

Certified Public Accountants
& Consultants



Town of Pike Road, Alabama
For the Year Ended September 30, 2024
Annual Financial Report

Introductory Section

**Town of Pike Road, Alabama
Annual Financial Report
For the Year Ended September 30, 2024**

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**Town of Pike Road, Alabama
List of Principal Officials
As of September 30, 2024**

Mayor - Gordon Stone

Town Council

Chris Dunn
Rob Steindorff
Chris Myers
Angie Bradsher
Doug Fuhrman

Heads of Departments

Finance Director - Denna Caro
Town Clerk - Lisa Burke
Senior Planner - Darrell Rigsby
Building Director - Lowell Thomas
Community Development Director - Katy Brasfield

Financial Section

Independent Auditor's Report

The Honorable Mayor and
Members of the Town Council
Town of Pike Road, Alabama

Unmodified and Adverse Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Primary Government	
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Governmental Funds	
General Fund	Unmodified
Capital Projects Fund	Unmodified
Education Fund	Unmodified
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Proprietary Fund	
Pike Road Station	Unmodified
Discretely Presented Component Unit	Adverse

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, 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.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Unmodified and Adverse Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Town, as of September 30, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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 unmodified and adverse audit opinions.

Matters Giving Rise to Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the Town's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Town has not issued such reporting entity financial statements. The effects of not including the Town's legally separate component unit as a discretely presented component unit has not been determined.

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 Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule - general fund, schedule of changes in the net pension liability, and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements and schedule of revenues, expenditures, and changes in fund balance - education fund for the year ended September 30, 2024, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedule of revenues, expenditures, and changes in fund balance - education fund for the year ended September 30, 2024, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Town's basic financial statements for the years ended September 30, 2013 - September 30, 2023, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purposes of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The schedule of revenues, expenditures, and changes in fund balance - education fund for the years ended September 30, 2013 - September 30, 2023, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 - 2023 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 - 2023 schedules of revenues, expenditures, and changes in fund balance - education fund are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Information

Management is responsible for the other information. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Jackson Thornton & Co. PC

Montgomery, Alabama
March 12, 2025

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2024

The Town of Pike Road's (the Town) Management's Discussion and Analysis report provides an overview of the Town's financial activities for fiscal year ended September 30, 2024. Please read the report in conjunction with the Town's financial statements and notes to the financial statements that immediately follow this analysis.

Financial Highlights - Significant Items to Note

- ❖ The assets and deferred outflows of the Town exceeded the liabilities and deferred inflows at the close of the 2024 fiscal year by \$107.6 million (net position).
- ❖ The Town's net position increased by \$456,000 in the 2024 fiscal year.
- ❖ The total cost of the Town's programs for the 2024 fiscal year was \$15.9 million. The excess of expenses over charges for services, grants, and contributions over expenses was \$14.1 million.
- ❖ The General Fund revenues during the 2024 fiscal year exceeded expenditures by \$1.0 million.
- ❖ At the end of the 2024 fiscal year, the General Fund unassigned fund balance was \$16.2 million, or 345% of the total General Fund operating expenses before capital outlay (\$2.6 million).
- ❖ Major capital expenditures for the 2024 fiscal year totaled \$3.7 million, which included \$795,000 of school construction costs.

Using the Annual Financial Report - An Overview for the User

The annual financial report consists of five parts - management's discussion and analysis (this section), the independent auditor's report, the basic financial statements, required supplementary information, and other supplementary information.

The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements - The focus of these statements is to provide readers with a broad overview of the Town's finances as a whole, similar to a private-sector business, instead of an individual fund basis.

Government-wide financial statements report both long-term and short-term information about the Town's overall financial status including the capitalization of capital assets and depreciation of all exhaustible capital assets and the outstanding balances of long-term debt and other obligations. These statements report all assets and liabilities perpetuated by these activities using the accrual basis of accounting. The accrual basis takes into account all of the Town's current year's revenues and expenses regardless of when cash is received or paid. This approach moves the financial reporting method for governmental entities closer to the financial reporting methods used in the private sector.

The following government-wide financial statements report is on all of the governmental activities of the Town as a whole.

The statement of net position (page 13) is most closely related to a balance sheet. It presents information on all of the Town's assets (what it owns) and liabilities (what it owes), with the difference between the two reported as net position. The net position reported in this statement represents the accumulation of changes in net position for the current fiscal year and all fiscal years in the past combined. Over time, the increase or decrease in net position reported in this statement may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2024

The statement of activities (page 14) is most closely related to an income statement. It presents information showing how the Town's net position changed during the current fiscal year only. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. This statement shows gross expenses and offsetting program revenues to arrive at net cost information for each major expense function or activity of the Town. By showing the change in net position for the year, the reader may be able to determine whether the Town's financial position has improved or deteriorated over the course of the current fiscal year.

However, the reader will also need to consider nonfinancial factors, such as changes in the Town's property tax base and the condition of the Town's infrastructure assets, in order to assess the overall health of the Town.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal and internal requirements. All of the funds of the Town can be classified as either governmental funds or proprietary funds.

Governmental Funds - Governmental fund financial statements (page 15) account for basically the same governmental activities reported in the government-wide financial statements. Fund financial statements presented herein display separate information on each of the Town's most significant governmental funds or major funds. This is required in order to better assess the Town's accountability for significant governmental programs or certain dedicated revenue. The Town's major funds are the General Fund, the Capital Projects Fund, the Education Fund, and the Debt Service Fund.

Proprietary Funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the activities of its shopping center facility (pages 19 through 21).

The fund financial statements are measured on the modified-accrual basis of accounting. As a result, the fund financial statements focus more on the near-term use and availability of spendable resources. The information provided in these statements is useful in determining the Town's immediate financial needs. This is in contrast to the accrual-based government-wide financial statements, which focus more on overall long-term availability of spendable resources. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements are reconciled in these financial statements (pages 16 and 18). These reconciliations are useful to readers in understanding the long-term impact of the Town's short-term financing decisions.

Notes to the Basic Financial Statements - The notes to the basic financial statements (pages 22 - 41) provide additional information that is essential for the statements to fairly represent the Town's financial position and its operations. The notes contain important information that is not part of the basic financial statements. However, the notes are an integral part of the statements, not an appendage to them.

Required Supplementary Information - After the presentation of the basic financial statements, the required supplementary information is presented following the notes to the basic financial statements. The required supplementary information (pages 42 - 45) provides a comparison of the adopted budget of the Town's General Fund to the actual operating results for the fiscal year. The comparison of this data allows users to assess management's ability to project and plan for its operations throughout the year. The required supplementary information also provides a schedule of changes in the net pension liability and a schedule of employer contributions to the pension plan.

Other Supplementary Information - Lastly, the combining and individual fund statements (pages 46 and 47) provides information for special revenue funds which include operating funds that are restricted as to use by Federal or State governments and special purpose funds established by authority of the Town Council.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2024

The schedule of revenues, expenditures, and changes in fund balance - Education Fund (page 48) provides detailed information for all fiscal years since the fund's inception.

Analysis of the Town of Pike Road's Overall Financial Position

As indicated earlier, net position may serve over time as a useful indicator of a government's financial position. Refer to Table 1 when reading the following analysis of net position:

Table 1: Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets, as restated	\$ 174,584,164	\$ 176,622,677	\$ 773,516	\$ 1,037,607	\$ 175,357,680	\$ 177,660,284
Capital assets	86,550,042	85,682,869	2,563,085	2,644,077	89,113,127	88,326,946
Total assets	261,134,206	262,305,546	3,336,601	3,681,684	264,470,807	265,987,230
Deferred Outflows of Resources	102,535	265,128			102,535	265,128
Liabilities						
Current liabilities	993,890	838,041	9,910	6,218	1,003,800	844,259
Long-term liabilities	153,612,353	155,592,254	1,595,693	1,794,291	155,208,046	157,386,545
Total liabilities	154,606,243	156,430,295	1,605,603	1,800,509	156,211,846	158,230,804
Deferred Inflows of Resources	139,744		602,601	858,598	742,345	858,598
Net Position						
Investment in capital assets, net	37,621,300	36,426,462	983,052	865,446	38,604,352	37,291,908
Restricted, as restated	145,669,475	150,067,627			145,669,475	150,067,627
Unrestricted	(76,800,021)	(80,353,710)	145,345	157,131	(76,654,676)	(80,196,579)
Total net position	\$ 106,490,754	\$ 106,140,379	\$ 1,128,397	\$ 1,022,577	\$ 107,619,151	\$ 107,162,956

The Town's assets exceeded liabilities by \$106.5 million at September 30, 2024, an increase of 0.4% from last year.

Net position invested in capital assets of \$37.6 million reflect the Town's investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, fixtures, furniture, and equipment), less accumulated depreciation and debt related to the acquisition of the assets. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations.

Restricted net position in the amount of \$145.7 million represents the fund balances of the Capital Projects Fund, Education Fund, Debt Service Fund, Gasoline Tax Fund, Government Improvement Fund, and Fire Protection Fund. The first three funds have been restricted by contracts executed by the Council and third-parties, with the last three funds restricted by enabling legislation.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2024

Analysis of the Town of Pike Road's Overall Operating Results

The results of the 2024 fiscal year's operations as a whole are reported in detail in the statement of activities (page 14). Table 2 below condenses the results of operations for the 2024 fiscal year into a format where the reader can easily see the total revenues of the Town for the year. It also shows the impact that operations had on changes in net position as of September 30, 2024 and 2023.

Table 2: Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 572,195	\$ 436,221	\$ 423,070	\$ 405,698	\$ 995,265	\$ 841,919
Operating grants and contributions	92,878	4,310			92,878	4,310
Capital grants and contributions	759,250	393,731			759,250	393,731
General revenues						
Taxes	12,365,401	10,908,172			12,365,401	10,908,172
Unrestricted shared revenues	1,113,341	1,523,915			1,113,341	1,523,915
Interest income	941,689	703,912	2,715	13,769	944,404	717,681
Miscellaneous	132,479	67,737			132,479	67,737
Transfers		(5,048)		5,048		
Total revenues	<u>15,977,233</u>	<u>14,032,950</u>	<u>425,785</u>	<u>424,515</u>	<u>16,403,018</u>	<u>14,457,465</u>
Expenses						
General government	2,026,671	1,800,215			2,026,671	1,800,215
Public works	2,597,305	2,065,623			2,597,305	2,065,623
Public safety	1,765,612	1,405,888			1,765,612	1,405,888
Economic development	301,651	337,353			301,651	337,353
Community related	689,770	683,561			689,770	683,561
Education	2,282,235	100,673,670			2,282,235	100,673,670
Interest and fiscal charges	5,963,614	4,528,861			5,963,614	4,528,861
Pike Road Station			319,965	275,025	319,965	275,025
Total expenses	<u>15,626,858</u>	<u>111,495,171</u>	<u>319,965</u>	<u>275,025</u>	<u>15,946,823</u>	<u>111,770,196</u>
Special Item, As Restated		<u>139,587,555</u>				<u>139,587,555</u>
Change in Net Position	350,375	42,125,334	105,820	149,490	456,195	42,274,824
Net Position - Beginning, As Restated	<u>106,140,379</u>	<u>64,015,045</u>	<u>1,022,577</u>	<u>873,087</u>	<u>107,162,956</u>	<u>64,888,132</u>
Net Position - Ending	<u>\$ 106,490,754</u>	<u>\$ 106,140,379</u>	<u>\$ 1,128,397</u>	<u>\$ 1,022,577</u>	<u>\$ 107,619,151</u>	<u>\$ 107,162,956</u>

The Town's total revenues increased 13.5% (\$1.9 million). The increase was due primarily to an increase in tax revenues of 13.4% (\$1.5 million).

The Town's program expenses decreased by 85.7% (\$95.8 million). The decrease was due primarily to a decrease in education expenses of 97.7% (\$98.3 million), related to the appropriation of the Series 2023 warrant proceeds to the Board of Education in the prior year.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
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Table 3 is a condensed statement taken from the statement of activities (page 14) showing the total cost for providing services for the eight major Town activities. Total cost of services is compared to the net cost of providing these services. The net cost of services is the remaining cost of services after subtracting grants, contributions, and charges for services that the Town used to offset the program's total cost. In other words, the net cost shows the financial burden that was placed on all taxpayers for each of these activities. This information allows citizens to consider the cost of each program in comparison to the benefits provided.

Table 3: Net Cost of Government-Wide Activities

	Fiscal Year Ended September 30, 2024	
	Total Cost of Services	Net Cost of Services
General government	\$ 2,026,671	\$ (1,363,265)
Public works	2,597,305	(2,189,841)
Public safety	1,765,612	(1,765,612)
Economic development	301,651	(301,651)
Community related	689,770	(350,574)
Education	2,282,235	(2,267,978)
Interest and fiscal charges	5,963,614	(5,963,614)
Pike Road Station	319,965	103,105
Total	<u>\$ 15,946,823</u>	<u>\$ (14,099,430)</u>

Performance of Town Funds

As noted earlier, the Town uses fund accounting to control and manage resources in order to ensure compliance with finance-related legal and internal requirements. Using funds to account for resources for particular purposes helps the reader to determine the Town's accountability for these resources whether provided by taxpayers and other entities, and to help to provide more insight into the Town's overall financial health. The following analysis of the Town's funds should be read in reference to the fund financial statements that begin on page 15.

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Town's financial requirements. (Note: The reconciliation statement between the fund financial statements and the government-wide financial statements are presented on pages 16 and 18.) At the end of the 2024 fiscal year, the Town's governmental funds reported a combined fund balance of \$28.0 million, which includes \$4 million restricted fund balances to be used for education, debt service, capital improvements, highways and streets, and fire protection and emergency medical services; \$7.9 million in assigned fund balances to be used for road maintenance, capital projects, and debt service; \$35,000 in nonspendable fund balances; and \$16.2 million of unassigned General Fund balance which is available for future needs.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. At the end of the 2024 fiscal year, total net position of the Pike Road Station enterprise fund was \$1.1 million, as compared to \$1 million at the end of last fiscal year, an increase of \$106,000.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
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Budgetary Highlights of the General Fund

At the beginning of each fiscal year, the Mayor prepares and submits an annual budget to be considered and adopted by the Town Council. The 2024 fiscal year budget was adopted in September 2023. The comparison of the General Fund budget to the actual results is detailed in the budget to actual comparison schedule - general fund on page 42. The Town's actual results as compared to the Town's budget can be briefly summarized as follows:

- ❖ Actual revenues were more than the budget by 1.1% (\$115,000). Significant portions of the variance were related to unbudgeted interest income.
- ❖ Actual expenditures were more than budget by 12.8% (\$964,000). A significant portion of the variance was related to unbudgeted capital project expenditures.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets at the end of the 2024 fiscal year amounted to \$89.1 million, net of accumulated depreciation. The Town's investment in capital assets, which includes land, construction in progress, building, infrastructure, land improvements, leasehold improvements, equipment, office, equipment, and furniture at actual or estimated historical cost is shown in Table 4. Assets are presented net of accumulated depreciation:

Table 4: Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 10,827,291	\$ 10,772,391	\$ 446,500	\$ 446,500	\$ 11,273,791	\$ 11,218,891
Construction in progress	2,461,802	97,756			2,461,802	97,756
Buildings	41,436,333	41,328,458	2,056,141	2,154,795	43,492,474	43,483,253
Infrastructure	26,136,837	27,399,327			26,136,837	27,399,327
Land improvements	5,089,752	5,376,039			5,089,752	5,376,039
Leasehold improvements	206,298	238,651	53,105	26,080	259,403	264,731
Equipment	351,323	416,538	7,339	16,702	358,662	433,240
Office equipment	9,479	11,636			9,479	11,636
Furniture	30,927	42,073			30,927	42,073
Total capital assets	<u>\$ 86,550,042</u>	<u>\$ 85,682,869</u>	<u>\$ 2,563,085</u>	<u>\$ 2,644,077</u>	<u>\$ 89,113,127</u>	<u>\$ 88,326,946</u>

Additions to capital assets during the 2024 fiscal year included the following:

	Governmental Activities	Business-Type Activities
Buildings	\$ 1,344,546	
Construction in progress	2,364,046	
Land improvements		
Leasehold improvements		\$ 32,650
Equipment		
Land	54,900	
Total capital asset additions	<u>\$ 3,763,492</u>	<u>\$ 32,650</u>

Additional information on the Town's capital assets can be found in Note 3 to the financial statements.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
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Long-term debt - At the 2024 fiscal year end, the Town had \$152.5 million outstanding in general obligation warrants, school revenue warrants, and related debt issuance discounts and premiums. This is an decrease of 1.3% in debt from last year, as shown in Table 5 below:

Table 5: Outstanding Debt

	As of September 30, 2024		
	Beginning Balance	Net Change	Ending Balance
Governmental Activities			
General obligation warrants	\$ 138,070,000	\$ (840,000)	\$ 137,230,000
School revenue warrants	5,280,000	(570,000)	4,710,000
Debt issuance premiums	9,350,938	(385,826)	8,965,112
Total governmental activities	<u>152,700,938</u>	<u>(1,795,826)</u>	<u>150,905,112</u>
Business-Type Activities			
General obligation warrants	1,785,000	(200,000)	1,585,000
Debt issuance discounts	(6,369)	1,402	(4,967)
Total business-type activities	<u>1,778,631</u>	<u>(198,598)</u>	<u>1,580,033</u>
Total outstanding debt	<u>\$ 154,479,569</u>	<u>\$ (1,994,424)</u>	<u>\$ 152,485,145</u>

The Town did not take on any new debt for the fiscal year of 2024.

Additional information on the Town's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

The Town of Pike Road continues to see significant growth, generated by investments in education, new commercial and retail services, infrastructure improvements, and additional recreational amenities that are available for all of its citizens. The demand for new residential properties is evidenced by the issuance of 193 residential building permits, accompanied by seven new commercial building permits during this fiscal year. We anticipate the addition of other multiple retail businesses in the coming years. Construction on the Agriculture Recreation and Performing Arts Complex, Outdoor Arena, Ballfields, and Raquet Club was completed. The investment in Arts and Cultural Opportunities added to economic development, and educational programs has generated tremendous excitement. Plus, work has begun on additional Community Development project: trail improvements, and an all-inclusive playground are near completion. Each of these areas of new growth and investment represents a positive impact on the Town's economy and ability to serve its citizens. Additional road and infrastructure projects are also in the works.

In response to and recovery from the COVID-19 epidemic, the Town received \$2.4 million, provided by the American Relief Fund and paid from the Coronavirus State Fiscal Recovery Fund. The Mayor, Town Council members, and consultants are reviewing all eligible and appropriate uses of the funds for the Town of Pike Road.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2024

Ad valorem tax - The Town's ad valorem tax is based on an annual reassessment of property values. Effective with the October 1, 2012, property assessment, the Town began collecting an additional 16 mill ad valorem tax. The Town has directed this increase to educational purposes. For the current year, the education-related property taxes generated \$4.2 million, an increase of 17% from the prior year.

Effective with the October 1, 2017, property assessment, the Town began collecting an additional five mill ad valorem tax. By State law, the Town has directed this levy to fire protection and emergency medical services. The additional five mill tax resulted in contributions to the three Pike Road Volunteer Fire Departments totaling over \$1.2 million during the year. In addition, the new tax added over \$43,000 to the Town's Fire Protection Fund.

Education support - The Town has committed to provide support to Education through the dedication of the 16 mill ad valorem tax, as noted above. Currently, the Town is supporting the Pike Road School System through a capital improvement program. During fiscal year 2024, improvements to Pike Road schools totaling over \$1.4 million were made using Bond Warrant funds for Education purposes. Plans are continuing for additional improvements using all remaining bond warrant funds designated for Education. During fiscal year 2024, the Town contributed over \$510,000 for Education Support out of the General Fund. Included in the 2024 operating budget is \$500,000 for Education Support.

The ongoing, education-directed ad valorem tax (mentioned above) is providing revenue to cover the levels of annual debt service required for the education-related bonds.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Lisa Burke, City Clerk/Treasurer, at the Town of Pike Road, 9575 Vaughn Road, P. O. Box 640339, Pike Road, Alabama 36064, or by calling (334) 272-9883 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Standard Time.

Basic Financial Statements

Town of Pike Road, Alabama
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 27,971,156	\$ 97,897	\$ 28,069,053
Accounts receivable		20,156	20,156
Taxes receivable	579,347		579,347
Intergovernmental receivables	193,386		193,386
Prepaid expenses	35,179	8,034	43,213
Leases receivable		631,769	631,769
Restricted cash - tenant deposits		15,660	15,660
Cash held by fiscal agent			
Debt service	14,219		14,219
Capital improvements	2,066,983		2,066,983
Funding agreements receivable	143,723,894		143,723,894
Capital assets not being depreciated	13,289,093	446,500	13,735,593
Capital assets, net of accumulated depreciation	73,260,949	2,116,585	75,377,534
Total assets	<u>261,134,206</u>	<u>3,336,601</u>	<u>264,470,807</u>
Deferred Outflows of Resources			
Pension related items	102,535		102,535
Liabilities			
Accounts payable and accrued expenses	323,980	5,798	329,778
Accrued interest payable	669,910	4,112	674,022
Unearned revenue	2,483,549		2,483,549
Portion due or payable in one year			
Warrants payable	1,680,000	205,000	1,885,000
Portion due or payable after one year			
Warrants payable	149,225,112	1,375,033	150,600,145
Compensated absences	48,600		48,600
Net pension liability	175,092		175,092
Tenant deposits		15,660	15,660
Total liabilities	<u>154,606,243</u>	<u>1,605,603</u>	<u>156,211,846</u>
Deferred Inflows of Resources			
Pension related items	139,744		139,744
Leases		602,601	602,601
Total deferred inflows of resources	<u>139,744</u>	<u>602,601</u>	<u>742,345</u>
Net Position			
Investment in capital assets, net	37,621,300	983,052	38,604,352
Restricted			
Education	524,782		524,782
Debt service	143,738,113		143,738,113
Capital improvements	458,644		458,644
Highways and streets	585,054		585,054
Fire protection and emergency medical services	362,882		362,882
Unrestricted	(76,800,021)	145,345	(76,654,676)
Total net position	<u>\$ 106,490,754</u>	<u>\$ 1,128,397</u>	<u>\$ 107,619,151</u>

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

Town of Pike Road, Alabama
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 2,026,671	\$ 572,195		\$ 91,211	\$ (1,363,265)		\$ (1,363,265)
Public works	2,597,305			407,464	(2,189,841)		(2,189,841)
Public safety	1,765,612				(1,765,612)		(1,765,612)
Economic development	301,651				(301,651)		(301,651)
Community related	689,770		\$ 78,621	260,575	(350,574)		(350,574)
Education	2,282,235		14,257		(2,267,978)		(2,267,978)
Interest and fiscal charges	5,963,614				(5,963,614)		(5,963,614)
Total governmental activities	15,626,858	572,195	92,878	759,250	(14,202,535)		(14,202,535)
Business-Type Activities							
Pike Road Station	319,965	423,070				\$ 103,105	103,105
Total primary government	\$ 15,946,823	\$ 995,265	\$ 92,878	\$ 759,250	(14,202,535)	103,105	(14,099,430)
General revenues							
Sales and use taxes					3,562,615		3,562,615
Real and personal property taxes					6,771,201		6,771,201
Franchise taxes					964,423		964,423
Motor vehicle taxes					517,519		517,519
Business licenses					330,480		330,480
Alcoholic beverage taxes					51,430		51,430
Tobacco taxes					28,284		28,284
Lodging taxes					50,698		50,698
Rental taxes					88,751		88,751
Unrestricted shared revenues					1,113,341		1,113,341
Interest income					941,689	2,715	944,404
Miscellaneous revenue					132,479		132,479
Total general revenues and transfers					14,552,910	2,715	14,555,625
Change in Net Position					350,375	105,820	456,195
Net Position - Beginning, As Restated					106,140,379	1,022,577	107,162,956
Net Position - Ending					\$ 106,490,754	\$ 1,128,397	\$ 107,619,151

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

**Town of Pike Road, Alabama
Balance Sheet
Governmental Funds
September 30, 2024**

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 18,904,168	\$ 3,525,273	\$ 456,513	\$ 3,618,692	\$ 1,466,510	\$ 27,971,156
Taxes receivable	486,583		71,975		20,789	579,347
Intergovernmental receivables	171,970				21,416	193,386
Prepaid expenses	35,179					35,179
Cash held by fiscal agent						
Debt service				14,219		14,219
Capital improvements		2,066,983				2,066,983
Funding agreements receivable				143,723,894		143,723,894
Total assets	<u>\$ 19,597,900</u>	<u>\$ 5,592,256</u>	<u>\$ 528,488</u>	<u>\$ 147,356,805</u>	<u>\$ 1,508,715</u>	<u>\$ 174,584,164</u>
Liabilities						
Accounts payable and accrued expenses	\$ 218,139		\$ 3,706		\$ 102,135	\$ 323,980
Unearned revenue	2,483,549					2,483,549
Total liabilities	<u>2,701,688</u>		<u>3,706</u>		<u>102,135</u>	<u>2,807,529</u>
Deferred Inflows of Resources						
Unavailable revenue				\$ 143,723,894		143,723,894
Fund Balances						
Nonspendable						
Prepaid expenses	35,179					35,179
Restricted						
Education			524,782			524,782
Debt service				14,219		14,219
Capital improvements		\$ 2,066,983			458,644	2,525,627
Highways and streets					585,054	585,054
Fire protection and emergency medical services					362,882	362,882
Assigned						
Road maintenance	707,423					707,423
Other capital projects		3,525,273				3,525,273
Debt service				3,618,692		3,618,692
Unassigned	16,153,610					16,153,610
Total fund balances	<u>16,896,212</u>	<u>5,592,256</u>	<u>524,782</u>	<u>3,632,911</u>	<u>1,406,580</u>	<u>28,052,741</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,597,900</u>	<u>\$ 5,592,256</u>	<u>\$ 528,488</u>	<u>\$ 147,356,805</u>	<u>\$ 1,508,715</u>	<u>\$ 174,584,164</u>

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

Town of Pike Road, Alabama
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 28,052,741
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		86,550,042
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		143,723,894
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds.		
Pension related deferred outflows of resources	\$ 102,535	
Pension related deferred inflows of resources	<u>(139,744)</u>	
		(37,209)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(669,910)	
General obligation warrants	(137,230,000)	
School revenue warrants	(4,710,000)	
Debt issuance premiums	(8,965,112)	
Compensated absences	(48,600)	
Net pension liability	<u>(175,092)</u>	
Total long-term liabilities		<u>(151,798,714)</u>
Net position of governmental activities		<u><u>\$ 106,490,754</u></u>

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

Town of Pike Road, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2024

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 6,564,063		\$ 4,168,148		\$ 1,302,710	\$ 12,034,921
Licenses and permits	902,675					902,675
Intergovernmental revenues	1,350,191	\$ 205,675		\$ 4,270,066	318,353	6,144,285
Contributions and donations	22,093					22,093
Interest income	779,749	134,789		13,486	13,665	941,689
Miscellaneous income	132,482					132,482
Total revenues	<u>9,751,253</u>	<u>340,464</u>	<u>4,168,148</u>	<u>4,283,552</u>	<u>1,634,728</u>	<u>20,178,145</u>
Expenditures						
Current						
General government	1,646,225		267,668		75,284	1,989,177
Public works	1,024,447				245,789	1,270,236
Public safety	581,399				1,184,213	1,765,612
Economic development	299,007					299,007
Community related	625,783					625,783
Education	510,343	62	300,000			810,405
Capital outlay	2,630,062	1,078,530				3,708,592
Debt service						
Principal payments				1,410,000		1,410,000
Interest and fiscal charges				6,250,666		6,250,666
Bond issuance costs						
Total expenditures	<u>7,317,266</u>	<u>1,078,592</u>	<u>567,668</u>	<u>7,660,666</u>	<u>1,505,286</u>	<u>18,129,478</u>
Excess of Revenues Over (Under) Expenditures	<u>2,433,987</u>	<u>(738,128)</u>	<u>3,600,480</u>	<u>(3,377,114)</u>	<u>129,442</u>	<u>2,048,667</u>
Other Financing Sources (Uses)						
Transfers in		1,094,440	300,000	3,894,169		5,288,609
Transfers out	<u>(1,394,440)</u>		<u>(3,894,169)</u>			<u>(5,288,609)</u>
Total other financing sources (uses)	<u>(1,394,440)</u>	<u>1,094,440</u>	<u>(3,594,169)</u>	<u>3,894,169</u>		
Net Change in Fund Balances	1,039,547	356,312	6,311	517,055	129,442	2,048,667
Fund Balances - Beginning	15,856,665	5,235,944	518,471	3,115,856	1,277,138	26,004,074
Fund Balances - Ending	<u>\$ 16,896,212</u>	<u>\$ 5,592,256</u>	<u>\$ 524,782</u>	<u>\$ 3,632,911</u>	<u>\$ 1,406,580</u>	<u>\$ 28,052,741</u>

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

Town of Pike Road, Alabama
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statements of Activities
For the Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,048,667
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.	3,708,592
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(2,896,319)
Revenues are reported in the funds when there is an established claim to the resources and the resources are available to finance current expenditures. Revenues are reported in the statement of activities when there is an established claim with no availability criterion.	(4,255,809)
Donations of capital assets increase net position in the statement of net position but do not appear in the governmental funds because they are not financial resources.	54,900
Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of net position.	1,410,000
Governmental funds report the effects of premiums, discounts, and deferred loss on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	342,743
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	\$ (55,692)
Change in net pension liability and related deferred amounts	(23,207)
Change in accrued compensated absences	16,500
	<u>(62,399)</u>
Change in net position of governmental activities	<u>\$ 350,375</u>

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

Town of Pike Road, Alabama
Statement of Net Position
Proprietary Fund - Pike Road Station
September 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 97,897
Accounts receivable	20,156
Prepaid items	8,034
Leases receivable	244,587
Total current assets	<u>370,674</u>

Noncurrent assets

Restricted cash - tenant deposits	15,660
Leases receivable	387,182
Capital assets not being depreciated	446,500
Capital assets, net of accumulated depreciation	2,116,585
Total noncurrent assets	<u>2,965,927</u>
Total assets	<u>3,336,601</u>

Liabilities

Current liabilities

Accounts payable	5,798
Accrued interest expense	4,112
Warrants payable	205,000
Total current liabilities	<u>214,910</u>

Noncurrent liabilities

Warrants payable	1,375,033
Tenant deposits	15,660
Total noncurrent liabilities	<u>1,390,693</u>
Total liabilities	<u>1,605,603</u>

Deferred Inflows of Resources

Leases	<u>602,601</u>
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Net Position

Investment in capital assets, net	983,052
Unrestricted	145,345
Total net position	<u>\$ 1,128,397</u>

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

Town of Pike Road, Alabama
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Pike Road Station
For the Year Ended September 30, 2024

Operating Revenues

Rent - commercial tenants	\$ 263,596
Common area maintenance fees - commercial tenants	45,474
Rent and common area maintenance fees - Town of Pike Road	<u>114,000</u>
Total operating revenues	<u>423,070</u>

Operating Expenses

Management fees	5,912
Contract labor	6,300
Insurance	9,688
Leasing fees	15,666
Professional fees	9,803
Repairs and maintenance	98,423
Utilities	7,615
Depreciation	<u>113,642</u>
Total operating expenses	<u>267,049</u>

Operating Income

156,021

Nonoperating Revenues (Expenses)

Interest income	2,715
Interest expense	<u>(52,916)</u>
Total nonoperating revenues (expenses)	<u>(50,201)</u>

Change in Net Position

105,820

Net Position - Beginning

1,022,577

Net Position - Ending

\$ 1,128,397

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

Town of Pike Road, Alabama
Statement of Cash Flows
Proprietary Fund - Pike Road Station
For the Year Ended September 30, 2024

Cash Flows From (Used For) Operating Activities

Receipts from tenants	\$ 423,070
Payments to suppliers	<u>(151,644)</u>
Net cash from operating activities	<u>271,426</u>

Cash Flows From (Used For) Capital and Related Financing Activities

Purchase of capital assets	(32,650)
Principal and interest payments on long-term debt	<u>(251,948)</u>
Net cash used for capital and related financing activities	<u>(284,598)</u>

Net Increase in Cash and Cash Equivalents (13,172)

Cash and Cash Equivalents - Beginning 126,729

Cash and Cash Equivalents - Ending \$ 113,557

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents	\$ 97,897
Restricted cash - tenant deposits	<u>15,660</u>
Total cash and cash equivalents	<u><u>\$ 113,557</u></u>

Reconciliation of Operating Income to Net Cash From Operating Activities

Operating income	\$ 156,021
Adjustments to reconcile operating income to net cash from (used for) operating activities	
Depreciation expense	113,642
Decrease in prepaid expenses	(2,363)
Decrease in accounts payable	<u>4,126</u>
Net cash from (used for) operating activities	<u><u>\$ 271,426</u></u>

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

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies

Reporting entity - The Town of Pike Road, Alabama (the Town) is incorporated in Montgomery County. The Town operates under a Mayor-Council form of government.

Related organizations - Accounting principles generally accepted in the United States of America require that the financial statements represent the Town (the primary government) and its component unit. 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.

Based on the application of the above criteria, the Board of Education of Pike Road Schools (the Board) is considered a discrete component unit of the Town: The accompanying financial statements reflect the activity of the Town (the primary government), and do not include all of the financial activities of the component unit listed above as required by accounting principles generally accepted in the United States of America. The Board issues separate financial statements, which can be obtained from the Board upon request at 334-420-5360.

See Note 6 for further discussion of the funding agreements between the Town and the Board.

The Town appoints the members of The Medical Clinic Board of the Town of Pike Road, but is not otherwise responsible for the operations, assets, or liabilities of the Board.

Government-wide and fund financial statements - The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 60 days after year end. Sales taxes, gasoline taxes, grants, donations, and interest revenue are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The Town reports the following major governmental funds:

General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund - This fund accounts for the construction of various capital projects, including the Town's new school facilities.

Education Fund - This special revenue fund accounts for certain ad valorem tax funds which have been restricted by voter referendum and Town ordinance for education purposes.

Debt Service Fund - This fund is used to account for the resources accumulated and payments made for principal and interest on short-term borrowings and long-term debt for governmental activities.

The Town reports the following major proprietary fund:

Pike Road Station - This fund accounts for the operation and maintenance of the Pike Road Station, a commercial real estate rental facility.

Cash and cash equivalents - Cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

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

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Town property taxes are levied by the County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and delinquent after December 31. In accordance with the nonexchange transactions provision of GASB Statement No. 33, a receivable for taxes is recorded when an enforceable legal claim has arisen or when resources are received, whichever is first. That date for the Town is October 1, 2023.

Restricted assets - Unspent warrant proceeds are restricted for costs related to the equipment for, and construction of, public school facilities. These proceeds are classified as cash held by fiscal agent for capital improvements in the financial statements. In addition, amounts reported as cash held by fiscal agent for debt service consist of required deposits to be used for future debt service on warrants. Tenant deposits are classified as restricted cash in the financial statements.

Capital assets - Capital assets, which include property, land, construction in progress, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20 - 40 years
Infrastructure	20 - 30 years
Land improvements	20 years
Leasehold improvements	20 years
Equipment	5 - 10 years
Office equipment	5 - 10 years
Furniture	5 - 10 years

Deferred outflows of resources - Decreases in net position that relate to future periods are reported as deferred outflows of resources in a separate section of the government-wide statement of net position and/or governmental funds balance sheet. The Town has deferred outflows of resources related to the Town's pension plan. See Note 9.

Deferred inflows of resources - Increases in net position that apply to future periods are reported as deferred inflows of resources in a separate section of the government-wide statement of net position and/or governmental funds' balance sheet. The Town's governmental funds report unavailable revenue from receivables collected outside of the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See Note 6. The Town also has deferred inflows of resources related to the Town's leases. See Note 8. In addition, the Town has deferred inflows of resources related to the Town's pension plan. See Note 9.

Unearned revenue - The Town reported American Rescue Plan grant funds received in advance of the underlying event as unearned revenue.

Fund balance - In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies government fund balances as follows:

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form, or for legal or contractual requirements. This would include inventories, deposits, and prepaid items.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that can be used only for the specific purposes that are internally established by formal action of the government's highest level of decision-making authority. Commitments may be modified or rescinded by the government taking the same formal action that imposed the constraint initially. Committed balances are only created by formal action of the Town Council by passage of an ordinance, which is the action that constitutes the most binding constraint.

Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The Town Council, Mayor, or the Town Clerk is authorized to assign amounts to a specific purpose. The authorization, which is established by the Town Council, is pursuant to the policy of Town Council to delegate such authority.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers committed, then assigned amounts to have been spent when an expenditure is incurred for purposes for which amounts of unrestricted fund balance is available.

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 at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Use of estimates - The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Credit Risk

Deposits - Custodial credit risk - The Town's investment policy requires that bank deposits be fully insured by the Federal Deposit Insurance Corporation or be covered under the Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program is a multiple financial collateral pool administered by the State Treasurer according to State of Alabama statute.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 10,772,391	\$ 54,900		\$ 10,827,291
Construction in progress	97,756	2,364,046		2,461,802
Total capital assets, not being depreciated	<u>10,870,147</u>	<u>2,418,946</u>		<u>13,289,093</u>
Capital assets, being depreciated				
Buildings	49,492,370	1,344,546		50,836,916
Infrastructure	37,334,006			37,334,006
Land improvements	6,821,450			6,821,450
Leasehold improvements	647,053			647,053
Equipment	901,535			901,535
Office equipment	97,177			97,177
Furniture	242,379			242,379
Total capital assets, being depreciated	<u>95,535,970</u>	<u>1,344,546</u>		<u>96,880,516</u>
Less accumulated depreciation				
Buildings	8,163,912	1,236,671		9,400,583
Infrastructure	9,934,679	1,262,490		11,197,169
Land improvements	1,445,411	286,287		1,731,698
Leasehold improvements	408,402	32,353		440,755
Equipment	484,997	65,215		550,212
Office equipment	85,541	2,157		87,698
Furniture	200,306	11,146		211,452
Total accumulated depreciation	<u>20,723,248</u>	<u>2,896,319</u>		<u>23,619,567</u>
Total capital assets, being depreciated, net	<u>74,812,722</u>	<u>(1,551,773)</u>		<u>73,260,949</u>
Governmental activities capital assets, net	<u>\$ 85,682,869</u>	<u>\$ 867,173</u>	<u>\$ -</u>	<u>\$ 86,550,042</u>

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 3 - Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 446,500			\$ 446,500
Capital assets, being depreciated				
Buildings	3,567,854			3,567,854
Leasehold improvements	165,940	\$ 32,650		198,590
Equipment	248,806			248,806
Total capital assets, being depreciated	3,982,600	32,650		4,015,250
Less accumulated depreciation				
Buildings	1,413,059	98,654		1,511,713
Leasehold improvements	139,860	5,625		145,485
Equipment	232,104	9,363		241,467
Total accumulated depreciation	1,785,023	113,642		1,898,665
Total capital assets, being depreciated, net	2,197,577	(80,992)		2,116,585
Business-type activities capital assets, net	<u>\$ 2,644,077</u>	<u>\$ (80,992)</u>	<u>\$ -</u>	<u>\$ 2,563,085</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 40,171
Public works	1,326,528
Community related	57,790
Education	1,471,830
Total depreciation expense - governmental activities	<u>\$ 2,896,319</u>

Business-Type Activities

Pike Road Station	<u>\$ 113,642</u>
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Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 4 - Interfund Balances

The following is a schedule of interfund transfers for the year ended September 30, 2024:

Transfer Out	Transfer In			Total
	Capital Projects Fund	Education Fund	Debt Service Fund	
General Fund	\$ 1,094,440	\$ 300,000		\$ 1,394,440
Education Fund			\$ 3,894,169	3,894,169
Totals	<u>\$ 1,094,440</u>	<u>\$ 300,000</u>	<u>\$ 3,894,169</u>	<u>\$ 5,288,609</u>

Transfers are generally used to move unrestricted revenues to fund construction activities, to help finance education related projects, and to fund debt service payments.

Note 5 - Long-Term Debt

Long-term liabilities activity for the year ended September 30, 2024, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities					
General obligation warrants	\$ 138,070,000		\$ 840,000	\$ 137,230,000	\$ 1,530,000
School revenue warrants	5,280,000		570,000	4,710,000	150,000
Deferred amounts					
Debt issuance premiums	9,350,938		385,826	8,965,112	
Total warrants payable	<u>152,700,938</u>		<u>1,795,826</u>	<u>150,905,112</u>	<u>1,680,000</u>
Compensated absences	<u>65,100</u>		<u>16,500</u>	<u>48,600</u>	
Governmental activities long-term liabilities	<u>152,766,038</u>		<u>1,812,326</u>	<u>150,953,712</u>	<u>1,680,000</u>
Business-Type Activities					
General obligation warrants	1,785,000		200,000	1,585,000	205,000
Deferred amounts					
Debt issuance discounts	(6,369)		(1,402)	(4,967)	
Total warrants payable	<u>1,778,631</u>		<u>198,598</u>	<u>1,580,033</u>	<u>205,000</u>
Tenant deposits	<u>15,660</u>			<u>15,660</u>	
Business-type activities long-term liabilities	<u>1,794,291</u>		<u>198,598</u>	<u>1,595,693</u>	<u>205,000</u>
Total long-term liabilities	<u>\$ 154,560,329</u>	<u>\$ -</u>	<u>\$ 2,010,924</u>	<u>\$ 152,549,405</u>	<u>\$ 1,885,000</u>

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 5 - Long-Term Debt (continued)

Warrants payable - Warrants payable at September 30, 2024, consisted of the following:

Governmental Activities

School Revenue Warrants, Series 2015; principal amount \$5,925,000; interest varies by maturity; graduated principal payments are due annually on September 1; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2045. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities. The warrants are secured by a pledge of the 16 mill ad valorem tax.

\$ 4,710,000

General Obligation Warrants, Series 2017-A; principal amount \$9,570,000; interest rates range from 3.375% to 4.0%; graduated principal payments are due annually on June 1 beginning in 2025; interest is due semiannually on December 1 and June 1; final maturity date is June 1, 2047. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities.

9,570,000

General Obligation Warrants, Series 2018-A; principal amount \$15,700,000; interest rates range from 3.25% to 5.0%; graduated principal payments are due annually on September 1 beginning in 2029; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2048. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities.

15,700,000

General Obligation Warrants (Federally Taxable), Series 2018-B; principal amount \$1,450,000; interest rates range from 3.0% to 4.25%; graduated principal payments are due annually on September 1; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2048. Proceeds were used to finance an amount due to the State Board of Education on behalf of the Board of Education of Pike Road Schools. A portion of the principal amount was refunded with General Obligation Refunding Warrants (Federally Taxable), Series 2020-A.

35,000

General Obligation Refunding Warrants (Federally Taxable), Series 2020-A; principal amount \$16,100,000; interest rates range from 0.429% to 3.029%; graduated principal payments are due annually on September 1; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2048. Proceeds were used to refund a portion of the School Revenue Warrants, Series 2013 and a portion of the General Obligation Warrants (Federally Taxable), Series 2018-B.

15,160,000

General Obligation Warrants, Series 2020-B; principal amount \$5,770,000; interest rates range from 2.0% to 3.0%; graduated principal payments are due annually on September 1; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2040. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities.

4,860,000

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 5 - Long-Term Debt (continued)

General Obligation Warrants, Series 2023; principal amount \$92,000,000; interest rates range from 4.0% to 5.0%; graduated principal payments are due annually on March 1; interest is due semiannually on March 1 and September 1; final maturity date is March 1, 2052. Proceeds were used for Board of Education's construction of a new high school and other school related capital improvements.

	<u>\$ 91,905,000</u>
Total governmental activities	<u>141,940,000</u>

Business-Type Activities

General Obligation Refunding Warrants, Series 2015; principal amount \$3,240,000; interest rates range from 2.0% to 3.35%; graduated principal payments are due annually on March 1; interest is due semiannually on September 1 and March 1; final maturity date is March 1, 2031. Proceeds were used for the refunding of a note payable.

	<u>1,585,000</u>
Total warrants payable	<u>\$ 143,525,000</u>

General obligation warrants constitute general obligations of the Town for the payments of which the full faith and credit of the Town are irrevocably pledged. School revenue warrants are irrevocably pledged by the 16 mill ad valorem education tax and, to the extent that the 16 mills is not sufficient to make annual debt service payments, by the Funding Agreement with the Pike Road Board of Education, who pledged their 3.5 mill County ad valorem tax and 6.5 mill special ad valorem school property tax. Debt service requirements to maturity for warrants outstanding at September 30, 2024, were as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 1,680,000	\$ 6,204,642	\$ 7,884,642
2026	1,835,000	6,152,473	7,987,473
2027	2,010,000	6,091,120	8,101,120
2028	2,195,000	6,020,161	8,215,161
2029	2,385,000	5,951,878	8,336,878
2030 - 2034	15,245,000	28,235,131	43,480,131
2035 - 2039	21,640,000	24,757,019	46,397,019
2040 - 2044	28,590,000	19,572,851	48,162,851
2045 - 2049	38,105,000	11,966,922	50,071,922
2050 - 2052	28,255,000	2,176,375	30,431,375
Totals	<u>\$ 141,940,000</u>	<u>\$ 117,128,572</u>	<u>\$ 259,068,572</u>

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 205,000	\$ 46,529	\$ 251,529
2026	210,000	40,665	250,665
2027	220,000	34,320	254,320
2028	225,000	27,476	252,476
2029	235,000	20,114	255,114
2030 - 2031	490,000	16,523	506,523
Totals	<u>\$ 1,585,000</u>	<u>\$ 185,627</u>	<u>\$ 1,770,627</u>

Year Ending September 30	Total Annual Requirements		
	Principal	Interest	Total
2025	\$ 1,885,000	\$ 6,251,171	\$ 8,136,171
2026	2,045,000	6,193,138	8,238,138
2027	2,230,000	6,125,440	8,355,440
2028	2,420,000	6,047,637	8,467,637
2029	2,620,000	5,971,992	8,591,992
2030 - 2034	15,735,000	28,251,654	43,986,654
2035 - 2039	21,640,000	24,757,019	46,397,019
2040 - 2044	28,590,000	19,572,851	48,162,851
2045 - 2049	38,105,000	11,966,922	50,071,922
2050 - 2052	28,255,000	2,176,375	30,431,375
Totals	<u>\$ 143,525,000</u>	<u>\$ 117,314,199</u>	<u>\$ 260,839,199</u>

Each of the Town's outstanding warrants contain a provision that in the event of default, the Town is subject to suit.

Covenants and limitations - State statute limits the amount of long-term debt the Town can incur. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2024, debt limit was \$49,926,180 and the net debt applicable to the limit was \$4,724,954, which leaves a balance of \$45,201,226 as the Town's legal debt margin.

Other liabilities - governmental activities - For the governmental activities, compensated absences and net pension liability are generally liquidated by the General Fund.

Note 6 - Funding Agreements

The Town and the Pike Road Board of Education entered into two funding agreements simultaneously with the Town's issuance of the 2018-A and 2018-B General Obligation warrants. The Series 2018-A Funding Agreement provides that the Board shall pay to the Town on each May 1, beginning in 2019, an annual payment of \$250,000 as long as the warrant and any related refunding warrants are outstanding. Based on 30-year repayment schedule, a long-term receivable of \$7,500,000 was recognized in 2018. The balance at September 30, 2024, was \$6,000,000.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 6 - Funding Agreements (continued)

The Series 2018-B Funding Agreement provides that the Board shall pay to the Town on each October 1, beginning in 2018, an annual payment in the amount of the principal and interest due on the Series 2018-B warrants for as long as the warrant and any related refunding warrants are outstanding. The total amount to be received from the Board to service the Series 2018-B General Obligation warrant of \$2,576,113 was recognized as a long-term receivable in 2018. The balance at September 30, 2024, was \$2,058,038.

The Series 2023 Funding Agreement provides that the Board shall pay to the Town on each February 15, beginning in 2024, an annual payment as agreed upon in the Funding Agreement. The annual payment is based on the 19 mills ad valorem taxes projected to be received by the Board of Education. The total amount to be received from the Board to service the Series 2023 General Obligation warrants of \$139,587,555 was recognized as a long-term receivable in 2023. The balance at September 30, 2024, was \$135,665,856.

Total funding agreements to maturity at September 30, 2024, were as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2025	\$ 4,379,117
2026	4,437,831
2027	4,498,279
2028	4,560,025
2029	4,627,345
2030 - 2034	24,107,634
2035 - 2039	25,696,945
2040 - 2044	26,941,985
2045 - 2049	27,896,964
2050 - 2052	16,577,769
Totals	<u>\$ 143,723,894</u>

The debt service on the Series 2023 General Obligation warrants not covered by the Board of Education's 19 mill ad valorem taxes will be paid for with the Town's 16 mill ad valorem tax restricted for educational purposes. The Town's portion of the debt service requirements to maturity at September 30, 2024, were as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2025	\$ 909,993
2026	958,467
2027	1,008,456
2028	1,059,898
2029	596,265
2030 - 2034	3,775,566
2035 - 2039	5,110,560
2040 - 2044	7,999,560
2045 - 2049	16,467,398
2050 - 2052	13,853,606
Totals	<u>\$ 51,739,769</u>

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 7 - Commitments

As of September 30, 2024, commitments to contractors on capital projects were as follows:

Commitments	\$ 3,376,460
Spent to date	2,541,099
Remaining commitments	<u>\$ 835,361</u>

Note 8 - Town as Lease Lessor

Pike Road Station is the lessor of real estate under leases expiring in various years through 2028. As of September 30, 2024, the lease receivable and corresponding deferred inflow of resources included on the statement of net position were \$631,769 and \$602,601, respectively.

The total expected payments to maturity are presented below:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 244,587	\$ 12,069	\$ 256,656
2026	185,326	6,039	191,365
2027	136,699	2,281	138,980
2028	65,157	28	65,185
Total	<u>\$ 631,769</u>	<u>\$ 20,417</u>	<u>\$ 652,186</u>

Note 9 - 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 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). 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 a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 9 - Pension Plan (continued)

- d. One vested active employee of a participating county 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*.

Benefits provided - State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest three 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 formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest five of the last 10 years) for each year of service up to 80% of their average final compensation. 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.

Act 132 of the Legislature of 2019 allowed employers who participated 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 members of employers adopting 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 618 employers adopted Act 2019-132 as of September 30, 2023.

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.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 9 - Pension Plan (continued)

The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,083 participants and the Town's membership includes 12 participants. As of September 30, 2023, membership consisted of:

	<u>ERS</u>	<u>Town</u>
Retirees and beneficiaries currently receiving benefits	31,481	1
Terminated employees entitled to but not yet receiving benefits	2,354	
Terminated employees not entitled to a benefit	20,556	2
Active members	58,659	9
Post-DROP retired members still in active service	33	
Totals	<u>113,083</u>	<u>12</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 7.5% 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 8.5% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

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 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' member 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 Town's active employee contribution rate was 7.56% of covered payroll, and the Town's average contribution rate to fund the normal and accrued liability costs was 7.59% of pensionable payroll.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 9 - Pension Plan (continued)

The Town's contractually required contribution rate for the year ended September 30, 2024, was 8.87% of pensionable pay for Tier 1 employees, and 7.11% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Town were \$41,054 for the year ended September 30, 2024.

Net pension liability - The Town'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 Before Plan Changes</u>	<u>Actual After Plan Changes</u>
Total pension liability as of September 30, 2022 (a)	\$ 850,208	\$ 644,374	\$ 644,374
Discount rate (b)	7.45%	7.45%	7.45%
Entry age normal cost for the period October 1, 2022 - September 30, 2023 (c)	58,934	58,934	58,934
Actual benefit payments and refunds for the period October 1, 2022 - September 30, 2023 (e)	(11,066)	(11,066)	(11,066)
Total pension liability as of September 30, 2023 (f)			
[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 961,004	\$ 739,836	\$ 739,836
Difference between expected and actual (g)		(221,168)	
Less liability transferred for immediate recognition (h)			
Difference between expected and actual - experience (gain)/loss (i)		(221,168)	

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% - 6.00%
Investment rate of return *	7.45%

* Net of pension plan investment expense, including inflation

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 9 - 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:

Group	Membership Table	Set Forward (+)/	Adjustment to Rates
		Setback (-)	
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all 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, 2021, 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Fixed income	15.0%	2.8%
U.S. large stocks	32.0%	8.0%
U.S. mid stocks	9.0%	10.0%
U.S. small stocks	4.0%	11.0%
International developed market stocks	12.0%	9.5%
International emerging market stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real estate	10.0%	6.5%
Cash equivalents	5.0%	1.5%
Totals	100.0%	

* Includes assumed rate of inflation at 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 9 - Pension Plan (continued)

Change in net pension liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balances at September 30, 2022	\$ 850,208	\$ 439,069	\$ 411,139
Changes for the year			
Service cost	58,934		58,934
Interest	62,928		62,928
Difference between expected and actual experience	(221,168)		(221,168)
Contributions - employer		35,362	(35,362)
Contributions - employee		40,190	(40,190)
Net investment income		61,189	(61,189)
Benefit payments, including refunds of employee contributions	(11,066)	(11,066)	
Net changes	(110,372)	125,675	(236,047)
Balances at September 30, 2023	\$ 739,836	\$ 564,744	\$ 175,092

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the Town's net pension liability calculated using the discount rate of 7.45%, as well as what the Town'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:

	1.00% Decrease	Current Discount	1.00% Increase
	(6.45%)	Rate (7.45%)	(8.45%)
Town's net pension liability	\$ 282,806	\$ 175,092	\$ 86,458

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, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the schedule of changes in fiduciary net position by employer and accompanying notes is also available. Additional financial and actuarial information is available at www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Pension expense and deferred outflows of resources related to pensions - For the year ended September 30, 2024, the Town recognized pension expense of \$62,278. At September 30, 2024, the Town 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		\$ 139,744
Changes of assumptions	\$ 40,144	
Net difference between projected and actual earnings on plan investments	21,337	
Employer contributions subsequent to the measurement date	41,054	
Totals	<u>\$ 102,535</u>	<u>\$ 139,744</u>

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

Year Ending September 30	Amount
2025	\$ 9,369
2026	(10,670)
2027	3,698
2028	(20,106)
2029	(15,372)
Thereafter	(45,182)

Note 10 - Risk Management

The Town is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The Town has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Settlements have not exceeded coverage for each of the past three fiscal years.

Note 11 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. It is the opinion of the Town that such disallowances, if any, would be immaterial.

Note 12 - Economic Development Incentive Obligations - Tax Abatements

The Town enters into economic development incentive agreements with entities that propose to locate businesses within the Town, or expand businesses within the Town, which are expected to provide stimulus to the Town's economy. These agreements provide for full or partial abatement of sales, use, and/or property taxes, as well as other financial commitments. Property taxes are abated through reductions of assessed values. Sales and use taxes are abated either through exemptions granted on purchases for specific construction or equipment purchase purposes or through tax rebate arrangements. The agreements have limited terms of duration and/or maximum abatement thresholds.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

As a result of these agreements, the Town expects to receive economic benefits including, but not limited to, increase revenue, job creation, and job retention. These incentive agreements require approval by the Mayor and Town Council and are pursuant to *Chapter 54A of Title 11 of the Code of Alabama 1975*, as amended and *Chapter 9B of Title 40 of the Code of Alabama 1975*, as amended.

The Town does not collect property taxes. The Revenue Commissioner of Montgomery County is responsible for such collections for the Town. Property tax abated during the year ended September 30, 2024, totaled \$17,261.

In the case of sales and use tax abatements on construction materials, the taxes abated are not received by the Town, nor is there currently a reporting mechanism for the Town to receive such information. The State Department of Revenue provides a Purchasing Agent appointment letter to subject entities so that they can purchase material tax exempt. The Town will take action to require this reporting in all future abatement agreements.

The Town entered into a project agreement with an entity to provide for partial abatement of sales taxes for a limited duration and up to a certain threshold. As a result of this agreement, the Town expects that its citizens will benefit from economic development that will foster greater public benefits. This project agreement required approval by the Mayor and the Town Council and was pursuant to *Chapter 9B of Title 40 of the Code of Alabama 1975*. Total sales tax abated during the year ended September 30, 2024, was \$175,000.

Note 13 - Effect of New Pronouncements

Management has not currently determined what, if any, impact the implementation of the following statements may have on the financial statements of the Town.

GASB Statement No. 101, *Compensated Absences*, has a primary objective to align recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. Additionally, the Statement provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 103, *Financial Reporting Model Improvements*, has a primary objective to improve key components of the financial reporting model by enhancing the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability and addressing certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately for purposes of note disclosures and establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. This is designed to allow users to make informed decisions about these assets and to evaluate accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2024

Note 14 - Subsequent Events

The Town has evaluated subsequent events through March 12, 2025, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2024, have been incorporated into these financial statements.

On December 10, 2024, the Town issued General Obligation Warrants, Series 2024 in the amount of \$40,600,000. Graduated principal payments are due annually beginning September 1, 2025, and semiannual interest payments are due each March 1 and September 1, beginning March 1, 2025. The Series 2024 Warrants bear interest ranging from 4% to 5%. Final payment is due September 1, 2054. The proceeds will be used to fund various capital improvement projects related to public school education, recreational public facilities, and a new fire station.

Note 15 - Restatement

Beginning net position of governmental activities has been restated to correct errors in the recording of certain balances as of September 30, 2023. Restricted for debt service was the classification of net position that was effected by the restatement. The impact of the restatement on beginning balances is show below.

<u>Governmental Activities Net Position</u>	<u>Amount</u>
Beginning net position, as originally stated	\$ 158,650,599
Funding agreements receivable and special item - funding agreement	<u>(52,510,220)</u>
Beginning net position, as restated	<u><u>\$ 106,140,379</u></u>

Beginning balance of funding agreement receivables and unavailable revenue in the Debt Service Fund were also restated by \$52,510,220. There was no impact on beginning fund balance.

Required Supplementary Information

Town of Pike Road, Alabama
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budgetary Basis	Final Budget -
				Positive
				(Negative)
Revenues				
Sales and use taxes	\$ 5,100,000	\$ 5,100,000	\$ 3,562,615	\$ (1,537,385)
Real and personal property taxes	2,603,040	2,603,040	2,603,053	13
Franchise taxes	912,000	912,000	964,423	52,423
Motor vehicle taxes	485,000	485,000	517,519	32,519
Alcoholic beverage taxes	60,000	60,000	51,430	(8,570)
Tobacco taxes	31,000	31,000	28,284	(2,716)
Lodging taxes	29,000	29,000	50,698	21,698
Rental taxes	78,000	78,000	88,751	10,751
Business licenses and permits	485,000	485,000	507,813	22,813
Building permits	326,800	326,800	394,862	68,062
Unrestricted shared sales tax			1,101,195	1,101,195
Intergovernmental revenues	377,741	377,741	248,996	(128,745)
Contributions and donations	3,300	3,300	22,093	18,793
Interest income	340,000	340,000	779,749	439,749
Miscellaneous income	107,950	107,950	132,482	24,532
Total revenues	10,938,831	10,938,831	11,053,963	115,132
Expenditures				
Current				
General government	2,194,729	2,194,729	1,721,509	473,220
Public works	958,292	958,292	1,024,447	(66,155)
Public safety	1,713,122	1,713,122	1,685,612	27,510
Economic development	477,644	477,644	299,007	178,637
Community related	649,027	649,027	625,783	23,244
Education	530,100	530,100	510,343	19,757
Capital outlay	1,010,000	1,010,000	2,630,062	(1,620,062)
Total expenditures	7,532,914	7,532,914	8,496,763	(963,849)
Excess of Revenues Over Expenditures	3,405,917	3,405,917	2,557,200	(848,717)
Other Financing Uses				
Transfers out	(2,309,562)	(2,309,562)	(1,394,440)	915,122
Net change in fund balance, budgetary basis	\$ 1,096,355	\$ 1,096,355	\$ 1,162,760	\$ 66,405
Reconciling Items to Adjust from Budgetary Basis to Modified Accrual Basis				
Actual amounts presented in the Fire Protection				
Fund but budgeted in the General Fund				
Real and personal property taxes			\$ (1,302,710)	
Tax collection fees			75,284	
Volunteer fire department contributions			1,104,213	
Total reconciling items			(123,213)	
Net Change in Fund Balance, Modified Accrual Basis			1,039,547	
Fund Balance - Beginning			15,856,665	
Fund Balance - Ending			\$ 16,896,212	

See accompanying notes to budgetary comparison schedule.

Town of Pike Road, Alabama
Notes to Budgetary Comparison Schedule
September 30, 2024

Budgetary information - Each year formal budgets are legally adopted and amended as required by the Town Council for the General Fund. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the Town Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level.

The budget for the General Fund is adopted on a modified accrual basis which differs from accounting principles generally accepted in the United States of America (GAAP) insofar as the adopted budget for the General Fund included certain Fire Protection Fund activity. Reconciliation of revenues and expenditures reported in accordance with GAAP and those presented in accordance with non-GAAP budgeted basis is shown in the budgetary comparison schedule.

Excess of expenditures over appropriations - For the year ended September 30, 2024, two General Fund functional expenditure categories (the legal level of budgetary control) exceeded appropriations. The Town exceeded budgeted appropriations for public works expenditures by 6.9% (\$66,155) due to unbudgeted repairs and maintenance expenditures. The Town exceeded budgeted appropriations for capital outlay expenditures by 160.4% (\$1,620,062) due to unbudgeted capital projects.

Town of Pike Road, Alabama
Required Supplementary Information
Schedule of Changes in the Net Pension Liability
Last 10 Fiscal Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 58,934	\$ 74,530	\$ 50,675	\$ 48,132	\$ 46,636	\$ 42,658	\$ 37,217	\$ 26,870	\$ 23,662	\$ 21,704
Interest	62,928	60,888	49,508	44,522	38,664	34,551	31,542	15,281	12,409	9,943
Changes of benefit terms			50,813							
Difference between expected and actual experience	(221,168)	47,599	17,738	(10,180)	13,311	(8,789)	(3,883)	115,926	1,633	
Changes of assumptions			47,331			3,672		65,108		
Benefit payments, including refunds of employee contributions	(11,066)	(72,661)	(10,822)	(24,613)	(20,450)	(11,122)	(10,822)	(3,607)		(1,622)
Transfers among employers		(113,764)					(15,073)			
Net change in total pension liability	(110,372)	(3,408)	205,243	57,861	78,161	60,970	38,981	219,578	37,704	30,025
Total pension liability - beginning	850,208	853,616	648,373	590,512	512,351	451,381	412,400	192,822	155,118	125,093
Total pension liability - ending (a)	<u>\$ 739,836</u>	<u>\$ 850,208</u>	<u>\$ 853,616</u>	<u>\$ 648,373</u>	<u>\$ 590,512</u>	<u>\$ 512,351</u>	<u>\$ 451,381</u>	<u>\$ 412,400</u>	<u>\$ 192,822</u>	<u>\$ 155,118</u>
Plan Fiduciary Net Position										
Contributions - employer	\$ 35,362	\$ 30,915	\$ 19,762	\$ 14,796	\$ 10,924	\$ 11,585	\$ 8,464	\$ 11,478	\$ 11,138	\$ 32,411
Contributions - employee	40,190	39,621	36,260	33,533	31,824	30,155	24,616	23,186	19,207	17,955
Net investment income	61,189	(72,884)	109,981	24,908	10,337	31,858	36,928	24,890	2,240	13,571
Benefit payments, including refunds of employee contributions	(11,066)	(72,661)	(10,822)	(24,613)	(20,450)	(11,122)	(10,822)	(3,607)		(1,622)
Transfers among employers		(113,764)					(15,073)		45,235	
Net change in plan fiduciary net position	125,675	(188,773)	155,181	48,624	32,635	62,476	44,113	55,947	77,820	62,315
Plan net position - beginning	439,069	627,842	472,661	424,037	391,402	328,926	284,813	228,866	151,046	88,731
Plan net position - ending (b)	<u>\$ 564,744</u>	<u>\$ 439,069</u>	<u>\$ 627,842</u>	<u>\$ 472,661</u>	<u>\$ 424,037</u>	<u>\$ 391,402</u>	<u>\$ 328,926</u>	<u>\$ 284,813</u>	<u>\$ 228,866</u>	<u>\$ 151,046</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 175,092</u>	<u>\$ 411,139</u>	<u>\$ 225,774</u>	<u>\$ 175,712</u>	<u>\$ 166,475</u>	<u>\$ 120,949</u>	<u>\$ 122,455</u>	<u>\$ 127,587</u>	<u>\$ (36,044)</u>	<u>\$ 4,072</u>
Plan fiduciary net position as a percentage of the total pension liability	76.33%	51.64%	73.55%	72.90%	71.81%	76.39%	72.87%	69.06%	118.69%	97.37%
Covered payroll	\$ 450,493	\$ 506,534	\$ 531,385	\$ 494,946	\$ 472,891	\$ 434,659	\$ 352,494	\$ 328,360	\$ 267,044	\$ 215,007
Net pension liability (asset) as a percentage of covered payroll	38.87%	81.17%	42.49%	35.50%	35.20%	27.83%	34.74%	38.86%	-13.50%	1.89%

Town of Pike Road, Alabama
Required Supplementary Information
Schedule of Employer Contributions
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 41,054	\$ 37,345	\$ 32,629	\$ 21,728	\$ 16,618	\$ 12,654	\$ 12,914	\$ 10,015	\$ 12,361	\$ 12,434
Contributions in relation to the actuarially determined contribution	41,054	37,345	32,629	21,728	16,618	12,654	12,914	10,015	12,361	12,434
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 540,694	\$ 450,493	\$ 506,534	\$ 531,385	\$ 494,946	\$ 472,891	\$ 434,659	\$ 352,494	\$ 328,360	\$ 267,044
Contributions as a percentage of covered payroll	7.59%	8.29%	6.44%	4.09%	3.36%	2.68%	2.97%	2.84%	3.76%	4.66%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three 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 the contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	17.6 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Supplementary Information

Town of Pike Road, Alabama
Nonmajor Governmental Funds
Special Revenue Funds

Special revenue funds include operating funds that are restricted as to use by the Federal or State governments and special purpose funds established by authority of the Town Council.

Gasoline Tax Fund accounts for the petroleum inspection fees, four cent, five cent, seven cent, and Rebuild Alabama state gas taxes. The use of this funding is restricted to expenditures related to construction, improvement, and maintenance of the highways, bridges, and streets.

Government Improvement Fund accounts for funds received from the Alabama Trust Fund to be used solely for capital improvements and the renovation of capital assets determined by the municipal governing body.

Fire Protection Fund accounts for certain ad valorem tax funds which have been restricted by state law to be used for fire protection and emergency medical services.

Town of Pike Road, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	Special Revenue Funds			Total
	Gasoline Tax Fund	Government Improvement Fund	Fire Protection Fund	
Assets				
Cash and cash equivalents	\$ 563,638	\$ 458,644	\$ 444,228	\$ 1,466,510
Taxes receivable			20,789	20,789
Intergovernmental receivables	21,416			21,416
Total assets	<u>\$ 585,054</u>	<u>\$ 458,644</u>	<u>\$ 465,017</u>	<u>\$ 1,508,715</u>
Liabilities				
Accounts payable and accrued expenses			\$ 102,135	\$ 102,135
Fund Balances				
Restricted				
Capital improvements		\$ 458,644		458,644
Highways and streets	\$ 585,054			585,054
Fire protection and emergency medical services			362,882	362,882
Total fund balances	<u>585,054</u>	<u>458,644</u>	<u>362,882</u>	<u>1,406,580</u>
Total liabilities and fund balances	<u>\$ 585,054</u>	<u>\$ 458,644</u>	<u>\$ 465,017</u>	<u>\$ 1,508,715</u>

Town of Pike Road, Alabama
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Special Revenue Funds			
	Gasoline	Government	Fire	
	Tax Fund	Improvement	Protection	
		Fund	Fund	Total
Revenues				
Taxes			\$ 1,302,710	\$ 1,302,710
Intergovernmental revenues	\$ 227,142	\$ 91,211		318,353
Interest income		13,665		13,665
Total revenues	<u>227,142</u>	<u>104,876</u>	<u>1,302,710</u>	<u>1,634,728</u>
Expenditures				
Current				
General government			75,284	75,284
Public works	245,789			245,789
Public safety			1,184,213	1,184,213
Total expenditures	<u>245,789</u>		<u>1,259,497</u>	<u>1,505,286</u>
Net Change in Fund Balances	(18,647)	104,876	43,213	129,442
Fund Balances - Beginning	<u>603,701</u>	<u>353,768</u>	<u>319,669</u>	<u>1,277,138</u>
Fund Balances - Ending	<u>\$ 585,054</u>	<u>\$ 458,644</u>	<u>\$ 362,882</u>	<u>\$ 1,406,580</u>

Town of Pike Road, Alabama
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Education Fund
For All Fiscal Years Ended September 30 Since Fund Inception

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues												
Taxes	\$ 4,168,148	\$ 3,577,779	\$ 3,135,568	\$ 2,862,479	\$ 2,659,910	\$ 2,559,455	\$ 2,379,041	\$ 2,110,785	\$ 2,113,271	\$ 1,935,466	\$ 1,755,242	\$ 137,041
Interest income						15,432	12,946	2,537	561	280	432	
Donations												5,000
Total revenues	<u>4,168,148</u>	<u>3,577,779</u>	<u>3,135,568</u>	<u>2,862,479</u>	<u>2,659,910</u>	<u>2,574,887</u>	<u>2,391,987</u>	<u>2,113,322</u>	<u>2,113,832</u>	<u>1,935,746</u>	<u>1,755,674</u>	<u>142,041</u>
Expenditures												
Current												
General government												
Tax collection and trustee fees, insurance premiums	267,668	182,024	260,971	199,438	208,639	188,034	168,824	158,062	154,751	148,737		8,415
Education	300,000	98,633,307	300,000	300,000	300,000	300,000	300,710	616,527	492,653	769,902	178,718	
Debt service												
Principal payments						710,000	465,000	450,000	440,000	310,000	325,000	
Interest and fiscal charges						1,258,000	1,238,528	884,145	896,095	754,442	564,284	
Total expenditures	<u>567,668</u>	<u>98,815,331</u>	<u>560,971</u>	<u>499,438</u>	<u>508,639</u>	<u>2,456,034</u>	<u>2,173,062</u>	<u>2,108,734</u>	<u>1,983,499</u>	<u>1,983,081</u>	<u>1,068,002</u>	<u>8,415</u>
Excess of Revenues Over (Under) Expenditures	<u>3,600,480</u>	<u>(95,237,552)</u>	<u>2,574,597</u>	<u>2,363,041</u>	<u>2,151,271</u>	<u>118,853</u>	<u>218,925</u>	<u>4,588</u>	<u>130,333</u>	<u>(47,335)</u>	<u>687,672</u>	<u>133,626</u>
Other Financing Sources (Uses)												
Transfers in	300,000	98,633,307	300,000	386,945	300,000	300,000	566,586			68,000		
Transfers out												
Town debt serviced in the debt service fund - town debt encumbered for school	(3,894,169)	(3,387,291)	(2,860,836)	(2,744,562)	(2,573,789)							
Transfer of restricted bond service trustee accounts to new debt service fund					(1,567,908)							
Total other financing sources (uses)	<u>(3,594,169)</u>	<u>95,246,016</u>	<u>(2,560,836)</u>	<u>(2,357,617)</u>	<u>(3,841,697)</u>	<u>300,000</u>	<u>566,586</u>			<u>68,000</u>		
Net Change in Fund Balance	6,311	8,464	13,761	5,424	(1,690,426)	418,853	785,511	4,588	130,333	20,665	687,672	133,626
Fund Balance - Beginning	<u>518,471</u>	<u>510,007</u>	<u>496,246</u>	<u>490,822</u>	<u>2,181,248</u>	<u>1,762,395</u>	<u>976,884</u>	<u>972,296</u>	<u>841,963</u>	<u>821,298</u>	<u>133,626</u>	
Fund Balance - Ending	<u>\$ 524,782</u>	<u>\$ 518,471</u>	<u>\$ 510,007</u>	<u>\$ 496,246</u>	<u>\$ 490,822</u>	<u>\$ 2,181,248</u>	<u>\$ 1,762,395</u>	<u>\$ 976,884</u>	<u>\$ 972,296</u>	<u>\$ 841,963</u>	<u>\$ 821,298</u>	<u>\$ 133,626</u>