

Certified Public Accountants  
& Consultants



**Town of Pike Road, Alabama**  
**For the Year Ended September 30, 2022**  
**Annual Financial Report**

## **Introductory Section**

**Town of Pike Road, Alabama  
Annual Financial Report  
For the Year Ended September 30, 2022**

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**Town of Pike Road, Alabama  
List of Principal Officials  
As of September 30, 2022**

**Mayor - Gordon Stone**

**Town Council**

Chris Dunn  
Rob Steindorff  
Chris Myers  
Angie Bradsher  
Doug Fuhrman

**Heads of Departments**

Finance Director - Nancy Parks, CPA  
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

### **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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pike Road, Alabama, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2022 the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 12 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 of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule - general fund, schedule of changes in 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 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 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, 2021, 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, 2021, 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 - 2021 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 - 2021 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  
February 28, 2023



**Town of Pike Road, Alabama**  
**Management's Discussion and Analysis (MD&A)**  
**September 30, 2022**

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, 2022. 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 2022 fiscal year by \$64.9 million (net position).
- ❖ The Town's net position increased by \$2.8 million in the 2022 fiscal year.
- ❖ The total cost of the Town's programs for the 2022 fiscal year was \$10.6 million. The excess of expenses over charges for services, grants, and contributions over expenses was \$9.1 million.
- ❖ The General Fund revenues during the 2022 fiscal year exceeded expenditures by \$4.9 million.
- ❖ At the end of the 2022 fiscal year, the General Fund unassigned fund balance was \$11.8 million, or 322% of the total General Fund operating expenses before capital outlay (\$245,000).
- ❖ Major capital expenditures for the 2022 fiscal year totaled \$2.3 million, which included \$1.2 million of Patriot Park Complex costs and \$865,000 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 12) 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, 2022**

The statement of activities (page 13) 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 13) 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 18 and 19).

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 15 and 17). 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 21 - 38) 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 39 - 42) 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 43 and 44) 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**  
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The schedule of revenues, expenditures, and changes in fund balance - Education Fund (page 45) 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>						
Current and other assets	\$ 33,582,576	\$ 29,418,442	\$ 547,970	\$ 117,946	\$ 34,130,546	\$ 29,536,388
Capital assets	87,255,730	87,841,395	2,758,564	2,881,071	90,014,294	90,722,466
Total assets	120,838,306	117,259,837	3,306,534	2,999,017	124,144,840	120,258,854
<b>Deferred Outflows of Resources</b>	784,317	1,345,768			784,317	1,345,768
<b>Liabilities</b>						
Current liabilities	1,074,708	804,611	12,611	6,484	1,087,319	811,095
Long-term liabilities	56,487,814	56,553,966	1,997,768	2,181,102	58,485,582	58,735,068
Total liabilities	57,562,522	57,358,577	2,010,379	2,187,586	59,572,901	59,546,163
<b>Deferred Inflows of Resources</b>	45,056				45,056	
<b>Net Position</b>						
Investment in capital assets, net	37,647,725	37,842,196	781,466	715,629	38,429,191	38,557,825
Restricted	1,365,383	1,062,118			1,365,383	1,062,118
Unrestricted	25,001,937	22,342,714	91,621	95,802	25,093,558	22,438,516
Total net position	\$ 64,015,045	\$ 61,247,028	\$ 873,087	\$ 811,431	\$ 64,888,132	\$ 62,058,459

The Town's assets exceeded liabilities by \$64.9 million at September 30, 2022, an increase of 4.6% from last year.

Net position invested in capital assets of \$38.4 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 \$1.4 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, 2022**

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

The results of the 2022 fiscal year's operations as a whole are reported in detail in the statement of activities (page 13). Table 2 below condenses the results of operations for the 2022 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, 2022 and 2021.

**Table 2: Summary of Changes in Net Position**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 579,698	\$ 599,127	\$ 368,589	\$ 392,581	\$ 948,287	\$ 991,708
Operating grants and contributions	7,101	13,031			7,101	13,031
Capital grants and contributions	546,236	401,221			546,236	401,221
General revenues						
Taxes	10,191,895	8,506,216			10,191,895	8,506,216
Unrestricted shared revenues	1,669,200	1,653,259			1,669,200	1,653,259
Interest income	40,597	20,153	12,684		53,281	20,153
Miscellaneous	42,881	39,362			42,881	39,362
Transfers	220	952	(220)	(952)		
Total revenues	<u>13,077,828</u>	<u>11,233,321</u>	<u>381,053</u>	<u>391,629</u>	<u>13,458,881</u>	<u>11,624,950</u>
<b>Expenses</b>						
General government	1,863,256	1,665,342			1,863,256	1,665,342
Public works	2,201,399	2,236,995			2,201,399	2,236,995
Public safety	1,068,517	1,148,936			1,068,517	1,148,936
Economic development	323,588	305,041			323,588	305,041
Community related	439,163	389,339			439,163	389,339
Education	2,229,704	2,295,124			2,229,704	2,295,124
Interest and fiscal charges	2,184,184	2,492,536			2,184,184	2,492,536
Pike Road Station			319,397	277,875	319,397	277,875
Total expenses	<u>10,309,811</u>	<u>10,533,313</u>	<u>319,397</u>	<u>277,875</u>	<u>10,629,208</u>	<u>10,811,188</u>
<b>Change in Net Position</b>	2,768,017	700,008	61,656	113,754	2,829,673	813,762
<b>Net Position - Beginning</b>	<u>61,247,028</u>	<u>60,547,020</u>	<u>811,431</u>	<u>697,677</u>	<u>62,058,459</u>	<u>61,244,697</u>
<b>Net Position - Ending</b>	<u>\$ 64,015,045</u>	<u>\$ 61,247,028</u>	<u>\$ 873,087</u>	<u>\$ 811,431</u>	<u>\$ 64,888,132</u>	<u>\$ 62,058,459</u>

The Town's total revenues increased 15.8% (\$1.8 million). The increase was due primarily to an increase in tax revenues of 19% (\$1.7 million).

The Town's program expenses decreased by 1.7% (\$182,000). The decrease was due primarily to a decrease in public safety expenses of 7.0% (\$80,000), education expenses of 2.9% (\$65,000), and interest expenses of 12.4% (\$308,000), the majority of which was a decrease in contributions to the volunteer fire department, appropriations to the Board of Education, and in interest paid on debt issues in fiscal year 2022.

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Table 3 is a condensed statement taken from the statement of activities (page 13) 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**

	<b>Fiscal Year Ended September 30, 2022</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General government	\$ 1,863,256	\$ (1,195,138)
Public works	2,201,399	(1,743,583)
Public safety	1,068,517	(1,068,517)
Economic development	323,588	(323,588)
Community related	439,163	(432,062)
Education	2,229,704	(2,229,704)
Interest and fiscal charges	2,184,184	(2,184,184)
Pike Road Station	319,397	49,192
Total	<u>\$ 10,629,208</u>	<u>\$ (9,127,584)</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 14.

**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 15 and 17.) At the end of the 2022 fiscal year, the Town's governmental funds reported a combined fund balance of \$21.6 million, which includes \$5.4 million restricted fund balances to be used for education, debt service, capital improvements, highways and streets, and fire protection and emergency medical services; \$4.3 million in assigned fund balances to be used for road maintenance, capital projects, and debt service; \$19,000 in nonspendable fund balances; and \$11.8 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 2022 fiscal year, total net position of the Pike Road Station enterprise fund was \$873,000, as compared to \$811,000 at the end of last fiscal year, an increase of \$62,000.

**Town of Pike Road, Alabama**  
**Management's Discussion and Analysis (MD&A)**  
**September 30, 2022**

**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 2022 fiscal year budget was adopted in September 2021. The comparison of the General Fund budget to the actual results is detailed in the budget to actual comparison schedule - general fund on page 39. The Town's actual results as compared to the Town's budget can be briefly summarized as follows:

- ❖ Actual revenues were more than budget by 10.0% (\$888,000). Significant portions of the variance were related to unbudgeted revenue received from the Pike Road Board of Education related to the funding agreements and overbudgeted sales taxes revenues.
- ❖ Actual expenditures were less than budget by 14.7% (\$828,000). A significant portion of the variance was related to overbudgeted general government expenditures.

**Capital Assets and Debt Administration**

Capital assets - The Town's investment in capital assets at the end of the 2022 fiscal year amounted to \$90.0 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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Land	\$ 10,772,391	\$ 10,772,391	\$ 446,500	\$ 446,500	\$ 11,218,891	\$ 11,218,891
Construction in progress	10,531,775	8,477,228			10,531,775	8,477,228
Buildings	33,080,754	34,315,083	2,253,449	2,352,103	35,334,203	36,667,186
Infrastructure	28,661,817	29,776,881			28,661,817	29,776,881
Land improvements	3,452,657	3,660,009			3,452,657	3,660,009
Leasehold improvements	271,004	303,357	29,380	38,587	300,384	341,944
Equipment	416,949	457,500	29,235	43,881	446,184	501,381
Office equipment	13,793	11,442			13,793	11,442
Furniture	54,590	67,504			54,590	67,504
Total capital assets	<u>\$ 87,255,730</u>	<u>\$ 87,841,395</u>	<u>\$ 2,758,564</u>	<u>\$ 2,881,071</u>	<u>\$ 90,014,294</u>	<u>\$ 90,722,466</u>

Additions to capital assets during the 2022 fiscal year included the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Construction in progress	\$ 2,054,547	
Infrastructure	145,806	
Land improvements	23,000	
Equipment	27,000	
Office equipment	9,365	
Total capital asset additions	<u>\$ 2,259,718</u>	<u>\$ -</u>

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

**Town of Pike Road, Alabama**  
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**September 30, 2022**

Long-term debt - At the 2022 fiscal year end, the Town had \$55.8 million outstanding in general obligation warrants, school revenue warrants, and related debt issuance discounts and premiums. This is a decrease of 2.6% in debt from last year, as shown in Table 5 below:

**Table 5: Outstanding Debt**

	As of September 30, 2022		
	Beginning Balance	Net Change	Ending Balance
<b>Governmental Activities</b>			
General obligation warrants	\$ 47,525,000	\$ (720,000)	\$ 46,805,000
School revenue warrants	6,355,000	(530,000)	5,825,000
Debt issuance premiums	1,228,263	(76,400)	1,151,863
Total governmental activities	55,108,263	(1,326,400)	53,781,863
<b>Business-Type Activities</b>			
General obligation warrants	2,175,000	(190,000)	1,985,000
Debt issuance discounts	(9,558)	1,656	(7,902)
Total business-type activities	2,165,442	(188,344)	1,977,098
Total outstanding debt	\$ 57,273,705	\$ (1,514,744)	\$ 55,758,961

The Town did not take on any new debt for the fiscal year of 2022.

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 enlarged and renovated schools, many new commercial and retail services, infrastructure improvements, and new recreational amenities available for all of its citizens. The demand for new residential properties is evidenced by the issuance of 262 residential building permits, accompanied by 10 new commercial building permits during this fiscal year. We anticipate the addition of other various retail businesses in the coming years. Construction of the new Agriculture, Recreation, and Performing Arts Complex and outdoor Arena was completed, along with four adjacent baseball fields, complete with dugouts, restrooms and concession stand. This new facility provides new, additional space and opportunities for increased public recreation, economic development and educational programs. Each of these areas of new growth represent a future positive impact on the Town's economy and its ability to serve its citizens.

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.

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 education purposes. For the current year, the education-related property taxes generated \$3.1 million, an increase of 9% from the prior year.

**Town of Pike Road, Alabama**  
**Management's Discussion and Analysis (MD&A)**  
**September 30, 2022**

Effective with the October 1, 2017 property assessment, the Town began collecting an additional 5 mill ad valorem tax. By State law, the Town has directed this levy to fire protection and emergency medical services. The additional 5 mill tax resulted in contributions to the three Pike Road Volunteer Fire Departments totaling over \$814,000 during the year. In addition, the new tax added over \$90,000 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 2022, improvements to Pike Road schools totaling over \$850,000 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 2022, the Town contributed over \$600,000 for Education Support out of the General Fund. Included in the 2023 operating budget is \$800,000 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, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 19,793,107	\$ 68,006	\$ 19,861,113
Accounts receivable		20,156	20,156
Taxes receivable	677,215		677,215
Intergovernmental receivables	283,833		283,833
Prepaid expenses	19,312	3,386	22,698
Leases receivable		435,752	435,752
Restricted cash - tenant deposits		20,670	20,670
Cash held by fiscal agent			
Debt service	3,003		3,003
Capital improvements	4,078,858		4,078,858
Funding agreements receivable	8,727,248		8,727,248
Capital assets not being depreciated	21,304,166	446,500	21,750,666
Capital assets, net of accumulated depreciation	65,951,564	2,312,064	68,263,628
Total assets	<u>120,838,306</u>	<u>3,306,534</u>	<u>124,144,840</u>
<b>Deferred Outflows of Resources</b>			
Pension related items	145,360		145,360
Deferred loss on refunding	638,957		638,957
Total deferred outflows of resources	<u>784,317</u>		<u>784,317</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	839,510	7,649	847,159
Accrued interest payable	235,198	4,962	240,160
Unearned revenue	2,415,077		2,415,077
Portion due or payable in one year			
Warrants payable	1,280,000	200,000	1,480,000
Portion due or payable after one year			
Warrants payable	52,501,863	1,777,098	54,278,961
Compensated absences	65,100		65,100
Net pension liability	225,774		225,774
Tenant deposits		20,670	20,670
Total liabilities	<u>57,562,522</u>	<u>2,010,379</u>	<u>59,572,901</u>
<b>Deferred Inflows of Resources</b>			
Pension related items	45,056		45,056
Leases		423,068	423,068
Total deferred inflows of resources	<u>45,056</u>	<u>423,068</u>	<u>468,124</u>
<b>Net Position</b>			
Investment in capital assets, net	37,647,725	781,466	38,429,191
Restricted			
Education	510,007		510,007
Debt service	3,003		3,003
Capital improvements	259,497		259,497
Highways and streets	383,951		383,951
Fire protection and emergency medical services	208,925		208,925
Unrestricted	25,001,937	91,621	25,093,558
Total net position	<u>\$ 64,015,045</u>	<u>\$ 873,087</u>	<u>\$ 64,888,132</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, 2022**

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
<b>Governmental Activities</b>							
General government	\$ 1,863,256	\$ 579,698		\$ 88,420	\$ (1,195,138)		\$ (1,195,138)
Public works	2,201,399			457,816	(1,743,583)		(1,743,583)
Public safety	1,068,517				(1,068,517)		(1,068,517)
Economic development	323,588				(323,588)		(323,588)
Community related	439,163		\$ 7,101		(432,062)		(432,062)
Education	2,229,704				(2,229,704)		(2,229,704)
Interest and fiscal charges	2,184,184				(2,184,184)		(2,184,184)
Total governmental activities	<u>10,309,811</u>	<u>579,698</u>	<u>7,101</u>	<u>546,236</u>	<u>(9,176,776)</u>		<u>(9,176,776)</u>
<b>Business-Type Activities</b>							
Pike Road Station	319,397	368,589				\$ 49,192	49,192
Total primary government	<u>\$ 10,629,208</u>	<u>\$ 948,287</u>	<u>\$ 7,101</u>	<u>\$ 546,236</u>	<u>(9,176,776)</u>	<u>49,192</u>	<u>(9,127,584)</u>
General revenues							
Sales and use taxes					3,441,644		3,441,644
Real and personal property taxes					5,093,613		5,093,613
Franchise taxes					737,859		737,859
Motor vehicle taxes					421,497		421,497
Business licenses					302,067		302,067
Alcoholic beverage taxes					50,122		50,122
Tobacco taxes					26,893		26,893
Lodging taxes					24,921		24,921
Rental taxes					93,279		93,279
Unrestricted shared revenues					1,669,200		1,669,200
Interest income					40,597	12,684	53,281
Miscellaneous revenue					42,881		42,881
Transfers					220	(220)	
Total general revenues and transfers					<u>11,944,793</u>	<u>12,464</u>	<u>11,957,257</u>
<b>Change in Net Position</b>					2,768,017	61,656	2,829,673
<b>Net Position - Beginning</b>					<u>61,247,028</u>	<u>811,431</u>	<u>62,058,459</u>
<b>Net Position - Ending</b>					<u>\$ 64,015,045</u>	<u>\$ 873,087</u>	<u>\$ 64,888,132</u>

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

**Town of Pike Road, Alabama  
Balance Sheet  
Governmental Funds  
September 30, 2022**

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 14,543,982	\$ 1,429,655	\$ 457,513	\$ 2,328,011	\$ 1,033,946	\$ 19,793,107
Taxes receivable	603,700		57,200		16,315	677,215
Intergovernmental receivables	264,750				19,083	283,833
Prepaid expenses	19,312					19,312
Cash held by fiscal agent						
Debt service				3,003		3,003
Capital improvements		4,078,858				4,078,858
Funding agreements receivable	8,727,248					8,727,248
Total assets	<u>\$ 24,158,992</u>	<u>\$ 5,508,513</u>	<u>\$ 514,713</u>	<u>\$ 2,331,014</u>	<u>\$ 1,069,344</u>	<u>\$ 33,582,576</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 548,669	\$ 69,164	\$ 4,706		\$ 216,971	\$ 839,510
Unearned revenue	2,415,077					2,415,077
Total liabilities	<u>2,963,746</u>	<u>69,164</u>	<u>4,706</u>		<u>216,971</u>	<u>3,254,587</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	<u>8,727,248</u>					<u>8,727,248</u>
<b>Fund Balances</b>						
Nonspendable						
Prepaid expenses	19,312					19,312
Restricted						
Education			510,007			510,007
Debt service				\$ 3,003		3,003
Capital improvements		4,078,858			259,497	4,338,355
Highways and streets					383,951	383,951
Fire protection and emergency medical services					208,925	208,925
Assigned						
Road maintenance	658,731					658,731
Other capital projects		1,360,491				1,360,491
Debt service				2,328,011		2,328,011
Unassigned	11,789,955					11,789,955
Total fund balances	<u>12,467,998</u>	<u>5,439,349</u>	<u>510,007</u>	<u>2,331,014</u>	<u>852,373</u>	<u>21,600,741</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,158,992</u>	<u>\$ 5,508,513</u>	<u>\$ 514,713</u>	<u>\$ 2,331,014</u>	<u>\$ 1,069,344</u>	<u>\$ 33,582,576</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, 2022**

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

Total fund balances - governmental funds		\$ 21,600,741
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		87,255,730
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		8,727,248
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	\$ 145,360	
Deferred loss on refunding	638,957	
Pension related deferred inflows of resources	<u>(45,056)</u>	
		739,261
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(235,198)	
General obligation warrants	(46,805,000)	
School revenue warrants	(5,825,000)	
Debt issuance premiums	(1,151,863)	
Compensated absences	(65,100)	
Net pension liability	<u>(225,774)</u>	
Total long-term liabilities		<u>(54,307,935)</u>
Net position of governmental activities		<u><u>\$ 64,015,045</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, 2022**

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 5,775,441		\$ 3,135,568		\$ 978,819	\$ 9,889,828
Licenses and permits	881,765					881,765
Intergovernmental revenues	2,043,635	\$ 202,406			305,440	2,551,481
Contributions and donations	7,101					7,101
Interest income	22,037	14,649		\$ 3,008	902	40,596
Miscellaneous income	42,881					42,881
Total revenues	8,772,860	217,055	3,135,568	3,008	1,285,161	13,413,652
<b>Expenditures</b>						
Current						
General government	1,442,838		260,971		71,137	1,774,946
Public works	795,595				89,887	885,482
Public safety	253,925				814,592	1,068,517
Economic development	319,684					319,684
Community related	416,633					416,633
Education	429,898	22,987	300,000			752,885
Capital outlay	244,602	1,992,117			23,000	2,259,719
Debt service						
Principal payments				1,250,000		1,250,000
Interest and fiscal charges				1,721,240		1,721,240
Total expenditures	3,903,175	2,015,104	560,971	2,971,240	998,616	10,449,106
<b>Excess of Revenues Over (Under) Expenditures</b>	4,869,685	(1,798,049)	2,574,597	(2,968,232)	286,545	2,964,546
<b>Other Financing Sources (Uses)</b>						
Transfers in		950,000	300,000	3,456,967		4,706,967
Transfers out	(1,845,911)		(2,860,836)			(4,706,747)
Total other financing sources (uses)	(1,845,911)	950,000	(2,560,836)	3,456,967		220
<b>Net Change in Fund Balances</b>	3,023,774	(848,049)	13,761	488,735	286,545	2,964,766
<b>Fund Balances - Beginning</b>	9,444,224	6,287,398	496,246	1,842,279	565,828	18,635,975
<b>Fund Balances - Ending</b>	\$ 12,467,998	\$ 5,439,349	\$ 510,007	\$ 2,331,014	\$ 852,373	\$ 21,600,741

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, 2022**

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

Net change in fund balances - total governmental funds		\$ 2,964,766
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.		2,259,719
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(2,845,383)
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.		(336,045)
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.		1,250,000
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.		(519,475)
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	\$ 56,529	
Compensated absences	(1,400)	
Change in net pension liability and related deferred amounts	<u>(60,694)</u>	
		<u>(5,565)</u>
Change in net position of governmental activities		<u><u>\$ 2,768,017</u></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, 2022**

**Assets**

Current assets

Cash and cash equivalents	\$ 68,006
Accounts receivable	20,156
Prepaid items	3,386
Leases receivable	132,045
Total current assets	<u>223,593</u>

Noncurrent assets

Restricted cash - tenant deposits	20,670
Leases receivable	303,707
Capital assets not being depreciated	446,500
Capital assets, net of accumulated depreciation	2,312,064
Total noncurrent assets	<u>3,082,941</u>
Total assets	<u>3,306,534</u>

**Liabilities**

Current liabilities

Accounts payable	7,649
Accrued interest expense	4,962
Warrants payable	200,000
Total current liabilities	<u>212,611</u>

Noncurrent liabilities

Warrants payable	1,777,098
Tenant deposits	20,670
Total noncurrent liabilities	<u>1,797,768</u>
Total liabilities	<u>2,010,379</u>

**Deferred Inflows of Resources**

Leases	<u>423,068</u>
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**Net Position**

Investment in capital assets, net	781,466
Unrestricted	91,621
Total net position	<u>\$ 873,087</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, 2022**

**Operating Revenues**

Rent - commercial tenants	\$ 213,498
Common area maintenance fees - commercial tenants	41,091
Rent and common area maintenance fees - Town of Pike Road	<u>114,000</u>
Total operating revenues	<u>368,589</u>

**Operating Expenses**

Management fees	5,214
Contract labor	4,354
Insurance	5,302
Leasing fees	14,640
Professional fees	10,150
Repairs and maintenance	83,491
Utilities	10,676
Depreciation	<u>122,507</u>
Total operating expenses	<u>256,334</u>

**Operating Income**

112,255

**Nonoperating Revenues (Expenses)**

Interest income	12,684
Interest expense	<u>(63,063)</u>
Total nonoperating revenues (expenses)	<u>(50,379)</u>

Net income before transfers 61,876

Transfers out (220)

**Change in Net Position**

61,656

**Net Position - Beginning**

811,431

**Net Position - Ending**

\$ 873,087

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, 2022**

**Cash Flows From (Used For) Operating Activities**

Receipts from tenants	\$ 361,875
Payments to suppliers	<u>(126,396)</u>
Net cash from operating activities	<u>235,479</u>

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

Principal and interest payments on long-term debt	<u>(253,435)</u>
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<b>Net Increase in Cash and Cash Equivalents</b>	(17,956)
<b>Cash and Cash Equivalents - Beginning</b>	<u>106,632</u>
<b>Cash and Cash Equivalents - Ending</b>	<u><u>\$ 88,676</u></u>

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents	\$ 68,006
Restricted cash - tenant deposits	<u>20,670</u>
Total cash and cash equivalents	<u><u>\$ 88,676</u></u>

**Reconciliation of Operating Income to Net Cash From Operating Activities**

Operating income	\$ 112,255
Adjustments to reconcile operating income to net cash from (used for) operating activities	
Depreciation expense	122,507
Decrease in accounts receivable	(11,724)
Decrease in prepaid expenses	932
Increase in tenant deposits	5,010
Decrease in accounts payable	<u>6,499</u>
Net cash from (used for) operating activities	<u><u>\$ 235,479</u></u>

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

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**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 - The Town is responsible for appointing the Board of Education of Pike Road Schools (the Board). However, the Town has no control or influence in the presentation or adoption of the Board's annual operating budget; the Town is not responsible for any budget deficits incurred by the Board; and the Board has the authority to issue debt which are neither secured by the Town's revenues or obligations of the Town. Accordingly, the financial statements of the Board are not presented in the accompanying financial statements because the Town is not considered to be financially accountable for the Board. The Town also 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.

*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.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1 - Summary of Significant Accounting Policies (continued)**

*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 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, 2021.

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.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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 deferred loss on refunding is reported in the government-wide statement of net position. A deferred loss on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred over the shorter of the life of the refunded or refunding debt. In addition, 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. 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:

*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.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

*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 Comprehensive Annual 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.

Effect of new pronouncements - During the year, the Town implemented the provisions of GASB Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of this standard had no impact on beginning net position as the transition adjustments for the lessor leases in existence as of October 1, 2021 resulted in leases receivable and deferred inflows of resources of \$561,792.

## **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, 2022**

**Note 3 - Capital Assets**

Capital asset activity for the year ended September 30, 2022 was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 10,772,391			\$ 10,772,391
Construction in progress	8,477,228	\$ 2,054,547		10,531,775
Total capital assets, not being depreciated	19,249,619	2,054,547		21,304,166
Capital assets, being depreciated				
Buildings	40,010,338			40,010,338
Infrastructure	37,188,200	145,806		37,334,006
Land improvements	4,607,042	23,000		4,630,042
Leasehold improvements	647,053			647,053
Equipment	804,485	27,000		831,485
Office equipment	87,812	9,365		97,177
Furniture	242,379			242,379
Total capital assets, being depreciated	83,587,309	205,171		83,792,480
Less accumulated depreciation				
Buildings	5,695,255	1,234,329		6,929,584
Infrastructure	7,411,319	1,260,870		8,672,189
Land improvements	947,033	230,352		1,177,385
Leasehold improvements	343,696	32,353		376,049
Equipment	346,985	67,551		414,536
Office equipment	76,370	7,014		83,384
Furniture	174,875	12,914		187,789
Total accumulated depreciation	14,995,533	2,845,383		17,840,916
Total capital assets, being depreciated, net	68,591,776	(2,640,212)		65,951,564
Governmental activities capital assets, net	<u>\$ 87,841,395</u>	<u>\$ (585,665)</u>	<u>\$ -</u>	<u>\$ 87,255,730</u>

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 3 - Capital Assets (continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-Type Activities</b>				
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			165,940
Equipment	248,806			248,806
Total capital assets, being depreciated	3,982,600			3,982,600
Less accumulated depreciation				
Buildings	1,215,751	\$ 98,654		1,314,405
Leasehold improvements	127,353	9,207		136,560
Equipment	204,925	14,646		219,571
Total accumulated depreciation	1,548,029	122,507		1,670,536
Total capital assets, being depreciated, net	2,434,571	(122,507)		2,312,064
Business-type activities capital assets, net	<u>\$ 2,881,071</u>	<u>\$ (122,507)</u>	<u>\$ -</u>	<u>\$ 2,758,564</u>

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

**Governmental Activities**

General government	\$ 48,605
Public works	1,317,962
Community related	1,997
Education	1,476,819
Total depreciation expense - governmental activities	<u>\$ 2,845,383</u>

**Business-Type Activities**

Pike Road Station	<u>\$ 122,507</u>
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**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 4 - Interfund Balances**

The following is a schedule of interfund transfers for the year ended September 30, 2022:

<b>Transfer Out</b>	<b>Transfer In</b>			<b>Total</b>
	<b>Capital Projects Fund</b>	<b>Education Fund</b>	<b>Debt Service Fund</b>	
General Fund	\$ 950,000	\$ 300,000	\$ 595,911	\$ 1,845,911
Education Fund			2,860,836	2,860,836
Pike Road Station			220	220
Totals	<u>\$ 950,000</u>	<u>\$ 300,000</u>	<u>\$ 3,456,967</u>	<u>\$ 4,706,967</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, 2022 was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
General obligation warrants	\$ 47,525,000		\$ 720,000	\$ 46,805,000	\$ 735,000
School revenue warrants	6,355,000		530,000	5,825,000	545,000
Deferred amounts					
Debt issuance premiums	1,228,263		76,400	1,151,863	
Total warrants payable	<u>55,108,263</u>		<u>1,326,400</u>	<u>53,781,863</u>	<u>1,280,000</u>
Compensated absences	63,700	\$ 1,400		65,100	
Governmental activities long-term liabilities	<u>55,171,963</u>	<u>1,400</u>	<u>1,326,400</u>	<u>53,846,963</u>	<u>1,280,000</u>
<b>Business-Type Activities</b>					
General obligation warrants	2,175,000		190,000	1,985,000	200,000
Deferred amounts					
Debt issuance discounts	(9,558)		(1,656)	(7,902)	
Total warrants payable	<u>2,165,442</u>		<u>188,344</u>	<u>1,977,098</u>	<u>200,000</u>
Tenant deposits	15,660	5,010		20,670	
Business-type activities long-term liabilities	<u>2,181,102</u>	<u>5,010</u>	<u>188,344</u>	<u>1,997,768</u>	<u>200,000</u>
Total long-term liabilities	<u>\$ 57,353,065</u>	<u>\$ 6,410</u>	<u>\$ 1,514,744</u>	<u>\$ 55,844,731</u>	<u>\$ 1,480,000</u>

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 5 - Long-Term Debt (continued)**

Warrants payable - Warrants payable at September 30, 2022 consisted of the following:

**Governmental Activities**

School Revenue Warrants, Series 2013; principal amount \$16,700,000; interest rates range from 2.0% to 5.0%; 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, 2043. 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. A portion of the principal amount was refunded with General Obligation Refunding Warrants (Federally Taxable), Series 2020-A.	\$ 830,000
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.	4,995,000
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 (Federally Taxable), Series 2017-B; principal amount \$1,455,000; interest rates range from 2.0% to 2.65%; graduated principal payments are due annually on June 1; interest is due semiannually on December 1 and June 1; final maturity date is June 1, 2024. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities.	505,000
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.	95,000

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 5 - Long-Term Debt (continued)**

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.

\$ 15,600,000

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.

5,335,000

Total governmental activities

52,630,000

**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.

1,985,000

Total warrants payable

\$ 54,615,000

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, 2022 were as follows:

<b>Year Ending September 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,280,000	\$ 1,688,198	\$ 2,968,198
2024	1,315,000	1,656,146	2,971,146
2025	1,315,000	1,618,517	2,933,517
2026	1,340,000	1,587,848	2,927,848
2027	1,375,000	1,554,745	2,929,745
2028 - 2032	9,705,000	7,036,598	16,741,598
2033 - 2037	11,905,000	5,366,004	17,271,004
2038 - 2042	13,305,000	3,247,550	16,552,550
2043 - 2047	9,925,000	1,174,901	11,099,901
2048	1,165,000	41,784	1,206,784
Totals	<u>\$ 52,630,000</u>	<u>\$ 24,972,291</u>	<u>\$ 77,602,291</u>

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 5 - Long-Term Debt (continued)**

<u>Year Ending September 30</u>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 200,000	\$ 57,048	\$ 257,048
2024	200,000	51,948	251,948
2025	205,000	46,529	251,529
2026	210,000	40,665	250,665
2027	220,000	34,320	254,320
2028 - 2032	950,000	64,113	1,014,113
Totals	<u>\$ 1,985,000</u>	<u>\$ 294,623</u>	<u>\$ 2,279,623</u>

  

<u>Year Ending September 30</u>	<b>Total Annual Requirements</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,480,000	\$ 1,745,246	\$ 3,225,246
2024	1,515,000	1,708,094	3,223,094
2025	1,520,000	1,665,046	3,185,046
2026	1,550,000	1,628,513	3,178,513
2027	1,595,000	1,589,065	3,184,065
2028 - 2032	10,655,000	7,100,711	17,755,711
2033 - 2037	11,905,000	5,366,004	17,271,004
2038 - 2042	13,305,000	3,247,550	16,552,550
2043 - 2047	9,925,000	1,174,901	11,099,901
2048	1,165,000	41,784	1,206,784
Totals	<u>\$ 54,615,000</u>	<u>\$ 25,266,914</u>	<u>\$ 79,881,914</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, 2022, debt limit was \$36,289,072 and the net debt applicable to the limit was \$5,394,670, which leaves a balance of \$30,894,402 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.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**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, 2022 was \$6,500,000.

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 2018-B General Obligation warrant of \$2,576,113 was recognized as a long-term receivable in 2018. The balance at September 30, 2022 was \$2,227,248.

**Note 7 - Commitments**

As of September 30, 2022, commitments to contractors on capital projects were as follows:

Commitments	\$ 3,703,544
Spent to date	1,465,872
Remaining commitments	<u>\$ 2,237,672</u>

**Note 8 - Operating Leases**

Pike Road Station is the lessor of real estate under operating leases expiring in various years through 2026. As of September 30, 2022, the lease receivable and corresponding deferred inflow of resources included on the statement of net position were \$435,752 and \$423,068, 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>
2023	\$ 132,045	\$ 10,964	\$ 143,009
2024	131,629	6,972	138,601
2025	118,169	3,219	121,388
2026	53,909	332	54,241
Total	<u>\$ 435,752</u>	<u>\$ 21,487</u>	<u>\$ 457,239</u>

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 9 - Pension Plan**

Plan description - The Employees' Retirement System of Alabama (ERS), an agent multiple employer plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The 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](http://www.rsa-al.gov).

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

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. Two vested active employees of an employer participating in ERS pursuant to 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 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a 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 5 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.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 9 - Pension Plan (continued)**

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 590 employers adopted Act 2019-132. The City elected to provide Tier 1 retirement benefits to their Tier 2 members effective October 1, 2021.

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

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants and the Town's membership includes 11 participants. As of September 30, 2021, membership consisted of:

	<u>ERS</u>	<u>Town</u>
Retirees and beneficiaries currently receiving benefits	29,727	1
Terminated employees entitled to but not yet receiving benefits	2,130	
Terminated employees not entitled to a benefit	16,415	
Active members	56,184	10
Post-DROP retired members still in active service	54	
Totals	<u>104,510</u>	<u>11</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.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

**Note 9 - Pension Plan (continued)**

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2022, the Town's active employee contribution rate was 7.82% of covered payroll, and the Town's average contribution rate to fund the normal and accrued liability costs was 6.44% of pensionable payroll.

The Town's contractually required contribution rate for the year ended September 30, 2022 was 6.93% of pensionable pay for Tier 1 employees, and 5.61% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2019, 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 \$32,629 for the year ended September 30, 2022.

Net pension liability - The Town's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Actual After 2020 Experience Study</u>
Total pension liability as of September 30, 2020 (a)	\$ 648,373	\$ 664,843	\$ 704,533	\$ 744,795
Discount rate (b)	7.70%	7.70%	7.70%	7.45%
Entry age normal cost for the period October 1, 2020 - September 30, 2021 (c)	50,675	50,675	58,742	64,559
Actual benefit payments and refunds for the period October 1, 2020 - September 30, 2021 (d)	(10,822)	(10,822)	(10,822)	(10,822)
Total pension liability as of September 30, 2021 (e)				
[(a) x (1+(b))] + (c) + [(d) x (1+0.5*(b))] (f)	\$ 737,734	\$ 755,472	\$ 806,285	\$ 853,616
Difference between expected and actual (g)		17,738		
Less liability transferred for immediate recognition (h)				
Experience (gain)/loss (h) = (f) - (g)		17,738		
Difference between actual total pension liability before and after Act 2019-132 - benefit change (i)			50,813	
Difference between actual total pension liability before and after 2020 experience study - assumption change (j)				47,331

Actuarial assumptions - The total pension liability as of September 30, 2021 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. 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, 2022**

**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:

<u>Group</u>	<u>Membership Table</u>	Set Forward (+)/	<u>Adjustment to Rates</u>
		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 Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
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 2.50%

**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, 2022**

**Note 9 - Pension Plan (continued)**

Change in net pension liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at September 30, 2020	\$ 648,373	\$ 472,661	\$ 175,712
Changes for the year			
Service cost	50,675		50,675
Interest	49,508		49,508
Changes of benefit terms	50,813		50,813
Changes of assumptions	47,331		47,331
Difference between expected and actual experience	17,738		17,738
Contributions - employer		19,762	(19,762)
Contributions - employee		36,260	(36,260)
Net investment income		109,981	(109,981)
Benefit payments, including refunds of employee contributions	(10,822)	(10,822)	
Net changes	205,243	155,181	50,062
Balances at September 30, 2021	<u>\$ 853,616</u>	<u>\$ 627,842</u>	<u>\$ 225,774</u>

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:

	<b>1.00% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1.00% Increase (8.45%)</b>
Town's net pension liability	\$ 363,808	\$ 225,774	\$ 112,467

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, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. 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/](http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/).

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2022**

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions - For the year ended September 30, 2022, the Town recognized pension expense of \$93,323. At September 30, 2022, the Town reported deferred outflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,997	
Changes of assumptions	65,734	
Net difference between projected and actual earnings on plan investments		\$ 45,056
Employer contributions subsequent to the measurement date	32,629	
Totals	<u>\$ 145,360</u>	<u>\$ 45,056</u>

The \$32,629 of deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows of resources to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2023	\$ 17,673
2024	18,712
2025	12,362
2026	(7,677)
2027	6,690
Thereafter	19,915

**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, 2022**

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, 2022 totaled \$16,217.

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, 2022 was \$166,237.

**Note 13 - Effect of New Pronouncements**

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, which would be the Town's fiscal year ending September 30, 2023.

**Note 14 - Subsequent Events**

The Town has evaluated subsequent events through February 28, 2023 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2022 have been incorporated into these financial statements.

### **Required Supplementary Information**

**Town of Pike Road, Alabama**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended September 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary Basis</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues</b>				
Sales and use taxes	\$ 4,402,000	\$ 4,402,000	\$ 3,441,644	\$ (960,356)
Real and personal property taxes	1,903,289	1,903,289	1,958,045	54,756
Franchise taxes	673,000	673,000	737,859	64,859
Motor vehicle taxes	410,000	410,000	421,497	11,497
Alcoholic beverage taxes	39,000	39,000	50,122	11,122
Tobacco taxes	30,000	30,000	26,893	(3,107)
Lodging taxes	27,000	27,000	24,921	(2,079)
Rental taxes	88,000	88,000	93,279	5,279
Business licenses and permits	365,000	365,000	400,202	35,202
Building permits	472,000	472,000	481,564	9,564
Unrestricted shared sales tax			1,654,589	1,654,589
Intergovernmental capital grants			7,800	7,800
Intergovernmental revenues	380,798	380,798	381,246	448
Contributions and donations	11,950	11,950	7,101	(4,849)
Interest income	21,300	21,300	22,037	737
Miscellaneous income	40,550	40,550	42,881	2,331
<b>Total revenues</b>	<b>8,863,887</b>	<b>8,863,887</b>	<b>9,751,680</b>	<b>887,793</b>
<b>Expenditures</b>				
Current				
General government	2,139,455	2,139,455	1,513,975	625,480
Public works	660,970	660,970	795,595	(134,625)
Public safety	1,085,276	1,085,276	1,068,517	16,759
Economic development	337,515	337,515	319,684	17,831
Community related	483,163	483,163	416,634	66,529
Education	350,100	350,100	429,898	(79,798)
Capital outlay	560,000	560,000	244,602	315,398
<b>Total expenditures</b>	<b>5,616,479</b>	<b>5,616,479</b>	<b>4,788,905</b>	<b>827,574</b>
<b>Excess of Revenues Over Expenditures</b>	<b>3,247,408</b>	<b>3,247,408</b>	<b>4,962,775</b>	<b>1,715,367</b>
<b>Other Financing Uses</b>				
Transfers out	(2,150,885)	(2,150,885)	(1,845,911)	304,974
Net change in fund balance, budgetary basis	<u>\$ 1,096,523</u>	<u>\$ 1,096,523</u>	<u>\$ 3,116,864</u>	<u>\$ 2,020,341</u>
<b>Reconciling Items to Adjust from Budgetary Basis to Modified Accrual Basis</b>				
Actual amounts presented in the Fire Protection Fund but budgeted in the General Fund				
Real and personal property taxes			\$ (978,819)	
Tax collection fees			71,137	
Volunteer fire department contributions			814,592	
<b>Total reconciling items</b>			<u>(93,090)</u>	
<b>Net Change in Fund Balance, Modified Accrual Basis</b>			3,023,774	
<b>Fund Balance - Beginning</b>			9,444,224	
<b>Fund Balance - Ending</b>			<u>\$ 12,467,998</u>	

See accompanying notes to budgetary comparison schedule.

**Town of Pike Road, Alabama**  
**Notes to Budgetary Comparison Schedule**  
**September 30, 2022**

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, 2022, two General Fund functional expenditure categories (the legal level of budgetary control) exceeded appropriations. The Town exceeded budgeted appropriations for public works expenditures by 20.4% (\$134,625) due to unbudgeted road maintenance expenditures. The Town exceeded budgeted appropriations for education expenditures by 109% (\$379,798) due to unbudgeted expenditures related to roof repairs and additional appropriations.

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>								
Service cost	\$ 50,675	\$ 48,132	\$ 46,636	\$ 42,658	\$ 37,217	\$ 26,870	\$ 23,662	\$ 21,704
Interest	49,508	44,522	38,664	34,551	31,542	15,281	12,409	9,943
Changes of benefit terms	50,813							
Changes of assumptions	47,331			3,672		65,108		
Difference between expected and actual experience	17,738	(10,180)	13,311	(8,789)	(3,883)	115,926	1,633	
Benefit payments, including refunds of employee contributions	(10,822)	(24,613)	(20,450)	(11,122)	(10,822)	(3,607)		(1,622)
Transfers among employers					(15,073)			
Net change in total pension liability	205,243	57,861	78,161	60,970	38,981	219,578	37,704	30,025
Total pension liability - beginning	648,373	590,512	512,351	451,381	412,400	192,822	155,118	125,093
Total pension liability - ending (a)	<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>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 19,762	\$ 14,796	\$ 10,924	\$ 11,585	\$ 8,464	\$ 11,478	\$ 11,138	\$ 32,411
Contributions - employee	36,260	33,533	31,824	30,155	24,616	23,186	19,207	17,955
Net investment income	109,981	24,908	10,337	31,858	36,928	24,890	2,240	13,571
Benefit payments, including refunds of employee contributions	(10,822)	(24,613)	(20,450)	(11,122)	(10,822)	(3,607)		(1,622)
Transfers among employers					(15,073)		45,235	
Net change in plan fiduciary net position	155,181	48,624	32,635	62,476	44,113	55,947	77,820	62,315
Plan net position - beginning	472,661	424,037	391,402	328,926	284,813	228,866	151,046	88,731
Plan net position - ending (b)	<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>\$ 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	73.55%	72.90%	71.81%	76.39%	72.87%	69.06%	118.69%	97.37%
Covered payroll	\$ 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	42.49%	35.50%	35.20%	27.83%	34.74%	38.86%	-13.50%	1.89%

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



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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 32,629	\$ 21,728	\$ 16,618	\$ 12,654	\$ 12,914	\$ 10,015	\$ 12,361	\$ 12,434
Contributions in relation to the actuarially determined contribution	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>
Covered payroll	\$ 506,534	\$ 531,385	\$ 494,946	\$ 472,891	\$ 434,659	\$ 352,494	\$ 328,360	\$ 267,044
Contributions as a percentage of covered payroll	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 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine the contribution rates for the period October 1, 2021 to September 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	16.9 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

This schedule is prepared to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Town will present information for those years for which information is available.

## **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 improvements 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, 2022**

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Gasoline Tax Fund</b>	<b>Government Improvement Fund</b>	<b>Fire Protection Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 499,868	\$ 259,497	\$ 274,581	\$ 1,033,946
Taxes receivable			16,315	16,315
Intergovernmental receivables	19,083			19,083
Total assets	<u>\$ 518,951</u>	<u>\$ 259,497</u>	<u>\$ 290,896</u>	<u>\$ 1,069,344</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	<u>\$ 135,000</u>		<u>\$ 81,971</u>	<u>\$ 216,971</u>
<b>Fund Balances</b>				
Restricted				
Capital improvements		\$ 259,497		259,497
Highways and streets	383,951			383,951
Fire protection and emergency medical services			208,925	208,925
Total fund balances	<u>383,951</u>	<u>259,497</u>	<u>208,925</u>	<u>852,373</u>
Total liabilities and fund balances	<u>\$ 518,951</u>	<u>\$ 259,497</u>	<u>\$ 290,896</u>	<u>\$ 1,069,344</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, 2022**

	<b>Special Revenue Funds</b>			
	<b>Gasoline</b>	<b>Government</b>	<b>Fire</b>	
	<b>Tax Fund</b>	<b>Improvement</b>	<b>Protection</b>	
		<b>Fund</b>	<b>Fund</b>	<b>Total</b>
<b>Revenues</b>				
Taxes			\$ 978,819	\$ 978,819
Intergovernmental revenues	\$ 217,020	\$ 88,420		305,440
Interest income	487	415		902
Total revenues	<u>217,507</u>	<u>88,835</u>	<u>978,819</u>	<u>1,285,161</u>
<b>Expenditures</b>				
Current				
General government			71,137	71,137
Capital Outlay		23,000		23,000
Public works	89,887			89,887
Public safety			814,592	814,592
Total expenditures	<u>89,887</u>	<u>23,000</u>	<u>885,729</u>	<u>998,616</u>
<b>Net Change in Fund Balances</b>	127,620	65,835	93,090	286,545
<b>Fund Balances - Beginning</b>	<u>256,331</u>	<u>193,662</u>	<u>115,835</u>	<u>565,828</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 383,951</u></u>	<u><u>\$ 259,497</u></u>	<u><u>\$ 208,925</u></u>	<u><u>\$ 852,373</u></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**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>										
Taxes	\$ 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>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>
<b>Expenditures</b>										
Current										
General government										
Tax collection and trustee fees, insurance premiums	260,971	199,438	208,639	188,034	168,824	158,062	154,751	148,737		8,415
Education	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>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>
<b>Excess of Revenues Over (Under) Expenditures</b>	<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>
<b>Other Financing Sources (Uses)</b>										
Transfers in	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	(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>(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>		
<b>Net Change in Fund Balance</b>	13,761	5,424	(1,690,426)	418,853	785,511	4,588	130,333	20,665	687,672	133,626
<b>Fund Balance - Beginning</b>	<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>	
<b>Fund Balance - Ending</b>	<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>