Certified Public Accountants
& Consultants

JACKSON THORNTON

Town of Pike Road, Alabama
For the Year Ended September 30, 2025
Annual Financial Report

Introductory Section

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For the Year Ended September 30, 2025

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Town of Pike Road, Alabama
List of Principal Officials
As of September 30, 2025

Mayor - Gordon Stone

Town Council

Chris Dunn
Rob Steindorff
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 - Jennifer Grace Kendrick

Financial Section

JACKSON THORNTON

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pike Road, Alabama (the Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Summary of Opinions

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Unmodified and Adverse Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Town, as of September 30, 2025, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Unmodified and Adverse Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

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

Supplementary Information
Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor fund financial statements and schedule of revenues, expenditures, and changes in fund balance - education fund for the year ended September 30, 2025, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedule of revenues, expenditures, and changes in fund balance - education fund for the year ended September 30, 2025, 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, 2024, 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, 2024, 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 - 2024 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 - 2024 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 18, 2026 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Jackson Thornton & Co. PC

Montgomery, Alabama
March 18, 2026

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, 2025. 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 2025 fiscal year by $104 million (net position).
- ❖ The Town's net position decreased by $3,600,000 in the 2025 fiscal year.
- ❖ The total cost of the Town's programs for the 2025 fiscal year was $45 million. The excess of expenses over charges for services, grants, and contributions over expenses was $38.2 million.
- ❖ The General Fund revenues during the 2025 fiscal year exceeded expenditures by $6.1 million.
- ❖ At the end of the 2025 fiscal year, the General Fund unassigned fund balance was $20.5 million, or 364% of the total General Fund operating expenses before capital outlay ($1.4 million).
- ❖ Major capital expenditures for the 2025 fiscal year totaled $2.4 million, which included $209,000 of school construction costs.

Using the Annual Financial Report - An Overview for the User
The annual financial report consists of five parts - management's discussion and analysis (this section), the independent auditor's report, the basic financial statements, required supplementary information, and other supplementary information.

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

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

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

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements - The notes to the basic financial statements (pages 22 through 42) 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 43 through 46) 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 47 and 48) 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.

The schedule of revenues, expenditures, and changes in fund balance - Education Fund (page 49) 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	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Assets						
Current and other assets	$ 209,344,415	$ 174,584,164	$ 674,217	$ 773,516	$ 210,018,632	$ 175,357,680
Capital assets	87,214,849	86,550,042	2,483,329	2,563,085	89,698,178	89,113,127
Total assets	296,559,264	261,134,206	3,157,546	3,336,601	299,716,810	264,470,807
Deferred Outflows of Resources	67,539	102,535			67,539	102,535
Liabilities						
Current liabilities	1,667,805	993,890	6,491	9,910	1,674,296	1,003,800
Long-term liabilities	192,116,941	153,612,353	1,391,954	1,595,693	193,508,895	155,208,046
Total liabilities	193,784,746	154,606,243	1,398,445	1,605,603	195,183,191	156,211,846
Deferred Inflows of Resources	208,119	139,744	515,118	602,601	723,237	742,345
Net Position						
Investment in capital assets, net	39,569,130	37,621,300	1,107,035	983,052	40,676,165	38,604,352
Restricted	159,717,856	145,669,475			159,717,856	145,669,475
Unrestricted	(96,653,048)	(76,800,021)	136,948	145,345	(96,516,100)	(76,654,676)
Total net position	$ 102,633,938	$ 106,490,754	$ 1,243,983	$ 1,128,397	$ 103,877,921	$ 107,619,151

The Town's assets exceeded liabilities by $104 million at September 30, 2025, an decrease of 3.3% from last year.

Net position invested in capital assets of $40.6 million reflect the Town's investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, fixtures, furniture, and equipment), less accumulated depreciation and debt related to the acquisition of the assets. Since these capital assets are used in governmental activities, this portion of net position is not available for future spending or funding of operations.

Restricted net position in the amount of $159.7 million represents the fund balances of the Capital Projects Fund, Education Fund, Debt Service Fund, Gasoline Tax Fund, Government Improvement Fund, and Fire Protection Fund. The first three funds have been restricted by contracts executed by the Council and third-parties, with the last three funds restricted by enabling legislation.

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

The results of the 2025 fiscal year's operations as a whole are reported in detail in the statement of activities (page 14). Table 2 below condenses the results of operations for the 2025 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, 2025 and 2024.

Table 2: Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 680,110	$ 572,195	$ 432,605	$ 423,070	$ 1,112,715	$ 995,265
Operating grants and contributions	768,780	92,878			768,780	92,878
Capital grants and contributions	4,755,137	759,250			4,755,137	759,250
General revenues						
Taxes	13,522,862	12,365,401			13,522,862	12,365,401
Unrestricted shared revenues	1,068,157	1,113,341			1,068,157	1,113,341
Interest income	1,322,290	941,689	9,537	2,715	1,331,827	944,404
Miscellaneous	166,911	132,479			166,911	132,479
Total revenues	22,284,247	15,977,233	442,142	425,785	22,726,389	16,403,018
Expenses						
General government	2,248,633	2,026,671			2,248,633	2,026,671
Public works	2,884,783	2,597,305			2,884,783	2,597,305
Public safety	2,312,358	1,765,612			2,312,358	1,765,612
Economic development	454,004	301,651			454,004	301,651
Community related	711,662	689,770			711,662	689,770
Education	28,558,681	2,282,235			28,558,681	2,282,235
Interest and fiscal charges	7,547,717	5,963,614			7,547,717	5,963,614
Pike Road Station			326,556	319,965	326,556	319,965
Total expenses	44,717,838	15,626,858	326,556	319,965	45,044,394	15,946,823
Special Item	18,576,775				18,576,775	
Change in Net Position	(3,856,816)	350,375	115,586	105,820	(3,741,230)	456,195
Net Position - Beginning	106,490,754	106,140,379	1,128,397	1,022,577	107,619,151	107,162,956
Net Position - Ending	$ 102,633,938	$ 106,490,754	$ 1,243,983	$ 1,128,397	$ 103,877,921	$ 107,619,151

The Town's total revenues increased 38.6% ($6.3 million). The increase was due primarily to the recognition of ARPA revenue ($2.4 million) and the donation of land ($1.8 million). Tax revenues also increased by $1 million.

The Town's program expenses increased by 182.5% ($29 million). The increase was due primarily to an increase in education expenses of 1,151.3% ($26.2 million), related to the appropriation of the Series 2024 warrant proceeds to the Board of Education in the current year.

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

Table 3: Net Cost of Government-Wide Activities

	Fiscal Year Ended September 30, 2025	
	Total Cost of Services	**Net Cost of Services**
General government	$ 2,248,633	$ (1,479,230)
Public works	2,884,783	(2,619,691)
Public safety	2,312,358	(2,312,358)
Economic development	454,004	(454,004)
Community related	711,662	3,707,870
Education	28,558,681	(27,808,681)
Interest and fiscal charges	7,547,717	(7,547,717)
Pike Road Station	326,556	106,049
Total	$ 45,044,394	$ (38,407,762)

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

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Town's financial requirements. (Note: The reconciliation statement between the fund financial statements and the government-wide financial statements are presented on pages 16 and 18.) At the end of the 2025 fiscal year, the Town's governmental funds reported a combined fund balance of $50.8 million, which includes $21.1 million restricted fund balances to be used for education, debt service, capital improvements, highways and streets, and fire protection and emergency medical services; $9.1 million in assigned fund balances to be used for road maintenance, capital projects, and debt service; $35,000 in nonspendable fund balances; and $20.5 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 2025 fiscal year, total net position of the Pike Road Station enterprise fund was $1.2 million, as compared to $1.1 million at the end of last fiscal year, an increase of $115,000.

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 2025 fiscal year budget was adopted in September 2024. The comparison of the General Fund budget to the actual results is detailed in the budget to actual comparison schedule - general fund on page 43. 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 28.6% ($3.3 million). Significant portions of the variance were related to unbudgeted capital grants that were recognized in the current year.

- Actual expenditures were more than budget by 7.5% ($601,000). A significant portion of the variance was related to unbudgeted capital project expenditures and debt service payments.

Capital Assets and Debt Administration
Capital assets - The Town's investment in capital assets at the end of the 2025 fiscal year amounted to $89.7 million, net of accumulated depreciation. The Town's investment in capital assets, which includes land, construction in progress, building, infrastructure, land improvements, leasehold improvements, equipment, office, equipment, and furniture at actual or estimated historical cost is shown in Table 4. Assets are presented net of accumulated depreciation:

Table 4: Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 12,607,291	$ 10,827,291	$ 446,500	$ 446,500	$ 13,053,791	$ 11,273,791
Construction in progress	639,360	2,461,802			639,360	2,461,802
Buildings	40,856,024	41,436,333	1,957,487	2,056,141	42,813,511	43,492,474
Infrastructure	24,874,347	26,136,837			24,874,347	26,136,837
Land improvements	7,707,519	5,089,752			7,707,519	5,089,752
Leasehold improvements	173,945	206,298	77,206	53,105	251,151	259,403
Equipment	329,027	351,323	2,136	7,339	331,163	358,662
Office equipment	7,322	9,479			7,322	9,479
Furniture	20,014	30,927			20,014	30,927
Total capital assets	$ 87,214,849	$ 86,550,042	$ 2,483,329	$ 2,563,085	$ 89,698,178	$ 89,113,127

Additions to capital assets during the 2025 fiscal year included the following:

	Governmental Activities	Business-Type Activities
Buildings	$ 1,196,798	
Construction in progress	541,604	
Land improvements	2,940,301	
Leasehold improvements		$ 32,280
Equipment	39,537	
Land	1,780,000	
Total capital asset additions	$ 6,498,240	$ 32,280

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

Long-term debt - At the 2025 fiscal year end, the Town had $193.3 million outstanding in general obligation warrants, school revenue warrants, warrant from direct placement, and related debt issuance discounts and premiums. This is an increase of 26.8% in debt from last year, as shown in Table 5 below:

Table 5: Outstanding Debt

	As of September 30, 2025		
	Beginning Balance	Net Change	Ending Balance
Governmental Activities			
General obligation warrants	$ 137,230,000	$ 38,815,000	$ 176,045,000
Warrant from direct placement		1,000,000	1,000,000
School revenue warrants	4,710,000	(150,000)	4,560,000
Debt issuance premiums	8,965,112	1,373,265	10,338,377
Total governmental activities	150,905,112	41,038,265	191,943,377
Business-Type Activities			
General obligation warrants	1,585,000	(205,000)	1,380,000
Debt issuance discounts	(4,967)	1,261	(3,706)
Total business-type activities	1,580,033	(203,739)	1,376,294
Total outstanding debt	$ 152,485,145	$ 40,834,526	$ 193,319,671

The Town issued Series 2024 General Obligation warrants in the amount of $40,600,000 in 2025, the proceeds of which will be used to fund various Town, fire, and school related capital improvement projects.

The Town and the Pike Road Board of Education entered into a funding agreement simultaneously with the Town's issuance of the 2024 general obligation warrants. The funding agreement provides that the Board will pay the Town an annual payment in the allocated amount of principal and interest due on the Series 2024 warrants for as long as the balance on the funding agreement is 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 investments in education, new commercial and retail services, infrastructure improvements, and additional recreational amenities that are available for all of its citizens. The demand for new residential properties is evidenced by the issuance of 193 residential building permits, accompanied by seven new commercial building permits during this fiscal year. We anticipate the addition of other multiple retail businesses in the coming years. Construction on the Agriculture Recreation and Performing Arts Complex, Outdoor Arena, Ballfields, and Raquet Club was completed. The investment in Arts and Cultural Opportunities added to economic development, and educational programs has generated tremendous excitement. Plus, work has begun on additional Community Development project: trail improvements, and an all-inclusive playground are near completion. Each of these areas of new growth and investment represents a positive impact on the Town's economy and ability to serve its citizens. Additional road and infrastructure projects are also in the works.

Ad valorem tax - The Town's ad valorem tax is based on an annual reassessment of property values. Effective with the October 1, 2012, property assessment, the Town began collecting an additional 16 mill ad valorem tax. The Town has directed this increase to educational purposes. For the current year, the education-related property taxes generated $4.6 million, an increase of 9.7% from the prior year.

Effective with the October 1, 2017, property assessment, the Town began collecting an additional five mill ad valorem tax. By State law, the Town has directed this levy to fire protection and emergency medical services. The additional five mill tax resulted in contributions to the three Pike Road Volunteer Fire Departments totaling over $1.4 million during the year.

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 2025, improvements to Pike Road schools totaling over $209,000 were made using warrant funds for education purposes. Plans are continuing for additional improvements using all remaining bond warrant funds designated for Education. During fiscal year 2025, the Town contributed over $523,000 for Education Support out of the General Fund. Included in the 2025 operating budget is $555,000 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, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 30,191,562	$ 77,073	$ 30,268,635
Accounts receivable		20,156	20,156
Taxes receivable	821,918		821,918
Intergovernmental receivables	385,620		385,620
Prepaid expenses	35,287	7,506	42,793
Leases receivable		553,822	553,822
Restricted cash - tenant deposits		15,660	15,660
Cash held by fiscal agent			
Debt service	5,081		5,081
Capital improvements	19,347,122		19,347,122
Funding agreements receivable	157,586,306		157,586,306
Capital assets not being depreciated	13,246,651	446,500	13,693,151
Capital assets, net of accumulated depreciation	73,968,198	2,036,829	76,005,027
Other assets - economic development	971,519		971,519
Total assets	296,559,264	3,157,546	299,716,810
Deferred Outflows of Resources			
Pension related items	67,539		67,539
Liabilities			
Accounts payable and accrued expenses	912,904	2,850	915,754
Accrued interest payable	754,901	3,641	758,542
Unearned revenue	56,385		56,385
Portion due or payable in one year			
General obligation warrants	2,490,000	210,000	2,700,000
Warrant from direct placement	500,000		
Portion due or payable after one year			
General obligation warrants	188,453,377	1,166,294	189,619,671
Warrant from direct placement	500,000		500,000
Compensated absences	57,700		57,700
Net pension liability	59,479		59,479
Tenant deposits		15,660	15,660
Total liabilities	193,784,746	1,398,445	195,183,191
Deferred Inflows of Resources			
Pension related items	208,119		208,119
Leases		515,118	515,118
Total deferred inflows of resources	208,119	515,118	723,237
Net Position			
Investment in capital assets, net	39,569,130	1,107,035	40,676,165
Restricted			
Education	532,243		532,243
Debt service	157,591,386		157,591,386
Capital improvements	551,176		551,176
Highways and streets	821,292		821,292
Fire protection and emergency medical services	221,759		221,759
Unrestricted	(96,653,048)	136,948	(96,516,100)
Total net position	$ 102,633,938	$ 1,243,983	$ 103,877,921

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, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	$ 2,248,633	$ 680,110		$ 89,293	$ (1,479,230)		$ (1,479,230)
Public works	2,884,783			265,092	(2,619,691)		(2,619,691)
Public safety	2,312,358				(2,312,358)		(2,312,358)
Economic development	454,004				(454,004)		(454,004)
Community related	711,662		18,780	4,400,752	3,707,870		3,707,870
Education	28,558,681		750,000		(27,808,681)		(27,808,681)
Interest and fiscal charges	7,547,717				(7,547,717)		(7,547,717)
Total governmental activities	44,717,838	680,110	768,780	4,755,137	(38,513,811)		(38,513,811)
Business-Type Activities							
Pike Road Station	326,556	432,605				$ 106,049	106,049
Total primary government	$ 45,044,394	$ 1,112,715	$ 768,780	$ 4,755,137	(38,513,811)	106,049	(38,407,762)
General revenues							
Sales and use taxes					3,887,061		3,887,061
Real and personal property taxes					7,425,699		7,425,699
Franchise taxes					991,897		991,897
Motor vehicle taxes					489,866		489,866
Business licenses					492,335		492,335
Alcoholic beverage taxes					58,473		58,473
Tobacco taxes					28,689		28,689
Lodging taxes					54,655		54,655
Rental taxes					94,187		94,187
Unrestricted shared revenues					1,068,157		1,068,157
Interest income					1,322,290	9,537	1,331,827
Miscellaneous revenue					166,911		166,911
Total general revenues and transfers					16,080,220	9,537	16,089,757
Special item - funding agreement					18,576,775		18,576,775
Change in Net Position					(3,856,816)	115,586	(3,741,230)
Net Position - Beginning					106,490,754	1,128,397	107,619,151
Net Position - Ending					$ 102,633,938	$ 1,243,983	$ 103,877,921

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

Town of Pike Road, Alabama
Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 19,534,923	$ 4,895,825	$ 452,807	$ 3,634,100	$ 1,673,906	$ 30,191,561
Taxes receivable	719,607		79,436		22,875	821,918
Intergovernmental receivables	168,112	195,115			22,393	385,620
Prepaid expenses	35,287					35,287
Cash held by fiscal agent						
Debt service		970		4,110		5,080
Capital improvements		19,347,122				19,347,122
Funding agreements receivable				157,586,306		157,586,306
Other assets - economic development	971,519					971,519
Total assets	$ 21,429,448	$ 24,439,032	$ 532,243	$ 161,224,516	$ 1,719,174	$ 209,344,413
Liabilities						
Accounts payable and accrued expenses	$ 446,031	$ 341,924			$ 124,947	$ 912,902
Unearned revenue	56,385					56,385
Total liabilities	502,416	341,924			124,947	969,287
Deferred Inflows of Resources						
Unavailable revenue				$ 157,586,306		157,586,306
Fund Balances						
Nonspendable						
Prepaid expenses	35,287					35,287
Restricted						
Education			$ 532,243			532,243
Debt service		970		4,110		5,080
Capital improvements		19,005,198			551,176	19,556,374
Highways and streets					821,292	821,292
Fire protection and emergency medical services					221,759	221,759
Assigned						
Road maintenance	369,232					369,232
Other capital projects		5,090,940				5,090,940
Debt service				3,634,100		3,634,100
Unassigned	20,522,513					20,522,513
Total fund balances	20,927,032	24,097,108	532,243	3,638,210	1,594,227	50,788,820
Total liabilities, deferred inflows of resources, and fund balances	$ 21,429,448	$ 24,439,032	$ 532,243	$ 161,224,516	$ 1,719,174	$ 209,344,413

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, 2025

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

Total fund balances - governmental funds		$ 50,788,820
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		87,214,849
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		157,586,306
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	$ 67,539	
Pension related deferred inflows of resources	(208,119)	
		(140,580)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(754,901)	
General obligation warrants	(176,045,000)	
School revenue warrants	(4,560,000)	
Debt issuance premiums	(10,338,377)	
Warrant from direct placement	(1,000,000)	
Compensated absences	(57,700)	
Net pension liability	(59,479)	
Total long-term liabilities		(192,815,457)
Net position of governmental activities		$ 102,633,938

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, 2025

	General Fund	Capital Projects Fund	Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 7,030,579		$ 4,572,013		$ 1,427,935	$ 13,030,527
Licenses and permits	1,172,445					1,172,445
Intergovernmental revenues	4,279,178	$ 205,675		$ 4,714,363	320,529	9,519,745
Contributions and donations	6,693					6,693
Interest income	748,186	559,297		6,564	8,241	1,322,288
Miscellaneous income	166,909					166,909
Total revenues	13,403,990	764,972	4,572,013	4,720,927	1,756,705	25,218,607
Expenditures						
Current						
General government	1,794,943		319,240		90,700	2,204,883
Public works	1,434,746	124,000				1,558,746
Public safety	834,000				1,478,358	2,312,358
Economic development	455,726					455,726
Community related	598,905					598,905
Education	523,254		26,050,000			26,573,254
Capital outlay	1,433,621	920,574				2,354,195
Debt service						
Principal payments	250,000			1,935,000		2,185,000
Interest and fiscal charges				7,489,461		7,489,461
Bond issuance costs		473,216				473,216
Total expenditures	7,325,195	1,517,790	26,369,240	9,424,461	1,569,058	46,205,744
Excess of Revenues Over (Under) Expenditures	6,078,795	(752,818)	(21,797,227)	(4,703,534)	187,647	(20,987,137)
Other Financing Sources (Uses)						
Transfers in		1,784,454	26,050,000	4,708,833		32,543,287
Transfers out	(3,297,975)	(25,000,000)	(4,245,312)			(32,543,287)
Proceeds from issuance of debt	1,250,000	40,600,000				41,850,000
Premium on warrant proceeds		1,873,216				1,873,216
Total other financing sources (uses)	(2,047,975)	19,257,670	21,804,688	4,708,833		43,723,216
Net Change in Fund Balances	4,030,820	18,504,852	7,461	5,299	187,647	22,736,079
Fund Balances - Beginning	16,896,212	5,592,256	524,782	3,632,911	1,406,580	28,052,741
Fund Balances - Ending	$ 20,927,032	$ 24,097,108	$ 532,243	$ 3,638,210	$ 1,594,227	$ 50,788,820

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, 2025

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

Net change in fund balances - total governmental funds		$ 22,736,079
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position.		2,354,195
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(3,469,387)
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.		13,862,412
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	$ (41,850,000)	
Premium on warrant proceeds	(1,873,216)	
		(43,723,216)
Donations of capital assets increase net position in the statement of net position but do not appear in the governmental funds because they are not financial resources.		1,780,000
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.		2,185,000
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.		499,951
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	(84,992)	
Change in net pension liability and related deferred amounts	12,242	
Change in accrued compensated absences	(9,100)	
		(81,850)
Change in net position of governmental activities		$ (3,856,816)

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, 2025

Assets		
Current assets		
Cash and cash equivalents	$	77,073
Accounts receivable		20,156
Prepaid items		7,506
Leases receivable		217,717
Total current assets		322,452
Noncurrent assets		
Restricted cash - tenant deposits		15,660
Leases receivable		336,105
Capital assets not being depreciated		446,500
Capital assets, net of accumulated depreciation		2,036,829
Total noncurrent assets		2,835,094
Total assets		3,157,546
Liabilities		
Current liabilities		
Accounts payable		2,850
Accrued interest expense		3,641
Warrants payable		210,000
Total current liabilities		216,491
Noncurrent liabilities		
Warrants payable		1,166,294
Tenant deposits		15,660
Total noncurrent liabilities		1,181,954
Total liabilities		1,398,445
Deferred Inflows of Resources		
Leases		515,118
Net Position		
Investment in capital assets, net		1,107,035
Unrestricted		136,948
Total net position	$	1,243,983

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, 2025

Operating Revenues	
Rent - commercial tenants	$ 273,131
Common area maintenance fees - commercial tenants	45,474
Rent and common area maintenance fees - Town of Pike Road	114,000
Total operating revenues	432,605
Operating Expenses	
Management fees	6,133
Contract labor	7,080
Insurance	11,787
Leasing fees	16,335
Professional fees	10,213
Repairs and maintenance	105,264
Utilities	9,918
Depreciation	112,036
Total operating expenses	278,766
Operating Income	153,839
Nonoperating Revenues (Expenses)	
Interest income	9,537
Interest expense	(47,790)
Total nonoperating revenues (expenses)	(38,253)
Change in Net Position	115,586
Net Position - Beginning	1,128,397
Net Position - Ending	$ 1,243,983

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, 2025

Cash Flows From (Used For) Operating Activities	
Receipts from tenants	$ 432,606
Payments to suppliers	(169,150)
Net cash from operating activities	263,456
Cash Flows From (Used For) Capital and Related Financing Activities	
Purchase of capital assets	(32,280)
Principal and interest payments on long-term debt	(252,000)
Net cash used for capital and related financing activities	(284,280)
Net Increase in Cash and Cash Equivalents	(20,824)
Cash and Cash Equivalents - Beginning	113,557
Cash and Cash Equivalents - Ending	$ 92,733
Reconciliation of Cash and Cash Equivalents	
Cash and cash equivalents	$ 77,073
Restricted cash - tenant deposits	15,660
Total cash and cash equivalents	$ 92,733
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	$ 153,839
Adjustments to reconcile operating income to net cash from (used for) operating activities	
Depreciation expense	112,036
Decrease in prepaid expenses	529
Decrease in accounts payable	(2,948)
Net cash from (used for) operating activities	$ 263,456

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

Note 1 - Summary of Significant Accounting Policies

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

Related organizations - Accounting principles generally accepted in the United States of America require that the financial statements represent the Town (the primary government) and its component unit. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting the following criteria: 1) the primary government appoints a voting majority of the organization's governing body and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government or 2) the potential component unit is fiscally dependent on the primary government.

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

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

The Town appoints the members of The Medical Clinic Board of the Town of Pike Road and the Pike Road Industrial Park Association, 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following major proprietary fund:

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

<u>Cash and cash equivalents</u> - 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.

<u>Receivables and payables</u> - 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 inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Note 1 - Summary of Significant Accounting Policies (continued)
Town property taxes are levied by the County Commission at its first regular meeting in February of each year based on the property on record as of the preceding October 1. The taxes are due the following October 1 and delinquent after December 31. In accordance with the nonexchange transactions provision of GASB Statement No. 33, a receivable for taxes is recorded when an enforceable legal claim has arisen or when resources are received, whichever is first. That date for the Town is October 1, 2024.

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

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

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

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

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

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

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

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

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

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.

Note 3 - Capital Assets
Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 10,827,291	$ 1,780,000		$ 12,607,291
Construction in progress	2,461,802	541,604	$ 2,364,046	639,360
Total capital assets, not being depreciated	13,289,093	2,321,604	2,364,046	13,246,651
Capital assets, being depreciated				
Buildings	50,836,916	1,196,798		52,033,714
Infrastructure	37,334,006			37,334,006
Land improvements	6,821,450	2,940,301		9,761,751
Leasehold improvements	647,053			647,053
Equipment	901,535	39,537		941,072
Office equipment	97,177			97,177
Furniture	242,379			242,379
Total capital assets, being depreciated	96,880,516	4,176,636		101,057,152
Less accumulated depreciation				
Buildings	9,400,583	1,777,107		11,177,690
Infrastructure	11,197,169	1,262,490		12,459,659
Land improvements	1,731,698	322,534		2,054,232
Leasehold improvements	440,755	32,353		473,108
Equipment	550,212	61,833		612,045
Office equipment	87,698	2,157		89,855
Furniture	211,452	10,913		222,365
Total accumulated depreciation	23,619,567	3,469,387		27,088,954
Total capital assets, being depreciated, net	73,260,949	707,249		73,968,198
Governmental activities capital assets, net	$ 86,550,042	$ 3,028,853	$ 2,364,046	$ 87,214,849

Note 3 - Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
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	198,590	$ 32,280		230,870
Equipment	248,806			248,806
Total capital assets, being depreciated	4,015,250	32,280		4,047,530
Less accumulated depreciation				
Buildings	1,511,713	98,654		1,610,367
Leasehold improvements	145,485	8,179		153,664
Equipment	241,467	5,203		246,670
Total accumulated depreciation	1,898,665	112,036		2,010,701
Total capital assets, being depreciated, net	2,116,585	(79,756)		2,036,829
Business-type activities capital assets, net	$ 2,563,085	$ (79,756)	$ -	$ 2,483,329

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

Governmental Activities	
General government	$ 39,573
Public works	1,326,250
Community related	118,137
Education	1,985,427
Total depreciation expense - governmental activities	$ 3,469,387
Business-Type Activities	
Pike Road Station	$ 112,036

Note 4 - Interfund Balances
The following is a schedule of interfund transfers for the year ended September 30, 2025:

	Transfer In			
Transfer Out	Capital Projects Fund	Education Fund	Debt Service Fund	Total
General Fund	$ 1,784,454	1,050,000	$ 463,521	$ 3,297,975
Education Fund			4,245,312	4,245,312
Capital Projects Fund		25,000,000		25,000,000
Totals	$ 1,784,454	$ 26,050,000	$ 4,708,833	$ 32,543,287

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, 2025, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities					
General obligation warrants	$ 137,230,000	$ 40,600,000	$ 1,785,000	$ 176,045,000	2,335,000
School revenue warrants	4,710,000		150,000	4,560,000	155,000
Deferred amounts					
Debt issuance premiums	8,965,112	1,873,216	499,951	10,338,377	
Total warrants payable	150,905,112	42,473,216	2,434,951	190,943,377	2,490,000
Warrant from direct placement		1,250,000	250,000	1,000,000	500,000
Compensated absences	48,600	9,100		57,700	
Governmental activities long-term liabilities	150,953,712	43,732,316	2,684,951	192,001,077	2,990,000
Business-Type Activities					
General obligation warrants	1,585,000		205,000	1,380,000	210,000
Deferred amounts					
Debt issuance discounts	(4,967)		(1,261)	(3,706)	
Total warrants payable	1,580,033		203,739	1,376,294	210,000
Tenant deposits	15,660			15,660	
Business-type activities long-term liabilities	1,595,693		203,739	1,391,954	210,000
Total long-term liabilities	$ 152,549,405	$ 43,732,316	$ 2,888,690	$ 193,393,031	$ 3,200,000

Note 5 - Long-Term Debt (continued)

General obligation warrants - General obligation warrants at September 30, 2025, consisted of the following:

Governmental Activities

School Revenue Warrants, Series 2015; principal amount $5,925,000; interest varies by maturity; graduated principal payments are due annually on September 1; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2045. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities. The warrants are secured by a pledge of the 16 mill ad valorem tax.	$ 4,560,000
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.	9,310,000
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 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.	14,540,000
General Obligation Warrants, Series 2020-B; principal amount $5,770,000; interest rates range from 2.0% to 3.0%; graduated principal payments are due annually on September 1; interest is due semiannually on March 1 and September 1; final maturity date is September 1, 2040. Proceeds were used to fund costs related to the equipment for, and construction of, public school facilities.	4,610,000
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.	91,540,000

Note 5 - Long-Term Debt (continued)

General Obligation Warrants, Series 2024; principal amount $40,600,000; 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 September 1, 2054. Proceeds were used to fund costs related to various town and fire improvements, construction of amphitheater and auditorium, and the Board of Education's development of school athletic facilities.	$ 40,345,000
Total governmental activities	180,605,000
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.	1,380,000
Total warrants payable	$ 181,985,000

General obligation warrants constitute general obligations of the Town for the payments of which the full faith and credit of the Town are irrevocably pledged. School revenue warrants are irrevocably pledged by the 16 mill ad valorem education tax and, to the extent that the 16 mills is not sufficient to make annual debt service payments, by the Funding Agreement with the Pike Road Board of Education, who pledged their 3.5 mill County ad valorem tax and 6.5 mill special ad valorem school property tax. Debt service requirements to maturity for warrants outstanding at September 30, 2025, were as follows:

	Governmental Activities		
Year Ending September 30	**Principal**	**Interest**	**Total**
2026	$ 2,490,000	$ 7,982,492	$ 10,472,492
2027	2,705,000	7,888,389	10,593,389
2028	2,930,000	7,782,680	10,712,680
2029	3,155,000	7,677,647	10,832,647
2030	3,390,000	7,548,766	10,938,766
2031 - 2035	21,135,000	35,448,796	56,583,796
2036 - 2040	29,000,000	30,351,688	59,351,688
2041 - 2045	37,795,000	23,136,252	60,931,252
2046 - 2050	49,580,000	13,090,365	62,670,365
2051 - 2054	28,425,000	1,933,831	30,358,831
Totals	$ 180,605,000	$ 142,840,906	$ 323,445,906

Note 5 - Long-Term Debt (continued)

	Business-Type Activities		
Year Ending September 30	**Principal**	**Interest**	**Total**
2026	$ 210,000	$ 40,665	$ 250,665
2027	220,000	34,320	254,320
2028	225,000	27,476	252,476
2029	235,000	20,114	255,114
2030	240,000	12,335	252,335
2031	250,000	4,188	254,188
Totals	$ 1,380,000	$ 139,098	$ 1,519,098

	Total Annual Requirements		
Year Ending September 30	**Principal**	**Interest**	**Total**
2026	$ 2,700,000	$ 8,023,157	$ 10,723,157
2027	2,925,000	7,922,709	10,847,709
2028	3,155,000	7,810,156	10,965,156
2029	3,390,000	7,697,761	11,087,761
2030	3,630,000	7,561,101	11,191,101
2031 - 2035	21,385,000	35,452,984	56,837,984
2036 - 2040	29,000,000	30,351,688	59,351,688
2041 - 2045	37,795,000	23,136,252	60,931,252
2046 - 2050	49,580,000	13,090,365	62,670,365
2051 - 2054	28,425,000	1,933,831	30,358,831
Totals	$ 181,985,000	$ 142,980,004	$ 324,965,004

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

Warrant from direct placement - Warrant from direct placement at September 30, 2025, consisted of the following:

Governmental Activities

General Obligation Warrant with certain individuals; principal amount $1,250,000. Loan is non-interest bearing. Principal payments due annually beginning February 1, 2025. Final payment is due January 1, 2027. Proceeds were used to purchase property for economic development.	$ 1,000,000
Total warrants and notes from direct borrowings and direct placements	$ 1,000,000

Warrant from direct placement constitute general obligations of the Town for the payments of which the full faith and credit of the Town are irrevocably pledged. Debt service requirements to maturity for warrants and notes from direct borrowings and direct placements outstanding at September 30, 2025, were as follows:

	Governmental Activities		
Year Ending September 30	**Principal**	**Interest**	**Total**
2026	$ 500,000		$ 500,000
2027	500,000		500,000
Totals	$ 1,000,000	$ -	$ 1,000,000

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, 2025, debt limit was $53,840,544 and the net debt applicable to the limit was $19,841,639, which leaves a balance of $33,998,905 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, 2025, was $5,750,000.

The Series 2018-B Funding Agreement provides that the Board shall pay to the Town on each October 1, beginning in 2018, an annual payment in the amount of the principal and interest due on the Series 2018-B warrants for as long as the warrant and any related refunding warrants are outstanding. The total amount to be received from the Board to service the Series 2018-B General Obligation warrant of $2,576,113 was recognized as a long-term receivable in 2018. The balance at September 30, 2025, was $1,970,142.

The Series 2023 Funding Agreement provides that the Board shall pay to the Town on each February 15, beginning in 2024, an annual payment as agreed upon in the Funding Agreement. The annual payment is based on the 19 mills ad valorem taxes projected to be received by the Board of Education. The total amount to be received from the Board to service the Series 2023 General Obligation warrants of $139,587,555 was recognized as a long-term receivable in 2023. The balance at September 30, 2025, was $131,624,726.

Note 6 - Funding Agreements (continued)

The Series 2024 Funding Agreement provides that the Board shall pay to the Town before each March 1 and September 1, beginning in 2025, semiannual payments as agreed upon in the Funding Agreement. The annual payment is based on the 19 mills ad valorem taxes projected to be received by the Board of Education. The total amount to be received from the Board to service the Series 2024 General Obligation warrants of $18,576,775 was recognized as a long-term receivable in 2025. The balance at September 30, 2025, was $18,241,438.

Total funding agreements to maturity at September 30, 2025, were as follows:

Year Ending September 30	Amount
2026	$ 5,111,150
2027	5,175,095
2028	5,235,311
2029	5,300,664
2030	5,363,655
2031 - 2035	27,829,819
2036 - 2040	29,337,765
2041 - 2045	30,572,281
2046 - 2050	31,206,183
2051 - 2054	12,454,383
Totals	$ 157,586,306

The debt service on the Series 2023 and Series 2024 General Obligation warrants not covered by the Board of Education's 19 mill ad valorem taxes will be paid for with the Town's 16 mill ad valorem tax restricted for educational purposes. The Town's portion of the debt service requirements to maturity at September 30, 2025, were as follows:

Year Ending September 30	Amount
2026	$ 2,770,167
2027	2,823,908
2028	2,882,130
2029	2,418,715
2030	2,461,374
2031 - 2035	13,155,183
2036 - 2040	14,412,392
2041 - 2045	18,433,508
2046 - 2050	27,588,489
2051 - 2054	17,904,448
Totals	$ 104,850,314

Note 7 - Commitments

As of September 30, 2025, commitments to contractors on capital projects were as follows:

Commitments	$ 989,147
Spent to date	585,070
Remaining commitments	$ 404,077

Note 8 - Town as Lease Lessor

Pike Road Station is the lessor of real estate under leases expiring in various years through 2035. As of September 30, 2025, the lease receivable and corresponding deferred inflow of resources included on the statement of net position were $553,822 and $515,118, respectively.

The total expected payments to maturity are presented below:

Year Ending September 30	Principal	Interest	Total
2026	$ 217,717	$ 13,588	$ 231,305
2027	172,693	8,041	180,734
2028	104,719	3,854	108,573
2029	30,078	1,912	31,990
2030	22,723	784	23,507
2031 - 2035	5,892	24	5,916
Total	$ 553,822	$ 28,203	$ 582,025

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.

Note 9 - Pension Plan (continued)

c. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
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 ore 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 creditable 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.

Act 351 of the Legislature of 2022 provides that nay Tier 2 member who withdraw from service after the completion of at least 30 years of service is entitled to an annual retirement benefit.

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 participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 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 628 employers adopted Act 2019-132 as of September 30, 2024.

Act 2019-132 was amended by Act 348 of the Legislature of 2022. Act 2022-348 amended Act 2019-132 by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Act 2022-348 also amended Act 2019-132 by removing the date limitation for a local participating employer to petition the ERS Board of Control for a reconsideration if the ERS Board of Control denied its election to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

Note 9 - Pension Plan (continued)
Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 890 local participating employers. The ERS membership includes approximately 117,309 participants and the Town's membership includes 12 participants. As of September 30, 2024, membership consisted of:

	ERS	Town
Retirees and beneficiaries currently receiving benefits	32,477	1
Terminated employees entitled to but not yet receiving benefits	2,425	
Terminated employees not entitled to a benefit	22,097	2
Active members	60,279	9
Post-DROP retired members still in active service	31	
Totals	117,309	12

<u>Contributions</u> - 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 statue 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 employer

Note 9 - Pension Plan (continued)
The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2025, the Town's active employee contribution rate was 7.39% of covered payroll, and the Town's average contribution rate to fund the normal and accrued liability costs was 6.79% of pensionable payroll.

The Town's contractually required contribution rate for the year ended September 30, 2025, was 9.59% of pensionable pay for Tier 1 employees, and 6.04% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2022, 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 $39,454 for the year ended September 30, 2025.

Net pension liability - The Town's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2023, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
Total pension liability as of September 30, 2023 (a)	$ 739,836	$ 710,723	$ 710,723
Discount rate (b)	7.45%	7.45%	7.45%
Entry age normal cost for the period October 1, 2023 - September 30, 2024 (c)	67,403	67,403	67,403
Actual benefit payments and refunds for the period October 1, 2023 - September 30, 2024 (e)	(10,822)	(10,822)	(10,822)
Total pension liability as of September 30, 2024 (f) [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	$ 851,132	$ 819,850	$ 819,850
Difference between expected and actual (g)		(31,282)	
Less liability transferred for immediate recognition (h)			
Difference between expected and actual - experience (gain)/loss (i)		(31,282)	

Actuarial assumptions - The total pension liability as of September 30, 2024, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2023. 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

Note 9 - Pension Plan (continued)

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

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

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period October 1, 2015 - September 30, 2020.

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

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

* Includes assumed rate of inflation at 2.00%

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

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, 2023	$ 739,836	$ 564,744	$ 175,092
Changes for the year			
Service cost	67,403		67,403
Interest	54,715		54,715
Difference between expected and actual experience	(31,282)		(31,282)
Contributions - employer		39,039	(39,039)
Contributions - employee		40,857	(40,857)
Net investment income		126,553	(126,553)
Benefit payments, including refunds of employee contributions	(10,822)	(10,822)	
Net changes	80,014	195,627	(115,613)
Balances at September 30, 2024	$ 819,850	$ 760,371	$ 59,479

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	$ 158,701	$ 59,479	$ (23,139)

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, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. 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/.

Pension expense and deferred outflows of resources related to pensions - For the year ended September 30, 2025, the Town recognized pension expense of $27,212. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 158,714
Changes of assumptions	$ 28,085	
Net difference between projected and actual earnings on plan investments		49,405
Employer contributions subsequent to the measurement date	39,454	
Totals	$ 67,539	$ 208,119

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

Year Ending September 30	Amount
2026	$ (31,457)
2027	(17,089)
2028	(40,893)
2029	(36,161)
2030	(18,179)
Thereafter	(36,255)

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.

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, 2025, totaled $14,624.

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, 2025, was $175,000.

Note 13 - Effect of New Pronouncements

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

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

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

Note 14 - Special Item

The Town reported a special item to recognize revenue of $18,576,775 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 18, 2026, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2025, have been incorporated into these financial statements.

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Required Supplementary Information

Town of Pike Road, Alabama
Budgetary Comparison Schedule - General Fund
September 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget - Positive (Negative)
Revenues				
Sales and use taxes	$ 5,140,000	$ 5,140,000	$ 3,887,061	$ (1,252,939)
Real and personal property taxes	2,839,206	2,839,206	2,853,686	14,480
Franchise taxes	970,000	970,000	991,897	21,897
Motor vehicle taxes	513,000	513,000	489,866	(23,134)
Alcoholic beverage taxes	60,000	60,000	58,473	(1,527)
Tobacco taxes	31,000	31,000	28,689	(2,311)
Lodging taxes	40,000	40,000	54,655	14,655
Rental taxes	90,000	90,000	94,187	4,187
Business licenses and permits	517,500	517,500	673,058	155,558
Building permits	381,800	381,800	499,387	117,587
Unrestricted shared sales tax			1,056,110	1,056,110
Intergovernmental operating grants			762,087	762,087
Intergovernmental capital grants			2,415,077	2,415,077
Intergovernmental shared revenues	44,000	44,000	45,904	1,904
Contributions and donations	3,300	3,300	6,693	3,393
Interest income	768,000	768,000	748,186	(19,814)
Miscellaneous income	137,950	137,950	166,909	28,959
Total revenues	11,535,756	11,535,756	14,831,925	3,296,169
Expenditures				
Current				
General government	2,364,596	2,364,596	1,885,643	478,953
Public works	1,149,219	1,149,219	1,434,746	(285,527)
Public safety	1,734,893	1,734,893	2,035,635	(300,742)
Economic development	452,893	452,893	455,726	(2,833)
Community related	710,337	710,337	598,905	111,432
Education	555,000	555,000	523,254	31,746
Capital outlay	1,050,000	1,050,000	1,433,621	(383,621)
Debt service				
Principal payments			250,000	(250,000)
Total expenditures	8,016,938	8,016,938	8,617,530	(600,592)
Excess of Revenues Over Expenditures	3,518,818	3,518,818	6,214,395	2,695,577
Other Financing Uses				
Transfers out	(2,696,981)	(2,696,981)	(3,297,975)	(600,994)
Proceeds from issuance of debt			1,250,000	1,250,000
Total other financing uses	(2,696,981)	(2,696,981)	(2,047,975)	649,006
Net change in fund balance, budgetary basis	$ 821,837	$ 821,837	$ 4,166,420	$ 3,344,583
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			$ (1,427,935)	
Tax collection fees			90,700	
Volunteer fire department contributions			1,201,635	
Total reconciling items			(135,600)	
Net Change in Fund Balance, Modified Accrual Basis			4,030,820	
Fund Balance - Beginning			16,896,212	
Fund Balance - Ending			$ 20,927,032	

Town of Pike Road, Alabama
Notes to Budgetary Comparison Schedule - General Fund
September 30, 2025

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, 2025, five General Fund functional expenditure categories (the legal level of budgetary control) exceeded appropriations. The Town exceeded budgeted appropriations for public works expenditures by 24.8% ($285,527) due to unbudgeted repairs and maintenance expenditures. The Town exceeded budgeted appropriations for public safety expenditures by 17.3% ($300,742) due to unbudgeted repairs and maintenance expenditures. The Town exceeded budgeted appropriations for economic development expenditures by 0.6% ($2,833) due to underbudgeted line items. The Town exceeded budgeted appropriations for capital outlay expenditures by 36.5% ($383,621) due to unbudgeted capital projects. The Town did not budget for principal payments of $250,000 related to the warrant from direct placement.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability											
Service cost	$ 67,403	$ 58,934	$ 74,530	$ 50,675	$ 48,132	$ 46,636	$ 42,658	$ 37,217	$ 26,870	$ 23,662	$ 21,704
Interest	54,715	62,928	60,888	49,508	44,522	38,664	34,551	31,542	15,281	12,409	9,943
Changes of benefit terms				50,813							
Difference between expected and actual experience	(31,282)	(221,168)	47,599	17,738	(10,180)	13,311	(8,789)	(3,883)	115,926	1,633	
Changes of assumptions				47,331			3,672		65,108		
Benefit payments, including refunds of employee contributions	(10,822)	(11,066)	(72,661)	(10,822)	(24,613)	(20,450)	(11,122)	(10,822)	(3,607)		(1,622)
Transfers among employers			(113,764)					(15,073)			
Net change in total pension liability	80,014	(110,372)	(3,408)	205,243	57,861	78,161	60,970	38,981	219,578	37,704	30,025
Total pension liability - beginning	739,836	850,208	853,616	648,373	590,512	512,351	451,381	412,400	192,822	155,118	125,093
Total pension liability - ending (a)	$ 819,850	$ 739,836	$ 850,208	$ 853,616	$ 648,373	$ 590,512	$ 512,351	$ 451,381	$ 412,400	$ 192,822	$ 155,118
Plan Fiduciary Net Position											
Contributions - employer	$ 39,039	$ 35,362	$ 30,915	$ 19,762	$ 14,796	$ 10,924	$ 11,585	$ 8,464	$ 11,478	$ 11,138	$ 32,411
Contributions - employee	40,857	40,190	39,621	36,260	33,533	31,824	30,155	24,616	23,186	19,207	17,955
Net investment income	126,553	61,189	(72,884)	109,981	24,908	10,337	31,858	36,928	24,890	2,240	13,571
Benefit payments, including refunds of employee contributions	(10,822)	(11,066)	(72,661)	(10,822)	(24,613)	(20,450)	(11,122)	(10,822)	(3,607)		(1,622)
Transfers among employers			(113,764)					(15,073)		45,235	
Net change in plan fiduciary net position	195,627	125,675	(188,773)	155,181	48,624	32,635	62,476	44,113	55,947	77,820	62,315
Plan net position - beginning	564,744	439,069	627,842	472,661	424,037	391,402	328,926	284,813	228,866	151,046	88,731
Plan net position - ending (b)	$ 760,371	$ 564,744	$ 439,069	$ 627,842	$ 472,661	$ 424,037	$ 391,402	$ 328,926	$ 284,813	$ 228,866	$ 151,046
Net pension liability (asset) - ending (a) - (b)	$ 59,479	$ 175,092	$ 411,139	$ 225,774	$ 175,712	$ 166,475	$ 120,949	$ 122,455	$ 127,587	$ (36,044)	$ 4,072
Plan fiduciary net position as a percentage of the total pension liability	92.75%	76.33%	51.64%	73.55%	72.90%	71.81%	76.39%	72.87%	69.06%	118.69%	97.37%
Covered payroll	$ 540,694	$ 450,493	$ 506,534	$ 531,385	$ 494,946	$ 472,891	$ 434,659	$ 352,494	$ 328,360	$ 267,044	$ 215,007
Net pension liability (asset) as a percentage of covered payroll	11.00%	38.87%	81.17%	42.49%	35.50%	35.20%	27.83%	34.74%	38.86%	-13.50%	1.89%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 39,454	$ 41,054	$ 37,345	$ 32,629	$ 21,728	$ 16,618	$ 12,654	$ 12,914	$ 10,015	$ 12,361	$ 12,434
Contributions in relation to the actuarially determined contribution	39,454	41,054	37,345	32,629	21,728	16,618	12,654	12,914	10,015	12,361	12,434
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 581,108	$ 540,694	$ 450,493	$ 506,534	$ 531,385	$ 494,946	$ 472,891	$ 434,659	$ 352,494	$ 328,360	$ 267,044
Contributions as a percentage of covered payroll	6.79%	7.59%	8.29%	6.44%	4.09%	3.36%	2.68%	2.97%	2.84%	3.76%	4.66%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2025 were based on the September 30, 2022 actuarial valuation.

Methods and assumptions used to determine the contribution rates for the period October 1, 2024 to September 30, 2025:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	14.1 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Supplementary Information

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

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

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

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

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

Town of Pike Road, Alabama
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue Funds			
	Gasoline Tax Fund	Government Improvement Fund	Fire Protection Fund	Total
Assets				
Cash and cash equivalents	$ 798,899	$ 551,176	$ 323,831	$ 1,673,906
Taxes receivable			22,875	22,875
Intergovernmental receivables	22,393			22,393
Total assets	$ 821,292	$ 551,176	$ 346,706	$ 1,719,174
Liabilities				
Accounts payable and accrued expenses			$ 124,947	$ 124,947
Fund Balances				
Restricted				
Capital improvements		$ 551,176		551,176
Highways and streets	$ 821,292			821,292
Fire protection and emergency medical services			221,759	221,759
Total fund balances	821,292	551,176	221,759	1,594,227
Total liabilities and fund balances	$ 821,292	$ 551,176	$ 346,706	$ 1,719,174

Town of Pike Road, Alabama
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Special Revenue Funds			
	Gasoline Tax Fund	**Government Improvement Fund**	**Fire Protection Fund**	**Total**
Revenues				
Taxes			$ 1,427,935	$ 1,427,935
Intergovernmental revenues	$ 231,236	$ 89,293		320,529
Interest income	5,002	3,239		8,241
Total revenues	236,238	92,532	1,427,935	1,756,705
Expenditures				
Current				
General government			90,700	90,700
Public safety			1,478,358	1,478,358
Total expenditures			1,569,058	1,569,058
Net Change in Fund Balances	236,238	92,532	(141,123)	187,647
Fund Balances - Beginning	585,054	458,644	362,882	1,406,580
Fund Balances - Ending	$ 821,292	$ 551,176	$ 221,759	$ 1,594,227

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues												
Taxes	$ 4,572,013	$ 4,168,148	$ 3,577,779	$ 3,135,568	$ 2,862,479	$ 2,659,910	$ 2,559,455	$ 2,379,041	$ 2,110,785	$ 2,113,271	$ 1,935,466	$ 1,755,242
Interest income							15,432	12,946	2,537	561	280	432
Donations												
Total revenues	4,572,013	4,168,148	3,577,779	3,135,568	2,862,479	2,659,910	2,574,887	2,391,987	2,113,322	2,113,832	1,935,746	1,755,674
Expenditures												
Current												
General government												
Tax collection and trustee fees, insurance premiums	319,240	267,668	182,024	260,971	199,438	208,639	188,034	168,824	158,062	154,751	148,737	
Education	26,050,000	300,000	98,633,307	300,000	300,000	300,000	300,000	300,710	616,527	492,653	769,902	178,718
Debt service												
Principal payments							710,000	465,000	450,000	440,000	310,000	325,000
Interest and fiscal charges							1,258,000	1,238,528	884,145	896,095	754,442	564,284
Total expenditures	26,369,240	567,668	98,815,331	560,971	499,438	508,639	2,456,034	2,173,062	2,108,734	1,983,499	1,983,081	1,068,002
Excess of Revenues Over (Under) Expenditures	(21,797,227)	3,600,480	(95,237,552)	2,574,597	2,363,041	2,151,271	118,853	218,925	4,588	130,333	(47,335)	687,672
Other Financing Sources (Uses)												
Transfers in	26,050,000	300,000	98,633,307	300,000	386,945	300,000	300,000	566,586			68,000	
Transfers out												
Town debt serviced in the debt service fund - town debt encumbered for school	(4,245,312)	(3,894,169)	(3,387,291)	(2,860,836)	(2,744,562)	(2,573,789)						
Transfer of restricted bond service trustee accounts to new debt service fund						(1,567,908)						
Total other financing sources (uses)	21,804,688	(3,594,169)	95,246,016	(2,560,836)	(2,357,617)	(3,841,697)	300,000	566,586			68,000	
Net Change in Fund Balance	7,461	6,311	8,464	13,761	5,424	(1,690,426)	418,853	785,511	4,588	130,333	20,665	687,672
Fund Balance - Beginning	524,782	518,471	510,007	496,246	490,822	2,181,248	1,762,395	976,884	972,296	841,963	821,298	133,626
Fund Balance - Ending	$ 532,243	$ 524,782	$ 518,471	$ 510,007	$ 496,246	$ 490,822	$ 2,181,248	$ 1,762,395	$ 976,884	$ 972,296	$ 841,963	$ 821,298

Certified Public Accountants
& Consultants

JACKSON THORNTON

Town of Pike Road, Alabama
September 30, 2025
Single Audit Report

Town of Pike Road, Alabama
Single Audit Report
September 30, 2025

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Town of Pike Road, Alabama
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Number	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Housing and Urban Development				
Passed through the Alabama Department of Economic and Community Affairs				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	LR-CE-PF-23-015	$ 205,675	
Total U.S. Department of Housing and Urban Development			205,675	
U.S. Department of the Treasury				
Passed through the State of Alabama				
Coronavirus State and Local Fiscal Recovery Funds	21.027		2,415,077	
Total U.S. Department of the Treasury			2,415,077	
Total expenditures of Federal awards			$ 2,620,752	$ -

See accompanying notes to schedule of expenditures of federal awards.

Town of Pike Road, Alabama
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Town of Pike Road, Alabama (the Town) and is presented on the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The information in this schedule is presented in accordance with the requirements *of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Reporting Entity

The Town's reporting entity is fully described in Note 1 to the financial statements.

Note 3 - Indirect Cost Rates

The Town did not elect to charge a de minimus rate of 15% for all federal awards.

Note 4 - Prior Year Expenditures Included in the Schedule of Expenditures of Federal Awards

During fiscal year 2021 and 2022, the Town was awarded Coronavirus State and Local Fiscal Recovery Funds grant money from the Department of Treasury (Assistance Listing No. 21.027). This grant was created as the Federal government's response to the COVID-19 pandemic. During fiscal year 2024, certain projects were started but no revenue was recognized as the Town had not determined what the grant funds would be used for. During fiscal year 2025, the Town determined that it would use all of the CSLFRF grant money for these certain projects. This means that $1,871,038 of expenditures were incurred in the prior year. These expenditures are included on the schedule of expenditures of federal awards for the year ended September 30, 2025.

JACKSON THORNTON

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Pike Road, Alabama (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 18, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

JACKSON THORNTON

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jackson Thornton & Co. PC

Montgomery, Alabama
March 18, 2026

JACKSON THORNTON

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Town of Pike Road, Alabama's (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2025. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Town as of and for the year ended September 30, 2025, and have issued our report thereon dated March 18, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Jackson Thornton & Co. PC

Montgomery, Alabama
March 18, 2026

Town of Pike Road, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued - unmodified

Internal Control Over Financial Reporting

- Material weakness(es) identified? ________ Yes ___X___ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ________ Yes ___X___ None reported

Noncompliance Material to Financial Statements Noted? ________ Yes ___X___ No

Federal Awards

Internal control over major programs

- Material weakness(es) identified? ________ Yes ___X___ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ________ Yes ___X___ None reported

Type of auditor's report issued on compliance for major programs - unmodified

Any audit findings disclosed that are required to be reported in accordance with *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ________ Yes ___X___ No

Identification of major programs

Assistance Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee? ________ Yes ___X___ No

Town of Pike Road, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings.

Town of Pike Road, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section III - Federal Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to major federal programs that are required to be reported in accordance with the Uniform Guidance.

There were no federal award findings and questioned costs.