

Certified Public Accountants  
& Consultants



**Town of Pike Road, Alabama**  
**For the Year Ended September 30, 2021**  
**Annual Financial Report**

## **Introductory Section**

**Town of Pike Road, Alabama  
Annual Financial Report  
For the Year Ended September 30, 2021**

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**Town of Pike Road, Alabama  
List of Principal Officials  
As of September 30, 2021**

**Mayor - Gordon Stone**

**Town Council**

Doug Fuhrman  
Angie Bradsher  
Chris Dunn  
Rob Steindorff  
Chris Myers

**Heads of Departments**

Finance Director - Nancy Parks, CPA  
Town Clerk - Lisa Burke  
Planning Director - Jonathan Smith  
Building Director - Lowell Thomas  
Community Development Director - Liz Craig

## **Financial Section**

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pike Road, Alabama (the Town), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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, 2021, 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.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule - general fund, schedule of changes in the net pension liability, and schedule of employer contributions on pages 3 through 10 and 39 through 42 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.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedule of revenues, expenditures, and changes in fund balance - education fund are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of revenues, expenditures, and changes in fund balance - education fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Jackson Thornton & Co. PC*

Montgomery, Alabama  
March 14, 2022

**Town of Pike Road, Alabama**  
**Management's Discussion and Analysis (MD&A)**  
**September 30, 2021**

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, 2021. 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 2021 fiscal year by \$60.8 million (net position).
- ❖ The Town's net position decreased \$421,000 in the 2021 fiscal year.
- ❖ The total cost of the Town's programs for the 2021 fiscal year was \$12.0 million. The excess of expenses over charges for services, grants, and contributions was \$10.6 million.
- ❖ The General Fund revenues during the 2021 fiscal year exceeded expenditures by \$4.3 million.
- ❖ At the end of the 2021 fiscal year, the General Fund unassigned fund balance was \$8.7 million, or 284% of the total General Fund operating expenses before capital outlay (\$88,000).
- ❖ Major capital expenditures for the 2021 fiscal year totaled \$7.0 million, which included \$3.3 million 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 11) 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**  
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**September 30, 2021**

The statement of activities (page 12) 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 17 and 18).

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 14 and 16). 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 20 - 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.

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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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>						
Current and other assets	\$ 29,418,442	\$ 21,998,437	\$ 117,946	\$ 70,250	\$ 29,536,388	\$ 22,068,687
Capital assets	87,841,395	88,043,614	2,881,071	2,993,736	90,722,466	91,037,350
Total assets	117,259,837	110,042,051	2,999,017	3,063,986	120,258,854	113,106,037
<b>Deferred Outflows of Resources</b>	110,936	128,338			110,936	128,338
<b>Liabilities</b>						
Current liabilities	804,611	1,038,005	6,484	6,980	811,095	1,044,985
Long-term liabilities	56,553,966	48,585,364	2,181,102	2,359,329	58,735,068	50,944,693
Total liabilities	57,358,577	49,623,369	2,187,586	2,366,309	59,546,163	51,989,678
<b>Net Position</b>						
Investment in capital assets, net	37,842,196	41,961,317	715,629	645,059	38,557,825	42,606,376
Restricted	1,062,118	1,395,331			1,062,118	1,395,331
Unrestricted	22,342,714	17,190,372	95,802	52,618	22,438,516	17,242,990
Total net position	\$ 61,247,028	\$ 60,547,020	\$ 811,431	\$ 697,677	\$ 62,058,459	\$ 61,244,697

The Town's assets exceeded liabilities by \$60.8 million at September 30, 2021, a decrease of 0.7% from last year.

Net position invested in capital assets of \$38.6 million reflect the Town's investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, fixtures, furniture, and equipment), less accumulated depreciation and debt related to the acquisition of the assets. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations.

Restricted net position in the amount of \$1.1 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.

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

The results of the 2021 fiscal year's operations as a whole are reported in detail in the statement of activities (page 12). Table 2 below condenses the results of operations for the 2021 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, 2021 and 2020.

**Town of Pike Road, Alabama**  
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**Table 2: Summary of Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 599,127	\$ 490,920	\$ 392,581	\$ 391,868	\$ 991,708	\$ 882,788
Operating grants and contributions	13,031	6,553			13,031	6,553
Capital grants and contributions	401,221	267,673			401,221	267,673
General revenues						
Taxes	8,506,216	7,378,397			8,506,216	7,378,397
Unrestricted shared revenues	1,653,259	1,492,268			1,653,259	1,492,268
Interest income	20,153	90,103		42	20,153	90,145
Miscellaneous	39,362	55,477		8,781	39,362	64,258
Transfers	952	22,074	(952)	(22,074)		
Total revenues	<u>11,233,321</u>	<u>9,803,465</u>	<u>391,629</u>	<u>378,617</u>	<u>11,624,950</u>	<u>10,182,082</u>
<b>Expenses</b>						
General government	1,665,342	1,649,466			1,665,342	1,649,466
Public works	2,236,995	1,806,084			2,236,995	1,806,084
Public safety	1,148,936	783,569			1,148,936	783,569
Economic development	305,041	294,481			305,041	294,481
Community related	389,339	338,703			389,339	338,703
Education	2,295,124	1,741,455			2,295,124	1,741,455
Interest and fiscal charges	2,492,536	1,903,930			2,492,536	1,903,930
Pike Road Station			277,875	268,119	277,875	268,119
Total expenses	<u>10,533,313</u>	<u>8,517,688</u>	<u>277,875</u>	<u>268,119</u>	<u>10,811,188</u>	<u>8,785,807</u>
<b>Change in Net Position</b>	700,008	1,285,777	113,754	110,498	813,762	1,396,275
<b>Net Position - Beginning</b>	<u>60,547,020</u>	<u>59,261,243</u>	<u>697,677</u>	<u>587,179</u>	<u>61,244,697</u>	<u>59,848,422</u>
<b>Net Position - Ending</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>

The Town's total revenues increased 14.2% (\$1.4 million). The increase was due primarily to an increase in tax revenues of 15.3% (\$1.1 million).

The Town's program expenses increased 37.1% (\$3.3 million). The increase was due primarily to an increase in public works expenses of 23.9% (\$431,000), education expenses of 31.8% (\$554,000), and interest expenses of 30.9% (\$589,000), the majority of which was increase in road paving and resurfacing projects, appropriations to the Board of Education, and in interest paid on debt issues in fiscal year 2021.

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Table 3 is a condensed statement taken from the statement of activities (page 12) 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, 2021</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General government	\$ 1,665,342	\$ (988,985)
Public works	2,236,995	(1,913,004)
Public safety	1,148,936	(1,148,936)
Economic development	305,041	(305,041)
Community related	389,339	(376,308)
Education	2,295,124	(2,295,124)
Interest and fiscal charges	2,492,536	(2,492,536)
Pike Road Station	277,875	114,706
Total	<u>\$ 10,811,188</u>	<u>\$ (9,405,228)</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 13.

**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 14 and 16.) At the end of the 2021 fiscal year, the Town's governmental funds reported a combined fund balance of \$18.6 million, which includes \$6.0 million restricted fund balances to be used for education, debt service, capital improvements, highways and streets, and fire protection and emergency medical services; \$3.9 million in assigned fund balances to be used for road maintenance, capital projects, and debt service; \$27,000 in nonspendable fund balances; and \$8.7 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 2021 fiscal year, total net position of the Pike Road Station enterprise fund was \$811,000, as compared to \$697,000 at the end of last fiscal year, an increase of \$114,000.

**Town of Pike Road, Alabama**  
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**Budgetary Highlights of the General Fund**

At the beginning of each fiscal year, the Mayor prepares and submits an annual budget to be considered and adopted by the Town Council. The 2021 fiscal year budget was adopted in September 2020. 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 13.1% (\$968,000). A significant portion of the variance is related to unbudgeted revenue received from the Pike Road Board of Education related to the funding agreements and an increase in sales taxes.
- ❖ Actual expenditures were less than budget by 11.0% (\$490,000). There were no significant variances related to actual expenditures compared to the budget.

**Capital Assets and Debt Administration**

Capital assets - The Town's investment in capital assets at the end of the 2021 fiscal year amounted to \$90.7 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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 10,772,391	\$ 10,772,391	\$ 446,500	\$ 446,500	\$ 11,218,891	\$ 11,218,891
Construction in progress	8,477,228	11,141,830			8,477,228	11,141,830
Buildings	34,315,083	32,852,840	2,352,103	2,450,757	36,667,186	35,303,597
Infrastructure	29,776,881	28,561,417			29,776,881	28,561,417
Land improvements	3,660,009	3,768,347			3,660,009	3,768,347
Leasehold improvements	303,357	335,709	38,587	51,564	341,944	387,273
Equipment	457,500	511,811	43,881	44,915	501,381	556,726
Office equipment	11,442	18,617			11,442	18,617
Furniture	67,504	80,652			67,504	80,652
Total capital assets	<u>\$ 87,841,395</u>	<u>\$ 88,043,614</u>	<u>\$ 2,881,071</u>	<u>\$ 2,993,736</u>	<u>\$ 90,722,466</u>	<u>\$ 91,037,350</u>

Additions to capital assets during the 2021 fiscal year included the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Construction in progress	\$ 1,743,579	
Buildings	2,630,802	
Infrastructure	2,473,094	
Land improvements	118,556	
Equipment	10,385	\$ 11,651
Total capital asset additions	<u>\$ 6,976,416</u>	<u>\$ 11,651</u>

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

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Long-term debt - At the 2021 fiscal year end, the Town had \$57.3 million outstanding in general obligation warrants, school revenue warrants, and related debt issuance discounts and premiums. This is an increase of 12.9% in debt from last year, as shown in Table 5 below:

**Table 5: Outstanding Debt**

	As of September 30, 2021		
	Beginning Balance	Net Change	Ending Balance
<b>Governmental Activities</b>			
General obligation warrants	\$ 27,665,000	\$ 19,860,000	\$ 47,525,000
School revenue warrants	19,665,000	(13,310,000)	6,355,000
Debt issuance discounts	(20,359)	20,359	
Debt issuance premiums	1,049,048	179,215	1,228,263
Total governmental activities	48,358,689	6,749,574	55,108,263
<b>Business-Type Activities</b>			
General obligation warrants	2,360,000	(185,000)	2,175,000
Debt issuance discounts	(11,322)	1,764	(9,558)
Total business-type activities	2,348,678	(183,236)	2,165,442
Total outstanding debt	\$ 50,707,367	\$ 6,566,338	\$ 57,273,705

Long-term debt activity for the current year consisted of the following:

- ❖ The Town increased its general obligation warrants by \$19.9 million and reduced its school revenue warrants by \$13.3 million.

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**

According to the recently released 2020 Census, the population of the Town of Pike Road reached 10,000, representing an 85% increase since 2010. The availability of newly renovated schools for students ages K-12, infrastructure improvements, new public recreational amenities, and commercial growth continue to be leading factors in the positive economic and physical growth and productivity of the Town.

The new Agriculture, Recreation, and Performing Arts Complex and arena were completed during the fiscal year. In addition to providing a multi-use indoor facility, the new complex includes an outside covered arena, with sidewalks and lighting. Four baseball fields are being constructed on the property. This new facility will provide space and opportunity for greatly increased public recreation and meeting space.

The Town issued 252 residential building permits and 19 commercial building permits during this fiscal year. The high demand for residential properties is generating an increase in interest from commercial and retail developers as well. We anticipate the addition of other various retail businesses in the coming years. Each area of new growth represents a future positive impact on the Town's economy and its ability to serve its citizens.

The Town has continued to be conscious of the ongoing risks of COVID-19, and continues to make available masks and hand sanitizer at public meetings at Town Hall. The Town received \$1.2 million as part of the American Rescue Plan in response to the pandemic. The Town is currently researching eligible uses for the funds and awaiting final regulations concerning its use.

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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 \$2.8 million.

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 fire-related property taxes totaling \$895,000, of which \$752,000 was contributed to the three Pike Road Volunteer Fire Departments.

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 the year, the Town utilized warrant funds and general revenues totaling \$3.3 million for local schools, to include major renovations and improvements to and additional classrooms, bathroom improvements, new signage, textbooks, and major sports field additions at Georgia Washington High School. This sports field project includes baseball, football and softball fields, a press box, and concession stand. The Historic School received new modulars, a new playground, and a new gym floor. Additional budgeted support totaling \$408,000 was paid to the Board of Education. The adopted budget for fiscal year 2022 includes \$550,000 for Education support.

The ongoing, education-directed ad valorem tax (mentioned above) is providing revenue to significantly 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, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 14,654,714	\$ 90,972	\$ 14,745,686
Accounts receivable		8,432	8,432
Taxes receivable	402,546		402,546
Intergovernmental receivables	286,909		286,909
Prepaid expenses	26,871	2,882	29,753
Restricted cash - tenant deposits		15,660	15,660
Cash held by fiscal agent			
Debt service	44		44
Capital improvements	4,984,065		4,984,065
Funding agreements receivable	9,063,293		9,063,293
Capital assets not being depreciated	19,249,619	446,500	19,696,119
Capital assets, net of accumulated depreciation	68,591,776	2,434,571	71,026,347
Total assets	<u>117,259,837</u>	<u>2,999,017</u>	<u>120,258,854</u>
<b>Deferred Outflows of Resources</b>			
Pension related items	110,936		110,936
Deferred loss on refunding	1,234,832		1,234,832
Total deferred outflows of resources	<u>1,345,768</u>		<u>1,345,768</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	512,883	1,150	514,033
Accrued interest payable	291,728	5,334	297,062
Unearned revenue	1,206,291		1,206,291
Portion due or payable in one year			
Warrants payable	1,250,000	190,000	1,440,000
Portion due or payable after one year			
Warrants payable	53,858,263	1,975,442	55,833,705
Compensated absences	63,700		63,700
Net pension liability	175,712		175,712
Tenant deposits		15,660	15,660
Total liabilities	<u>57,358,577</u>	<u>2,187,586</u>	<u>59,546,163</u>
<b>Net Position</b>			
Investment in capital assets, net	37,842,196	715,629	38,557,825
Restricted			
Education	496,246		496,246
Debt service	44		44
Capital improvements	193,662		193,662
Highways and streets	256,331		256,331
Fire protection and emergency medical services	115,835		115,835
Unrestricted	22,342,714	95,802	22,438,516
Total net position	<u>\$ 61,247,028</u>	<u>\$ 811,431</u>	<u>\$ 62,058,459</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, 2021**

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	\$ 1,665,342	\$ 599,127		\$ 77,230	\$ (988,985)		\$ (988,985)
Public works	2,236,995			323,991	(1,913,004)		(1,913,004)
Public safety	1,148,936				(1,148,936)		(1,148,936)
Economic development	305,041				(305,041)		(305,041)
Community related	389,339		\$ 13,031		(376,308)		(376,308)
Education	2,295,124				(2,295,124)		(2,295,124)
Interest and fiscal charges	2,492,536				(2,492,536)		(2,492,536)
Total governmental activities	10,533,313	599,127	13,031	401,221	(9,519,934)		(9,519,934)
<b>Business-Type Activities</b>							
Pike Road Station	277,875	392,581				\$ 114,706	114,706
Total primary government	\$ 10,811,188	\$ 991,708	\$ 13,031	\$ 401,221	(9,519,934)	114,706	(9,405,228)
General revenues							
Sales and use taxes					2,364,658		2,364,658
Real and personal property taxes					4,644,081		4,644,081
Franchise taxes					691,002		691,002
Motor vehicle taxes					408,239		408,239
Business licenses					219,917		219,917
Alcoholic beverage taxes					38,906		38,906
Tobacco taxes					27,561		27,561
Lodging taxes					26,260		26,260
Rental taxes					85,592		85,592
Unrestricted shared revenues					1,653,259		1,653,259
Interest income					20,153		20,153
Miscellaneous revenue					39,362		39,362
Transfers					952	(952)	
Total general revenues and transfers					10,219,942	(952)	10,218,990
<b>Change in Net Position</b>					700,008	113,754	813,762
<b>Net Position - Beginning</b>					60,547,020	697,677	61,244,697
<b>Net Position - Ending</b>					\$ 61,247,028	\$ 811,431	\$ 62,058,459

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

**Town of Pike Road, Alabama**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 10,247,402	\$ 1,325,945	\$ 452,807	\$ 1,842,235	\$ 786,325	\$ 14,654,714
Taxes receivable	345,372		43,439		13,735	402,546
Intergovernmental receivables	251,024	20,000			15,885	286,909
Prepaid expenses	26,871					26,871
Cash held by fiscal agent						
Debt service				44		44
Capital improvements		4,984,065				4,984,065
Funding agreements receivable	9,063,293					9,063,293
Total assets	<u>\$ 19,933,962</u>	<u>\$ 6,330,010</u>	<u>\$ 496,246</u>	<u>\$ 1,842,279</u>	<u>\$ 815,945</u>	<u>\$ 29,418,442</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 220,154	\$ 42,612			\$ 250,117	\$ 512,883
Unearned revenue	1,206,291					1,206,291
Total liabilities	<u>1,426,445</u>	<u>42,612</u>			<u>250,117</u>	<u>1,719,174</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	9,063,293					9,063,293
<b>Fund Balances</b>						
Nonspendable						
Prepaid expenses	26,871					26,871
Restricted						
Education			\$ 496,246			496,246
Debt service				\$ 44		44
Capital improvements		4,984,065			193,662	5,177,727
Highways and streets					256,331	256,331
Fire protection and emergency medical services					115,835	115,835
Assigned						
Road maintenance	765,137					765,137
Other capital projects		1,303,333				1,303,333
Debt service				1,842,235		1,842,235
Unassigned	8,652,216					8,652,216
Total fund balances	<u>9,444,224</u>	<u>6,287,398</u>	<u>496,246</u>	<u>1,842,279</u>	<u>565,828</u>	<u>18,635,975</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,933,962</u>	<u>\$ 6,330,010</u>	<u>\$ 496,246</u>	<u>\$ 1,842,279</u>	<u>\$ 815,945</u>	<u>\$ 29,418,442</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, 2021**

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

Total fund balances - governmental funds		\$ 18,635,975
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		87,841,395
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		9,063,293
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	\$ 110,936	
Deferred loss on refunding	<u>1,234,832</u>	1,345,768
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(291,728)	
General obligation warrants	(47,525,000)	
School revenue warrants	(6,355,000)	
Debt issuance premiums	(1,228,263)	
Compensated absences	(63,700)	
Net pension liability	<u>(175,712)</u>	
Total long-term liabilities		<u>(55,639,403)</u>
Net position of governmental activities		<u><u>\$ 61,247,028</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, 2021**

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 4,528,475		\$ 2,862,479		\$ 895,345	\$ 8,286,299
Licenses and permits	819,044					819,044
Intergovernmental revenues	2,018,820	\$ 162,919			209,686	2,391,425
Contributions and donations	13,031					13,031
Interest income	18,671	588		\$ 45	850	20,154
Miscellaneous income	39,362					39,362
Total revenues	<u>7,437,403</u>	<u>163,507</u>	<u>2,862,479</u>	<u>45</u>	<u>1,105,881</u>	<u>11,569,315</u>
<b>Expenditures</b>						
Current						
General government	1,339,469		199,438		58,258	1,597,165
Public works	585,577				341,561	927,138
Public safety	107,216				1,041,720	1,148,936
Economic development	301,208					301,208
Community related	381,664					381,664
Education	331,076	252,999	300,000			884,075
Capital outlay	87,575	2,480,659				2,568,234
Debt service						
Principal payments				1,275,000		1,275,000
Interest and fiscal charges				1,668,312		1,668,312
Debt issuance costs		79,402		221,127		300,529
Total expenditures	<u>3,133,785</u>	<u>2,813,060</u>	<u>499,438</u>	<u>3,164,439</u>	<u>1,441,539</u>	<u>11,052,261</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>4,303,618</u>	<u>(2,649,553)</u>	<u>2,363,041</u>	<u>(3,164,394)</u>	<u>(335,658)</u>	<u>517,054</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in		981,193	386,945	3,320,514		4,688,652
Transfers out	(1,881,945)		(2,744,562)	(61,193)		(4,687,700)
Warrant proceeds		5,770,000		16,100,000		21,870,000
Premium on warrant proceeds		309,402				309,402
Payments to escrow agent				(15,875,706)		(15,875,706)
Total other financing sources (uses)	<u>(1,881,945)</u>	<u>7,060,595</u>	<u>(2,357,617)</u>	<u>3,483,615</u>		<u>6,304,648</u>
<b>Net Change in Fund Balances</b>	<u>2,421,673</u>	<u>4,411,042</u>	<u>5,424</u>	<u>319,221</u>	<u>(335,658)</u>	<u>6,821,702</u>
<b>Fund Balances - Beginning</b>	<u>7,022,551</u>	<u>1,876,356</u>	<u>490,822</u>	<u>1,523,058</u>	<u>901,486</u>	<u>11,814,273</u>
<b>Fund Balances - Ending</b>	<u>\$ 9,444,224</u>	<u>\$ 6,287,398</u>	<u>\$ 496,246</u>	<u>\$ 1,842,279</u>	<u>\$ 565,828</u>	<u>\$ 18,635,975</u>

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

**Town of Pike Road, Alabama**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statements of Activities**  
**For the Year Ended September 30, 2021**

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

Net change in fund balances - total governmental funds	\$ 6,821,702
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.	2,568,234
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(2,770,454)
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.	(336,945)
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.	15,320,000
Debt proceeds provide current fiscal resources to the governmental funds and thus contribute to the change in fund balance. However, issuing debt increases long-term liabilities in the statement of net position.	
Warrants payable	\$ (21,870,000)
Debt issuance premium	<u>(309,402)</u>
	(22,179,402)
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.	1,344,660
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	(37,649)
Compensated absences	(3,499)
Change in net pension liability and related deferred amounts	<u>(26,639)</u>
	<u>(67,787)</u>
Change in net position of governmental activities	<u><u>\$ 700,008</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, 2021**

**Assets**

Current assets

Cash and cash equivalents	\$ 90,972
Accounts receivable	8,432
Prepaid items	2,882
Total current assets	<u>102,286</u>

Noncurrent assets

Restricted cash - tenant deposits	15,660
Capital assets not being depreciated	446,500
Capital assets, net of accumulated depreciation	2,434,571
Total noncurrent assets	<u>2,896,731</u>
Total assets	<u>2,999,017</u>

**Liabilities**

Current liabilities

Accounts payable	1,150
Accrued interest expense	5,334
Warrants payable	190,000
Total current liabilities	<u>196,484</u>

Noncurrent liabilities

Warrants payable	1,975,442
Tenant deposits	15,660
Total noncurrent liabilities	<u>1,991,102</u>
Total liabilities	<u>2,187,586</u>

**Net Position**

Investment in capital assets, net	715,629
Unrestricted	95,802
Total net position	<u>\$ 811,431</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, 2021**

**Operating Revenues**

Rent - commercial tenants	\$ 228,306
Common area maintenance fees - commercial tenants	50,275
Rent and common area maintenance fees - Town of Pike Road	<u>114,000</u>
Total operating revenues	<u>392,581</u>

**Operating Expenses**

Management fees	5,024
Contract labor	4,200
Insurance	7,172
Leasing fees	17,818
Professional fees	10,822
Repairs and maintenance	32,895
Utilities	8,155
Depreciation	<u>124,316</u>
Total operating expenses	<u>210,402</u>

**Operating Income**

182,179

**Nonoperating Revenues (Expenses)**

Interest expense	<u>(67,473)</u>
Net income before transfers	114,706
Transfers out	<u>(952)</u>

**Change in Net Position**

113,754

**Net Position - Beginning**

697,677

**Net Position - Ending**

\$ 811,431

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, 2021**

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

Receipts from tenants	\$ 401,021
Payments to suppliers	<u>(83,145)</u>
Net cash from operating activities	<u>317,876</u>

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

Purchases of capital assets	(11,651)
Principal and interest payments on long-term debt	<u>(252,813)</u>
Net cash used for capital and related financing activities	<u>(264,464)</u>

**Net Increase in Cash and Cash Equivalents** 53,412

**Cash and Cash Equivalents - Beginning** 53,220

**Cash and Cash Equivalents - Ending** \$ 106,632

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents	\$ 90,972
Restricted cash - tenant deposits	<u>15,660</u>
Total cash and cash equivalents	<u><u>\$ 106,632</u></u>

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

Operating income	\$ 182,179
Adjustments to reconcile operating income to net cash from (used for) operating activities	
Depreciation expense	124,316
Decrease in accounts receivable	3,431
Decrease in prepaid expenses	3,097
Increase in tenant deposits	5,009
Decrease in accounts payable	<u>(156)</u>
Net cash from (used for) operating activities	<u><u>\$ 317,876</u></u>

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

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**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, 2021**

**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, 2020.

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, 2021**

**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.

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.

*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.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

*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.

**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, 2021**

**Note 3 - Capital Assets**

Capital asset activity for the year ended September 30, 2021 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	11,141,830	\$ 1,743,579	\$ 4,408,181	8,477,228
Total capital assets, not being depreciated	21,914,221	1,743,579	4,408,181	19,249,619
Capital assets, being depreciated				
Buildings	37,379,536	2,630,802		40,010,338
Infrastructure	34,715,106	2,473,094		37,188,200
Land improvements	4,488,486	118,556		4,607,042
Leasehold improvements	647,053			647,053
Equipment	794,100	10,385		804,485
Office equipment	87,812			87,812
Furniture	242,379			242,379
Total capital assets, being depreciated	78,354,472	5,232,837		83,587,309
Less accumulated depreciation				
Buildings	4,526,696	1,168,559		5,695,255
Infrastructure	6,153,689	1,257,630		7,411,319
Land improvements	720,139	226,894		947,033
Leasehold improvements	311,344	32,352		343,696
Equipment	282,289	64,696		346,985
Office equipment	69,195	7,175		76,370
Furniture	161,727	13,148		174,875
Total accumulated depreciation	12,225,079	2,770,454		14,995,533
Total capital assets, being depreciated, net	66,129,393	2,462,383		68,591,776
Governmental activities capital assets, net	<u>\$ 88,043,614</u>	<u>\$ 4,205,962</u>	<u>\$ 4,408,181</u>	<u>\$ 87,841,395</u>

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**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	237,155	\$ 11,651		248,806
Total capital assets, being depreciated	3,970,949	11,651		3,982,600
Less accumulated depreciation				
Buildings	1,117,097	98,654		1,215,751
Leasehold improvements	114,376	12,977		127,353
Equipment	192,240	12,685		204,925
Total accumulated depreciation	1,423,713	124,316		1,548,029
Total capital assets, being depreciated, net	2,547,236	(112,665)		2,434,571
Business-type activities capital assets, net	<u>\$ 2,993,736</u>	<u>\$ (112,665)</u>	<u>\$ -</u>	<u>\$ 2,881,071</u>

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

**Governmental Activities**

General government	\$ 47,213
Public works	1,310,195
Community related	1,997
Education	1,411,049
Total depreciation expense - governmental activities	<u>\$ 2,770,454</u>

**Business-Type Activities**

Pike Road Station	<u>\$ 124,316</u>
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**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**Note 4 - Interfund Balances**

The following is a schedule of interfund transfers for the year ended September 30, 2021:

<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	\$ 920,000	\$ 386,945	\$ 575,000	\$ 1,881,945
Education Fund			2,744,562	2,744,562
Debt Service Fund	61,193			61,193
Pike Road Station			952	952
Totals	<u>\$ 981,193</u>	<u>\$ 386,945</u>	<u>\$ 3,320,514</u>	<u>\$ 4,688,652</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, 2021 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	\$ 27,665,000	\$ 21,870,000	\$ 2,010,000	\$ 47,525,000	\$ 720,000
School revenue warrants	19,665,000		13,310,000	6,355,000	530,000
Deferred amounts					
Debt issuance discounts	(20,359)		(20,359)		
Debt issuance premiums	1,049,048	309,402	130,187	1,228,263	
Total warrants payable	<u>48,358,689</u>	<u>22,179,402</u>	<u>15,429,828</u>	<u>55,108,263</u>	<u>1,250,000</u>
Compensated absences	60,200	3,500		63,700	
Governmental activities long-term liabilities	<u>48,418,889</u>	<u>22,182,902</u>	<u>15,429,828</u>	<u>55,171,963</u>	<u>1,250,000</u>
<b>Business-Type Activities</b>					
General obligation warrants	2,360,000		185,000	2,175,000	190,000
Deferred amounts					
Debt issuance discounts	(11,322)		(1,764)	(9,558)	
Total warrants payable	<u>2,348,678</u>		<u>183,236</u>	<u>2,165,442</u>	<u>190,000</u>
Tenant deposits	10,651	5,009		15,660	
Business-type activities long-term liabilities	<u>2,359,329</u>	<u>5,009</u>	<u>183,236</u>	<u>2,181,102</u>	<u>190,000</u>
Total long-term liabilities	<u>\$ 50,778,218</u>	<u>\$ 22,187,911</u>	<u>\$ 15,613,064</u>	<u>\$ 57,353,065</u>	<u>\$ 1,440,000</u>



**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

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

Warrants payable - Warrants payable at September 30, 2021 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.	\$ 1,220,000
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.	5,135,000
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.	750,000
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.	125,000

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**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.

\$ 15,820,000

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.

5,560,000

Total governmental activities

53,880,000

**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.

2,175,000

Total warrants payable

\$ 56,055,000

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, 2021 were as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,250,000	\$ 1,721,240	\$ 2,971,240
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 - 2031	8,895,000	7,315,557	16,210,557
2032 - 2036	11,565,000	5,719,688	17,284,688
2037 - 2041	13,220,000	3,695,952	16,915,952
2042 - 2046	10,800,000	1,545,913	12,345,913
2047 - 2048	2,900,000	144,473	3,044,473
Totals	<u>\$ 53,880,000</u>	<u>\$ 26,693,532</u>	<u>\$ 80,573,532</u>

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

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

<b>Year Ending September 30</b>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 190,000	\$ 61,780	\$ 251,780
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 - 2031	1,170,000	98,433	1,268,433
Totals	<u>\$ 2,175,000</u>	<u>\$ 356,403</u>	<u>\$ 2,531,403</u>

  

<b>Year Ending September 30</b>	<b>Total Annual Requirements</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,440,000	\$ 1,783,020	\$ 3,223,020
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 - 2031	10,065,000	7,413,990	17,478,990
2032 - 2036	11,565,000	5,719,688	17,284,688
2037 - 2041	13,220,000	3,695,952	16,915,952
2042 - 2046	10,800,000	1,545,913	12,345,913
2047 - 2048	2,900,000	144,473	3,044,473
Totals	<u>\$ 56,055,000</u>	<u>\$ 27,049,935</u>	<u>\$ 83,104,935</u>

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

Advance refunding - On October 22, 2020, the Town issued \$16,100,000 in General Obligation Refunding Warrants (Federally Taxable), Series 2020-A with interest rates ranging from 0.429% to 3.029%. The Town issued the warrants to advance refund \$12,795,000 of School Revenue Warrants, Series 2013 and \$1,250,000 of General Obligation Warrants (Federally Taxable), Series 2018-B. The Town used the net proceeds along with other resources to purchase United States government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portions of the School Revenue Warrants, Series 2013 and the General Obligation Warrants (Federally Taxable), Series 2018-B. As a result, those portions of the School Revenue Warrants, Series 2013 and the General Obligation Warrants (Federally Taxable), Series 2018-B are considered defeased, and the Town has removed the liabilities from its accounts. The outstanding principal of the defeased warrants was \$14,045,000 at September 30, 2021. The Town will see a decrease in the cash flows required to service debt of \$1,916,317 over the life of the new warrants, resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,466,696.

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, 2021, debt limit was \$33,577,132 and the net debt applicable to the limit was \$5,715,051, which leaves a balance of \$27,862,081 as the Town's legal debt margin.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
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Other liabilities - governmental activities - For the governmental activities, compensated absences and net pension liability are generally liquidated by the General Fund.

**Note 6 - Funding Agreements**

The Town and the Pike Road Board of Education entered into two funding agreements simultaneously with the Town's issuance of the 2018-A and 2018-B General Obligation warrants. The Series 2018-A Funding Agreement provides that the Board shall pay to the Town on each May 1, beginning in 2019, an annual payment of \$250,000 as long as the warrant and any related refunding warrants are outstanding. Based on 30-year repayment schedule, a long-term receivable of \$7,500,000 was recognized in 2018. The balance at September 30, 2021 was \$6,750,000.

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, 2021 was \$2,313,293.

**Note 7 - Commitments**

As of September 30, 2021, commitments to contractors on capital projects were as follows:

Commitments	\$ 5,070,422
Spent to date	1,569,514
Remaining commitments	<u>\$ 3,500,908</u>

**Note 8 - Operating Leases**

Pike Road Station is the lessor of real estate under operating leases expiring in various years through 2026. Following is a summary of property held for lease as of September 30, 2021:

Pike Road Station	\$ 4,429,100
Less accumulated depreciation	1,548,029
Total	<u>\$ 2,881,071</u>

The future minimum rentals on noncancelable operating leases as of September 30, 2021 are:

<u>Year Ending September 30</u>	<u>Amount</u>
2022	\$ 206,086
2023	162,138
2024	153,674
2025	134,139
2026	60,800
Total	<u>\$ 716,837</u>

The Town rents space from Pike Road Station at a cost of \$114,000 annually, which includes common area maintenance fees, and is paid from the General Fund. In addition, the Town is funding space provided to the Montgomery County Sheriff's Department in Pike Road Station at a cost of \$9,600 annually and paid from the General Fund.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**Note 9 - Pension Plan**

Plan description - The Employees' Retirement System of Alabama (the Plan or ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The 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 Town, 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 guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participated in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132. The Town elected to provide Tier 1 retirement benefits to their Tier 2 members effective October 1, 2021.

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants and the Town's membership includes 10 participants. As of September 30, 2020, membership consisted of:

	<u>ERS</u>	<u>Town</u>
Retirees and beneficiaries currently receiving benefits	28,672	1
Terminated employees entitled to but not yet receiving benefits	1,974	
Terminated employees not entitled to a benefit	14,133	
Active members	56,369	9
Post-DROP retired members still in active service	97	
Totals	<u>101,245</u>	<u>10</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.

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, 2021**

**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, 2021, the Town's active employee contribution rate was 6.82% of covered payroll, and the Town's average contribution rate to fund the normal and accrued liability costs was 4.09% of pensionable payroll.

The Town's contractually required contribution rate for the year ended September 30, 2021 was 5.18% of pensionable pay for Tier 1 employees, and 2.76% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2018, 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 \$21,728 for the year ended September 30, 2021.

Net pension liability - The Town's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, rolled forward to September 30, 2020, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
Total pension liability as of September 30, 2019 (a)	\$ 590,512	\$ 581,060
Discount rate (b)	7.70%	7.70%
Entry age normal cost for the period October 1, 2019 - September 30, 2020 (c)	48,132	48,132
Actual benefit payments and refunds for the period October 1, 2019 - September 30, 2020 (d)	(24,613)	(24,613)
Total pension liability as of September 30, 2020 (e)		
[(a) x (1+(b))] + (c) + [(d) x (1+0.5*(b))]	\$ 658,553	\$ 648,373
Difference between expected and actual (f)		(10,180)
Less liability transferred for immediate recognition (g)		
Experience (gain)/loss (h) = (f) - (g)		(10,180)

Actuarial assumptions - The total pension liability as of September 30, 2020 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of return *	7.70%

\* Net of pension plan investment expense, including inflation

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

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

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2017 were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return *</b>
Fixed income	17.0%	4.4%
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%	10.1%
Real estate	10.0%	7.5%
Cash equivalents	3.0%	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, 7.70%. 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, 2021**

**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, 2019	\$ 590,512	\$ 424,037	\$ 166,475
Changes for the year			
Service cost	48,132		48,132
Interest	44,522		44,522
Difference between expected and actual experience	(10,180)		(10,180)
Contributions - employer		14,796	(14,796)
Contributions - employee		33,533	(33,533)
Net investment income		24,908	(24,908)
Benefit payments, including refunds of employee contributions	(24,613)	(24,613)	
Net changes	57,861	48,624	9,237
Balances at September 30, 2020	<u>\$ 648,373</u>	<u>\$ 472,661</u>	<u>\$ 175,712</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 7.70%, 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 (6.70%) or 1-percentage point higher (8.70%) than the current rate:

	<b>1.00% Decrease (6.70%)</b>	<b>Current Discount Rate (7.70%)</b>	<b>1.00% Increase (8.70%)</b>
Town's net pension liability	\$ 280,844	\$ 175,712	\$ 89,407

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, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report on the schedule of changes in fiduciary net position by employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

Pension expense and deferred outflows of resources related to pensions - For the year ended September 30, 2021, the Town recognized pension expense of \$48,367. At September 30, 2021, the Town reported deferred outflows of resources related to pensions of the following sources:

**Deferred Outflows of Resources**

Differences between expected and actual experience	\$ 43,679
Changes of assumptions	31,198
Net difference between projected and actual earnings on plan investments	14,331
Employer contributions subsequent to the measurement date	21,728
Totals	<u>\$ 110,936</u>

The \$21,728 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, 2022. 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>
2022	\$ 22,052
2023	24,969
2024	26,008
2025	19,658
2026	(380)
Thereafter	(3,099)

**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.

Incentive payable - The Town has committed to pay certain incentive payments of \$25,000 in fiscal year 2022. The remaining balance of \$25,000 in incentive payments is contingent on the underlying businesses generating a certain minimum amount of annual sales tax receipts and is not included in payables at September 30, 2021.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

**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.

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, 2021 totaled \$15,564.

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, 2021 was \$68,151.

**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. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021, which would be the Town's fiscal year ending September 30, 2022.

**Town of Pike Road, Alabama**  
**Notes to Financial Statements**  
**September 30, 2021**

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 March 14, 2022 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2021 have been incorporated into these financial statements.

**Note 15 - Coronavirus Impact**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. On March 19, 2020, the Town passed a resolution to declare the existence of local emergency conditions for the Town due to the coronavirus. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the Town's geographical area. Management is actively monitoring the global situation and its effect on the financial condition, liquidity, operations, suppliers, industry, and workforce. The coronavirus outbreak has not had a significant negative impact on the Town.

The American Rescue Plan Act of 2021, enacted on March 11, 2021, provides funding to cover costs directly related to the coronavirus outbreak. The Town was awarded approximately \$2,412,000 and received approximately \$1,206,000 in fiscal year 2021 under this Act for certain reimbursable expenses. The Town did not incur any reimbursable costs in fiscal year 2021. The amount received in fiscal year 2021 is reported as unearned revenue as of September 30, 2021.

### **Required Supplementary Information**

**Town of Pike Road, Alabama**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended September 30, 2021**

	<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 -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Sales and use taxes	\$ 3,570,000	\$ 3,570,000	\$ 2,364,658	\$ (1,205,342)
Real and personal property taxes	1,747,973	1,747,973	1,781,602	33,629
Franchise taxes	702,000	702,000	691,002	(10,998)
Motor vehicle taxes	455,000	455,000	408,239	(46,761)
Alcoholic beverage taxes	36,000	36,000	38,906	2,906
Tobacco taxes	31,700	31,700	27,561	(4,139)
Lodging taxes	22,900	22,900	26,260	3,360
Rental taxes	73,000	73,000	85,592	12,592
Business licenses and permits	294,000	294,000	362,612	68,612
Building permits	339,500	339,500	456,432	116,932
Unrestricted shared sales tax			1,635,792	1,635,792
Intergovernmental revenues	30,040	30,040	383,028	352,988
Contributions and donations	6,300	6,300	13,031	6,731
Interest income	14,500	14,500	18,671	4,171
Miscellaneous income	41,500	41,500	39,362	(2,138)
Total revenues	<u>7,364,413</u>	<u>7,364,413</u>	<u>8,332,748</u>	<u>968,335</u>
<b>Expenditures</b>				
Current				
General government	1,575,565	1,575,565	1,397,727	177,838
Public works	506,230	506,230	585,577	(79,347)
Public safety	846,477	846,477	858,936	(12,459)
Economic development	399,589	399,589	301,208	98,381
Community related	510,195	510,195	381,664	128,531
Education	295,400	295,400	331,076	(35,676)
Capital outlay	300,000	300,000	87,575	212,425
Total expenditures	<u>4,433,456</u>	<u>4,433,456</u>	<u>3,943,763</u>	<u>489,693</u>
<b>Excess of Revenues Over Expenditures</b>	<u>2,930,957</u>	<u>2,930,957</u>	<u>4,388,985</u>	<u>1,458,028</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(1,866,281)</u>	<u>(1,866,281)</u>	<u>(1,881,945)</u>	<u>(15,664)</u>
Net change in fund balance, budgetary basis	<u>\$ 1,064,676</u>	<u>\$ 1,064,676</u>	2,507,040	<u>\$ 1,442,364</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			(895,345)	
Tax collection fees			58,258	
Volunteer fire department contributions			751,720	
Total reconciling items			<u>(85,367)</u>	
<b>Net Change in Fund Balance, Modified Accrual Basis</b>			2,421,673	
<b>Fund Balance - Beginning</b>			7,022,551	
<b>Fund Balance - Ending</b>			<u>\$ 9,444,224</u>	

See accompanying notes to budgetary comparison schedule.

**Town of Pike Road, Alabama**  
**Notes to Budgetary Comparison Schedule**  
**September 30, 2021**

Budgetary information - Each year formal budgets are legally adopted and amended as required by the Town Council for the General Fund and Education 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, 2021, three General Fund functional expenditure categories (the legal level of budgetary control) exceeded appropriations. The Town exceeded budgeted appropriations for public works expenditures by 15.7% (\$79,347) due to unbudgeted road maintenance expenditures. The Town exceeded budgeted appropriations for public safety expenditures by 1.5% (\$12,459) due to under-budgeted contributions made to volunteer fire departments. The Town exceeded budgeted appropriations for education expenditures by 12.1% (\$35,676) due to unbudgeted expenditures related to transporting portable classrooms.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>							
Service cost	\$ 48,132	\$ 46,636	\$ 42,658	\$ 37,217	\$ 26,870	\$ 23,662	\$ 21,704
Interest	44,522	38,664	34,551	31,542	15,281	12,409	9,943
Changes of assumptions			3,672		65,108		
Difference between expected and actual experience	(10,180)	13,311	(8,789)	(3,883)	115,926	1,633	
Benefit payments, including refunds of employee contributions	(24,613)	(20,450)	(11,122)	(10,822)	(3,607)		(1,622)
Transfers among employers				(15,073)			
Net change in total pension liability	57,861	78,161	60,970	38,981	219,578	37,704	30,025
Total pension liability - beginning	590,512	512,351	451,381	412,400	192,822	155,118	125,093
Total pension liability - ending (a)	<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	\$ 14,796	\$ 10,924	\$ 11,585	\$ 8,464	\$ 11,478	\$ 11,138	\$ 32,411
Contributions - employee	33,533	31,824	30,155	24,616	23,186	19,207	17,955
Net investment income	24,908	10,337	31,858	36,928	24,890	2,240	13,571
Benefit payments, including refunds of employee contributions	(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	48,624	32,635	62,476	44,113	55,947	77,820	62,315
Plan net position - beginning	424,037	391,402	328,926	284,813	228,866	151,046	88,731
Plan net position - ending (b)	<u>\$ 472,661</u>	<u>\$ 424,037</u>	<u>\$ 391,402</u>	<u>\$ 328,926</u>	<u>\$ 284,813</u>	<u>\$ 228,866</u>	<u>\$ 151,046</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 175,712</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	72.90%	71.81%	76.39%	72.87%	69.06%	118.69%	97.37%
Covered payroll	\$ 494,946	\$ 472,891	\$ 434,659	\$ 352,494	\$ 328,360	\$ 267,044	\$ 215,007
Net pension liability (asset) as a percentage of covered payroll	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>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 21,728	\$ 16,618	\$ 12,654	\$ 12,914	\$ 10,015	\$ 12,361	\$ 12,434
Contributions in relation to the actuarially determined contribution	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>
Covered payroll	\$ 531,385	\$ 494,946	\$ 472,891	\$ 434,659	\$ 352,494	\$ 328,360	\$ 267,044
Contributions as a percentage of covered payroll	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 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine the contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	16.2 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, 2021**

	<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>Assets</b>				
Cash and cash equivalents	\$ 420,901	\$ 193,662	\$ 171,762	\$ 786,325
Taxes receivable			13,735	13,735
Intergovernmental receivables	15,885			15,885
Total assets	<u>\$ 436,786</u>	<u>\$ 193,662</u>	<u>\$ 185,497</u>	<u>\$ 815,945</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 180,455		\$ 69,662	\$ 250,117
<b>Fund Balances</b>				
Restricted				
Capital improvements		\$ 193,662		193,662
Highways and streets	\$ 256,331			256,331
Fire protection and emergency medical services			115,835	115,835
Total fund balances	<u>256,331</u>	<u>193,662</u>	<u>115,835</u>	<u>565,828</u>
Total liabilities and fund balances	<u>\$ 436,786</u>	<u>\$ 193,662</u>	<u>\$ 185,497</u>	<u>\$ 815,945</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, 2021**

	<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			\$ 895,345	\$ 895,345
Intergovernmental revenues	\$ 152,456	\$ 57,230		209,686
Interest income	524	326		850
Total revenues	<u>152,980</u>	<u>57,556</u>	<u>895,345</u>	<u>1,105,881</u>
<b>Expenditures</b>				
Current				
General government			58,258	58,258
Public works	341,561			341,561
Public safety			1,041,720	1,041,720
Total expenditures	<u>341,561</u>		<u>1,099,978</u>	<u>1,441,539</u>
<b>Net Change in Fund Balances</b>	(188,581)	57,556	(204,633)	(335,658)
<b>Fund Balances - Beginning</b>	<u>444,912</u>	<u>136,106</u>	<u>320,468</u>	<u>901,486</u>
<b>Fund Balances - Ending</b>	<u>\$ 256,331</u>	<u>\$ 193,662</u>	<u>\$ 115,835</u>	<u>\$ 565,828</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>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	\$ 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>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	199,438	208,639	188,034	168,824	158,062	154,751	148,737		8,415
Education	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>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>2,363,041</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	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	(2,744,562)	(2,573,789)							
Transfer of restricted bond service trustee accounts to new debt service fund		(1,567,908)							
Total other financing sources (uses)	<u>(2,357,617)</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>	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>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>\$ 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>