

Certified Public Accountants
& Consultants



Town of Pike Road, Alabama
For the Year Ended September 30, 2023
Annual Financial Report

Introductory Section

**Town of Pike Road, Alabama
Annual Financial Report
For the Year Ended September 30, 2023**

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**Town of Pike Road, Alabama
List of Principal Officials
As of September 30, 2023**

Mayor - Gordon Stone

Town Council

Chris Dunn
Rob Steindorff
Chris Myers
Angie Bradsher
Doug Fuhrman

Heads of Departments

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

Financial Section

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pike Road, Alabama (the Town), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements and 2023 schedule of revenues, expenditures, and changes in fund balance - education fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedule of revenues, expenditures, and changes in fund balance - education fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Town's basic financial statements for the years ended September 30, 2013 - September 30, 2022, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purposes of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The schedule of revenues, expenditures, and changes in fund balance - education fund for the years ended September 30, 2013 - September 30, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 - 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 - 2022 schedules of revenues, expenditures, and changes in fund balance - education fund are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Information

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

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

A handwritten signature in black ink that reads "Jackson Thornton & Co. PC". The script is cursive and fluid.

Montgomery, Alabama
March 19, 2024

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2023

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, 2023. 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 2023 fiscal year by \$159.7million (net position).
- ❖ The Town's net position increased by \$94.8 million in the 2023 fiscal year.
- ❖ The total cost of the Town's programs for the 2023 fiscal year was \$111.8 million. The excess of expenses over charges for services, grants, and contributions over expenses was \$110.7 million.
- ❖ The General Fund revenues during the 2023 fiscal year exceeded expenditures by \$3.4 million.
- ❖ At the end of the 2023 fiscal year, the General Fund unassigned fund balance was \$14.9 million, or 357% of the total General Fund operating expenses before capital outlay (\$101,000).
- ❖ Major capital expenditures for the 2023 fiscal year totaled \$1.3 million, which included \$1.2 of school construction costs.

Using the Annual Financial Report - An Overview for the User

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

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

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

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

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

The statement of net position (page 12) is most closely related to a balance sheet. It presents information on all of the Town's assets (what it owns) and liabilities (what it owes), with the difference between the two reported as net position. The net position reported in this statement represents the accumulation of changes in net position for the current fiscal year and all fiscal years in the past combined. Over time, the increase or decrease in net position reported in this statement may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2023

The statement of activities (page 13) is most closely related to an income statement. It presents information showing how the Town's net position changed during the current fiscal year only. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. This statement shows gross expenses and offsetting program revenues to arrive at net cost information for each major expense function or activity of the Town. By showing the change in net position for the year, the reader may be able to determine whether the Town's financial position has improved or deteriorated over the course of the current fiscal year.

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

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

Governmental Funds - Governmental fund financial statements (page 14) account for basically the same governmental activities reported in the government-wide financial statements. Fund financial statements presented herein display separate information on each of the Town's most significant governmental funds or major funds. This is required in order to better assess the Town's accountability for significant governmental programs or certain dedicated revenue. The Town's major funds are the General Fund, the Capital Projects Fund, the Education Fund, and the Debt Service Fund.

Proprietary Funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for the activities of its shopping center facility (pages 18 through 20).

The fund financial statements are measured on the modified-accrual basis of accounting. As a result, the fund financial statements focus more on the near-term use and availability of spendable resources. The information provided in these statements is useful in determining the Town's immediate financial needs. This is in contrast to the accrual-based government-wide financial statements, which focus more on overall long-term availability of spendable resources. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements are reconciled in these financial statements (pages 15 and 17). These reconciliations are useful to readers in understanding the long-term impact of the Town's short-term financing decisions.

Notes to the Basic Financial Statements - The notes to the basic financial statements (pages 21 - 40) 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 41 - 44) 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 45 and 46) provides information for special revenue funds which include operating funds that are restricted as to use by Federal or State governments and special purpose funds established by authority of the Town Council.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
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The schedule of revenues, expenditures, and changes in fund balance - Education Fund (page 47) provides detailed information for all fiscal years since the fund's inception.

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

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

Table 1: Summary of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 229,132,897	\$ 33,582,576	\$ 1,037,607	\$ 547,970	\$ 230,170,504	\$ 34,130,546
Capital assets	85,682,869	87,255,730	2,644,077	2,758,564	88,326,946	90,014,294
Total assets	<u>314,815,766</u>	<u>120,838,306</u>	<u>3,681,684</u>	<u>3,306,534</u>	<u>318,497,450</u>	<u>124,144,840</u>
Deferred Outflows of Resources	<u>265,128</u>	<u>784,317</u>			<u>265,128</u>	<u>784,317</u>
Liabilities						
Current liabilities	838,041	1,074,708	6,218	12,611	844,259	1,087,319
Long-term liabilities	<u>155,592,254</u>	<u>56,487,814</u>	<u>1,794,291</u>	<u>1,997,768</u>	<u>157,386,545</u>	<u>58,485,582</u>
Total liabilities	<u>156,430,295</u>	<u>57,562,522</u>	<u>1,800,509</u>	<u>2,010,379</u>	<u>158,230,804</u>	<u>59,572,901</u>
Deferred Inflows of Resources		<u>45,056</u>	<u>858,598</u>		<u>858,598</u>	<u>45,056</u>
Net Position						
Investment in capital assets, net	36,426,462	37,647,725	865,446	781,466	37,291,908	38,429,191
Restricted	202,577,847	1,365,383			202,577,847	1,365,383
Unrestricted	(80,353,710)	25,001,937	157,131	91,621	(80,196,579)	25,093,558
Total net position	<u>\$ 158,650,599</u>	<u>\$ 64,015,045</u>	<u>\$ 1,022,577</u>	<u>\$ 873,087</u>	<u>\$ 159,673,176</u>	<u>\$ 64,888,132</u>

The Town's assets exceeded liabilities by \$159.7 million at September 30, 2023, an increase of 146.1% from last year.

Net position invested in capital assets of \$36.4 million reflect the Town's investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, fixtures, furniture, and equipment), less accumulated depreciation and debt related to the acquisition of the assets. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations.

Restricted net position in the amount of \$202.6 million represents the fund balances of the Capital Projects Fund, Education Fund, Debt Service Fund, Gasoline Tax Fund, Government Improvement Fund, and Fire Protection Fund. The first three funds have been restricted by contracts executed by the Council and third-parties, with the last three funds restricted by enabling legislation.

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2023

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

The results of the 2023 fiscal year's operations as a whole are reported in detail in the statement of activities (page 13). Table 2 below condenses the results of operations for the 2023 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, 2023 and 2022.

Table 2: Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 436,221	\$ 579,698	\$ 405,698	\$ 368,589	\$ 841,919	\$ 948,287
Operating grants and contributions	4,310	7,101			4,310	7,101
Capital grants and contributions	393,731	546,236			393,731	546,236
General revenues						
Taxes	10,908,172	10,191,895			10,908,172	10,191,895
Unrestricted shared revenues	1,523,915	1,669,200			1,523,915	1,669,200
Interest income	703,912	40,597	13,769	12,684	717,681	53,281
Miscellaneous	67,737	42,881			67,737	42,881
Transfers	(5,048)	220	5,048	(220)		
Total revenues	<u>14,032,950</u>	<u>13,077,828</u>	<u>424,515</u>	<u>381,053</u>	<u>14,457,465</u>	<u>13,458,881</u>
Expenses						
General government	1,800,215	1,863,256			1,800,215	1,863,256
Public works	2,065,623	2,201,399			2,065,623	2,201,399
Public safety	1,405,888	1,068,517			1,405,888	1,068,517
Economic development	337,353	323,588			337,353	323,588
Community related	683,561	439,163			683,561	439,163
Education	100,673,670	2,229,704			100,673,670	2,229,704
Interest and fiscal charges	4,528,861	2,184,184			4,528,861	2,184,184
Pike Road Station			275,025	319,397	275,025	319,397
Total expenses	<u>111,495,171</u>	<u>10,309,811</u>	<u>275,025</u>	<u>319,397</u>	<u>111,770,196</u>	<u>10,629,208</u>
Special Item	<u>192,097,775</u>				<u>192,097,775</u>	
Change in Net Position	94,635,554	2,768,017	149,490	61,656	94,785,044	2,829,673
Net Position - Beginning	64,015,045	61,247,028	873,087	811,431	64,888,132	62,058,459
Net Position - Ending	<u>\$ 158,650,599</u>	<u>\$ 64,015,045</u>	<u>\$ 1,022,577</u>	<u>\$ 873,087</u>	<u>\$ 159,673,176</u>	<u>\$ 64,888,132</u>

The Town's total revenues increased 7.4% (\$1.0 million). The increase was due primarily to an increase in tax revenues of 7.0% (\$700,000).

The Town's program expenses increased by 951.5% (\$101.1 million). The increase was due primarily to an increase education expenses of 4,415.1% (\$98.4 million), related to the appropriation of the Series 2023 warrant proceeds to the Board of Education, and interest expenses of 107.3% (\$2.3 million), related to interest paid on the Series 2023 warrants issued during the fiscal year.

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Table 3 is a condensed statement taken from the statement of activities (page 13) showing the total cost for providing services for the eight major Town activities. Total cost of services is compared to the net cost of providing these services. The net cost of services is the remaining cost of services after subtracting grants, contributions, and charges for services that the Town used to offset the program's total cost. In other words, the net cost shows the financial burden that was placed on all taxpayers for each of these activities. This information allows citizens to consider the cost of each program in comparison to the benefits provided.

Table 3: Net Cost of Government-Wide Activities

	Fiscal Year Ended September 30, 2023	
	Total Cost of Services	Net Cost of Services
General government	\$ 1,800,215	\$ (1,275,012)
Public works	2,065,623	(1,760,874)
Public safety	1,405,888	(1,405,888)
Economic development	337,353	(337,353)
Community related	683,561	(679,251)
Education	100,673,670	(100,673,670)
Interest and fiscal charges	4,528,861	(4,528,861)
Pike Road Station	275,025	130,673
Total	<u>\$ 111,770,196</u>	<u>\$ (110,530,236)</u>

Performance of Town Funds

As noted earlier, the Town uses fund accounting to control and manage resources in order to ensure compliance with finance-related legal and internal requirements. Using funds to account for resources for particular purposes helps the reader to determine the Town's accountability for these resources whether provided by taxpayers and other entities, and to help to provide more insight into the Town's overall financial health. The following analysis of the Town's funds should be read in reference to the fund financial statements that begin on page 14.

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Town's financial requirements. (Note: The reconciliation statement between the fund financial statements and the government-wide financial statements are presented on pages 15 and 17.) At the end of the 2023 fiscal year, the Town's governmental funds reported a combined fund balance of \$26.0 million, which includes \$5.2 million restricted fund balances to be used for education, debt service, capital improvements, highways and streets, and fire protection and emergency medical services; \$5.8 million in assigned fund balances to be used for road maintenance, capital projects, and debt service; \$44,000 in nonspendable fund balances; and \$15.0 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 2023 fiscal year, total net position of the Pike Road Station enterprise fund was \$1.0 million, as compared to \$873,000 at the end of last fiscal year, an increase of \$149,000.

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 2023 fiscal year budget was adopted in September 2022. The comparison of the General Fund budget to the actual results is detailed in the budget to actual comparison schedule - general fund on page 41. The Town's actual results as compared to the Town's budget can be briefly summarized as follows:

- ❖ Actual revenues were more than the budget by 1.5% (\$144,000). Significant portions of the variance were related to unbudgeted interest income.
- ❖ Actual expenditures were less than budget by 11.5% (\$798,000). A significant portion of the variance was related to overbudgeted general government expenditures.

Capital Assets and Debt Administration

Capital assets - The Town's investment in capital assets at the end of the 2023 fiscal year amounted to \$88.3 million, net of accumulated depreciation. The Town's investment in capital assets, which includes land, construction in progress, building, infrastructure, land improvements, leasehold improvements, equipment, office, equipment, and furniture at actual or estimated historical cost is shown in Table 4. Assets are presented net of accumulated depreciation:

Table 4: Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 10,772,391	\$ 10,772,391	\$ 446,500	\$ 446,500	\$ 11,218,891	\$ 11,218,891
Construction in progress	97,756	10,531,775			97,756	10,531,775
Buildings	41,328,458	33,080,754	2,154,795	2,253,449	43,483,253	35,334,203
Infrastructure	27,399,327	28,661,817			27,399,327	28,661,817
Land improvements	5,376,039	3,452,657			5,376,039	3,452,657
Leasehold improvements	238,651	271,004	26,080	29,380	264,731	300,384
Equipment	416,538	416,949	16,702	29,235	433,240	446,184
Office equipment	11,636	13,793			11,636	13,793
Furniture	42,073	54,590			42,073	54,590
Total capital assets	<u>\$ 85,682,869</u>	<u>\$ 87,255,730</u>	<u>\$ 2,644,077</u>	<u>\$ 2,758,564</u>	<u>\$ 88,326,946</u>	<u>\$ 90,014,294</u>

Additions to capital assets during the 2023 fiscal year included the following:

	Governmental Activities	Business-Type Activities
Buildings	\$ 1,175,248	
Land improvements	64,173	
Equipment	70,050	
Total capital asset additions	<u>\$ 1,309,471</u>	<u>\$ -</u>

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

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
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Long-term debt - At the 2023 fiscal year end, the Town had \$154.4 million outstanding in general obligation warrants, school revenue warrants, and related debt issuance discounts and premiums. This is an increase of 177.0% in debt from last year, as shown in Table 5 below:

Table 5: Outstanding Debt

	As of September 30, 2023		
	Beginning Balance	Net Change	Ending Balance
Governmental Activities			
General obligation warrants	\$ 46,805,000	\$ 91,265,000	\$ 138,070,000
School revenue warrants	5,825,000	(545,000)	5,280,000
Debt issuance premiums	1,151,863	8,199,075	9,350,938
Total governmental activities	53,781,863	98,919,075	152,700,938
Business-Type Activities			
General obligation warrants	1,985,000	(200,000)	1,785,000
Debt issuance discounts	(7,902)	1,533	(6,369)
Total business-type activities	1,977,098	(198,467)	1,778,631
Total outstanding debt	\$ 55,758,961	\$ 98,720,608	\$ 154,479,569

The Town issued Series 2023 General Obligation warrants in the amount of \$92,000,000 in 2023, the proceeds of which will be used for the Board of Education's construction of a new high school and other school related capital improvements.

The Town and the Pike Road Board of Education entered into a funding agreement simultaneously with the Town's issuance of the 2023 general obligation warrants. The funding agreement provides that the Board will pay the Town an annual payment in the amount of principal and interest due on the Series 2023 warrants for as long as the warrants and any related refunding warrants are outstanding.

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

Economic Factors and Next Year's Budget

The Town of Pike Road continues to see significant growth, generated by enlarged and renovated schools, many new commercial and retail services, infrastructure improvements, and new recreational amenities available for all of its citizens. The demand for new residential properties is evidenced by the issuance of 164 residential building permits, accompanied by 8 new commercial building permits during this fiscal year. We anticipate the addition of other various retail businesses in the coming years. Construction of the new Agriculture, Recreation, and Performing Arts Complex and outdoor Arena was completed, along with four adjacent baseball fields, complete with dugouts, restrooms, and concession stand. This new facility provides new, additional space and opportunities for increased public recreation, economic development, and educational programs. Also, under construction is a community tennis complex. Plus, work has begun on an expanded arts district, adding more trail projects and an all-inclusive playground. Each of these areas of new growth represents a future positive impact on the Town's economy and its ability to serve its citizens.

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

Town of Pike Road, Alabama
Management's Discussion and Analysis (MD&A)
September 30, 2023

Ad valorem tax - The Town's ad valorem tax is based on an annual reassessment of property values. Effective with the October 1, 2012 property assessment, the Town began collecting an additional 16 mill ad valorem tax. The Town has directed this increase to educational purposes. For the current year, the education-related property taxes generated \$3.6 million, an increase of 16% from the prior year.

Effective with the October 1, 2017 property assessment, the Town began collecting an additional 5 mill ad valorem tax. By State law, the Town has directed this levy to fire protection and emergency medical services. The additional 5 mill tax resulted in contributions to the three Pike Road Volunteer Fire Departments totaling over \$961,000 during the year. In addition, the new tax added over \$111,000 to the Town's Fire Protection Fund.

Education support - The Town has committed to provide support to Education through the dedication of the 16 mill ad valorem tax, as noted above. Currently, the Town is supporting the Pike Road School System through a capital improvement program. During fiscal year 2023, improvements to Pike Road schools totaling over \$1.2 million were made using Bond Warrant funds for Education purposes. Plans are continuing for additional improvements using all remaining bond warrant funds designated for Education. During fiscal year 2023, the Town contributed over \$563,000 for Education Support out of the General Fund. Included in the 2024 operating budget is \$500,000 for Education Support.

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

Contacting the Town's Financial Management

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

Basic Financial Statements

Town of Pike Road, Alabama
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 24,458,918	\$ 111,069	\$ 24,569,987
Accounts receivable		20,156	20,156
Taxes receivable	520,366		520,366
Intergovernmental receivables	225,941		225,941
Prepaid expenses	43,553	5,671	49,224
Leases receivable		885,051	885,051
Restricted cash - tenant deposits		15,660	15,660
Cash held by fiscal agent			
Debt service	292,315		292,315
Capital improvements	3,101,881		3,101,881
Funding agreements receivable	200,489,923		200,489,923
Capital assets not being depreciated	10,870,147	446,500	11,316,647
Capital assets, net of accumulated depreciation	74,812,722	2,197,577	77,010,299
Total assets	<u>314,815,766</u>	<u>3,681,684</u>	<u>318,497,450</u>
Deferred Outflows of Resources			
Pension related items	222,045		222,045
Deferred loss on refunding	43,083		43,083
Total deferred outflows of resources	<u>265,128</u>		<u>265,128</u>
Liabilities			
Accounts payable and accrued expenses	223,823	1,672	225,495
Accrued interest payable	614,218	4,546	618,764
Unearned revenue	2,415,077		2,415,077
Portion due or payable in one year			
Warrants payable	1,410,000	200,000	1,610,000
Portion due or payable after one year			
Warrants payable	151,290,938	1,578,631	152,869,569
Compensated absences	65,100		65,100
Net pension liability	411,139		411,139
Tenant deposits		15,660	15,660
Total liabilities	<u>156,430,295</u>	<u>1,800,509</u>	<u>158,230,804</u>
Deferred Inflows of Resources			
Leases		858,598	858,598
Net Position			
Investment in capital assets, net	36,426,462	865,446	37,291,908
Restricted			
Education	518,471		518,471
Debt service	200,782,238		200,782,238
Capital improvements	353,768		353,768
Highways and streets	603,701		603,701
Fire protection and emergency medical services	319,669		319,669
Unrestricted	(80,353,710)	157,131	(80,196,579)
Total net position	<u>\$ 158,650,599</u>	<u>\$ 1,022,577</u>	<u>\$ 159,673,176</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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 1,800,215	\$ 436,221		\$ 88,982	\$ (1,275,012)		\$ (1,275,012)
Public works	2,065,623			304,749	(1,760,874)		(1,760,874)
Public safety	1,405,888				(1,405,888)		(1,405,888)
Economic development	337,353				(337,353)		(337,353)
Community related	683,561		\$ 4,310		(679,251)		(679,251)
Education	100,673,670				(100,673,670)		(100,673,670)
Interest and fiscal charges	4,528,861				(4,528,861)		(4,528,861)
Total governmental activities	111,495,171	436,221	4,310	393,731	(110,660,909)		(110,660,909)
Business-Type Activities							
Pike Road Station	275,025	405,698				\$ 130,673	130,673
Total primary government	\$ 111,770,196	\$ 841,919	\$ 4,310	\$ 393,731	(110,660,909)	130,673	(110,530,236)
General revenues							
Sales and use taxes					3,193,597		3,193,597
Real and personal property taxes					5,805,896		5,805,896
Franchise taxes					875,074		875,074
Motor vehicle taxes					497,616		497,616
Business licenses					336,752		336,752
Alcoholic beverage taxes					57,090		57,090
Tobacco taxes					29,319		29,319
Lodging taxes					31,108		31,108
Rental taxes					81,720		81,720
Unrestricted shared revenues					1,523,915		1,523,915
Interest income					703,912	13,769	717,681
Miscellaneous revenue					67,737		67,737
Transfers					(5,048)	5,048	
Total general revenues and transfers					13,198,688	18,817	13,217,505
Special item - funding agreement					192,097,775		192,097,775
Change in Net Position					94,635,554	149,490	94,785,044
Net Position - Beginning					64,015,045	873,087	64,888,132
Net Position - Ending					\$ 158,650,599	\$ 1,022,577	\$ 159,673,176

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

Town of Pike Road, Alabama
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 17,715,235	\$ 2,134,063	\$ 452,807	\$ 2,823,541	\$ 1,333,272	\$ 24,458,918
Taxes receivable	434,436		65,664		20,266	520,366
Intergovernmental receivables	206,250				19,691	225,941
Prepaid expenses	43,553					43,553
Cash held by fiscal agent						
Debt service				292,315		292,315
Capital improvements		3,101,881				3,101,881
Funding agreements receivable				200,489,923		200,489,923
Total assets	<u>\$ 18,399,474</u>	<u>\$ 5,235,944</u>	<u>\$ 518,471</u>	<u>\$ 203,605,779</u>	<u>\$ 1,373,229</u>	<u>\$ 229,132,897</u>
Liabilities						
Accounts payable and accrued expenses	\$ 127,732				\$ 96,091	\$ 223,823
Unearned revenue	2,415,077					2,415,077
Total liabilities	<u>2,542,809</u>				<u>96,091</u>	<u>2,638,900</u>
Deferred Inflows of Resources						
Unavailable revenue				\$ 200,489,923		200,489,923
Fund Balances						
Nonspendable						
Prepaid expenses	43,553					43,553
Restricted						
Education			\$ 518,471			518,471
Debt service				292,315		292,315
Capital improvements		\$ 3,101,881			353,768	3,455,649
Highways and streets					603,701	603,701
Fire protection and emergency medical services					319,669	319,669
Assigned						
Road maintenance	845,667					845,667
Other capital projects		2,134,063				2,134,063
Debt service				2,823,541		2,823,541
Unassigned	<u>14,967,445</u>					<u>14,967,445</u>
Total fund balances	<u>15,856,665</u>	<u>5,235,944</u>	<u>518,471</u>	<u>3,115,856</u>	<u>1,277,138</u>	<u>26,004,074</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,399,474</u>	<u>\$ 5,235,944</u>	<u>\$ 518,471</u>	<u>\$ 203,605,779</u>	<u>\$ 1,373,229</u>	<u>\$ 229,132,897</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, 2023

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

Total fund balances - governmental funds		\$ 26,004,074
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		85,682,869
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		200,489,923
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	\$ 222,045	
Deferred loss on refunding	<u>43,083</u>	
		265,128
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(614,218)	
General obligation warrants	(138,070,000)	
School revenue warrants	(5,280,000)	
Debt issuance premiums	(9,350,938)	
Compensated absences	(65,100)	
Net pension liability	<u>(411,139)</u>	
Total long-term liabilities		<u>(153,791,395)</u>
Net position of governmental activities		<u><u>\$ 158,650,599</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, 2023

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 5,875,418		\$ 3,577,779		\$ 1,118,223	\$ 10,571,420
Licenses and permits	772,973					772,973
Intergovernmental revenues	1,610,654			\$ 335,100	306,992	2,252,746
Contributions and donations	4,310					4,310
Interest income	506,458	\$ 154,731		35,697	7,029	703,915
Miscellaneous income	67,737					67,737
Total revenues	<u>8,837,550</u>	<u>154,731</u>	<u>3,577,779</u>	<u>370,797</u>	<u>1,432,244</u>	<u>14,373,101</u>
Expenditures						
Current						
General government	1,489,847		182,024		46,342	1,718,213
Public works	739,826					739,826
Public safety	444,750				961,137	1,405,887
Economic development	330,169					330,169
Community related	629,412					629,412
Education	563,544		98,633,307			99,196,851
Capital outlay	101,335	1,208,136				1,309,471
Debt service						
Principal payments				1,280,000		1,280,000
Interest and fiscal charges				2,850,735		2,850,735
Bond issuance costs	853,700					853,700
Total expenditures	<u>5,152,583</u>	<u>1,208,136</u>	<u>98,815,331</u>	<u>4,130,735</u>	<u>1,007,479</u>	<u>110,314,264</u>
Excess of Revenues Over (Under) Expenditures	<u>3,684,967</u>	<u>(1,053,405)</u>	<u>(95,237,552)</u>	<u>(3,759,938)</u>	<u>424,765</u>	<u>(95,941,163)</u>
Other Financing Sources (Uses)						
Transfers in		850,000	98,633,307	4,549,828		104,033,135
Transfers out	(100,645,844)		(3,387,291)	(5,048)		(104,038,183)
Proceeds from issuance of debt	92,000,000					92,000,000
Premium on warrant proceeds	8,349,544					8,349,544
Total other financing sources (uses)	<u>(296,300)</u>	<u>850,000</u>	<u>95,246,016</u>	<u>4,544,780</u>		<u>100,344,496</u>
Net Change in Fund Balances	<u>3,388,667</u>	<u>(203,405)</u>	<u>8,464</u>	<u>784,842</u>	<u>424,765</u>	<u>4,403,333</u>
Fund Balances - Beginning	<u>12,467,998</u>	<u>5,439,349</u>	<u>510,007</u>	<u>2,331,014</u>	<u>852,373</u>	<u>21,600,741</u>
Fund Balances - Ending	<u>\$ 15,856,665</u>	<u>\$ 5,235,944</u>	<u>\$ 518,471</u>	<u>\$ 3,115,856</u>	<u>\$ 1,277,138</u>	<u>\$ 26,004,074</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, 2023

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

Net change in fund balances - total governmental funds		\$ 4,403,333
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.		1,309,471
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(2,882,332)
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.		191,762,675
The issuance of long-term debt proceeds provides current financial resources to the governmental funds and thus contributes to the change in fund balance. However, issuing debt increases long-term liabilities in the statement of net position.		
Warrant proceeds	\$(92,000,000)	
Premium on warrant proceeds	<u>(8,349,544)</u>	
		(100,349,544)
Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction of long-term liabilities in the statement of net position.		1,280,000
Governmental funds report the effects of premiums, discounts, and deferred loss on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(445,405)
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	(379,020)	
Change in net pension liability and related deferred amounts	<u>(63,624)</u>	
		(442,644)
Change in net position of governmental activities		<u><u>\$ 94,635,554</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, 2023

Assets

Current assets

Cash and cash equivalents	\$ 111,069
Accounts receivable	20,156
Prepaid items	5,671
Leases receivable	253,282
Total current assets	<u>390,178</u>

Noncurrent assets

Restricted cash - tenant deposits	15,660
Leases receivable	631,769
Capital assets not being depreciated	446,500
Capital assets, net of accumulated depreciation	2,197,577
Total noncurrent assets	<u>3,291,506</u>
Total assets	<u>3,681,684</u>

Liabilities

Current liabilities

Accounts payable	1,672
Accrued interest expense	4,546
Warrants payable	200,000
Total current liabilities	<u>206,218</u>

Noncurrent liabilities

Warrants payable	1,578,631
Tenant deposits	15,660
Total noncurrent liabilities	<u>1,594,291</u>
Total liabilities	<u>1,800,509</u>

Deferred Inflows of Resources

Leases	<u>858,598</u>
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Net Position

Investment in capital assets, net	865,446
Unrestricted	157,131
Total net position	<u>\$ 1,022,577</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, 2023

Operating Revenues

Rent - commercial tenants	\$ 247,320
Common area maintenance fees - commercial tenants	44,378
Rent and common area maintenance fees - Town of Pike Road	<u>114,000</u>
Total operating revenues	<u>405,698</u>

Operating Expenses

Management fees	5,713
Contract labor	5,520
Insurance	7,110
Leasing fees	16,996
Professional fees	4,900
Repairs and maintenance	55,005
Utilities	7,130
Depreciation	<u>114,487</u>
Total operating expenses	<u>216,861</u>

Operating Income

188,837

Nonoperating Revenues (Expenses)

Interest income	13,769
Interest expense	<u>(58,164)</u>
Total nonoperating revenues (expenses)	<u>(44,395)</u>

Net income before transfers 144,442

Transfers in 5,048

Change in Net Position

149,490

Net Position - Beginning

873,087

Net Position - Ending

\$ 1,022,577

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, 2023

Cash Flows From (Used For) Operating Activities

Receipts from tenants	\$ 400,688
Payments to suppliers	<u>(109,103)</u>
Net cash from operating activities	<u>291,585</u>

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

Principal and interest payments on long-term debt	(258,580)
Transfers from Debt Service Fund	<u>5,048</u>
Net cash used for capital and related financing activities	<u>(253,532)</u>

Net Increase in Cash and Cash Equivalents

38,053

Cash and Cash Equivalents - Beginning

88,676

Cash and Cash Equivalents - Ending

\$ 126,729

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents	\$ 111,069
Restricted cash - tenant deposits	<u>15,660</u>
Total cash and cash equivalents	<u><u>\$ 126,729</u></u>

Reconciliation of Operating Income to Net Cash From Operating Activities

Operating income	\$ 188,837
Adjustments to reconcile operating income to net cash from (used for) operating activities	
Depreciation expense	114,487
Decrease in prepaid expenses	(2,285)
Increase in tenant deposits	(5,010)
Decrease in accounts payable	<u>(4,444)</u>
Net cash from (used for) operating activities	<u><u>\$ 291,585</u></u>

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

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

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, 2023

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, 2022.

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, 2023

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. See Note 6. In addition, the Town has deferred inflows of resources related to the Town's leases. See Note 8.

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

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

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

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

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

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

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

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

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

Pensions - The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

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

Note 2 - Credit Risk

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

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 10,772,391			\$ 10,772,391
Construction in progress	10,531,775		\$ 10,434,019	97,756
Total capital assets, not being depreciated	21,304,166		10,434,019	10,870,147
Capital assets, being depreciated				
Buildings	40,010,338	\$ 9,482,032		49,492,370
Infrastructure	37,334,006			37,334,006
Land improvements	4,630,042	2,191,408		6,821,450
Leasehold improvements	647,053			647,053
Equipment	831,485	70,050		901,535
Office equipment	97,177			97,177
Furniture	242,379			242,379
Total capital assets, being depreciated	83,792,480	11,743,490		95,535,970
Less accumulated depreciation				
Buildings	6,929,584	1,234,328		8,163,912
Infrastructure	8,672,189	1,262,490		9,934,679
Land improvements	1,177,385	268,026		1,445,411
Leasehold improvements	376,049	32,353		408,402
Equipment	414,536	70,461		484,997
Office equipment	83,384	2,157		85,541
Furniture	187,789	12,517		200,306
Total accumulated depreciation	17,840,916	2,882,332		20,723,248
Total capital assets, being depreciated, net	65,951,564	8,861,158		74,812,722
Governmental activities capital assets, net	<u>\$ 87,255,730</u>	<u>\$ 8,861,158</u>	<u>\$ 10,434,019</u>	<u>\$ 85,682,869</u>

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 3 - Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 446,500			\$ 446,500
Capital assets, being depreciated				
Buildings	3,567,854			3,567,854
Leasehold improvements	165,940			165,940
Equipment	248,806			248,806
Total capital assets, being depreciated	3,982,600			3,982,600
Less accumulated depreciation				
Buildings	1,314,405	\$ 98,654		1,413,059
Leasehold improvements	136,560	3,300		139,860
Equipment	219,571	12,533		232,104
Total accumulated depreciation	1,670,536	114,487		1,785,023
Total capital assets, being depreciated, net	2,312,064	(114,487)		2,197,577
Business-type activities capital assets, net	<u>\$ 2,758,564</u>	<u>\$ (114,487)</u>	<u>\$ -</u>	<u>\$ 2,644,077</u>

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

Governmental Activities

General government	\$ 41,786
Public works	1,324,556
Community related	39,171
Education	1,476,819
Total depreciation expense - governmental activities	<u>\$ 2,882,332</u>

Business-Type Activities

Pike Road Station	<u>\$ 114,487</u>
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Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 4 - Interfund Balances

The following is a schedule of interfund transfers for the year ended September 30, 2023:

Transfer Out	Transfer In				Total
	Capital Projects Fund	Education Fund	Debt Service Fund	Pike Road Station	
General Fund	\$ 850,000	\$ 98,633,307	\$ 1,162,537		\$ 100,645,844
Education Fund			3,387,291		3,387,291
Debt Service Fund				\$ 5,048	5,048
Totals	<u>\$ 850,000</u>	<u>\$ 98,633,307</u>	<u>\$ 4,549,828</u>	<u>\$ 5,048</u>	<u>\$ 104,038,183</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, 2023 was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities					
General obligation warrants	\$ 46,805,000	\$ 92,000,000	\$ 735,000	\$ 138,070,000	\$ 840,000
School revenue warrants	5,825,000		545,000	5,280,000	570,000
Deferred amounts					
Debt issuance premiums	1,151,863	8,349,544	150,469	9,350,938	
Total warrants payable	<u>53,781,863</u>	<u>100,349,544</u>	<u>1,430,469</u>	<u>152,700,938</u>	<u>1,410,000</u>
Compensated absences	65,100			65,100	
Governmental activities long-term liabilities	<u>53,846,963</u>	<u>100,349,544</u>	<u>1,430,469</u>	<u>152,766,038</u>	<u>1,410,000</u>
Business-Type Activities					
General obligation warrants	1,985,000		200,000	1,785,000	200,000
Deferred amounts					
Debt issuance discounts	(7,902)		(1,533)	(6,369)	
Total warrants payable	<u>1,977,098</u>		<u>198,467</u>	<u>1,778,631</u>	<u>200,000</u>
Tenant deposits	20,670		5,010	15,660	
Business-type activities long-term liabilities	<u>1,997,768</u>		<u>203,477</u>	<u>1,794,291</u>	<u>200,000</u>
Total long-term liabilities	<u>\$ 55,844,731</u>	<u>\$ 100,349,544</u>	<u>\$ 1,633,946</u>	<u>\$ 154,560,329</u>	<u>\$ 1,610,000</u>

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 5 - Long-Term Debt (continued)

Warrants payable - Warrants payable at September 30, 2023 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.	\$ 425,000
School Revenue Warrants, Series 2015; principal amount \$5,925,000; interest varies by maturity; graduated principal payments are due annually on September 1; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2045. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities. The warrants are secured by a pledge of the 16 mill ad valorem tax.	4,855,000
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.	255,000
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.	65,000

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

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.

15,380,000

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.

5,100,000

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

92,000,000

Total governmental activities

143,350,000

Business-Type Activities

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

1,785,000

Total warrants payable

\$ 145,135,000

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 5 - Long-Term Debt (continued)

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, 2023 were as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,410,000	\$ 6,253,296	\$ 7,663,296
2025	1,680,000	6,204,642	7,884,642
2026	1,835,000	6,152,473	7,987,473
2027	2,010,000	6,091,120	8,101,120
2028	2,195,000	6,020,161	8,215,161
2029 - 2033	14,110,000	28,767,558	42,877,558
2034 - 2038	20,280,000	25,592,068	45,872,068
2039 - 2043	27,080,000	20,756,057	47,836,057
2044 - 2048	36,175,000	13,747,368	49,922,368
2049	36,575,000	3,797,125	40,372,125
Totals	<u>\$ 143,350,000</u>	<u>\$ 123,381,868</u>	<u>\$ 266,731,868</u>

Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 200,000	\$ 51,948	\$ 251,948
2025	205,000	46,529	251,529
2026	210,000	40,665	250,665
2027	220,000	34,320	254,320
2028	225,000	27,476	252,476
2029 - 2033	725,000	36,636	761,636
Totals	<u>\$ 1,785,000</u>	<u>\$ 237,574</u>	<u>\$ 2,022,574</u>

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Year Ending September 30	Total Annual Requirements		
	Principal	Interest	Total
2024	\$ 1,610,000	\$ 6,305,244	\$ 7,915,244
2025	1,885,000	6,251,171	8,136,171
2026	2,045,000	6,193,138	8,238,138
2027	2,230,000	6,125,440	8,355,440
2028	2,420,000	6,047,637	8,467,637
2029 - 2033	14,835,000	28,804,194	43,639,194
2034 - 2038	20,280,000	25,592,068	45,872,068
2039 - 2043	27,080,000	20,756,057	47,836,057
2044 - 2048	36,175,000	13,747,368	49,922,368
2049	36,575,000	3,797,125	40,372,125
Totals	<u>\$ 145,135,000</u>	<u>\$ 123,619,442</u>	<u>\$ 268,754,442</u>

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

Covenants and limitations - State statute limits the amount of long-term debt the Town can incur. The amount of debt applicable to this limit during a year can be no greater than 20% of the assessed value of taxable property as of the beginning of the fiscal year. As of September 30, 2023, debt limit was \$45,317,884 and the net debt applicable to the limit was \$5,194,670, which leaves a balance of \$40,123,214 as the Town's legal debt margin.

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

Note 6 - Funding Agreements

The Town and the Pike Road Board of Education entered into two funding agreements simultaneously with the Town's issuance of the 2018-A and 2018-B General Obligation warrants. The Series 2018-A Funding Agreement provides that the Board shall pay to the Town on each May 1, beginning in 2019, an annual payment of \$250,000 as long as the warrant and any related refunding warrants are outstanding. Based on 30-year repayment schedule, a long-term receivable of \$7,500,000 was recognized in 2018. The balance at September 30, 2023 was \$6,250,000.

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, 2023 was \$2,142,148.

The Series 2023 Funding Agreement provides that the Board shall pay to the Town on each February 15, beginning in 2024, an annual payment in the amount of the principal and interest due on the Series 2023 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 2023 General Obligation warrants of \$192,097,775 was recognized as a long-term receivable in 2023. The balance at September 30, 2023 was \$192,097,775.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 7 - Commitments

As of September 30, 2023, commitments to contractors on capital projects were as follows:

Commitments	\$ 4,039,207
Spent to date	2,630,420
Remaining commitments	<u>\$ 1,408,787</u>

Note 8 - Town as Lease Lessor

Pike Road Station is the lessor of real estate under leases expiring in various years through 2028. As of September 30, 2023, the lease receivable and corresponding deferred inflow of resources included on the statement of net position were \$885,051 and \$858,598, respectively.

The total expected payments to maturity are presented below:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 253,282	\$ 18,730	\$ 272,012
2025	244,587	12,069	256,656
2026	185,327	6,039	191,366
2027	136,699	2,281	138,980
2028	65,156	28	65,184
Total	<u>\$ 885,051</u>	<u>\$ 39,147</u>	<u>\$ 924,198</u>

Note 9 - Pension Plan

Plan description - The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 9 - Pension Plan (continued)

- d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
- e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
- f. One vested active employee of a participating employer other than a municipality, city, or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits provided - State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

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

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 608 employers adopted Act 2019-132 as of September 30, 2022.

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

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 9 - Pension Plan (continued)

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants and the Town's membership includes 9 participants. As of September 30, 2022, membership consisted of:

	<u>ERS</u>	<u>Town</u>
Retirees and beneficiaries currently receiving benefits	30,598	1
Terminated employees entitled to but not yet receiving benefits	2,286	
Terminated employees not entitled to a benefit	18,689	
Active members	57,278	8
Post-DROP retired members still in active service	39	
Totals	<u>108,890</u>	<u>9</u>

Contributions - Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.5% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.5% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

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

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023, the Town's active employee contribution rate was 8.92% of covered payroll, and the Town's average contribution rate to fund the normal and accrued liability costs was 8.29% of pensionable payroll.

The Town's contractually required contribution rate for the year ended September 30, 2023 was 8.38% of pensionable pay for Tier 1 employees, and 6.52% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2020, 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 \$37,345 for the year ended September 30, 2023.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 9 - Pension Plan (continued)

Net pension liability - The Town's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2021, rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Plan Changes</u>	<u>Actual After Plan Changes</u>
Total pension liability as of September 30, 2021 (a)	\$ 853,616	\$ 897,915	\$ 897,915
Discount rate (b)	7.45%	7.45%	7.70%
Entry age normal cost for the period October 1, 2021 - September 30, 2022 (c)	74,530	74,530	74,530
Transfers among employers (d)		(113,764)	(113,764)
Actual benefit payments and refunds for the period October 1, 2021 - September 30, 2022 (e)	(72,661)	(72,661)	(72,661)
Total pension liability as of September 30, 2022 (f)			
[(a) x (1+(b))] + (c) + [(d) x (1+0.5*(b))] (f)	\$ 916,373	\$ 850,208	\$ 850,208
Difference between expected and actual (g)		(66,165)	
Less liability transferred for immediate recognition (h)		(113,764)	
Difference between expected and actual experience (gain)/loss (g) - (h)		47,599	

Actuarial assumptions - The total pension liability as of September 30, 2022 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected salary increases	3.25% - 6.00%
Investment rate of return *	7.45%

* Net of pension plan investment expense, including inflation

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

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

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 - September 30, 2020.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 9 - Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

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

* Includes assumed rate of inflation at 2.00%

Discount rate - The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 9 - Pension Plan (continued)

Change in net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2021	\$ 853,616	\$ 627,842	\$ 225,774
Changes for the year			
Service cost	74,530		74,530
Interest	60,888		60,888
Difference between expected and actual experience	47,599		47,599
Contributions - employer		30,915	(30,915)
Contributions - employee		39,621	(39,621)
Net investment income		(72,884)	72,884
Benefit payments, including refunds of employee contributions	(72,661)	(72,661)	
Transfers among employers	(113,764)	(113,764)	
Net changes	(3,408)	(188,773)	185,365
Balances at September 30, 2022	<u>\$ 850,208</u>	<u>\$ 439,069</u>	<u>\$ 411,139</u>

Sensitivity of the net pension liability to changes in the discount rate - The following table presents the Town's net pension liability calculated using the discount rate of 7.45%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage point higher (8.45%) than the current rate:

	1.00% Decrease (6.45%)	Current Discount Rate (7.45%)	1.00% Increase (8.45%)
Town's net pension liability	\$ 574,009	\$ 411,139	\$ 277,193

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor's report on the schedule of changes in fiduciary net position by employer and accompanying notes is also available. Additional financial and actuarial information is available at www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Pension expense and deferred outflows of resources related to pensions - For the year ended September 30, 2023, the Town recognized pension expense of \$99,255. At September 30, 2023, the Town reported deferred outflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 75,002
Changes of assumptions	52,939
Net difference between projected and actual earnings on plan investments	56,759
Employer contributions subsequent to the measurement date	37,345
Totals	<u>\$ 222,045</u>

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>
2024	\$ 46,954
2025	40,604
2026	20,565
2027	34,933
2028	11,130
Thereafter	30,514

Note 10 - Risk Management

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

Note 11 - Contingent Liabilities

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

Note 12 - Economic Development Incentive Obligations - Tax Abatements

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

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

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, 2023 totaled \$17,749.

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, 2023 was \$175,000.

Note 13 - Effect of New Pronouncements

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

GASB 101, *Compensated Absences*. This Statement aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. For example, a liability for leave that has not been used would be recognized if the leave is attributable to services already rendered; accumulates; and is more likely than not to be used for time off or otherwise paid or settled. Some exceptions to this general rule include parental leave, military leave and jury duty leave for which a liability would not be recognized until the leave commences. Additionally, the Statement (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. Requirements for this Statement will take effect for financial statements whose fiscal year begins after December 15, 2023.

GASB 102, *Certain Risk Disclosures*. This Statement requires governments to disclose information about certain risks. Governments are required to disclose information about their exposure to some risks, such as interest and credit risk associated with investments. However, essential information about certain other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The Statement will provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. The Statement requires governments to disclose essential information about risks related to a government's current vulnerabilities due to certain concentrations and constraints common in the governmental environment. Requirements for this Statement will take effect for financial statements whose fiscal year begins after June 15, 2024.

Town of Pike Road, Alabama
Notes to Financial Statements
September 30, 2023

Note 14 - Special Item

The Town reported a special item to recognize revenue of \$192,097,775 for the Town's funding agreement with the Pike Road Board of Education. See Note 6.

Note 15 - Subsequent Events

The Town has evaluated subsequent events through March 19, 2024 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2023 have been incorporated into these financial statements.

Required Supplementary Information

Town of Pike Road, Alabama
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	Budgetary Basis	Final Budget -
				Positive
				(Negative)
Revenues				
Sales and use taxes	\$ 4,800,000	\$ 4,800,000	\$ 3,193,597	\$ (1,606,403)
Real and personal property taxes	2,246,051	2,246,051	2,228,117	(17,934)
Franchise taxes	757,000	757,000	875,074	118,074
Motor vehicle taxes	414,000	414,000	497,616	83,616
Alcoholic beverage taxes	41,000	41,000	57,090	16,090
Tobacco taxes	30,000	30,000	29,319	(681)
Lodging taxes	29,000	29,000	31,108	2,108
Rental taxes	95,000	95,000	81,720	(13,280)
Business licenses and permits	415,000	415,000	445,325	30,325
Building permits	536,800	536,800	327,648	(209,152)
Unrestricted shared sales tax			1,507,981	1,507,981
Intergovernmental capital grants			55,090	55,090
Intergovernmental revenues	375,743	375,743	47,583	(328,160)
Contributions and donations	5,700	5,700	4,310	(1,390)
Interest income	25,000	25,000	506,458	481,458
Miscellaneous income	41,100	41,100	67,737	26,637
Total revenues	9,811,394	9,811,394	9,955,773	144,379
Expenditures				
Current				
General government	1,931,680	1,931,680	1,536,189	395,491
Public works	869,662	869,662	739,826	129,836
Public safety	1,488,722	1,488,722	1,360,888	127,834
Economic development	445,449	445,449	330,169	115,280
Community related	612,339	612,339	629,412	(17,073)
Education	540,100	540,100	563,544	(23,444)
Capital outlay	1,025,000	1,025,000	101,335	923,665
Debt service				
Bond issuance costs			853,700	(853,700)
Total expenditures	6,912,952	6,912,952	6,115,063	797,889
Excess of Revenues Over Expenditures	2,898,442	2,898,442	3,840,710	942,268
Other Financing Uses				
Transfers out	(1,828,184)	(1,828,184)	(100,645,844)	(98,817,660)
Proceeds from issuance of debt			92,000,000	92,000,000
Premium on warrant proceeds			8,349,544	8,349,544
Net change in fund balance, budgetary basis	\$ 1,070,258	\$ 1,070,258	\$ 3,544,410	\$ 2,474,152
Reconciling Items to Adjust from Budgetary Basis to Modified Accrual Basis				
Actual amounts presented in the Fire Protection				
Fund but budgeted in the General Fund				
Real and personal property taxes			\$ (1,118,223)	
Tax collection fees			46,342	
Volunteer fire department contributions			916,138	
Total reconciling items			(155,743)	
Net Change in Fund Balance, Modified Accrual Basis			3,388,667	
Fund Balance - Beginning			12,467,998	
Fund Balance - Ending			\$ 15,856,665	

See accompanying notes to budgetary comparison schedule.

Town of Pike Road, Alabama
Notes to Budgetary Comparison Schedule
September 30, 2023

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

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

Excess of expenditures over appropriations - For the year ended September 30, 2023, three General Fund functional expenditure categories (the legal level of budgetary control) exceeded appropriations. The Town exceeded budgeted appropriations for community related expenditures by 2.8% (\$17,073) due to unbudgeted repairs and maintenance expenditures. The Town exceeded budgeted appropriations for education expenditures by 4.3% (\$23,444) due to unbudgeted school security expenditures. The Town exceeded budgeted appropriations for bond issuance costs by (\$853,700) due to these costs being unbudgeted.

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

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

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

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

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

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine the contribution rates for the period October 1, 2022 to September 30, 2023:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	17.8 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 assets determined by the municipal governing body.

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

Town of Pike Road, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	Special Revenue Funds			
	Gasoline	Government	Fire	
	Tax Fund	Improvement	Protection	
		Fund	Fund	Total
Assets				
Cash and cash equivalents	\$ 584,010	\$ 353,768	\$ 395,494	\$ 1,333,272
Taxes receivable			20,266	20,266
Intergovernmental receivables	19,691			19,691
Total assets	<u>\$ 603,701</u>	<u>\$ 353,768</u>	<u>\$ 415,760</u>	<u>\$ 1,373,229</u>
Liabilities				
Accounts payable and accrued expenses			\$ 96,091	\$ 96,091
Fund Balances				
Restricted				
Capital improvements		\$ 353,768		353,768
Highways and streets	\$ 603,701			603,701
Fire protection and emergency medical services			319,669	319,669
Total fund balances	<u>603,701</u>	<u>353,768</u>	<u>319,669</u>	<u>1,277,138</u>
Total liabilities and fund balances	<u>\$ 603,701</u>	<u>\$ 353,768</u>	<u>\$ 415,760</u>	<u>\$ 1,373,229</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, 2023

	Special Revenue Funds			
	Gasoline	Government	Fire	
	Tax Fund	Improvement	Protection	
		Fund	Fund	Total
Revenues				
Taxes			\$ 1,118,223	\$ 1,118,223
Intergovernmental revenues	\$ 218,010	\$ 88,982		306,992
Interest income	1,740	5,289		7,029
Total revenues	<u>219,750</u>	<u>94,271</u>	<u>1,118,223</u>	<u>1,432,244</u>
Expenditures				
Current				
General government			46,342	46,342
Public safety			961,137	961,137
Total expenditures			<u>1,007,479</u>	<u>1,007,479</u>
Net Change in Fund Balances	219,750	94,271	110,744	424,765
Fund Balances - Beginning	<u>383,951</u>	<u>259,497</u>	<u>208,925</u>	<u>852,373</u>
Fund Balances - Ending	<u><u>\$ 603,701</u></u>	<u><u>\$ 353,768</u></u>	<u><u>\$ 319,669</u></u>	<u><u>\$ 1,277,138</u></u>

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

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