\$ 275,561	\$ 230,752
Contributions in relation to the actuarial 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 2024 the fiscal year is the twelve-month period underlying the financial statements.

**Employer's covered payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For FY2024, the fiscal year is the twelve-month period underlying the financial statements.

(continued)

SCHEDULE OF EMPLOYER CONTRIBUTIONS (continued)

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

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 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	16.2 years
Asset valuation method	Five-year smoothed market
Inflation	2.50%
Salary increases	3.25 – 6.0%, including inflation
Investment rate of return	7.45%, 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, 2024

	Special Revenue				
	Library Fund	7 Cent Gasoline Fund	4 Cent Gasoline Fund	Court Fund	Police Dept Fund
ASSETS					
Cash	\$ 1,830	\$ 78,548	\$ 62,565	\$ -	\$ 1,315
Other Receivables	-	-	-	10,123	-
Total assets	\$ 1,830	\$ 78,548	\$ 62,565	\$ 10,123	\$ 1,315
LIABILITIES					
Cash deficit	-	-	-	1,406,037	-
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	1,406,037	-
FUND BALANCES					
Restricted for:					
Streets	-	78,548	62,565	-	-
Public Safety	-	-	-	-	-
Committed for:					
Recreation	1,830	-	-	-	-
Public Safety	-	-	-	-	1,315
Unassigned	-	-	-	(1,395,914)	-
Total fund balances	1,830	78,548	62,565	(1,395,914)	1,315
Total Liabilities and Fund Balances	\$ 1,830	\$ 78,548	\$ 62,565	\$ 10,123	\$ 1,315

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	Special Revenue				
	Fire Dept Fund	Hazard Material Fund	Toys for Tots	Rebuild Alabama	Motor Vehicle Fund
ASSETS					
Cash	\$ 2,331	\$ 189,021	\$ 1,373	\$ 195,203	\$ 204,514
Other receivables	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>2,331</u>	<u>189,021</u>	<u>1,373</u>	<u>195,203</u>	<u>204,514</u>
LIABILITIES					
Cash deficit	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Accounts payable	<u>75</u>	<u>—</u>	<u>378</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>75</u>	<u>—</u>	<u>378</u>	<u>—</u>	<u>—</u>
FUND BALANCES					
Restricted for:					
Streets	<u>—</u>	<u>—</u>	<u>—</u>	<u>195,203</u>	<u>204,514</u>
Public Safety	<u>—</u>	<u>189,021</u>	<u>—</u>	<u>—</u>	<u>—</u>
Committed to:					
Recreation	<u>—</u>	<u>—</u>	<u>995</u>	<u>—</u>	<u>—</u>
Public Safety	<u>2,256</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Unassigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balances	<u>2,256</u>	<u>189,021</u>	<u>995</u>	<u>195,203</u>	<u>204,514</u>
Total liabilities and fund balances	<u>\$ 2,331</u>	<u>\$ 189,021</u>	<u>\$ 1,373</u>	<u>\$ 195,203</u>	<u>\$ 204,514</u>

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Special Revenue				
Seizure Fund	Drug Tip Fund	Fire Prevention Fund	Total Nonmajor Governmental Fund	
\$ 7,129	\$ 72,834	\$ -	\$ 816,663	
-	-	-	10,123	
\$ 7,129	\$ 72,834	\$ -	\$ 826,786	
-	-	2,805	1,408,842	
-	-	-	453	
-	-	2,805	1,409,295	
-	-	-	540,830	
7,129	-	-	196,150	
-	-	-	2,825	
-	72,834	-	76,405	
-	-	(2,805)	(1,398,719)	
7,129	72,834	(2,805)	(582,509)	
\$ 7,129	\$ 72,834	\$ -	\$ 826,786	

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

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

	Special Revenue				
	Library Fund	7 Cent Gasoline Fund	4 Cent Gasoline Fund	Court Fund	Police Dept Fund
REVENUES					
Fines & Forfeitures	-	-	-	269,767	-
Fees	2,230	-	-	-	-
Intergovernmental	-	26,165	20,677	-	-
Donations	-	-	-	-	7,500
Interest	-	66	53	-	-
Total revenues	\$ 2,230	\$ 26,231	\$ 20,730	\$ 269,767	\$ 7,500
EXPENDITURES					
General Government	-	-	-	369,903	-
Culture & recreation	2,342	-	-	-	-
Public Safety	-	-	-	-	9,599
Total expenditures	2,342	-	-	369,903	9,599
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(112)	26,231	20,730	(100,136)	(2,099)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other Financing sources (uses)	-	-	-	-	-
Net Change in Fund Balance	(112)	26,231	20,730	(100,136)	(2,099)
Fund Balances, October 1	1,942	52,317	41,835	(1,295,778)	3,414
Fund Balances, September 30	\$ 1,830	\$ 78,548	\$ 62,565	\$ (1,395,914)	\$ 1,315

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

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Special Revenue

Fire Dept Fund	Hazard Material Fund	Toys For Tots	Rebuild Alabama	Motor Vehicle Fund
-	-	-	-	-
-	17,975	-	-	-
-	-	-	69,275	22,558
469	-	14,224	-	-
-	-	-	-	348
\$ 469	\$ 17,975	\$ 14,224	\$ 69,275	\$ 22,906
-	-	-	-	-
-	-	15,854	-	-
-	10,303	-	-	-
-	10,303	15,854	-	-
469	7,672	(1,630)	69,275	22,906
-	-	-	-	-
-	-	-	-	-
469	7,672	(1,630)	69,275	22,906
1,787	181,349	2,625	125,928	181,608
\$ 2,256	\$ 189,021	\$ 995	\$ 195,203	\$ 204,514

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

CITY OF LINCOLN, ALABAMA

For the Year Ended September 30, 2024

Special Revenue

Seizure Fund	Drug Tip Fund	Fire Prevention Fund	Total Nonmajor Governmental Fund
-	921	-	270,688
-	-	-	20,205
-	-	-	138,675
-	-	-	22,193
-	-	-	467
\$ -	\$ 921	\$ -	\$ 452,228
-	-	-	369,903
-	-	-	18,196
-	-	-	19,902
-	-	-	408,001
-	921	-	44,227
-	-	-	-
-	-	-	-
-	921	-	44,227
7,129	71,913	(2,805)	(626,736)
\$ 7,129	\$ 72,834	\$ (2,805)	\$ (582,509)

APPENDIX C

Book-Entry Only System

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The information contained in this section concerning The Depository Trust Company and its book-entry only system has been obtained from materials furnished by The Depository Trust Company to the City. The City and the Underwriter do not make any representation or warranty as to the accuracy or completeness of such information.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Warrants. The Warrants will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025-A Warrant certificate will be issued for each maturity of the Warrants, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Warrants on DTC’s records. The ownership interest of each actual purchaser of each Series 2025-A Warrant (a “Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Warrants are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Warrants, except in the event that use of the book-entry system for the Warrants is discontinued.

To facilitate subsequent transfers, all Warrants deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Warrants. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Warrants are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Warrants may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Warrants, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the terms of the Warrants. For example, Beneficial Owners of Warrants may wish to ascertain that the nominee holding the Warrants for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative,

Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided to them directly.

Redemption notices shall be sent to DTC. If less than all of the Warrants are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the City as soon as possible after the record date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Warrants are credited on the record date (identified in a listing attached to the "Omnibus Proxy").

Principal, premium and interest payments on the Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon receipt of funds and corresponding detail information, in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Direct Participants and Indirect Participants and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium (if any) and interest to Cede & Co. (or such other DTC nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Warrants at any time by giving reasonable notice to the City and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Warrants are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Warrants will be printed and delivered to DTC.

The City, the Paying Agent and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Warrants (1) payments of principal, redemption price or interest on the Warrants; (2) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Warrants; or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Warrants, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the United States Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with DTC participants are on file with DTC.

Neither the City, the Paying Agent nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Warrants; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Warrants; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Warrant Ordinances to be given to holders of the Warrants; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Warrants; or (6) any consent given or other action taken by DTC as a holder of the Warrants.

APPENDIX D

Proposed Opinions of Bond Counsel

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(Form of Opinion of Bond Counsel for Series 2025-A Warrants)

[Closing Date]

Holders of the Warrants
referred to below

Re: \$9,095,000* General Obligation Warrants, Series 2025-A, issued by the City of Lincoln, Alabama

We have acted as bond counsel to the City of Lincoln, a municipal corporation organized under the laws of the State of Alabama (the “City”), in connection with the issuance by the City of the above-referenced warrants (the “Warrants”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Series 2025-A Warrants are being issued under and pursuant to an ordinance duly adopted by the governing body of the City on _____ (the “Warrant Ordinance”) and the constitution and laws of the State of Alabama, including particularly Sections 11-47-2 and 11-81-4 of the Code of Alabama (1975), as amended.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

In connection with the rendering of this opinion, we have served as counsel to the City.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Warrant Ordinance has been duly adopted by the governing body of the City and constitutes a valid and binding obligation of the City enforceable against the City in accordance with the terms thereof.

2. The Warrants have been duly authorized and executed by the City and constitute valid and binding orders on the City Clerk/Treasurer of the City for the payment thereof as therein provided. The indebtedness evidenced by the Series 2025-A Warrants is a general obligation of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit.

3. Interest on the Series 2025-A Warrants is excludable from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2025-A Warrants in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2025-A Warrants to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025-A Warrants.

4. Interest on the Series 2025-A Warrants is not an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Series 2025-A Warrants may be taken into account for purposes

* Preliminary, subject to change.

of the alternative minimum tax imposed on applicable corporations pursuant to Section 55(b)(2) of the Internal Revenue Code, as amended by the Inflation Reduction Act of 2022.

5. Interest on the Series 2025-A Warrants is exempt from State of Alabama income taxation.

We express no opinion regarding any federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2025-A Warrants, other than the opinions expressed in paragraphs 3, 4 and 5 above. Owners of the Series 2025-A Warrants should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025-A Warrants, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

The rights of the holders of the Series 2025-A Warrants and the enforceability of the Series 2025-A Warrants and the Indenture may be limited by (1) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2025-A Warrants.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

(Form of Opinion of Bond Counsel for Series 2025-B Warrants)

[Closing Date]

Holders of the Warrants
referred to below

**Re: \$4,660,000* Taxable General Obligation Warrants, Series 2025-B, issued by the City of
Lincoln, Alabama**

We have acted as bond counsel to the City of Lincoln, a municipal corporation organized under the laws of the State of Alabama (the “City”), in connection with the issuance by the City of the above-referenced warrants (the “Warrants”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Series 2025-B Warrants are being issued under and pursuant to an ordinance duly adopted by the governing body of the City on _____ (the “Warrant Ordinance”) and the constitution and laws of the State of Alabama, including particularly Section 94.01 of the Alabama Constitution of 2022 and Section 11-47-2 of the Code of Alabama (1975), as amended.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

In connection with the rendering of this opinion, we have served as counsel to the City.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Warrant Ordinance has been duly adopted by the governing body of the City and constitutes a valid and binding obligation of the City enforceable against the City in accordance with the terms thereof.
2. The Warrants have been duly authorized and executed by the City and constitute valid and binding orders on the City Clerk/Treasurer of the City for the payment thereof as therein provided. The indebtedness evidenced by the Series 2025-B Warrants is a general obligation of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit.
3. Interest on the Series 2025-B Warrants is not excludable from gross income of the holders thereof for federal income tax purposes. Purchasers of the Series 2025-B Warrants should consult their own tax advisors as to the tax consequences of purchasing or owning the Series 2025-B Warrants.
4. Interest on the Series 2025-B Warrants is exempt from State of Alabama income taxation.

We express no opinion regarding any federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2025-B Warrants, other than the opinions expressed in paragraphs 3 and 4 above. Owners of the Series 2025-B Warrants should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2025-B Warrants, which may include original issue discount, original issue

* Preliminary, subject to change.

premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

The rights of the holders of the Series 2025-B Warrants and the enforceability of the Series 2025-B Warrants and the Indenture may be limited by (1) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2025-B Warrants.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,

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APPENDIX E

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019
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(212) 974-0100