

**CITY OF OPELIKA, ALABAMA  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2014**

***LIST OF PRINCIPAL OFFICIALS OF THE CITY OF OPELIKA***

***ELECTED AND APPOINTED OFFICIALS***

*Gary Fuller, Mayor  
Charles E. Smith, Council President, Ward 4  
Patricia A. Jones, Council Member, Ward 1  
Larry D. Gray, Council Member, Ward 2  
Dozier Smith T, Council Member, Ward 3  
David W. Canon, Council Member, Ward 5  
Robert G. Shuman, City Clerk/Treasurer  
Joel D. Motley, City Administrator  
Guy F. Gunter, III, City Attorney*

***DEPARTMENT HEADS***

*R. Mitchell Price, Controller  
Steven Dawe, Information Technology Director  
Samuel S. Bailey, Parks and Recreation Director  
Lisa G. McLeod, Human Resources Director  
Gerald E. Kelley, Planning Director  
Lillie Finley, Purchasing/Revenue Manager  
Scott Parker, Engineering  
Lori B. Huguley, Economic Development Director  
David Horton, Opelika Power Services Director  
Susan M. Delmas, Library Director  
Anita Comer, Municipal Clerk  
Gene T. Adkins, Fire Chief  
John McEachern, Police Chief  
Michael J. Hilyer, Public Works  
Terry M. White, Solid Waste*

**CITY OF OPELIKA, ALABAMA**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**  
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## **FINANCIAL SECTION**



## **Independent Auditor's Report**

To the Honorable Mayor and Members of the City Council  
City of Opelika, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelika, Alabama, (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Basis for Opinion on the Reporting Entity**

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require

financial data for these component units to be reported with the financial data of the City's primary government. Because of this departure from accounting principles generally accepted in the United States of America, the amount by which assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the government wide financial statements would be affected by the component units has not been determined.

### **Opinion on the Reporting Entity**

In our opinion, because of the significance of the matter discussed in the "Basis for Opinion on the Reporting Entity" paragraph, the financial statements referred to above do not present fairly the financial position of the reporting entity of the City of Opelika as of September 30, 2014, or the changes in financial position or cash flows thereof for the year then ended. In accordance with accounting principles generally accepted in the United States of America, the City of Opelika, Alabama has issued separate reporting entity financial statements for which we have issued our report dated March 5, 2015.

### **Basis for Qualified Opinion**

As described in Note 3 to the financial statements, the financial statements referred to above include accumulated costs of utility systems that have been retired from service. These costs should be determined and appropriately reported in order to conform with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter discussed above in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages VI–XV and 43–53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Opelika, Alabama's basic financial statements. The introductory section, combining

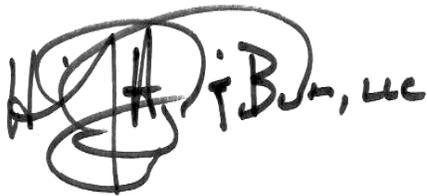
and individual nonmajor fund financial statements, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2014, on our consideration of the City of Opelika, Alabama'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 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 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 City of Opelika, Alabama's internal control over financial reporting and compliance.



Opelika, Alabama  
March 5, 2015

City of Opelika, Alabama

Management's Discussion and Analysis  
For the Year Ended September 30, 2014  
(Unaudited)

As management of the City of Opelika (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014.

## FINANCIAL HIGHLIGHTS

- During fiscal year ending September 30, 2012, the City of Opelika issued \$62,560,000 General Obligation Warrants, Series 2011, dated December 1, 2011. On August 1, 2011 the City increased the sales tax rate by 1% and pledged so much as may be necessary of the proceeds of the tax increase to the payment of the Warrants. The Warrants were issued for three purposes: (1) construction of school improvements for Opelika High School, (2) construction of various road construction projects and (3) refunding and redemption of the Series 2002 Warrants. The principal amount of the Warrants allocated to the School Improvements is \$38,925,000, to roads is \$19,450,000, and to refunding the 2002 Warrant of \$4,185,000. The school improvements have been completed and all warrant funds for the renovation of Opelika High School have been expended. The road construction portion of the 2011 bond issue on the other hand has \$11,374,363 remaining at year end. The remaining principal balance of the Warrants allocated to the School Improvements is \$36,925,000, to roads is \$18,450,000, and to refunding the 2002 Warrant is \$3,885,000.
- The City of Opelika issued a Telecommunications line of credit during fiscal year 2011. This line of credit matures on February 1, 2016 and the amount owed at September 30, 2014 is \$13,491,561. Opelika Power Services is using the proceeds from the Line of Credit to deliver video, voice, and data services to the residents of Opelika. The system offers next generation TV service with Internet Protocol TV (IPTV), internet connectivity through high speed connections which the fiber will allow, and voice services. Video services were approved to be offered by a referendum of the voters of the City of Opelika. This system offers the citizens of Opelika a choice for their telecommunication needs. Video, voice, and data services were available beginning in October 2013.
- The General Fund is the main fund of the City of Opelika. It provides funding for Police, Fire, Public Works, Parks and Recreation, Economic Development, the Library, Administrative departments, and debt payments. The funding for these activities are provided by Taxes, Licenses and Permits, Shared State and County revenues, Charges for Services, and other miscellaneous revenues.
- City-wide revenues for the fiscal year ending September 30, 2014 were \$104,993,701. This amount includes the Governmental Funds, Sewer, Solid Waste, Telecommunications and Electric Utility Services. City-wide expenditures for the year were \$104,010,498. These expenditures included an appropriation of \$7.5 million of the 2011 GO Warrants to Opelika City Schools for construction of the new high school.

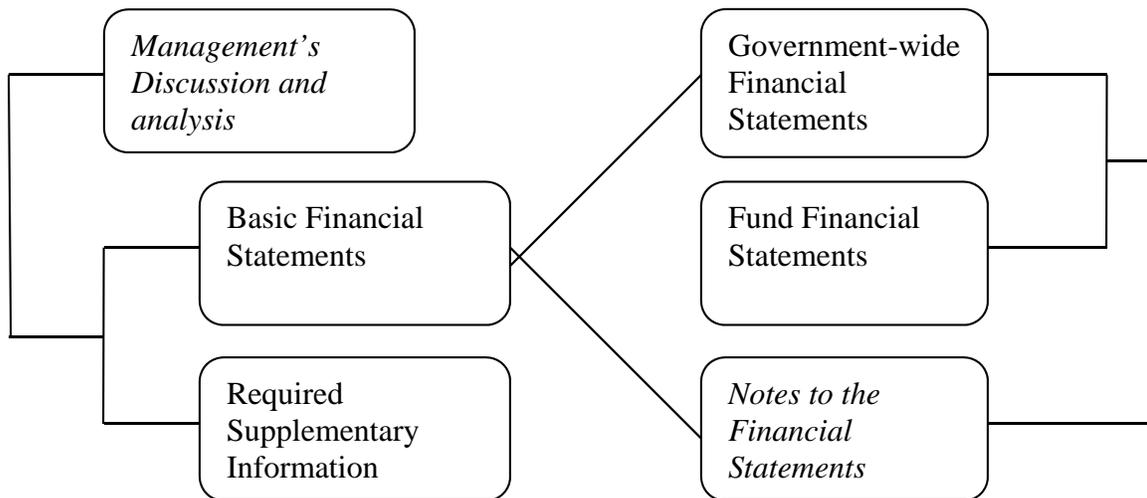
- Overall General Fund revenues for the fiscal year ending September 30, 2014 of \$47,020,329 were 5% more than last year. Sales Tax collections of \$25,531,042 were 4% more than last year. Property Tax collections of \$3,050,490 were slightly more than last year. Occupational License Fees of \$8,917,021 were also slightly more than last year. Business licenses and permits of \$4,322,318 were 10% more than last year.

The General Fund revenues of \$47,020,329 were 3% over the budget of \$45,872,407 for the year. General Fund expenditures of \$37,276,048 were 4% less than last year.

- The City provides significant funding for capital assets. This includes funding for equipment replacement in order to keep our work force efficient and safe. In addition, infrastructure is a priority for the City as we explain later in the capital assets section. The City continues to provide funding for resurfacing of roads and streets. This year, resurfacing expenditures totaled \$1,031,659 which is a 7% decrease compared to last year.
- Even though the construction schedules have been delayed because of the economic climate, progress continues on the Celebrate Alabama Project. Opelika Investment Properties has elected to delay completion of its site commitments under the Development Agreement. The site commitments include master grading of the project site and construction of a four-lane spine road. The City's obligation to cause the construction of the Exposition Center is conditioned upon the completion of Opelika Investment Properties' site commitments. Accordingly, the City's obligation to construct the Exposition Center is delayed until Opelika Investment Properties completes its site commitments.

**USING THIS ANNUAL REPORT**

**Basic Annual Financial Report**



**Reporting the City as a Whole**

Our analysis of the City as a whole begins on page IX. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information

about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in it. You can think of the City's net position – the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. It is necessary to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, and general administration. Property taxes, sales taxes, occupational license fees, business licenses, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the costs of certain services it provides. The operations of the City's electric system, sewer system, telecommunications, and solid waste collection are reported here.

### **Reporting the City's Most Significant Funds**

Our analysis of the City's major funds begins on page XII. The fund financial statements begin on page four and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches:

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation at the bottom of the fund financial statements.
- **Proprietary funds** – When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's

enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide services for the City's other programs and activities – such as the City's Health Insurance and Workmen's Compensation funds.

## **THE CITY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Opelika, assets/deferred outflow of resources exceeded liabilities/deferred inflows of resources by \$127,031,956 as of September 30, 2014. This is a 1% increase from last year.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City is presenting a comparative analysis of government-wide data below:

### CITY OF OPELIKA NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
	Current and other assets	\$ 69,461,881	\$ 83,839,756	\$ 32,002,766	\$ 28,248,905	\$ 101,464,647
Capital assets	112,160,416	110,244,726	89,646,750	88,290,784	201,807,166	198,535,510
Total Assets	181,622,297	194,084,482	121,649,516	116,539,689	303,271,813	310,624,171
Def chgs/debt issue costs	475,587	517,083	215,076	240,379	690,663	757,462
Total deferred outflow s of resources	475,587	517,083	215,076	240,379	690,663	757,462
Total assets & deferred outflow s of resources	182,097,884	194,601,565	121,864,592	116,780,068	303,962,476	311,381,633
Long term Debt	105,873,274	111,558,436	50,610,949	45,668,329	156,484,223	157,226,765
Other liabilities	2,512,971	11,107,832	9,287,837	8,600,039	11,800,808	19,707,871
Total Liabilities	108,386,245	122,666,268	59,898,786	54,268,368	168,285,031	176,934,636
Unearned revenues	8,645,489	8,398,244	-	-	8,645,489	8,398,244
Total deferred inflow s of resources	8,645,489	8,398,244	-	-	8,645,489	8,398,244
Total liabilities & deferred inflow s of resources	117,031,734	131,064,512	59,898,786	54,268,368	176,930,520	185,332,880
Net Position:						
Net investment in capital assets	78,262,024	73,828,267	39,803,058	51,437,109	118,065,082	125,265,376
Net position - restricted	8,072,266	8,151,408	2,690,586	2,697,851	10,762,852	10,849,259
Net position - unrestricted	(21,268,140)	(18,442,622)	19,472,162	8,376,740	(1,795,978)	(10,065,882)
Total Net Position	\$ 65,066,150	\$ 63,537,053	\$ 61,965,806	\$ 62,511,700	\$ 127,031,956	\$ 126,048,753

Total net position in the governmental activities is \$65.1 million. The total net position consists of net investment in capital assets of \$78.3 million, net position – restricted of \$8.1 million with the difference shown as net position – unrestricted.

Net investment in capital assets consists of the following components: Capital assets of \$112,160,416 are reduced by \$33,898,392 of related debt that was issued to finance acquisition of infrastructure assets. This amount consists of 2010B Warrants \$1,193,240, Parks and Recreation Sportsplex Warrants \$25,491,641, 2011 Warrants \$7,689,098 (unspent proceeds excluded) and less deferred charges and debt issue costs of \$475,587.

Current and other assets decreased because the remaining balance of the 2011 warrants for Opelika High School renovations were spent and also because 2011 warrant funds were used for various road projects. Long term liabilities decreased as a result of principal payments being made

on outstanding debt as well as no new debt having been issued during the year. Other liabilities decreased because the accounts payable and retainage payable balances for the Opelika High School renovations, which were significant last year, had zero balances this year.

Business current assets increased due to the launch of the Telecommunications business as well as increased cash in the Solid Waste fund due to the \$2 per customer increase in charges for services. Electric inventory increased which also contributed to the increase in current assets. Long-term liabilities increased due to drawdowns on the Telecommunications line of credit made during the year. Current liabilities increased because pooled cash accounts were adjusted to eliminate credit balances and this increased the amount due to other funds.

The City's long-term liabilities include general obligation warrants, capital leases, compensated absences and revenue warrants. Additional information can be found in Note 8 of the Notes to the Financial Statements.

**CITY OF OPELIKA CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,752,639	\$ 2,479,671	\$ 46,005,738	\$ 40,147,456	\$ 48,758,377	\$ 42,627,127
Operating grants and contributions	356,217	219,731	-	-	356,217	219,731
Capital grants and contributions	3,049,655	1,259,529	546,442	329,376	3,596,097	1,588,905
General revenues:						
Taxes:						
Property	8,947,897	8,980,559	-	-	8,947,897	8,980,559
Sales	25,531,042	24,454,096	-	-	25,531,042	24,454,096
Other	2,275,510	2,519,727	-	-	2,275,510	2,519,727
Licenses and permits	13,561,949	13,106,003	-	-	13,561,949	13,106,003
Grants and contributions not restricted to specific programs	26,709	30,958	-	-	26,709	30,958
Unrestricted investment earnings	237,977	324,567	75,265	90,628	313,242	415,195
Gain on sale of capital assets	(9,837)	(101,467)	(47,414)	(782)	(57,251)	(102,249)
Miscellaneous	413,182	251,003	1,270,730	429,643	1,683,912	680,646
Total revenues	<u>57,142,940</u>	<u>53,524,377</u>	<u>47,850,761</u>	<u>40,996,321</u>	<u>104,993,701</u>	<u>94,520,698</u>
Expenses:						
General government	5,764,065	5,029,413	-	-	5,764,065	5,029,413
Public safety	15,364,910	15,377,417	-	-	15,364,910	15,377,417
Public works	6,540,629	5,994,968	-	-	6,540,629	5,994,968
Health	293,483	295,393	-	-	293,483	295,393
Welfare	113,000	115,000	-	-	113,000	115,000
Culture and recreation	6,972,425	6,828,683	-	-	6,972,425	6,828,683
Education	15,644,634	38,471,147	-	-	15,644,634	38,471,147
Economic development and urban rehabilitation	1,820,691	1,888,163	-	-	1,820,691	1,888,163
Interest on long-term debt	4,022,146	4,154,247	-	-	4,022,146	4,154,247
Electric	-	-	37,525,310	31,916,441	37,525,310	31,916,441
Sewer	-	-	3,354,565	3,325,195	3,354,565	3,325,195
Solid Waste	-	-	2,444,397	2,389,008	2,444,397	2,389,008
Telecommunications	-	-	4,150,243	749,113	4,150,243	749,113
Total Expenses	<u>56,535,983</u>	<u>78,154,431</u>	<u>47,474,515</u>	<u>38,379,757</u>	<u>104,010,498</u>	<u>116,534,188</u>
Change in net position before transfers	606,957	(24,630,054)	376,246	2,616,564	983,203	(22,013,490)
Transfers	922,140	2,484,698	(922,140)	(2,484,698)	-	-
Change in net position	<u>\$ 1,529,097</u>	<u>\$ (22,145,356)</u>	<u>\$ (545,894)</u>	<u>\$ 131,866</u>	<u>\$ 983,203</u>	<u>\$ (22,013,490)</u>

Government-wide revenues increased 11%, while Government-wide expenses decreased by 11%. The 11% increase in revenues is attributable to the capital grant for the Frederick Road project of approximately \$2.4 million, an increase in sales tax revenue of approximately \$1.1 million, an increase of approximately \$4.0 million in additional Electric revenues, and Telecommunications revenues of approximately \$1.4 million as the City began providing Telecommunications services

to customers. The 11% decrease in expenses from \$116.6 million in the prior year to \$104.0 million in the current year is attributable to a decrease of approximately \$22.8 million in the amount appropriated for education from the 2011 warrant proceeds for renovations to Opelika High School. That decrease in school appropriations was partially offset by an increase of approximately \$5.6 million in additional Electric expenses and an increase of approximately \$3.4 million in Telecommunications expenses.

The City of Opelika Sales Tax collections increased 4% from last year. Property Tax collections decreased slightly from last year. Occupational Tax Collections increased slightly from last year. Investment revenues decreased due to the cash being used for Opelika High School renovations and for road projects.

Business Type revenues increased by 17% from the previous year while expenses increased by 24%. The Electric sales last year declined because of the weather. This year the electric sales returned to a more normal sales level. Solid Waste charges for services increased by \$2 per customer. This increase was necessary to cover increasing capital and operational costs.

Additionally, Electric's miscellaneous revenues increased by about \$800,000. This increase was a result of payments from Telecommunications to Electric for fiber and pole rental. Telecom launched its business in October 2013 so there were Telecom revenues in 2014 but zero revenues in 2013. As a result of the Telecom launch in October 2013, operating expenses increased by \$3.1 million primarily due to costs of goods sold increases such as programming costs as well as reimbursing Electric for allocable costs and fiber and pole rent.

## **THE CITY FUNDS**

### **Governmental Funds**

The focus of the City of Opelika's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The differences between the governmental activities in the government-wide financial statements on pages one and two, and the balance sheet for governmental funds on pages four and five are explained on page six. The differences in the Statement of Activities on page three and the Statement of Revenues, Expenditures, and Changes in Fund Balances on pages seven and eight are explained on page nine.

As the City completed the year, its governmental funds (as presented in the balance sheet on pages four and five) reported a combined fund balance of \$54,302,283. The decrease in the combined fund balance from the prior year balance of \$59,983,980 is a result of decreases in the 2011 School Warrants Fund and the 2011 Road Construction Fund. The General Fund's total fund balance increased to \$32,240,820 from \$30,144,535 in the prior year. The General Fund's Unassigned Fund Balance decreased slightly to \$21,297,935 from \$21,322,856 in the prior year.

### **Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The only difference in the business-type activities on pages one and two, and the Statement of Net Position, proprietary funds on pages 10 and 11 is the reclassification of the internal service funds to governmental activities. The internal

service funds are included in governmental activities on the government-wide financial statements. This difference is shown on the Statement of Revenues, Expenses and Changes in Net Position, Proprietary Funds at the bottom of page twelve.

The net position of the proprietary funds decreased to \$62,120,194. While Electric, Sewer and Solid Waste increased net position, Telecommunication's net position decreased which is not uncommon after a new business commences operations and begins to add customers.

### **General Fund Budgetary Highlights**

Over the course of the year, the City Council authorized several changes to the General Fund budget for fiscal year ending September 30, 2014. The most significant adjustments are itemized below:

1) \$	717,608	Replace ERP software system
2) \$	121,022	Lump sum payment for retirees
3) \$	100,000	Addition to sick pay account for retirees
4) \$	88,117	Set up Legal Department
5) \$	74,765	Storm water mapping
6) \$	72,421	Carryover Westridge Park funds
7) \$	69,500	Addition to demolition funds
8) \$	69,190	Traffic safety studies Exits 60 & 62 interchanges
9) \$	47,000	Replanting & weeding properties from which timber was harvested
10) \$	45,000	Market + Main: Master plan for downtown historic properties
11) \$	43,036	Equipment for 7 police package automobiles
12) \$	37,900	Repair fire station #4 roof
13) \$	36,500	Public Works administration building metal front
14) \$	25,000	CDG Engineers & Assoc: Develop documents for ADEM NPDES permit
15) \$	25,000	Building & Earth Sciences: Construction testing services
16) \$	25,000	Repair fire station #2 roof
17) \$	24,736	Repair of fire truck #314
18) \$	21,900	Safety railing for the 10 <sup>th</sup> Street Bridge
19) \$	20,638	GIS Associate compensation for six months
20) \$	20,000	Painting of Chamber of Commerce and Legal Department Buildings

In addition to these adjustments, the Library Board contract authorizes budget carry-forwards. The Library carry-forward was \$193,000.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

The City of Opelika's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounted to \$201,807,166 (net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, systems, improvements other than buildings, equipment, infrastructure and construction in progress. See Note 6 in the Notes to the Financial Statements for additional capital asset information.

This year's major additions to capital assets included:

1) Road construction and maintenance	\$1,641,993
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2) Police Dept. electronic door system	16,901
3) General Fixed Asset vehicles and equipment	1,266,357
4) Library parking lot extension	14,235
5) Garden Hills and Evergreen Cemeteries	51,713
6) West Ridge parking lot and ball fields	99,784
7) Nature Park improvements	76,829
8) Opelika Power system additions (including Fiber Project)	2,689,857
9) Opelika Power vehicles and equipment	509,260
10) Telecommunication System Additions	2,440,420
11) Sewer system additions	350,737
12) Solid Waste Equipment additions	64,746
13) Road Construction projects with shared ALDOT funding	2,571,488

### Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 9,777,124	\$ 9,696,496	\$ 2,423,071	\$ 2,423,071	\$ 12,200,195	\$ 12,119,567
Buildings and improvements	32,348,462	33,173,114	12,883,749	13,156,608	45,232,211	46,329,722
System	-	-	66,674,053	49,464,972	66,674,053	49,464,972
Improvements other than buildings	2,698,633	2,707,367	-	-	2,698,633	2,707,367
Equipment	6,983,572	5,519,235	3,913,034	3,464,168	10,896,606	8,983,403
Infrastructure	53,430,540	52,577,634	-	-	53,430,540	52,577,634
Construction in process	6,922,085	6,570,880	3,752,843	19,781,965	10,674,928	26,352,845
Total	\$ 112,160,416	\$ 110,244,726	\$ 89,646,750	\$ 88,290,784	\$ 201,807,166	\$ 198,535,510

### Debt Administration

As of September 30, 2014, the City of Opelika had total city wide long term liabilities of \$156,484,223.

The City's general obligation bond rating from Standard & Poor's is AA and the rating from Moody's is Aa2.

Maximum general obligation debt that cities can issue (with certain exclusions for debt issued for schools, sewers and storm sewers) is 20% of the assessed value of real and personal property. As of September 30, 2014, the City had approximately \$33,204,311 of available debt margin. See Note 8 in the Notes to the Financial Statements for additional information about the City's general long-term debt and other long-term liabilities. Outstanding Debt at year-end was composed of the following items:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 74,839,890	\$ 78,888,935	\$ 8,370,000	\$ 8,880,000	\$ 83,209,890	\$ 87,768,935
Other long-term debt	-	-	41,786,561	36,347,818	41,786,561	36,347,818
Capital leases	25,470,000	27,302,509	-	-	25,470,000	27,302,509
Unamortized premiums/discounts	2,289,360	2,441,669	(97,793)	(95,461)	2,191,567	2,346,208
Compensated absences	2,914,013	2,543,697	552,181	535,972	3,466,194	3,079,669
Claims and judgements	360,011	381,626	-	-	360,011	381,626
Total	\$ 105,873,274	\$ 111,558,436	\$ 50,610,949	\$ 45,668,329	\$ 156,484,223	\$ 157,226,765

## **ECONOMIC FACTORS**

The unemployment rate for Opelika, 4.7%, continues to remain significantly lower than the state overall unemployment rate of 6.6% and the national unemployment rate of 5.9%.

2014 was a great year for Opelika Economic Development! We announced \$327.6 million in Industrial Capital Investment. This is actually our best year ever for Capital Investment! This investment will also mean the creation of 260 additional jobs in Opelika. All of the Industrial investment and job creation are from existing industries, Pharmavite, Daewon America and Baxter, who is the International Company that purchased Gambro. This is very good news that our companies are growing and successful here in Opelika and this success means a need for expansion. To date, since 2005, we have announced over \$938.13 million in capital investment and 2,471 jobs.

The great year was not limited to Industrial announcements. Retail is still growing in Opelika as well. A long awaited Grand Opening of the Carmike Tiger 13 Movie Theater took place in 2014. This has been a project that we have tried to make happen for many years and finally we were able to do so. It is great to be able to go to the movies in Opelika! Tiger Town continues to grow with the announcement of a new Full Moon Barbeque that will be open early this year. We also announced a new development adjacent to Tiger Town that is currently under construction. This new development will have retail along with restaurant favorites, Tazikis, Chipotle, Pizza 120 and Einstein Bagels. The Einstein Bagel location will be the very first in Alabama!

Downtown Opelika continues to thrive with many restaurant and shopping options. We were also pleased to announce a new hi-tech incubator, The Round House, is opening in downtown. The City was glad to partner with The Round House to deploy our super-high speed fiber service available from Opelika Power Services. In fact, the Round House currently has a GIG of Internet service available to the 24 shared work spaces that are available to hi-tech developers and entrepreneurs. We feel that this is a path to future development and look forward to cultivating new businesses that want to utilize this great asset that we have here in Opelika.

Overall 2014 was a great year and we are excited about the future and what 2015 has in store for Opelika!

## **FINANCIAL CONTACT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Controller's Office at 204 South Seventh Street, P.O. Box 390, Opelika, Alabama 36803-0390.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
Cash and cash equivalents	\$ 22,579,081	\$ 7,485,849	\$ 30,064,930
Certificates of deposit	16,987,000	13,432,432	30,419,432
Receivables:			
Accounts and unbilled service receivable, net	-	4,489,715	4,489,715
Sales and use tax	2,358,983	-	2,358,983
Occupational license tax	2,280,832	-	2,280,832
Property taxes	2,809,583	-	2,809,583
Fines and forfeitures	363,983	-	363,983
Other	2,047,756	14,238	2,061,994
Due from other governments	353,703	1,075,441	1,429,144
Inventory of supplies, at cost	146,057	2,802,074	2,948,131
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	11,374,363	-	11,374,363
Cash with fiscal agent	1,448,926	2,690,586	4,139,512
Receivable for property taxes, restricted for school purposes	5,726,639	-	5,726,639
Investments	10,957	-	10,957
Permanently restricted:			
Investments	885,744	-	885,744
Other	88,274	12,431	100,705
Capital assets:			
Land	9,777,124	2,423,071	12,200,195
Building	42,592,099	13,749,184	56,341,283
System improvements other than buildings	5,244,679	114,314,054	119,558,733
Equipment	18,707,358	8,605,206	27,312,564
Infrastructure	72,867,037	-	72,867,037
Construction work in progress	6,922,085	3,752,843	10,674,928
Total original cost	156,110,382	142,844,358	298,954,740
Less: accumulated depreciation	(43,949,966)	(53,197,608)	(97,147,574)
Capital assets, net	112,160,416	89,646,750	201,807,166
Total assets	181,622,297	121,649,516	303,271,813
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges and debt issue costs	475,587	215,076	690,663
Total deferred outflows of resources	475,587	215,076	690,663
 Total assets and deferred outflows of resources	 \$ 182,097,884	 \$ 121,864,592	 \$ 303,962,476

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

	<b><u>GOVERNMENTAL ACTIVITIES</u></b>	<b><u>BUSINESS-TYPE ACTIVITIES</u></b>	<b><u>TOTAL</u></b>
<b><i>LIABILITIES</i></b>			
Accounts payable	\$ 2,436,464	\$ 3,739,753	\$ 6,176,217
Accrued payroll and benefits	652,519	115,972	768,491
Accrued interest payable	1,741,330	223,084	1,964,414
Due to other funds	(2,320,303)	2,320,303	-
Due to other governments	2,961	-	2,961
Long-term liabilities:			
Due within one year	3,288,293	767,520	4,055,813
Due in more than one year	102,584,981	49,843,429	152,428,410
Unearned revenues	-	401,510	401,510
Customer deposits	-	2,487,215	2,487,215
Total liabilities	<u>108,386,245</u>	<u>59,898,786</u>	<u>168,285,031</u>
<b><i>DEFERRED INFLOWS OF RESOURCES</i></b>			
Unearned revenues	8,645,489	-	8,645,489
Total deferred inflows of resources	<u>8,645,489</u>	<u>-</u>	<u>8,645,489</u>
Total liabilities and deferred inflows of resources	117,031,734	59,898,786	176,930,520
<b><i>NET POSITION</i></b>			
Net investment in capital assets	78,262,024	39,803,058	118,065,082
Net position - restricted	8,072,266	2,690,586	10,762,852
Net position - unrestricted	(21,268,140)	19,472,162	(1,795,978)
Total net position	<u>\$ 65,066,150</u>	<u>\$ 61,965,806</u>	<u>\$ 127,031,956</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2014**

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 5,764,065	\$ 13,012	\$ 37,043	\$ 53,155	\$ (5,660,855)	\$ -	\$ (5,660,855)
Public safety	15,364,910	1,108,088	77,155	-	(14,179,667)	-	(14,179,667)
Public works	6,540,629	209,531	45,616	2,970,185	(3,315,297)	-	(3,315,297)
Health	293,483	-	-	-	(293,483)	-	(293,483)
Welfare	113,000	-	-	-	(113,000)	-	(113,000)
Culture and recreation	6,972,425	1,422,008	13,280	26,315	(5,510,822)	-	(5,510,822)
Education	15,644,634	-	-	-	(15,644,634)	-	(15,644,634)
Economic development and urban rehabilitation	1,820,691	-	183,123	-	(1,637,568)	-	(1,637,568)
Interest on long-term debt	4,022,146	-	-	-	(4,022,146)	-	(4,022,146)
Total governmental activities	<u>56,535,983</u>	<u>2,752,639</u>	<u>356,217</u>	<u>3,049,655</u>	<u>(50,377,472)</u>	<u>-</u>	<u>(50,377,472)</u>
Business-type activities:							
Electric	37,525,310	38,137,587	-	447,925	-	1,060,202	1,060,202
Sewer	3,354,565	4,044,196	-	91,492	-	781,123	781,123
Solid waste	2,444,397	2,368,810	-	7,025	-	(68,562)	(68,562)
Telecommunications	4,150,243	1,455,145	-	-	-	(2,695,098)	(2,695,098)
Total business-type activities	<u>47,474,515</u>	<u>46,005,738</u>	<u>-</u>	<u>546,442</u>	<u>-</u>	<u>(922,335)</u>	<u>(922,335)</u>
Total primary government	<u>\$ 104,010,498</u>	<u>\$ 48,758,377</u>	<u>\$ 356,217</u>	<u>\$ 3,596,097</u>	<u>(50,377,472)</u>	<u>(922,335)</u>	<u>(51,299,807)</u>
General revenues:							
Taxes:							
Property					8,947,897	-	8,947,897
Sales					25,531,042	-	25,531,042
Other					2,275,510	-	2,275,510
Licenses and permits					13,561,949	-	13,561,949
Grants and contributions not restricted to specific programs					26,709	-	26,709
Investment earnings					237,977	75,265	313,242
(Loss)/gain on sale of capital assets					(9,837)	(47,414)	(57,251)
Miscellaneous income					413,182	1,270,730	1,683,912
Transfers					922,140	(922,140)	-
Total general revenues and transfers					<u>51,906,569</u>	<u>376,441</u>	<u>52,283,010</u>
Change in net position					<u>1,529,097</u>	<u>(545,894)</u>	<u>983,203</u>
Net position - beginning of year (restated)					<u>63,537,053</u>	<u>62,511,700</u>	<u>126,048,753</u>
Net position - end of year					<u>\$ 65,066,150</u>	<u>\$ 61,965,806</u>	<u>\$ 127,031,956</u>

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CITY OF OPELIKA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	<i>GENERAL FUND</i>	<i>SCHOOL TAX SPECIAL REVENUE FUND</i>	<i>2011 SCHOOL CONSTRUCTION FUND</i>	<i>2011 ROAD CONSTRUCTION FUND</i>	<i>GENERAL OBLIGATION WARRANTS FUND</i>	<i>OTHER GOVERNMENTAL FUNDS</i>	<i>TOTAL GOVERNMENTAL FUNDS</i>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 14,291,054	\$ 49,340	\$ -	\$ 11,374,363	\$ 45,214	\$ 5,012,334	\$ 30,772,305
Certificates of deposit	12,987,000	-	-	-	-	4,000,000	16,987,000
Receivables:							
Occupational license tax	2,280,832	-	-	-	-	-	2,280,832
Sales and use tax	2,333,857	-	-	-	-	25,126	2,358,983
Property taxes	2,809,583	5,726,639	-	-	-	-	8,536,222
Fines and forfeitures	312,528	-	-	-	-	51,455	363,983
Assessments	45,182	-	-	-	-	-	45,182
Accrued interest	839	-	-	-	-	1,135	1,974
Other	289,212	-	-	-	-	1,696,000	1,985,212
Due from other funds	3,829,280	-	-	-	-	346,947	4,176,227
Due from other governments	55,932	86,046	-	-	-	211,725	353,703
Inventories of supplies, at cost	146,057	-	-	-	-	-	146,057
Investments	-	-	-	-	999,017	1,346,610	2,345,627
Total current assets	<u>39,381,356</u>	<u>5,862,025</u>	<u>-</u>	<u>11,374,363</u>	<u>1,044,231</u>	<u>12,691,332</u>	<u>70,353,307</u>
Other assets:							
Deposits	-	-	-	-	-	69,045	69,045
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,045</u>	<u>69,045</u>
Total assets	<u>\$ 39,381,356</u>	<u>\$ 5,862,025</u>	<u>\$ -</u>	<u>\$ 11,374,363</u>	<u>\$ 1,044,231</u>	<u>\$ 12,760,377</u>	<u>\$ 70,422,352</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>2011 SCHOOL CONSTRUCTION FUND</u>	<u>2011 ROAD CONSTRUCTION FUND</u>	<u>GENERAL OBLIGATION WARRANTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 2,116,164	\$ -	\$ -	\$ 98,440	\$ -	\$ 79,475	\$ 2,294,079
Accrued payroll and benefits	562,860	-	-	-	-	1,168	564,028
Due to other funds	1,122,315	203,232	-	301,714	-	438,334	2,065,595
Due to other governments	2,961	-	-	-	-	-	2,961
Matured bonds and interest payable	-	-	-	-	-	449,909	449,909
<b>Total liabilities</b>	<b>3,804,300</b>	<b>203,232</b>	<b>-</b>	<b>400,154</b>	<b>-</b>	<b>968,886</b>	<b>5,376,572</b>
Deferred inflows of resources:							
Unearned revenues	3,336,236	5,658,793	-	-	-	1,748,468	10,743,497
<b>Total deferred inflows of resources</b>	<b>3,336,236</b>	<b>5,658,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,748,468</b>	<b>10,743,497</b>
Fund balances:							
Nonspendable:							
Inventories	146,057	-	-	-	-	-	146,057
Other noncurrent assets	-	-	-	-	-	69,045	69,045
Permanent funds - nonexpendable	-	-	-	-	-	891,908	891,908
Restricted to:							
Special revenue	-	-	-	-	-	3,018,112	3,018,112
Debt service	-	-	-	-	1,044,231	1,489	1,045,720
Capital projects	26,315	-	-	10,974,209	-	818,538	11,819,062
Public safety	21,600	-	-	-	-	-	21,600
Committed:							
Special projects	134,353	-	-	-	-	-	134,353
Assigned to:							
Road improvement and maintenance	2,949,888	-	-	-	-	-	2,949,888
Sportsplex	-	-	-	-	-	2,948,214	2,948,214
Economic development	-	-	-	-	-	712,395	712,395
Cooper library	-	-	-	-	-	10,957	10,957
Capital projects	7,664,672	-	-	-	-	1,582,208	9,246,880
Unassigned	21,297,935	-	-	-	-	(9,843)	21,288,092
<b>Total fund balances</b>	<b>32,240,820</b>	<b>-</b>	<b>-</b>	<b>10,974,209</b>	<b>1,044,231</b>	<b>10,043,023</b>	<b>54,302,283</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 39,381,356</b>	<b>\$ 5,862,025</b>	<b>\$ -</b>	<b>\$ 11,374,363</b>	<b>\$ 1,044,231</b>	<b>\$ 12,760,377</b>	<b>\$ 70,422,352</b>

**CITY OF OPELIKA**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2014*

Total fund balances - governmental funds		\$ 54,302,283
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.		112,160,416
Internal service funds are used by management to charge the costs of workmen's compensation insurance and employee's health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		2,545,701
Receivables and other long-term assets, including receivables from other governments, are not available to pay for current-period expenditures and therefore are deferred in the funds.		2,290,538
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
	Governmental long-term debt	\$ (99,834,303)
	Premiums, debt issuance and refunding costs	(2,289,360)
	Accrued interest payable	(1,291,421)
	Compensated absences	(2,817,704)
		<u>(106,232,788)</u>
Net position of governmental activities		<u>\$ 65,066,150</u>

The notes to the financial statements are an integral part of this statement.

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**CITY OF OPELIKA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>2011 SCHOOL CONSTRUCTION FUND</u>	<u>2011 ROAD CONSTRUCTION FUND</u>	<u>GENERAL OBLIGATION WARRANTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:							
Taxes:							
Property	\$ 3,050,490	\$ 5,897,407	\$ -	\$ -	\$ -	\$ -	\$ 8,947,897
Sales	25,531,042	-	-	-	-	-	25,531,042
Other	1,375,986	-	-	-	-	-	1,375,986
Occupational license fees	8,917,021	-	-	-	-	-	8,917,021
Business licenses and permits	4,322,318	-	-	-	-	322,610	4,644,928
Intergovernmental	595,686	-	-	-	-	3,389,303	3,984,989
Charges for services	1,744,646	-	-	-	-	-	1,744,646
Fines and forfeitures	849,347	-	-	-	-	-	849,347
Investment income	86,412	8,774	28,785	30,501	193	104,544	259,209
Grant income	26,709	-	-	-	-	-	26,709
Contributions	115,560	-	-	-	-	232,368	347,928
Miscellaneous	405,112	-	-	-	8,000	40	413,152
Total revenues	<u>47,020,329</u>	<u>5,906,181</u>	<u>28,785</u>	<u>30,501</u>	<u>8,193</u>	<u>4,048,865</u>	<u>57,042,854</u>
Expenditures:							
Current:							
General government	4,936,820	-	-	-	-	189,943	5,126,763
Public safety	13,477,869	-	-	-	-	379,577	13,857,446
Public works	3,730,203	-	-	397,856	-	-	4,128,059
Health	293,483	-	-	-	-	-	293,483
Welfare	113,000	-	-	-	-	-	113,000
Culture and recreation	5,935,316	-	-	-	-	8,849	5,944,165
Education	3,005,000	4,921,728	7,687,311	-	-	-	15,614,039
Economic development and urban rehabilitation	1,491,699	-	-	-	-	310,936	1,802,635
Capital outlay	2,294,732	-	-	156,280	-	3,040,431	5,491,443
Debt service:							
Principal retirement	1,786,555	-	-	-	3,415,000	680,000	5,881,555
Interest and fiscal charges	211,371	-	-	-	3,649,100	304,453	4,164,924
Total expenditures	<u>37,276,048</u>	<u>4,921,728</u>	<u>7,687,311</u>	<u>554,136</u>	<u>7,064,100</u>	<u>4,914,189</u>	<u>62,417,512</u>
Excess of revenues over (under) expenditures	<u>\$ 9,744,281</u>	<u>\$ 984,453</u>	<u>\$ (7,658,526)</u>	<u>\$ (523,635)</u>	<u>\$ (7,055,907)</u>	<u>\$ (865,324)</u>	<u>\$ (5,374,658)</u>

**CITY OF OPELIKA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>2011 SCHOOL CONSTRUCTION FUND</u>	<u>2011 ROAD CONSTRUCTION FUND</u>	<u>GENERAL OBLIGATION WARRANTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Other financing sources (uses):							
Sale of capital assets	\$ 80,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,165
Transfers from governmental funds	441,402	-	377,812	-	7,069,469	3,876,829	11,765,512
Transfers from proprietary funds	922,140	-	-	-	-	-	922,140
Transfer to internal service fund	(1,309,344)	-	-	-	-	-	(1,309,344)
Transfers to governmental funds	(7,782,359)	(984,453)	-	(439,869)	-	(2,558,831)	(11,765,512)
Total other financing sources (uses)	<u>(7,647,996)</u>	<u>(984,453)</u>	<u>377,812</u>	<u>(439,869)</u>	<u>7,069,469</u>	<u>1,317,998</u>	<u>(307,039)</u>
Net change in fund balances	2,096,285	-	(7,280,714)	(963,504)	13,562	452,674	(5,681,697)
Fund balances, beginning of year	<u>30,144,535</u>	<u>-</u>	<u>7,280,714</u>	<u>11,937,713</u>	<u>1,030,669</u>	<u>9,590,349</u>	<u>59,983,980</u>
Fund balances, end of year	<u>\$ 32,240,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,974,209</u>	<u>\$ 1,044,231</u>	<u>\$ 10,043,023</u>	<u>\$ 54,302,283</u>

**CITY OF OPELIKA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balances - all governmental funds		\$ (5,681,697)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
	Expenditures for capital outlay	\$ 5,491,443
	Less: current year depreciation	<u>(4,228,084)</u>
		1,263,359
Net effect of other transactions involving capital assets (i.e. disposals, transfers, and capital contributions) that are not recorded in the governmental funds.		
	Capital contributions/transfers	742,333
	Disposals at net book value	<u>(90,002)</u>
		652,331
Revenues previously recorded in the Statement of Activities that provide current financial resources are reported as revenues in the funds.		
		(632,440)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Differences in the treatment of long-term debt and related items follow:		
	Principal amount of new debt	-
	Debt issuance and refunding costs	110,812
	Principal payments on outstanding debt	<u>5,881,555</u>
		5,992,367
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.		
		(345,864)
Internal service funds are used by management to charge the costs of workmen's compensation and employee's health insurance to individual funds. The excess of revenues over expenditures and reversal of charges to enterprise funds are reported with governmental activities.		
		<u>281,041</u>
Change in net assets of governmental activities		<u>\$ 1,529,097</u>

The notes to the financial statements are an integral part of this statement.

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**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

<b>ASSETS</b>	<b><i>ELECTRIC UTILITY</i></b>	<b><i>SEWER SYSTEM</i></b>	<b><i>TELE- COMMUNICATIONS</i></b>	<b><i>SOLID WASTE COLLECTION</i></b>	<b><i>TOTALS</i></b>	<b><i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i></b>
Current assets:						
Cash	\$ 3,642,745	\$ 2,521,839	\$ 816,728	\$ 504,537	\$ 7,485,849	\$ 3,181,139
Certificates of deposit	13,432,432	-	-	-	13,432,432	-
Accounts and unbilled service receivable, net	3,939,249	266,029	170,023	114,414	4,489,715	-
Accrued interest	9,153	-	-	-	9,153	-
Due from other funds	113,938	1,023,110	-	-	1,137,048	55,283
Due from other governments	-	1,041,816	-	33,625	1,075,441	-
Prepaid insurance and other assets	217	-	4,868	-	5,085	-
Inventory of supplies, at cost	2,802,074	-	-	-	2,802,074	-
Total current assets	<u>23,939,808</u>	<u>4,852,794</u>	<u>991,619</u>	<u>652,576</u>	<u>30,436,797</u>	<u>3,236,422</u>
Restricted assets:						
Cash and investments with fiscal agent	2,632,960	57,626	-	-	2,690,586	-
Total restricted assets	<u>2,632,960</u>	<u>57,626</u>	<u>-</u>	<u>-</u>	<u>2,690,586</u>	<u>-</u>
Capital assets:						
Land	2,044,154	149,370	-	229,547	2,423,071	-
Building	13,683,555	21,823	-	43,806	13,749,184	-
System	58,722,967	44,757,624	10,815,923	17,540	114,314,054	-
Equipment	4,648,122	1,725,118	57,825	2,174,141	8,605,206	-
Construction work in progress	3,752,843	-	-	-	3,752,843	-
Total original cost	82,851,641	46,653,935	10,873,748	2,465,034	142,844,358	-
Less: accumulated depreciation	(33,066,936)	(17,376,943)	(1,041,401)	(1,712,328)	(53,197,608)	-
Capital assets, net	<u>49,784,705</u>	<u>29,276,992</u>	<u>9,832,347</u>	<u>752,706</u>	<u>89,646,750</u>	<u>-</u>
Other assets:						
Deposits	-	2,431	10,000	-	12,431	19,229
Total other assets	<u>-</u>	<u>2,431</u>	<u>10,000</u>	<u>-</u>	<u>12,431</u>	<u>19,229</u>
Total assets	76,357,473	34,189,843	10,833,966	1,405,282	122,786,564	3,255,651
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Bond refunding costs, net	-	215,076	-	-	215,076	-
Total deferred outflows of resources	<u>-</u>	<u>215,076</u>	<u>-</u>	<u>-</u>	<u>215,076</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 76,357,473</u>	<u>\$ 34,404,919</u>	<u>\$ 10,833,966</u>	<u>\$ 1,405,282</u>	<u>\$ 123,001,640</u>	<u>\$ 3,255,651</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

<b>LIABILITIES</b>	<b>ELECTRIC UTILITY</b>	<b>SEWER SYSTEM</b>	<b>TELE- COMMUNICATIONS</b>	<b>SOLID WASTE COLLECTION</b>	<b>TOTALS</b>	<b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b>
Current liabilities:						
Accounts payable	\$ 3,402,472	\$ 36,975	\$ 233,523	\$ 61,123	\$ 3,734,093	\$ 142,385
Retainage payable	5,661	-	-	-	5,661	-
Current portion of bonds payable	-	515,000	-	-	515,000	-
Accrued payroll and benefits	213,657	-	36,434	58,401	308,492	-
Due to other funds	2,926,735	-	249,966	126,261	3,302,962	-
Interest payable	118,778	104,156	150	-	223,084	-
Liability for unpaid claims	-	-	-	-	-	281,537
Unearned revenue	23,256	-	254,804	123,450	401,510	177,112
Total current liabilities	<u>6,690,559</u>	<u>656,131</u>	<u>774,877</u>	<u>369,235</u>	<u>8,490,802</u>	<u>601,034</u>
Noncurrent liabilities:						
Bonds payable, net of current portion and discount	28,137,385	7,914,822	13,491,561	-	49,543,768	-
Accrued employee benefits	272,938	-	13,177	73,546	359,661	-
Liability for unpaid claims	-	-	-	-	-	263,304
Customer deposits	2,305,625	-	16,400	165,190	2,487,215	-
Total noncurrent liabilities	<u>30,715,948</u>	<u>7,914,822</u>	<u>13,521,138</u>	<u>238,736</u>	<u>52,390,644</u>	<u>263,304</u>
Total liabilities	<u>37,406,507</u>	<u>8,570,953</u>	<u>14,296,015</u>	<u>607,971</u>	<u>60,881,446</u>	<u>864,338</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	21,647,320	20,847,170	(3,659,214)	752,706	39,587,982	-
Restricted	2,632,960	57,626	-	-	2,690,586	360,041
Unrestricted	14,670,686	4,929,170	197,165	44,605	19,841,626	2,031,272
Total net position	<u>\$ 38,950,966</u>	<u>\$ 25,833,966</u>	<u>\$ (3,462,049)</u>	<u>\$ 797,311</u>	<u>\$ 62,120,194</u>	<u>\$ 2,391,313</u>

**CITY OF OPELIKA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>ELECTRIC UTILITY</u>	<u>SEWER SYSTEM</u>	<u>TELE- COMMUNICATIONS</u>	<u>SOLID WASTE COLLECTION</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
Operating revenues:						
Charges for services, net	\$ 38,137,587	\$ 4,044,196	\$ 1,455,145	\$ 2,368,810	\$ 46,005,738	\$ 2,631,985
Operating expenses:						
Power purchased	27,693,300	-	-	-	27,693,300	-
Personnel services	3,052,243	3,744	459,167	1,141,411	4,656,565	-
Insurance claims and expenses	77,145	5,191	5,633	39,770	127,739	3,952,893
Other	2,467,417	2,005,550	2,348,178	956,480	7,777,625	-
Depreciation	2,616,671	1,011,135	1,040,619	227,548	4,895,973	-
Total operating expenses	<u>35,906,776</u>	<u>3,025,620</u>	<u>3,853,597</u>	<u>2,365,209</u>	<u>45,151,202</u>	<u>3,952,893</u>
Operating income (loss)	<u>2,230,811</u>	<u>1,018,576</u>	<u>(2,398,452)</u>	<u>3,601</u>	<u>854,536</u>	<u>(1,320,908)</u>
Nonoperating revenues (expenses):						
Fiber optic line leases	625,591	-	-	-	625,591	-
Investment revenue	65,444	7,586	-	2,235	75,265	8,578
Grant income	-	-	-	7,025	7,025	-
Miscellaneous revenue	585,623	6,567	5,486	47,463	645,139	-
Interest expense and fiscal charges	(1,435,383)	(324,929)	(270,396)	-	(2,030,708)	-
Gain (loss) on sale of capital assets	(750)	(48,500)	-	1,836	(47,414)	-
Total nonoperating revenues (expenses)	<u>(159,475)</u>	<u>(359,276)</u>	<u>(264,910)</u>	<u>58,559</u>	<u>(725,102)</u>	<u>8,578</u>
Income (loss) before other revenues and transfers	<u>2,071,336</u>	<u>659,300</u>	<u>(2,663,362)</u>	<u>62,160</u>	<u>129,434</u>	<u>(1,312,330)</u>
Other revenues and transfers in (out):						
Capital contributions from developers and others	447,925	91,492	-	-	539,417	-
Operating transfers in	-	-	-	-	-	1,537,344
Operating transfers (out)	(922,140)	-	-	-	(922,140)	(228,000)
Total other revenues and transfers	<u>(474,215)</u>	<u>91,492</u>	<u>-</u>	<u>-</u>	<u>(382,723)</u>	<u>1,309,344</u>
Changes in net position	1,597,121	750,792	(2,663,362)	62,160	(253,289)	(2,986)
Net position, beginning of year (restated)	<u>37,353,845</u>	<u>25,083,174</u>	<u>(798,687)</u>	<u>735,151</u>	<u>2,394,299</u>	<u>2,394,299</u>
Net position, end of year	<u>\$ 38,950,966</u>	<u>\$ 25,833,966</u>	<u>\$ (3,462,049)</u>	<u>\$ 797,311</u>	<u>\$ 2,391,313</u>	<u>\$ 2,391,313</u>
					(292,605)	
					<u>\$ (545,894)</u>	

Adjustment to reflect reversal of losses in Internal Service Funds  
Change in net position of business-type activities

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**CITY OF OPELIKA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<i><b>ELECTRIC UTILITY</b></i>	<i><b>SEWER SYSTEM</b></i>	<i><b>TELE- COMMUNICATIONS</b></i>	<i><b>SOLID WASTE COLLECTION</b></i>	<i><b>TOTALS</b></i>	<i><b>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</b></i>
Cash flows from operating activities:						
Receipts from customers	\$ 37,508,921	\$ 3,894,725	\$ 1,539,926	\$ 2,414,274	\$ 45,357,846	\$ -
Receipts from other funds for premiums	-	-	-	-	-	2,640,481
Customer deposits	153,217	-	16,400	9,165	178,782	-
Payments to suppliers for goods and services	(32,972,733)	(2,009,945)	(2,938,487)	(960,835)	(38,882,000)	(903,208)
Payments to employees for services	(3,022,280)	(3,744)	(440,232)	(1,160,606)	(4,626,862)	-
Claims paid	(77,145)	(5,191)	(5,633)	(39,770)	(127,739)	(3,055,305)
Internal activity - payments (to)/from other funds	3,143,279	(837,449)	79,288	36,229	2,421,347	-
Net cash provided by/(used in) operating activities	4,733,259	1,038,396	(1,748,738)	298,457	4,321,374	(1,318,032)
Cash flows from noncapital financing activities:						
Other receipts	1,211,214	6,567	5,486	54,488	1,277,755	-
Operating transfers (to)/from other funds	(922,140)	-	-	-	(922,140)	1,309,344
Net cash provided by noncapital financing activities	289,074	6,567	5,486	54,488	355,615	1,309,344
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(2,988,481)	(259,245)	(2,441,689)	(64,746)	(5,754,161)	-
Principal paid on debt maturities	-	(510,000)	-	-	(510,000)	-
Interest and fiscal fees paid on debt maturities	(1,435,383)	(314,419)	(437,074)	-	(2,186,876)	-
Proceeds received from issuance of debt	-	-	5,438,743	-	5,438,743	-
Proceeds from sale of assets	(750)	-	-	2,336	1,586	-
Net cash provided by/(used in) capital and related financing activities	(4,424,614)	(1,083,664)	2,559,980	(62,410)	(3,010,708)	-
Cash flows from investing activities:						
Proceeds invested in certificates of deposit	(503,951)	-	-	-	(503,951)	-
Restricted cash used/(deposited)	2,165	5,100	-	-	7,265	-
Interest on investments	67,288	7,586	-	2,235	77,109	8,578
Net cash provided by/(used in) investing activities	(434,498)	12,686	-	2,235	(419,577)	8,578
Net increase/(decrease) in cash and cash equivalents	163,221	(26,015)	816,728	292,770	1,246,704	(110)
Cash and cash equivalents at beginning of year	3,479,524	2,547,854	-	211,767	6,239,145	3,181,249
Cash and cash equivalents at end of year	<u>\$ 3,642,745</u>	<u>\$ 2,521,839</u>	<u>\$ 816,728</u>	<u>\$ 504,537</u>	<u>\$ 7,485,849</u>	<u>\$ 3,181,139</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b><i>ELECTRIC UTILITY</i></b>	<b><i>SEWER SYSTEM</i></b>	<b><i>TELE- COMMUNICATIONS</i></b>	<b><i>SOLID WASTE COLLECTION</i></b>	<b><i>TOTALS</i></b>	<b><i>GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS</i></b>
Reconciliation of operating income to net cash provided by/ (used in) operating activities:						
Operating income (loss)	\$ 2,230,811	\$ 1,018,576	\$ (2,398,452)	\$ 3,601	\$ 854,536	\$ (1,320,908)
Adjustment to reconcile operating income (loss) to net cash provided by/(used in) operating activities:						
Depreciation	2,616,671	1,011,135	1,040,619	227,548	4,895,973	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable and unbilled service receivable	(632,230)	9,694	(170,023)	(4,142)	(796,701)	-
(Increase) decrease in due from other funds	614,255	(837,449)	-	-	(223,194)	(1,322)
(Increase) decrease in due from other assets	(217)	-	(4,868)	-	(5,085)	-
(Increase) decrease in due from other governments	3,564	(159,165)	-	5,298	(150,303)	-
(Increase) decrease in inventories	(1,060,226)	-	-	-	(1,060,226)	-
Increase (decrease) in accounts payable	(1,751,573)	(4,395)	(585,441)	34,568	(2,306,841)	1,966
Increase (decrease) in accrued payroll and benefits	29,963	-	18,935	(19,195)	29,703	-
Increase (decrease) in due to other governments	-	-	-	(38,923)	(38,923)	-
Increase (decrease) in liability for unpaid claims	-	-	-	-	-	(7,585)
Increase (decrease) in due to other funds	2,529,024	-	79,288	36,229	2,644,541	-
Increase (decrease) in unearned revenue	-	-	254,804	44,308	299,112	9,817
Increase (decrease) in customer deposits	153,217	-	16,400	9,165	178,782	-
Net cash provided by/(used in) operating activities	<u>\$ 4,733,259</u>	<u>\$ 1,038,396</u>	<u>\$ (1,748,738)</u>	<u>\$ 298,457</u>	<u>\$ 4,321,374</u>	<u>\$ (1,318,032)</u>
Non cash investing, capital and financing activities:						
Capital assets contributed by developers and others	<u>\$ 447,925</u>	<u>\$ 91,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,417</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the combining balance sheet:						
Total cash and certificates of deposit	\$ 17,075,177	\$ 2,521,839	\$ 816,728	\$ 504,537	\$ 20,918,281	\$ 3,181,139
Less: deposits not meeting the definition of cash equivalents	13,432,432	-	-	-	13,432,432	-
Cash and cash equivalents at end of year	<u>\$ 3,642,745</u>	<u>\$ 2,521,839</u>	<u>\$ 816,728</u>	<u>\$ 504,537</u>	<u>\$ 7,485,849</u>	<u>\$ 3,181,139</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Opelika (the “City”), incorporated in 1854, is a municipal corporation currently governed by a mayor, elected at large, and five council members, elected from defined districts. Members of the City Council serve part-time and are responsible for adopting all legislative ordinances and setting policies of the City, including the appropriation of money. The Mayor is the full-time chief executive officer of the City and is responsible for the day-to-day management of the City in conjunction with the managers of several departments.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

These financial statements present information about the primary government, which is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Component units, although legally separate, for which the City is considered to be financially accountable are not included in these primary government financial statements. As a result, these primary government financial statements, because they do not include financial data of the component units of the City, do not purport to, and do not, present the financial statements of the reporting entity (primary government and component units) as defined by generally accepted accounting principles.

**Component Units.** The excluded component units are as follows:

The Opelika City Board of Education (the “Board of Ed.”) is substantially reliant upon the City because the City Council appoints the members of the Board of Ed., levies taxes on behalf of the Board of Ed. and issues debt on behalf of the Board of Ed. The legal liability for the general obligation debt issued for school purposes of \$47,460,000 at September 30, 2014 remains with the City. Ad valorem tax revenues restricted for school purposes collected by the City are used first to make required debt service payments on the general obligation debt issued for school purposes and the remainder is remitted to the Board of Ed. During 2014, the City collected \$5,897,407 of ad valorem taxes of which \$984,453 was used for debt service and \$4,912,954 was remitted to the Board of Ed. At September 30, 2014, the City had remitted \$86,046 in expectation of higher ad valorem tax collections during the year. This amount is included in amounts due from other governments. During the year ended September 30, 2014, the Board of Ed. did not make any contributions to the City. The City made an appropriation from its General Fund to the Board of Ed. totaling \$3,000,000 for the year ended September 30, 2014. The City also appropriated \$7,687,311 to the Board of Ed. during the year ended September 30, 2014 related to the high school renovation project. The Board of Ed. issues separate financial statements which may be obtained from the administrative offices at 300 Simmons Street, Opelika, Alabama 36801.

The City of Opelika Industrial Development Authority (the “Authority”) recruits industry and promotes economic development for the City of Opelika. The City Council appoints the members to the Authority’s Board. The City and the Authority have a funding agreement that obligates the City to make payments satisfying the Opelika Industrial Development Authority’s General Obligation Bonds, Series 2010. These bonds constitute a general obligation of the City. These bonds were used to fully pay the Authority’s 1998 Series A and B bonds. During the year ended September 30, 2014, the City paid \$745,417 in debt service payments for the Authority and appropriated an additional \$125,000 to the Authority. The Authority issues separate financial statements which may be obtained from the administrative offices at 204 South 7<sup>th</sup> Street, Opelika, Alabama 36801.

The Public Park and Recreation Board of the City of Opelika (the “Board”) owns and operates the Conference Center and the Sportsplex recreational facilities. The City Council appoints the members of the Board’s Board. In connection with the construction of the Sportsplex recreational facilities, the Board issued the Revenue Bonds, Series 2007 on November 1, 2007 for \$28,650,000. The Board and the City signed a lease agreement whereby the

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2014*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

City leases the Sportsplex recreational facilities. The lease payments are equal to the Board's annual debt service payments related to the Revenue Bonds, which totaled \$1,764,594 during the year ended September 30, 2014. The City has recorded the bond obligation as a capital lease. During the year ended September 30, 2009, the City completed construction of the Sportsplex recreational facilities. The City recorded these assets as capital assets. The total costs related to this project approximated \$32,000,000.

**Related Organizations.** The City's officials are also responsible for appointing board members of other organizations. However, the City's accountability for the organizations does not extend beyond making the appointments. These organizations are the Utilities Board of the City of Opelika, Medical Clinic Board of the City of Opelika, Housing Authority of the City of Opelika and the Opelika Downtown Redevelopment Authority of the City of Opelika. For the year ended September 30, 2014, the City received \$26,002 in payments in lieu of property taxes from the Housing Authority of the City of Opelika.

**Joint Ventures.** The City is a participant in one joint venture in which it retains an ongoing financial responsibility, the Indian Pines Golf Course Joint Venture (the "Venture"). The City is a party to an agreement with the City of Auburn, Alabama to own and operate the Indian Pines Golf Course. The joint venture agreement dated October 1, 1976 required capital contributions from each party. Each party has a 50% share in the Venture's profits and losses and responsibility for 50% of any debt incurred. The City's initial contribution of \$589,200 was used to purchase the land and building which are included in capital assets. The cities lease the Indian Pines Golf Course to the Indian Pines Recreation Authority, Inc., (the "Authority"), a jointly governed organization. The Authority operates the golf course on a month-to-month basis with the lease terms continuing in force from the original lease which expired in 1979. The Venture had no debts outstanding at September 30, 2014 and no net income or loss for the fiscal year then ended. Because the joint venture has no operations, no financial statements are prepared. Complete financial statements of the Authority can be obtained from the Authority at 900 Country Club Lane, Auburn, AL 36830.

**Jointly Governed Organizations.** The City, in conjunction with other governments, has created the following organizations. These organizations are not joint ventures because the City does not retain an ongoing financial interest or an ongoing financial responsibility.

The Lee-Russell Council of Governments is a regional planning and development commission organized to provide services to Lee and Russell Counties. The Council is governed by a ten-member board composed of two appointees each from Opelika, Auburn, Lee County, Phenix City and Russell County. The cities and counties are assessed fees based on their respective populations. The Council also receives income from administration of federal grants and other programs. The City appropriated \$128,400 to the Lee-Russell Council of Governments for the year ended September 30, 2014.

The Indian Pines Recreation Authority (the "Authority") is a corporation created to operate the Indian Pines Golf Course that is owned under a joint venture agreement between the City of Auburn and the City of Opelika. The Authority has a five member board of directors; two each are selected by the City and the City of Auburn and the fifth member is appointed by the other four members. A lease agreement between the Authority and the two cities authorizes the Authority to operate and maintain the golf course. The City does not provide any funding to the Authority.

East Alabama Mental Health and Mental Retardation Board, Inc. (the "Corporation") is a corporation created to provide mental health services to the East Alabama area. The Corporation has thirty-three directors, three of whom are appointed by the City. The remainder are appointed by the various cities and counties in the area. The City appropriated \$47,500 to the Corporation for the year ended September 30, 2014.

Lee County Youth Development Center (the "Center") is a corporation created to provide youth services in Lee County. The board of the Center is composed of twelve members. The City, City of Auburn, and Lee County each appoint four members. The City appropriated \$32,000 to the Center for the year ended September 30, 2014.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2014*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

East Alabama Medical Center (EAMC) is a corporation created to provide healthcare to the East Alabama area. The EAMC Board is composed of nine members. The City, City of Auburn and Lee County each appoint three members. The City appropriated \$289,476 to EAMC for emergency medical services for the year ended September 30, 2014.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The City's basic financial statements include both government-wide (reporting the City as a whole), and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks and recreation, public works, economic development, library, and general administrative services are classified as governmental activities. The City's electric, sewer, solid waste collection, and telecommunications services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resources basis, which includes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (e.g. general government, police, fire, public works, etc.) and business-type activities. In this statement, gross expenses, including depreciation, are reduced by related program revenues (charges to customers or those who directly benefit from goods, services or privileges provided by a given function), operating grants and contributions, and capital grants and contributions. Program revenues must be directly associated with a function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants only. The net costs of the governmental activities functions and the business-type activities are covered by general government revenues which include sales and use taxes, occupational license taxes, property taxes, certain intergovernmental revenues, fines, permits, charges and interest income. The City first utilizes restricted resources to finance qualifying activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's electric distribution, sewer service, solid waste collection, telecommunications, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The General Fund allocates some costs of providing administrative services to the enterprise funds.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of individual funds. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. Transactions are segregated within funds for the purpose of carrying on specific activities of attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each major fund is presented as a separate column on the fund financial statements. All non-major funds are aggregated and presented as a single column. The fund statements are presented on the current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented that explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The City has the following fund types:

**Governmental Funds:**

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City reports the following major governmental funds:

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

The **School Tax Special Revenue Fund** accounts for the collection of property tax revenues restricted for school purposes and for the expenditures of such funds for debt service on debt issued for school purposes or appropriations to the school system.

The **2011 School Construction Fund** accounts for the collection of bond series proceeds restricted for the City's capital project to construct a new public high school facility and for the expenditures of such funds for the project.

The **2011 Road Construction Fund** accounts for the collection of bond series proceeds restricted for various City road construction and expansion capital projects and for the expenditures of such funds for the projects.

The **General Obligation Warrants Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

Additionally, the City reports the following non-major fund types within the governmental fund type:

**Special revenue funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Debt service funds** account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

**Capital projects funds** account for financial resources to be used for the acquisition or construction of major capital facilities other than those being financed by business-type/proprietary funds.

**Permanent funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

**Proprietary Funds:**

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative and personnel expenses, repairs and supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Proprietary funds include the following fund types:

**Enterprise funds** account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability. The Electric Utility Fund, Sewer System Fund, and Telecommunications Fund are major funds. All of the City's enterprise funds are as follows:

**Electric Utility Fund** accounts for providing electric distribution services to residential and commercial users. Activities of the fund include administration, operations and maintenance of the system, billing and collection activities and system improvements. All costs are financed through charges to customers.

**Sewer System Fund** accounts for providing sewer services to residential and commercial users. Activities of the fund include administration, operations and maintenance of the system, and system improvements. Billing and collections are performed by the Utilities Board of the City of Opelika at no charge to the City. All costs are financed through charges to customers.

**Telecommunications Fund** accounts for providing telecommunications distribution services to residential and commercial users. Construction of the system began during the fiscal year ended September 30, 2011. The City's telecommunications services became available to customers during the fiscal year ended September 30, 2014. Activities include administration, construction, operations and maintenance of the system, and system improvements. All costs are financed through charges to customers.

**Solid Waste Collection Fund** accounts for providing solid waste collection and disposal services to residential and small commercial users. All costs are financed through charges to customers.

**Internal Service Funds** account for operations that provide services to other departments of the City on a cost-reimbursement basis. The funds account for the self-funded workmen's compensation insurance and the self-funded employee health insurance. These funds are always considered non-major.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the funds are the City's governmental activities, the financial statements of the internal service funds are included in the governmental activities column in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity (public safety, culture and recreation, public works, etc.).

**Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The City does not have any fiduciary funds.

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Both the governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2014*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental fund financial statements are presented using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as certain expenditures related to compensated absences, are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are sales taxes, occupational license taxes, property taxes, fines, intergovernmental revenue, interest revenue and miscellaneous taxpayer assessed taxes. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

All ad valorem taxes levied by the state, county and any municipality in Lee County are assessed and collected by the Revenue Commissioner of Lee County. Taxes are levied in June, due on October 1, and delinquent after January 1. Taxes collected by the Revenue Commissioner within the fiscal year but remitted to the City after the fiscal year-end are accrued. Ad valorem taxes not due until October 1 of the following fiscal year are recorded as a receivable and unearned revenue as of the fiscal year end in which the taxes are levied. For the fiscal year ended September 30, 2014, ad valorem tax revenues are recorded in the General Fund and the School Tax Special Revenue Fund. Ad valorem tax revenues restricted for school purposes in excess of the amount required to make debt service payments on the general obligation debt issued for school purposes are paid to the Opelika City Board of Education and are included with the education appropriation.

Unearned revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both of the revenue recognition criteria are met and City has a legal claim to the resources, the revenue is recognized.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed.

**D. CASH AND INVESTMENTS**

Cash and cash equivalents include amounts in time and demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City, except for investments in money funds and treasury obligations administered for the City by a trustee or held in nonexpendable trust funds.

State statutes authorize the City to invest in deposit accounts and certificates of deposits with banks, in direct obligations of the United States Treasury Department and obligations of certain other federal agencies. The permanent fund authorizes additional types of investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. The unrealized gain or loss on investments is reflected in investment income.

**E. RECEIVABLES**

In the Electric Utility Fund and Sewer System Fund, revenues are recognized on the basis of monthly billings to customers for services provided. The City, therefore, extends credit to its customers. As a result of this billing method, the City accrues unbilled service revenue at the end of the fiscal period with respect to service provided

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

but not billed at such date. In the Telecommunications and Solid Waste Collection Funds, monthly billings are made before services are rendered. Therefore, such billings are reported as unearned revenues. The City analyzes current and past due accounts and provides an allowance for doubtful accounts for the accounts deemed uncollectible. Accounts receivable are reported net of the allowances of \$864,310 in the Electric Utility Fund, \$251,575 in the Sewer System Fund, \$10,916 in the Telecommunications Fund and \$107,996 in the Solid Waste Collection Fund.

**F. INVENTORIES**

Inventories are valued at the lower of cost (average) or market. Inventories in governmental funds are offset by a reserve for inventories that indicates that a portion of fund balance is not available for other subsequent expenditures.

**G. RESTRICTED ASSETS**

Restricted assets are those designated by ordinances or through external restrictions limiting asset use to specific purposes such as public school purposes, cemetery maintenance, construction, debt service, and utility system replacement and extension.

**H. ADVANCES TO OTHER GOVERNMENTS**

Noncurrent portions of other governments' loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of other governments' loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources." The City did not have any advances to other governments during the year ended September 30, 2014.

**I. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave except for the portion of the accumulated sick leave benefits that is estimated to be taken as "terminal leave" at retirement. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay the liability. Current and long-term portions of vacation and sick pay are accrued in the government-wide and proprietary fund statements when incurred.

**J. CAPITAL ASSETS**

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. Renewals and betterments are capitalized if they significantly extend the useful life of the asset. Repairs and maintenance are recorded as expenses. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended September 30, 2014, the City capitalized \$191,504 in interest.

All assets capitalized have an estimated useful life in excess of one year and are depreciated using the straight line method. All land is capitalized.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capitalization thresholds and estimated useful lives are as follows:

	<u>Minimum Cost</u>	<u>Useful Life</u>
Buildings	\$ 10,000	20 - 75 years
Improvements other than buildings	\$ 10,000	5 - 20 years
Electric system	\$ 10,000	20 - 40 years
Sewer system	\$ 10,000	50 years
Telecommunications system	\$ 10,000	5 - 20 years
Infrastructure	\$ 50,000	10 - 50 years
Machinery and equipment	\$ 5,000	3 - 20 years

Beginning with the fiscal year ended September 30, 2007, the City capitalized its public domain (“infrastructure”) assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems that have been placed in service since October 1, 2002. As a “Phase 2 Government”, the City was allowed to defer retroactive reporting of all major infrastructure assets until fiscal year 2007. Where actual historical costs and construction dates were identified through a review of City records, those dates and costs were utilized. As the City constructs or acquires additional infrastructure assets, they are capitalized and reported at historical cost. A local government may elect to use the depreciation method or the modified approach (maintenance of service condition) in reporting long-lived infrastructure assets. The City has elected to use the depreciation method.

**K. LONG -TERM LIABILITIES**

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Amortization of bond premiums or discounts and deferred amounts on refunding is included in interest expense. Bond issuance costs that were incurred as part of debt issuance were previously amortized in prior years and have been eliminated as part of the City implementing GASB Statement No. 65 during the current year as described below.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period in which they are incurred in accordance with GASB Statement No. 65 as described below. Interest and principal payments are reported as debt service expenditures.

In March of 2012, GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. The Statement established standards that reclassified certain items that were previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources. In addition, it limits the use of the term deferred in the financial statement presentation. During the current year, the City implemented GASB No. 65 which required the City to retroactively recognize bond issuance costs as outflows of resources and to restate the net position of the City’s government wide financial statements and the net position of multiple proprietary funds at September 30, 2013 as described below in order to eliminate any carrying amounts of bond issuance costs and related amortization.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The implementation of GASB Statement No. 65 has resulted in the following restatements of net position at September 30, 2013, the net impact of which was a reduction in the beginning net position for fiscal year 2014, of the amounts shown below for the listed financial statements:

	<u>Net position, as previously reported</u>	<u>Restatement for GASB No. 65</u>	<u>Net position, as restated</u>
<b>Government Wide Financial Statements</b>			
Governmental Activities	\$ 65,110,100	\$ 1,573,047	\$ 63,537,053
Business-type Activities	63,207,120	695,420	62,511,700
Total	<u>\$ 128,317,220</u>	<u>\$ 2,268,467</u>	<u>\$ 126,048,753</u>
<b>Fund Level Financial Statements</b>			
Electric Utility Fund	\$ 37,886,697	\$ 532,852	\$ 37,353,845
Sewer Fund	25,231,227	148,053	25,083,174
Telecommunications Fund	(784,172)	14,515	(798,687)
Solid Waste Collection Fund	735,151	-	735,151
Total	<u>\$ 63,068,903</u>	<u>\$ 695,420</u>	<u>\$ 62,373,483</u>

The restatements resulted from the Statement's requirement that the City (1) expense bond issuance costs in the period in which they occurred, rather than amortizing them over time, and (2) to report bond issuance costs as a component of interest expense rather than as amortization of bond issuance costs, as was previously reported by the City, and (3) to eliminate the impact of unamortized bond issuance costs within bond refunding costs. The City's beginning net position restatement included the cumulative impact of expensing all unamortized bond issuance costs in the amounts shown above.

**L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. At September 30, 2014, the City recognized \$475,587 of bond refunding costs as deferred outflows of resources in governmental activities in the Statement of Net Position. At September 30, 2014, the City also recognized \$215,076 of bond refunding costs as deferred outflows of resources in business-type activities in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. At September 30, 2014, the City recognized \$8,645,489 of revenues received in advance as deferred inflows of resources in governmental activities in the Statement of Net Position.

**M. NET POSITION**

Net position represents the difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and increased by unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2014*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In the fiscal year ended September 30, 2011, the City implemented GASB 54, "Fund Balance, Reporting and Governmental Fund Type Definitions", for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the City's highest level of decision-making authority.

Assigned Fund Balance – Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as an executive committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as a result of overspending for specific purposes for which the amount had been restricted, committed or assigned.

**N. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**O. SUBSEQUENT EVENTS**

The City has evaluated events subsequent to the date of the Statement of Net Position through March 5, 2015, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Position date through March 5, 2015 that would require adjustment or additional disclosure in the financial statements other than the items disclosed in Note 8 and Note 11.

**NOTE 2 - BUDGETING AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except debt service and capital projects funds. On or before July 1 of each year, all departments of the City submit requests for appropriations to the City's mayor so that a budget may be prepared. Before October 1, the proposed budget is presented to the City's council for review and adoption.

The appropriated budget is prepared by fund, function and department. The City's mayor may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

**NOTE 3 - ACCOUNTING FOR SYSTEM ADDITIONS AND RETIREMENTS –  
ENTERPRISE FUNDS**

Cost of materials, labor and overhead identified with additions and improvements are added to the cost of the electric distribution system. Materials removed (retired) from the system reduce the accumulated cost of the system and increase the materials and supplies inventory by the amount of estimated current realizable value of the items retired. However, some of the original cost of property that has been retired remains in the system accounts. The amount of these items has not been determined.

**NOTE 4 - POWER SALES CONTRACT**

The City is a member of the Alabama Municipal Electric Authority (the “Authority”). Pursuant to a contract dated May 1, 1986 and amended July 1, 1996, the City has agreed to purchase all of its electric requirements for resale through December 31, 2035 from the Authority except for the City’s allocation of electricity from the Southeastern Power Administration. The Electric Utility Fund purchased \$25,151,401 under this contract during the year ended September 30, 2014. The City has committed to maintain electric rates at amounts which will produce revenues sufficient to pay all amounts due under the contract and has pledged the electric revenues and any other revenues of the City which may be lawfully pledged to secure its obligation. Further, the City has entered into a “Guaranty and Indemnity Agreement” with Alabama Power Company which requires the City to pay its proportionate share of any shortfall by the Authority of funds to pay any obligations due under contracts with Alabama Power Company.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

**Deposits.** At September 30, 2014, the carrying amount of the City’s deposits in financial institutions was \$57,641,005 and the bank balance was \$57,971,205. Of these amounts, \$30,419,432 of the carrying amount and bank balance were held as certificates of deposit and have been classified in the City’s financial statements as certificates of deposit. The State of Alabama created the Security for Alabama Funds Enhancement (SAFE) Program which requires all public funds be deposited in Qualified Public Depositories. Under the SAFE Program, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. If a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. At September 30, 2014, all bank balances are considered insured because such balances were held in Qualified Public Depositories.

**Investments and Cash with Fiscal Agents.** The City has made all investments in accordance with its investment policy (see Note 1) and the requirements under which its bonds and warrants were issued, and other requirements as applicable. Investments and cash held by fiscal agents shown below are not registered in the City’s name or insured and are held by the trustee.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)**

<b>Investment Type</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percent of Total</b>	<b>Maturity</b>	<b>Rating</b>	<b>Rating Agency</b>
Cash	\$ 33,721	\$ 33,721	<1%	n/a	n/a	n/a
GE Money Bank Certificate of Deposit	25,000	25,466	<1%	9/30/2016	n/a	n/a
Investment Co of America Fd	4,855	10,957	<1%	n/a	***	Morningstar
Goldman Sachs Group INC DTD	15,000	15,788	<1%	11/15/2017	A-	S&P
U.S. Treasury	4,139,512	4,139,511	82.2%	n/a	n/a	n/a
Fidelity Advisor Equity Income	65,500	87,700	1.7%	n/a	***	Morningstar
First Eagle Global Fund - I	50,000	59,918	1.2%	n/a	*****	Morningstar
Fidelity Advisor Small Cap Fd - I	32,099	39,152	<1%	n/a	***	Morningstar
Various municipal and utility bonds	219,939	224,582	4.5%	11/1/2014 - 9/1/22	AAA	S&P
FNMA 1.750%	40,000	38,704	<1%	12/27/2027	AA+	S&P
Other common stock	265,444	360,714	7.2%	n/a	Various	Various
		A- through				
Total investments	<u>\$ 4,891,070</u>	<u>\$ 5,036,213</u>				

**Interest Rate Risk:** The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** State law limits investments to direct obligations of the United States Treasury Department and obligations of certain other federal agencies. The City has no investment policy that would further limit its investment choices.

**Custodial Credit Risk:** For an investment, the custodial risk is the risk that in event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are registered in the name of the City of Opelika Garden Hills Cemetery Trust Fund and the Cooper Memorial Library and held by the counterparties. The City has no policy on custodial credit risk.

**Concentration of Credit Risk:** The City places no limit on the amount that the City may invest in any one issuer. The percentage of the City's investments relative to the total investments is shown in the table above.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,696,496	\$ 80,628	\$ -	\$ 9,777,124
Construction in process	6,570,880	3,351,679	3,000,474	6,922,085
Total capital assets not being depreciated	<u>16,267,376</u>	<u>3,432,307</u>	<u>3,000,474</u>	<u>16,699,209</u>
Capital assets being depreciated:				
Buildings and improvements	42,531,596	72,978	12,475	42,592,099
Improvements other than buildings	5,090,861	153,818	-	5,244,679
Equipment	16,552,138	2,720,195	564,975	18,707,358
Infrastructure	69,987,880	2,879,157	-	72,867,037
Total capital assets being depreciated	<u>134,162,475</u>	<u>5,826,148</u>	<u>577,450</u>	<u>139,411,173</u>
Less accumulated depreciation for:				
Buildings and improvements	9,358,482	885,467	312	10,243,637
Improvements other than buildings	2,383,494	162,552	-	2,546,046
Equipment	11,032,903	1,178,019	487,136	11,723,786
Infrastructure	17,410,246	2,026,251	-	19,436,497
Total accumulated depreciation	<u>40,185,125</u>	<u>4,252,289</u>	<u>487,448</u>	<u>43,949,966</u>
Total capital assets being depreciated, net	<u>93,977,350</u>	<u>1,573,859</u>	<u>90,002</u>	<u>95,461,207</u>
Governmental activities capital assets, net	<u>\$ 110,244,726</u>	<u>\$ 5,006,166</u>	<u>\$ 3,090,476</u>	<u>\$ 112,160,416</u>

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,423,071	\$ -	\$ -	\$ 2,423,071
Construction in process	19,781,965	1,783,069	17,812,191	3,752,843
Total capital assets not being depreciated	<u>22,205,036</u>	<u>1,783,069</u>	<u>17,812,191</u>	<u>6,175,914</u>
Capital assets being depreciated:				
Buildings and improvements	13,749,184	-	-	13,749,184
Systems	93,381,629	20,987,710	55,285	114,314,054
Equipment	7,448,751	1,306,673	150,218	8,605,206
Total capital assets being depreciated	<u>114,579,564</u>	<u>22,294,383</u>	<u>205,503</u>	<u>136,668,444</u>
Less accumulated depreciation for:				
Buildings and improvements	592,576	272,859	-	865,435
Systems	43,916,657	3,778,627	55,283	47,640,001
Equipment	3,984,583	844,487	136,898	4,692,172
Total accumulated depreciation	<u>48,493,816</u>	<u>4,895,973</u>	<u>192,181</u>	<u>53,197,608</u>
Total capital assets being depreciated, net	<u>66,085,748</u>	<u>17,398,410</u>	<u>13,322</u>	<u>83,470,836</u>
Business-type activities capital assets, net	<u>\$ 88,290,784</u>	<u>\$ 19,181,479</u>	<u>\$ 17,825,513</u>	<u>\$ 89,646,750</u>

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 399,689
Public safety	625,856
Public works, including infrastructure	2,338,195
Culture and recreation	864,344
Total depreciation	\$ 4,228,084
Business-type activities:	
Electric utility fund	\$ 2,616,671
Telecommunications fund	1,040,619
Sewer system fund	1,011,135
Solid waste collection fund	227,548
Total depreciation	\$ 4,895,973

**NOTE 7 - INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2014 consisted of the following:

<i>DUE FROM</i>									
<i>DUE TO</i>	<i>General</i>	<i>School Tax Special Revenue</i>	<i>2011 Road Construction</i>	<i>Non-major Governmental</i>	<i>Electric Utility</i>	<i>Tele-communications</i>	<i>Solid Waste Collection</i>	<i>Total</i>	
General	\$ -	\$ 203,232	\$ 1,553	\$ 438,332	\$ 2,925,466	\$ 136,060	\$ 124,637	\$ 3,829,280	
Non-major									
Governmental	46,785	-	300,161	-	-	-	-	346,946	
Internal Service	52,229	-	-	2	1,269	159	1,624	55,283	
Electric Utility	191	-	-	-	-	113,747	-	113,938	
Sewer System	1,023,110	-	-	-	-	-	-	1,023,110	
Total	\$ 1,122,315	\$ 203,232	\$ 301,714	\$ 438,334	\$ 2,926,735	\$ 249,966	\$ 126,261	\$ 5,368,557	

All balances resulted from the time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

<i>TRANSFER FROM</i>								
<i>TRANSFER TO</i>	<i>General</i>	<i>School Tax Special Revenue</i>	<i>2011 Road Construction</i>	<i>Non-major Governmental</i>	<i>Electric Utility</i>	<i>Internal Service</i>	<i>Total</i>	
General	\$ -	\$ -	\$ 34,161	\$ 407,241	\$ 922,140	\$ -	\$ 1,363,542	
General Obligation Warrants	5,295,691	-	-	1,773,778	-	-	7,069,469	
Non-major Governmental	2,486,668	984,453	405,708	-	-	-	3,876,829	
2011 School Construction	-	-	-	377,812	-	-	377,812	
Internal Service	1,309,344	-	-	-	-	228,000	1,537,344	
Total	\$ 9,091,703	\$ 984,453	\$ 439,869	\$ 2,558,831	\$ 922,140	\$ 228,000	\$ 14,224,996	

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 7 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the fund collecting the receipts to the debt service funds as debt service payments become due, use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and move budgeted contributions from proprietary funds to the General Fund.

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liabilities at September 30, 2014 consisted of the following items:

	<i>Governmental</i>	<i>Business-type</i>
<b>Bonds:</b>		
Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007, due in annual installments of \$480,000 to \$1,725,000 through January 1, 2038, bearing interest rates of 3.25% to 5.00%	\$ 25,491,641	\$ -
Opelika Industrial Development Authority's General Obligation Revenue Bonds, Series 2010, principal and interest are due in monthly installments of \$62,118 through September 22, 2020, bearing interest rates of 2.75% to 4.93%	3,844,890	-
General Obligation School Warrants, Series 2010-A due in annual installments of \$350,000 to \$515,000 through October 1, 2026, bearing interest rates of 2.00% to 4.00%	4,854,445	-
General Obligation Recovery Zone Economic Development Warrants, Series 2010-B due in annual installments of \$225,000 to \$255,000 through July 1, 2028, bearing interest rates of 4.35% to 5.50%	1,193,240	3,253,995
Electric System Revenue Warrants, Series 2011 due in annual installments of \$1,105,000 to \$2,445,000 through March 1, 2036, bearing interest rates of 3.85% to 5.50%	-	28,137,385
General Obligation Warrants, Series 2011 due in annual installments of \$1,635,000 to \$3,635,000 through November 1, 2036, bearing interest rates of 2.00% to 5.00%	61,495,034	-
General Obligation Warrants, Series 2012 due in annual installments of \$100,000 to \$615,000 through April 1, 2023, bearing interest rates of 0.60% to 4.00%	-	5,175,827
Taxable Telecommunications System Revenue Warrant, Series 2011 allows the City to borrow up to \$13,500,000. Interest payments are due monthly. The Warrants mature on February 1, 2016 and bear interest at a rate of 2.73%	-	13,491,561
General Obligation School Warrants, Series 2012-B due in annual installments of \$315,000 to \$440,000 through March 1, 2029, bearing interest at a fixed rate of 2.24%	5,720,000	-
<b>Other Liabilities:</b>		
Compensated absences	2,914,013	552,181
Claims and judgments	360,011	-
Total long-term liabilities	\$ 105,873,274	\$ 50,610,949

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

Long-term liability activity for the year was as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<b>Governmental Activities</b>					
Debt:					
General obligation bonds	\$ 78,888,935	\$ -	\$ 4,049,045	\$ 74,839,890	\$ 2,591,984
Capital leases	27,302,509	-	1,832,509	25,470,000	600,000
	<u>106,191,444</u>	<u>-</u>	<u>5,881,554</u>	<u>100,309,890</u>	<u>3,191,984</u>
Unamortized premiums	2,441,669	-	152,309	2,289,360	-
Total debt	<u>108,633,113</u>			<u>102,599,250</u>	<u>3,191,984</u>
Other liabilities:					
Compensated absences	2,543,697			2,914,013	-
Claims and judgments	381,626			360,011	96,309
Total other liabilities	<u>2,925,323</u>			<u>3,274,024</u>	<u>96,309</u>
Total governmental activities	<u>\$ 111,558,436</u>			<u>\$ 105,873,274</u>	<u>\$ 3,288,293</u>
	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<b>Business-type Activities</b>					
Debt:					
General obligation bonds	\$ 8,880,000	\$ -	\$ 510,000	\$ 8,370,000	\$ 575,000
Other long-term debt	36,347,818	5,438,743	-	41,786,561	-
Unamortized premiums and discounts	(95,461)	-	2,332	(97,793)	-
	<u>45,132,357</u>			<u>50,058,768</u>	<u>575,000</u>
Compensated absences	535,972			552,181	192,520
Total business-type activities	<u>\$ 45,668,329</u>			<u>\$ 50,610,949</u>	<u>\$ 767,520</u>

Payments on the governmental activities debt are made by the debt service funds or the General Fund. The compensated absences liability for the governmental activities will be liquidated by the General Fund. The claims and judgments liability for the governmental activities will be liquidated through the internal service funds described in Note 9.

**General Obligation Warrants.** The City issues general obligation warrants to provide funds for the acquisition of equipment and construction of major capital facilities for the municipality and the school system located therein. General obligation warrants are also issued to construct assets used in proprietary activities. These warrants are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation warrants have been issued to refund general obligation warrants.

The City issued \$6,375,000 of General Obligation School Warrants, Series 2012-B dated November 15, 2012. The bonds were issued to defease the General Obligation School Warrants, Series 2004-A dated March 1, 2004. At September 30, 2014, the Series 2004-A bonds were fully defeased by the proceeds from the Series 2012-B bonds. The Series 2012-B Warrants mature annually on March 1 from 2013 through 2029. Interest is payable on each March 1 and September 1, beginning March 1, 2013. Additional costs incurred to retire the aforementioned bonds totaled \$262,347. These costs have been recorded as deferred charges and debt issue costs and will be amortized over the life of the new bonds. The net deferred costs totaled \$232,231 at September 30, 2014.

The City issued \$6,245,000 General Obligation School Warrants, Series 2010-A dated July 1, 2010. The warrants were issued to defease the General Obligation School Warrants, Series 2000. The General Obligation School Warrants, Series 2000, were fully defeased during the year ended September 30, 2011. Additional costs incurred to retire the aforementioned bonds totaled \$206,343. These costs have been recorded as deferred charges and debt issue costs and will be amortized over the life of the new bonds. The net deferred costs totaled \$152,219 at September 30, 2014.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2014*

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**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

The City issued \$4,490,000 General Obligation Recovery Zone Economic Development Warrants, Series 2010-B dated July 1, 2010. The City issued \$1,200,000 of the Warrants to construct a new fire station. This portion of the warrants is considered a general obligation of the City and is chargeable against the constitutional debt limit of the City. The City issued \$3,290,000 of the warrants to fund sewer improvement projects. This portion of the warrants has been recorded in the Sewer System Fund. Under Section 6431 of the Internal Revenue Code, an issuer of a Recovery Zone Warrant may apply to receive interest subsidy payments directly from the United States Treasury. The City applied for the interest subsidy payments and expects to receive the interest subsidy payments totaling 45% of the interest due on the warrants. The City expects to receive the interest subsidy payments annually around the same time the interest payments on the warrants are due. During the year ended September 30, 2014, the City received \$104,516 in interest subsidy rebates.

The City issued \$62,560,000 General Obligation Warrants, Series 2011 dated December 1, 2011. The warrants were issued to fund renovations to the high school, several road construction and expansion projects, and to refund \$4,185,000 of the Series 2002 Warrants. The Series 2002 Warrants were called on February 1, 2012. The warrants mature annually on November 1 from 2012 through 2036. Interest is payable on each May 1 and November 1, beginning May 1, 2012. Additional costs incurred to advance refund the aforementioned bonds totaled \$106,253. These costs have been recorded as deferred charges and debt issue costs and will be amortized over the life of the old bonds. The net deferred costs totaled \$91,137 at September 30, 2014.

The City issued \$5,690,000 General Obligation Warrants, Series 2012 dated May 1, 2012. The warrants were issued to refund a portion (\$5,475,000) of the General Obligation School Warrants, Series 2003-A. The Warrants mature annually on April 1 from 2013 through 2023. Interest is payable on each April 1 and October 1, beginning October 1, 2012. Additional costs incurred to advance refund the aforementioned bonds totaled \$276,225. These costs have been recorded as deferred charges and debt issue costs and will be amortized over the life of the new bonds. The net deferred costs totaled \$215,076 at September 30, 2014.

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2014, the City is in compliance with all significant limitations and restrictions.

**Other Long-Term Debt.** The City entered into a capital lease agreement dated March 5, 2013 for the purchase of various pieces of capital equipment and parts. The City paid one half of the lease at the time of the agreement, and the remaining payment was paid in full in April of 2014. No interest expense was charged under the agreement.

The City issued \$5,826,992 of Revenue Bonds – Industrial Park Project, Series 2010 dated September 22, 2010. The bonds were issued to retire the Industrial Development Revenue Bonds, Series 1998-A and 1998-B. The bonds mature monthly beginning October 22, 2010 through September 22, 2020. Interest payments are due on a monthly basis beginning October 22, 2010 through September 22, 2020.

The City authorized and approved the issuance of \$28,650,000 of revenue bonds (The Public Park and Recreational Board of the City of Opelika, Series 2007) by the Public Park and Recreational Board of the City of Opelika (the “Board”) for the purpose of acquiring real estate and construction of the Sportsplex recreational facility. The bonds are secured by the real estate and facilities constructed on the real estate and by the lease agreement between the City and the Board. The lease agreement requires the City to make payments to the Board equal to the Board’s annual debt service payments related to the Series 2007 revenue bonds. The lease agreement renews automatically each year as long as the City occupies the facilities. The City considers this obligation to be a capital lease and has recorded both the obligation and the related assets in the Sportsplex Fund. The obligation is not included in the City’s general obligation long-term debt.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

During the year ended September 30, 2011, the City authorized and approved the issuance of \$28,295,000 of revenue bonds (the Electric System Revenue Warrants, Series 2011) dated March 1, 2011 for the purpose of constructing a new Electric office building and construction of the Electric System's SmartGrid fiber system. The bonds mature annually on March 1, beginning March 1, 2020 through March 1, 2036. Interest on the bonds is due semi-annually on March 1 and September 1, beginning September 2, 2011 through March 1, 2036.

During the year ended September 30, 2011, the City authorized and approved the issuance of \$13,500,000 of Taxable Telecommunications System Revenue Warrants (the "Telecommunications Warrants"). In connection with the Telecommunications Warrants, the City also authorized a funding agreement with Regions Bank. The funding agreement allows the City to draw the bonds as needed. The Telecommunications Warrants bear interest at rates ranging from 2.73% to 4.57% based on the City's Moody's rating. At September 30, 2014, the interest rate on the Telecommunications Warrants totaled 2.73%. Interest is due monthly and the entire balance of the borrowing matures on February 1, 2016. The Telecommunications Warrants were issued to fund the City's telecommunications project. At September 30, 2014, the outstanding balance of the Telecommunications Warrants totaled \$13,491,561.

Subsequent to year end, the City authorized and approved the issuance of \$9,165,000 of General Obligation Warrants, Series 2014 dated December 18, 2014 for the purpose of advance refunding a portion of the outstanding Revenue Bonds, Series 2007 issued by The Public Park and Recreation Board of the City of Opelika. The warrants mature annually on January 1 beginning in 2015 and fully maturing on January 1, 2033. Interest is payable each January 1 and July 1, beginning July 1, 2015. Additional costs incurred to advance refund the aforementioned bonds totaled \$842,194. These costs will be recorded as deferred charges and debt issue costs by the City and will be amortized over the life of the new bonds.

The Electric System Revenue Warrants, Series 2011 trust indenture requires debt coverage of 1.20 of annual net income for the maximum outstanding annual debt service related to the Electric System Revenue Warrants, Series 2011 and the Telecommunications Warrants. For the year ended September 30, 2014, the City was in compliance with this debt service requirement. The City is in compliance with all other debt covenants at September 30, 2014. The debt coverage calculation is as follows:

Net operating revenues	\$	38,137,587
Net investment income		
Interest income earned in the Construction Fund		-
		38,137,587
Operating expenses		(35,906,776)
Depreciation		2,616,671
		4,847,482
Net operating income available for debt service	\$	4,847,482
Maximum annual net debt service requirement	\$	2,513,888
Debt service ratio coverage		1.93
Debt service ratio required		1.20

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of future annual debt service payments on long-term obligations:

<u>Year</u>	<i>Governmental Activities</i>			
	<u>General Obligations</u>		<u>Other Long-term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,591,984	\$ 2,816,852	\$ 600,000	\$ 1,161,744
2016	3,041,393	2,729,461	625,000	1,137,994
2017	3,147,321	2,635,729	650,000	1,112,494
2018	3,234,877	2,538,181	680,000	1,082,494
2019	3,339,128	2,436,684	715,000	1,051,194
2020-2024	15,905,187	10,242,994	4,090,000	4,729,017
2025-2029	17,440,000	6,969,280	5,155,000	3,662,231
2030-2034	15,665,000	3,806,753	6,515,000	2,308,460
2035-2038	10,475,000	659,896	6,440,000	613,043
Total	<u>\$ 74,839,890</u>	<u>\$ 34,835,830</u>	<u>\$ 25,470,000</u>	<u>\$ 16,858,671</u>

<u>Year</u>	<i>Business-type Activities</i>	
	<u>General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 575,000	\$ 2,615,449
2016	14,076,561	2,364,717
2017	600,000	2,235,686
2018	610,000	2,232,159
2019	640,000	2,232,531
2020-2024	8,790,000	9,880,354
2025-2029	8,055,000	5,658,672
2030-2034	10,385,000	3,265,863
2035-2037	6,425,000	535,343
Total	<u>\$ 50,156,561</u>	<u>\$ 31,020,774</u>

**NOTE 9 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The City has a Workmen's Compensation Insurance Fund (an internal service fund) to account for and finance its insured and uninsured risks of loss for worker's compensation claims. Under this program, the Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim. The City purchases insurance, which is included in an administrative fee paid to the Municipal Workers Compensation Fund, Inc., for claims in excess of \$250,000. The City's aggregate retention for the accident year 2-1-13 to 1-31-14 is \$639,660, 2-1-12 to 1-31-13 is \$690,740, 2-1-11 to 1-31-12 is \$614,197, 2-1-10 to 1-31-11 is \$623,835, and 2-1-09 to 1-31-10 is \$507,710.

All funds of the City participate in the program and make payments to the Workmen's Compensation Insurance Fund based on the Municipal Workers Compensation Fund, Inc.'s estimated premium rates which include an actuarial estimate of the amount needed to pay claims incurred since inception of the fund and to establish a

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 9 - RISK MANAGEMENT (CONTINUED)**

reserve for catastrophic losses. Accordingly, these payments are treated as operating revenues of the internal service fund and operating expenditures of the General Fund and enterprise funds.

The claims liability is \$360,041 at September 30, 2014. The balance is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability is calculated actuarially using an interest rate of 1.9% and includes 1) known claims, 2) claims that have been incurred but not reported, 3) previously closed claims which may reopen, and 4) allocated loss adjustment expenses. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Changes in the Fund's claims liability for the last three years were as follows:

	<i>Current Year Claims</i>			
	<i>Beginning Balance</i>	<i>and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Ending Balance</i>
<b>2011-2012</b>	\$ 466,220	\$ 68,400	\$ 119,675	\$ 414,945
<b>2012-2013</b>	\$ 414,945	\$ 64,416	\$ 97,735	\$ 381,626
<b>2013-2014</b>	\$ 381,626	\$ 168,471	\$ 190,056	\$ 360,041

The City has a Worker's Health Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss related to its self-insured employee health insurance plan. A residual equity transfer of \$732,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was authorized to provide the initial funding for the Worker's Health Insurance Fund. During the year ended September 30, 2007, an additional transfer of \$481,237 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. During the year ended September 30, 2012, an additional transfer of \$200,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. During the year ended September 30, 2013, a transfer of \$200,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. During the year ended September 30, 2014, a transfer of \$228,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. The Worker's Health Insurance Fund also received a transfer of \$1,309,344 from the General Fund during the year ended September 30, 2014. The Fund provides coverage for up to \$110,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$110,000 in any one year. Settled claims exceeded premium payments received during the year. Assets equaled liabilities as of September 30, 2014, resulting in a fund balance of \$0.

The claims liability of \$184,800 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability includes an amount calculated for claims that have been incurred but not reported at the balance sheet date. Because actual liabilities for claims depend on such complex factors as inflation, changes in the legal doctrines and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 9 - RISK MANAGEMENT (CONTINUED)**

Changes in the Fund's claims liability are as follows:

	<i>Beginning Balance</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Ending Balance</i>
<i>2011-2012</i>	\$ 113,700	\$ 2,177,568	\$ 2,157,868	\$ 133,400
<i>2012-2013</i>	\$ 133,400	\$ 2,538,466	\$ 2,501,066	\$ 170,800
<i>2013-2014</i>	\$ 170,800	\$ 2,879,249	\$ 2,865,249	\$ 184,800

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**Plan Description.** The City contributes to the Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement system, which acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the City of Opelika, Alabama. Benefits vest after ten years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) minimum guaranteed and (2) formula, of which the formula method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members. Act 2000-669 provides that, effective January 1, 2001, at retirement, a certified police officer or firefighter will receive one additional year of creditable service for each five years of service (as a certified police officer or firefighter) in determining the retirement allowance.

The Employees' Retirement System was established October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing 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 general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the City authority to accept or reject various cost-of-living-adjustments (COLAs) granted to retirees. The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150.

**Funding Policy.** Plan members are required to contribute the percentages shown below of their annual covered salary. Certified full-time firefighters and law enforcement officers ("FLC") are required to contribute at different rates than all other employees. During a prior year, the State of Alabama enacted Act 2012-377 which created a new defined benefit plan tier for employees with no previous creditable retirement service hired on or after January 1, 2013 ("Tier 2 Employees"). The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established by state statute.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

*FY 2014 Contribution Rate Information*

	<i>Tier 1 Employees</i>	<i>Tier 2 Employees</i>
Employer Contribution Rate	13.18%	13.09%
Employee Contribution Rate		
Regular Employee	7.50%	6.00%
FLC Employee	8.50%	7.00%

**Annual Pension Cost.** For 2014, the City's annual pension cost of \$2,125,899 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 7.25% per year, and (c) 0.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City's unfunded actuarial accrued liability, if any, is being amortized as a level percentage of projected payrolls. The remaining amortization period is 30 years.

*Trend Information*

	<i>Annual</i>			
<i>Fiscal</i>	<i>Pension</i>	<i>Percentage</i>	<i>Net Pension</i>	
<i>Year</i>	<i>Contribution</i>	<i>of APC</i>	<i>Obligation</i>	
<i>Ending</i>	<i>(APC)</i>	<i>Contributed</i>	<i>(NPO)</i>	
9/30/2011	\$ 1,891,679	100%	\$	-
9/30/2012	\$ 1,674,885	100%	\$	-
9/30/2013	\$ 1,825,912	100%	\$	-

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Schedule of Funding Progress**

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets* (a)</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age (b)<sup>1</sup></i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i>
9/30/2008	\$ 42,710,878	\$ 59,693,661	\$ 16,982,783	71.6%	\$ 12,768,755	133.0%
9/30/2009	\$ 41,929,586	\$ 63,143,780	\$ 21,214,194	66.4%	\$ 13,879,316	152.8%
9/30/2010 <sup>2</sup>	\$ 40,901,544	\$ 66,479,155	\$ 25,577,611	61.5%	\$ 14,162,857	180.6%
9/30/2011 <sup>4</sup>	\$ 39,108,103	\$ 66,490,037	\$ 27,381,934	58.8%	\$ 14,061,823	194.7%
9/30/2012 <sup>3,5</sup>	\$ 37,235,308	\$ 65,906,705	\$ 28,671,397	56.5%	\$ 13,326,724	215.1%
9/30/2013 <sup>3,6</sup>	\$ 39,244,841	\$ 71,103,350	\$ 31,858,509	55.2%	\$ 15,612,764	204.1%

<sup>1</sup> Reflects liability for cost of living benefits increases granted on or after October 1, 1978.

<sup>2</sup> Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.

<sup>3</sup> Reflects the impact of Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.

<sup>4</sup> Reflects changes in actuarial assumptions.

<sup>5</sup> Reflects changes to interest smoothing methodology.

<sup>6</sup> Reflects implementation of Board Funding Policy.

\* The actuarial value of assets was set equal to the market value of assets as of September 30, 2012.

Market Value of Assets as of September 30, 2013: \$41,144,849.

**POST-EMPLOYMENT BENEFITS**

**Plan Description** – The City’s medical benefits are provided to employees upon actual retirement.

The employees are covered by the State of Alabama Retirement System whose retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service. Coverage is for retirees only (no dependents) and coverage ceases at age 65 except for a select number of "grandfathered" retirees.

**Contribution Rates** – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy** – Until 2008, the City recognized the cost of providing post-employment medical benefits (the City’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, the City’s portion of health care funding cost for retired employees totaled \$282,269 and \$261,360, respectively.

Effective October 1, 2008, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Annual Required Contribution** – The City’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<i>2014</i>	<i>2013</i>
Normal Cost	\$ 152,317	\$ 146,459
30-year UAL amortization amount	245,272	235,838
Annual required contribution (ARC)	\$ 397,589	\$ 382,297

**Net Post-employment Benefit Obligation (Asset)** – The table below shows the City’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending September 30, 2014 and 2013:

	<i>2014</i>	<i>2013</i>
Beginning net OPEB Obligation	\$ 577,200	\$ 464,546
Annual required contribution	397,589	382,297
Interest on Net OPEB Obligation	23,088	18,582
ARC adjustment	(33,380)	(26,865)
OPEB cost	387,297	374,014
Contribution to Irrevocable Trust	-	-
Current year retiree premium	(282,269)	(261,360)
Change in Net OPEB Obligation	105,028	112,654
Ending Net OPEB Obligation	\$ 682,228	\$ 577,200

The following table shows the City’s annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year:

<i>Fiscal Year Ended</i>	<i>Annual OPEB Cost</i>	<i>Percentage of Annual Cost Contributed</i>	<i>Net OPEB Liability/ (Asset)</i>
September 30, 2014	\$ 387,297	72.88%	\$ 682,228
September 30, 2013	\$ 374,014	69.88%	\$ 577,200

**Funded Status and Funding Progress** – In 2014 and 2013, the City made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2014 was \$4,241,333 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

	<b>2014</b>
Actuarial Accrued Liability (AAL)	\$ 4,241,333
Actuarial value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	\$ 4,241,333
Funded Ratio	0.00%
Covered Payroll (active plan members)	\$ 15,867,048
UAAL as a percentage of covered payroll	26.73%

**Actuarial Methods and Assumptions** – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method** – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

**Actuarial Value of Plan Assets** – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be followed.

**Turnover Rate** – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 12%.

**Post-employment Benefit Plan Eligibility Requirements** – Based on past experience, it has been assumed that entitlement to benefits will commence six years after retirement eligibility (three years for those first eligible at or above age 60), as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

**Investment Return Assumption (Discount Rate)** – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate** – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Mortality Rate** – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is the actuary's opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**Method of Determining Value of Benefits** – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The actual retiree unblended monthly premium is \$800. The employer cost used in this valuation has been assumed to be that unblended amount (as required by GASB 45) less the \$312 monthly contribution of the retiree. Certain different premium schedules are in effect for some "grandfathered" retirees as noted above.

**Inflation Rate** – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

**Projected Salary Increases** – This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases** – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	<i><b>OPEB Costs and Contributions</b></i>		
	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>
OPEB Cost	\$ 410,544	\$ 374,014	\$ 387,297
Contribution	-	-	-
Retiree premium	260,496	261,360	282,269
Total contribution and premium	<u>260,496</u>	<u>261,360</u>	<u>282,269</u>
Change in net OPEB obligation	<u>\$ 150,048</u>	<u>\$ 112,654</u>	<u>\$ 105,028</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	63.45%	69.88%	72.88%

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

On September 29, 2004, the City's Council passed a resolution approving an agreement with the Lee County Commission regarding funding for the expansion of the consolidated jail in cooperation with Lee County and the City of Auburn. In this agreement, the Council expressed its intent to appropriate approximately \$300,000 per year for 25 years for this project. The agreement states that Opelika is not legally obligated to make appropriations for the Annual Payments and that the agreement would not create a debt of the City within the meaning of Section 225 of the Constitution of the State of Alabama.

The City is a party to other 80/20 cost sharing agreements with the State in which the City will pay 100% of the costs over a fixed amount. The liability, if any, is not determinable as of September 30, 2014.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2014*

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**NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

On August 25, 2005, the City entered into a ten year agreement to pay the expected annual fee of \$25,000 to provide a letter of credit for \$2,500,000 between the Opelika Industrial Development Authority and the Southeast Alabama Gas District (SEAGD) to satisfy the conditions of a Gas Service Agreement for the Northeast Opelika Industrial Park.

The City entered an agreement with ESG Operations, Inc. ("ESG") effective November 1, 2005, to operate, manage and provide services that the following divisions of the City were previously providing: 1) streets division, grounds maintenance division, building maintenance division, auto shop division, and cemeteries division of the Public Works Department; 2) wastewater treatment division and wastewater collection division of the Engineering Department, and effective January 2, 2006, the building maintenance division and grounds division of the Parks and Recreation Department. The City will provide for all capital expenditures and electric service. The base fee for provision of these services is \$3,559,863 per year payable in monthly installments. The base fee will increase each year in accordance with the consumer price index. The ESG budget for the year ended September 30, 2014 totals \$5,200,884. Included in the base fee is the repair and maintenance budget. The agreement states that if the budget is exceeded, then the City is obligated to reimburse ESG and if the budget is not exceeded, then the City is reimbursed the difference between the actual repair and maintenance expenditures and the budgeted amount. At the end of the contract year, \$61,039 remained in the repair and maintenance budget and was reimbursed to the City. At September 30, 2014, the City has recorded the entire amount related to the reimbursement in receivables. The initial term of the agreement is ten years commencing on November 1, 2005. The agreement includes termination clauses for both parties.

In prior years, the City began a commercial and economic development incentive program pursuant to the laws of the State of Alabama. This program allows the City to abate a portion of sales, use, and other taxes to project developers as an incentive to locate or expand within the City and to provide certain incentive payments to developers. Accordingly, the City has entered into various development agreements for various lengths of time, the longest of which ends in 2033. The development agreements provide tax abatements and incentive payments upon performance of specific capital, infrastructure, sales, and employment requirements. The abatements are performance based and therefore, the City is only required to provide the payments upon completion of the specific requirements by the developers. As of September 30, 2014, the City has entered into development agreements that provide for a maximum rebate of future taxes totaling \$9,940,000. As of September 30, 2014, the City has recorded a payable totaling \$707,455 related to these agreements. The City has made payments totaling \$2,273,400 related to the \$9,940,000 of potential rebates provided by the agreements over the life of the agreements. Each rebate agreement expires as of a specific date, whether or not the maximum rebate payments have been paid by the City. Therefore, the City is only obligated to the extent that the taxes are generated within the agreements' time period. Future annual rebate amounts are not determinable as they are dependent upon the future taxes paid by each development project.

The City is also party to various inducement agreements with new industries that have constructed or have committed to construct various manufacturing and distribution facilities. These agreements include, among other things, commitments to make annual payments ranging from \$35,000 to \$341,250 in specified incentive payments through 2029, if agreed-upon benchmarks are met.

Certain other incentives total \$15,650,000 and may be paid at various times as specified by the agreements. These incentives are dependent upon developers achieving particular benchmarks. As of September 30, 2014, the City is not obligated to make any payments related to these incentives, nor has the City made any such payments at year end.

Subsequent to year end, the City has entered into additional commercial and economic development agreements. The City's obligations related to these agreements will begin upon performance by the developers as specified in the agreements and extend for a maximum period of 15 years from the initial performance year.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2014*

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**NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Various lawsuits are pending against the City. In addition, several claims have been filed which have not yet resulted in lawsuits. The liability, if any, associated with these matters is not determinable at September 30, 2014. The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for the expenditures disallowed under terms of the grant. City management believes such disallowance, if any, will be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>DESCRIPTION</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Revenues:				
Taxes:				
Sales	\$ 25,203,000	\$ 25,203,000	\$ 25,531,042	\$ 328,042
Property:				
Property	3,034,000	3,034,000	3,024,488	(9,512)
Payments in lieu of taxes	10,000	10,000	26,002	16,002
	<u>3,044,000</u>	<u>3,044,000</u>	<u>3,050,490</u>	<u>6,490</u>
Other:				
Gasoline	840,000	840,000	769,258	(70,742)
Cigarette	94,000	94,000	83,243	(10,757)
Rental	438,000	438,000	500,166	62,166
Wine	25,000	25,000	23,319	(1,681)
	<u>1,397,000</u>	<u>1,397,000</u>	<u>1,375,986</u>	<u>(21,014)</u>
Total taxes	<u>29,644,000</u>	<u>29,644,000</u>	<u>29,957,518</u>	<u>313,518</u>
Special assessments	<u>27,000</u>	<u>27,000</u>	<u>8,382</u>	<u>(18,618)</u>
Licenses and permits:				
Occupational	<u>8,929,000</u>	<u>8,929,000</u>	<u>8,917,021</u>	<u>(11,979)</u>
Business:				
General	2,984,000	2,984,000	3,150,917	166,917
Lodging	618,000	618,000	671,296	53,296
Franchise fee	91,000	91,000	79,861	(11,139)
	<u>3,693,000</u>	<u>3,693,000</u>	<u>3,902,074</u>	<u>209,074</u>
Telecommunications fees	8,000	8,000	11,000	3,000
Permits and inspections	<u>411,000</u>	<u>411,000</u>	<u>409,244</u>	<u>(1,756)</u>
Total licenses and permits	<u>13,041,000</u>	<u>13,041,000</u>	<u>13,239,339</u>	<u>198,339</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>DESCRIPTION</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Intergovernmental revenue:				
Shared county revenue:				
Motor vehicle license	100,000	100,000	103,277	3,277
Shared state revenue:				
Bank excise tax	86,000	86,000	144,739	58,739
Business privilege tax	72,000	72,000	71,801	(199)
Share of liquor tax profits	110,000	110,000	121,362	11,362
State asset forfeiture	-	13,601	15,142	1,541
	<u>268,000</u>	<u>281,601</u>	<u>353,044</u>	<u>71,443</u>
Shared federal revenue:				
Federal asset forfeiture	-	-	569	569
	<u>-</u>	<u>-</u>	<u>569</u>	<u>569</u>
Other:				
Grants:				
Federal	28,000	28,000	26,796	(1,204)
State	-	10,900	26,709	15,809
Lee County	52,500	114,500	112,000	(2,500)
	<u>80,500</u>	<u>153,400</u>	<u>165,505</u>	<u>12,105</u>
Total intergovernmental revenue	<u>448,500</u>	<u>535,001</u>	<u>622,395</u>	<u>87,394</u>
Charges for services:				
Administration:				
Other governments	24,000	24,000	13,012	(10,988)
	<u>24,000</u>	<u>24,000</u>	<u>13,012</u>	<u>(10,988)</u>
Public safety:				
Board of Education	12,000	12,000	12,000	-
Housing Authority	68,000	68,000	35,000	(33,000)
Water Works Board	22,000	22,000	-	(22,000)
Federal Agency Investigations	-	-	1,444	1,444
Other	44,000	44,110	64,537	20,427
Towing, fire calls, and fire training	-	350	2,371	2,021
	<u>146,000</u>	<u>146,460</u>	<u>115,352</u>	<u>(31,108)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>DESCRIPTION</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Public works:				
Clearing and grading	-	6,650	38,834	32,184
Other	-	-	29,008	29,008
	<u>-</u>	<u>6,650</u>	<u>67,842</u>	<u>61,192</u>
Health:				
Graves and monuments	115,000	115,000	106,432	(8,568)
Evergreen cemetery	-	-	20,000	20,000
	<u>115,000</u>	<u>115,000</u>	<u>126,432</u>	<u>11,432</u>
Culture and recreation:				
Entry fees and concessions	1,309,000	1,309,000	1,422,008	113,008
Total charges for services	<u>1,594,000</u>	<u>1,601,110</u>	<u>1,744,646</u>	<u>143,536</u>
Fines and forfeitures:				
Public safety:				
Fines and costs	388,000	672,000	825,393	153,393
Culture and recreation:				
Fines	-	-	23,954	23,954
Total fines and forfeits	<u>388,000</u>	<u>672,000</u>	<u>849,347</u>	<u>177,347</u>
Miscellaneous revenues:				
Interest earnings	85,000	85,000	86,412	1,412
Other:				
Rental income	39,000	39,000	63,789	24,789
Contributions	-	58,761	115,560	56,799
Cemetery lots	82,000	82,000	78,250	(3,750)
Miscellaneous	38,000	87,535	254,691	167,156
Total other	<u>159,000</u>	<u>267,296</u>	<u>512,290</u>	<u>244,994</u>
Total miscellaneous revenues	<u>244,000</u>	<u>352,296</u>	<u>598,702</u>	<u>246,406</u>
Total revenues	<u>45,386,500</u>	<u>45,872,407</u>	<u>47,020,329</u>	<u>1,147,922</u>

UNAUDITED

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	134,009	134,009	135,625	1,616
Other	275,800	171,736	75,274	(96,462)
Total mayor	<u>409,809</u>	<u>305,745</u>	<u>210,899</u>	<u>(94,846)</u>
Administration:				
Personal services	151,035	222,808	210,711	(12,097)
Other	242,900	454,997	366,365	(88,632)
Total administration	<u>393,935</u>	<u>677,805</u>	<u>577,076</u>	<u>(100,729)</u>
Legislative - City Clerk:				
Personal services	183,752	183,752	183,565	(187)
Other	277,220	195,167	149,518	(45,649)
Total legislative	<u>460,972</u>	<u>378,919</u>	<u>333,083</u>	<u>(45,836)</u>
Legal - City Attorney:				
Personal services	-	107,467	84,120	(23,347)
Other	-	18,900	11,830	(7,070)
Total legal	<u>-</u>	<u>126,367</u>	<u>95,950</u>	<u>(30,417)</u>
Other:				
Revenue:				
Personal services	209,339	228,289	204,943	(23,346)
Other	59,803	62,341	48,703	(13,638)
	<u>269,142</u>	<u>290,630</u>	<u>253,646</u>	<u>(36,984)</u>
Accounting:				
Personal services	379,716	379,716	383,325	3,609
Services provided other funds	(125,205)	(125,205)	(125,205)	-
Other	75,850	78,707	74,002	(4,705)
	<u>330,361</u>	<u>333,218</u>	<u>332,122</u>	<u>(1,096)</u>
Community relations:				
Personal services	72,294	72,294	72,219	(75)
Other	64,100	71,140	54,362	(16,778)
	<u>136,394</u>	<u>143,434</u>	<u>126,581</u>	<u>(16,853)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Information technology:				
Personal services	610,423	631,061	604,278	(26,783)
Services provided other funds	(229,265)	(229,265)	(229,265)	-
Other	530,013	520,013	583,999	63,986
	<u>911,171</u>	<u>921,809</u>	<u>959,012</u>	<u>37,203</u>
Judicial:				
Personal services	253,004	253,004	230,990	(22,014)
Other	163,400	450,549	415,872	(34,677)
	<u>416,404</u>	<u>703,553</u>	<u>646,862</u>	<u>(56,691)</u>
Human resources administration:				
Personal services	229,525	229,525	229,860	335
Other	112,250	128,964	98,168	(30,796)
	<u>341,775</u>	<u>358,489</u>	<u>328,028</u>	<u>(30,461)</u>
Planning:				
Personal services	293,831	293,831	292,344	(1,487)
Other	43,520	43,435	24,276	(19,159)
	<u>337,351</u>	<u>337,266</u>	<u>316,620</u>	<u>(20,646)</u>
Purchasing:				
Personal services	248,675	252,108	254,808	2,700
Services provided other funds	(63,823)	(63,823)	(63,823)	-
Other	39,360	39,360	34,358	(5,002)
	<u>224,212</u>	<u>227,645</u>	<u>225,343</u>	<u>(2,302)</u>
Nondepartmental:				
Auburn-Opelika Airport	130,000	130,000	143,898	13,898
Lee-Russell Council of Governments	132,250	132,250	128,400	(3,850)
Opelika Chamber of Commerce	70,000	70,000	70,000	-
Opelika Industrial Development Authority	125,000	125,000	125,000	-
Lee County Extension Service	10,000	10,000	10,000	-
Envision Opelika	12,000	12,000	12,000	-
Downtown Development Authority	4,500	4,500	4,500	-
Main Street, Inc.	17,500	17,500	17,500	-
J W Darden Foundation	5,000	5,000	5,000	-
Other	-	15,300	15,300	-
	<u>506,250</u>	<u>521,550</u>	<u>531,598</u>	<u>10,048</u>
Total other	<u>3,473,060</u>	<u>3,837,594</u>	<u>3,719,812</u>	<u>(117,782)</u>
Total general government	<u>4,737,776</u>	<u>5,326,430</u>	<u>4,936,820</u>	<u>(389,610)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Public safety:				
Police:				
Personal services	6,550,736	6,576,840	6,455,101	(121,739)
Other	1,882,790	1,843,341	1,469,337	(374,004)
Total police	<u>8,433,526</u>	<u>8,420,181</u>	<u>7,924,438</u>	<u>(495,743)</u>
Fire:				
Personal services	4,445,073	4,548,504	4,600,169	51,665
Other	525,785	741,153	618,786	(122,367)
Total fire	<u>4,970,858</u>	<u>5,289,657</u>	<u>5,218,955</u>	<u>(70,702)</u>
Other:				
Nondepartmental:				
Juvenile Court	10,000	10,000	10,000	-
Lee County Emergency Management	35,000	35,000	35,000	-
Emergency Medical Service	289,476	289,476	289,476	-
Total other	<u>334,476</u>	<u>334,476</u>	<u>334,476</u>	<u>-</u>
Total public safety	<u>13,738,860</u>	<u>14,044,314</u>	<u>13,477,869</u>	<u>(566,445)</u>
Public works:				
Highways and streets				
Personal services	9,035	9,035	6,055	(2,980)
Other	1,044,166	1,068,957	1,062,451	(6,506)
Total highways and streets	<u>1,053,201</u>	<u>1,077,992</u>	<u>1,068,506</u>	<u>(9,486)</u>
Engineering:				
Personal services	356,039	356,039	324,044	(31,995)
Other	67,760	203,798	79,473	(124,325)
Total engineering	<u>423,799</u>	<u>559,837</u>	<u>403,517</u>	<u>(156,320)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Other:				
Administration:				
Other	348,914	343,014	335,391	(7,623)
	<u>348,914</u>	<u>343,014</u>	<u>335,391</u>	<u>(7,623)</u>
Cemetery:				
Other	189,436	197,603	206,968	9,365
	<u>189,436</u>	<u>197,603</u>	<u>206,968</u>	<u>9,365</u>
Automotive shop:				
Other	341,486	348,796	340,480	(8,316)
	<u>341,486</u>	<u>348,796</u>	<u>340,480</u>	<u>(8,316)</u>
Building maintenance:				
Personal services	3,744	3,744	3,744	-
Other	313,709	334,467	327,586	(6,881)
	<u>317,453</u>	<u>338,211</u>	<u>331,330</u>	<u>(6,881)</u>
Inspection:				
Personal services	415,825	415,825	396,097	(19,728)
Other	64,660	134,160	81,773	(52,387)
	<u>480,485</u>	<u>549,985</u>	<u>477,870</u>	<u>(72,115)</u>
Ground maintenance:				
Other	519,098	561,256	566,141	4,885
	<u>519,098</u>	<u>561,256</u>	<u>566,141</u>	<u>4,885</u>
Total other	<u>2,196,872</u>	<u>2,338,865</u>	<u>2,258,180</u>	<u>(80,685)</u>
Total public works	<u>3,673,872</u>	<u>3,976,694</u>	<u>3,730,203</u>	<u>(246,491)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Health:				
Animal control:				
Personal services	53,462	53,462	53,347	(115)
Other	8,775	8,775	5,709	(3,066)
	<u>62,237</u>	<u>62,237</u>	<u>59,056</u>	<u>(3,181)</u>
Other:				
Nondepartmental:				
Lee County Health Department	46,800	46,800	46,800	-
East Alabama Mental Health	47,500	47,500	47,500	-
Valley Haven School	2,000	2,000	2,000	-
Lee County Humane Society	77,127	77,127	77,127	-
Sickle Cell Association	1,500	1,500	-	(1,500)
Substance Abuse	40,000	40,000	40,000	-
Child Care Alliance	6,000	6,000	6,000	-
Red Cross	10,000	10,000	10,000	-
Other	-	5,000	5,000	-
Total other	<u>230,927</u>	<u>235,927</u>	<u>234,427</u>	<u>(1,500)</u>
Total health	<u>293,164</u>	<u>298,164</u>	<u>293,483</u>	<u>(4,681)</u>
Welfare:				
Other:				
Nondepartmental:				
East Alabama Services for the Elderly	10,000	10,000	10,000	-
Lee County Youth Development Center	32,000	32,000	32,000	-
Boys and Girls Clubs	35,000	35,000	35,000	-
Council on Human Relations	20,000	20,000	20,000	-
Storybook Farms	8,000	8,000	-	(8,000)
Christian Care Ministries	1,000	1,000	1,000	-
Child Advocacy Center	2,500	2,500	2,500	-
Greater Peace Child Development	2,500	2,500	2,500	-
Other	-	10,000	10,000	-
Total welfare	<u>111,000</u>	<u>121,000</u>	<u>113,000</u>	<u>(8,000)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Culture and recreation:				
Parks and recreation:				
Personal services	1,509,564	1,509,564	1,510,197	633
Other	3,723,674	3,778,387	3,581,397	(196,990)
Total parks and recreation	<u>5,233,238</u>	<u>5,287,951</u>	<u>5,091,594</u>	<u>(196,357)</u>
Library:				
Personal services	568,113	592,681	526,818	(65,863)
Other	140,720	343,168	224,404	(118,764)
Total library	<u>708,833</u>	<u>935,849</u>	<u>751,222</u>	<u>(184,627)</u>
Other:				
Nondepartmental:				
Keep Opelika Beautiful	32,500	32,500	32,500	-
Museum of East Alabama	22,500	22,500	22,500	-
Opelika Arts Association	25,000	25,000	25,000	-
Museum of Art	5,000	5,000	-	(5,000)
Other	-	12,500	12,500	-
Total other	<u>85,000</u>	<u>97,500</u>	<u>92,500</u>	<u>(5,000)</u>
Total culture and recreation	<u>6,027,071</u>	<u>6,321,300</u>	<u>5,935,316</u>	<u>(385,984)</u>
Economic development:				
Personal services	266,101	266,101	268,485	2,384
Other	232,313	249,238	117,138	(132,100)
Total	<u>498,414</u>	<u>515,339</u>	<u>385,623</u>	<u>(129,716)</u>
Nondepartmental:				
Industrial incentives	343,750	343,750	302,731	(41,019)
Commercial incentives	646,000	798,750	803,345	4,595
Total	<u>989,750</u>	<u>1,142,500</u>	<u>1,106,076</u>	<u>(36,424)</u>
Total economic development	<u>1,488,164</u>	<u>1,657,839</u>	<u>1,491,699</u>	<u>(166,140)</u>
Education	<u>3,003,000</u>	<u>3,008,000</u>	<u>3,005,000</u>	<u>(3,000)</u>
Capital outlay	<u>1,375,095</u>	<u>2,960,561</u>	<u>2,294,732</u>	<u>(665,829)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

<i><b>FUNCTION/DEPARTMENT/OBJECT</b></i>	<i><b>ORIGINAL BUDGET</b></i>	<i><b>FINAL BUDGET</b></i>	<i><b>ACTUAL</b></i>	<i><b>VARIANCE WITH FINAL BUDGET OVER (UNDER)</b></i>
Debt service:				
Principal	1,786,555	1,786,555	1,786,555	-
Interest	211,371	211,371	211,371	-
Total debt service	<u>1,997,926</u>	<u>1,997,926</u>	<u>1,997,926</u>	<u>-</u>
Total expenditures	<u>36,445,928</u>	<u>39,712,228</u>	<u>37,276,048</u>	<u>(2,436,180)</u>
Excess of revenues over (under) expenditures	<u>8,940,572</u>	<u>6,160,179</u>	<u>9,744,281</u>	<u>3,584,102</u>
Other financing sources (uses):				
Sale of capital assets	-	56,517	80,165	23,648
Transfers from 2011 Road Construction Fund	-	150,000	34,161	(115,839)
Transfers from Electric Utility Fund	909,966	922,140	922,140	-
Transfers from Nonmajor Special Revenue Funds	221,881	242,920	348,985	106,065
Transfers from Nonmajor Capital Project Fund	-	-	45,065	45,065
Transfers from Garden Hills Cemetery Trust Fund	20,000	20,000	13,191	(6,809)
Transfers from General Obligation Debt Service Fund	282,000	282,000	-	(282,000)
Transfers to General Obligation Debt Service Fund	(5,580,160)	(5,580,160)	(5,295,691)	284,469
Transfers to Garden Hills Cemetery Perpetual Care Trust Fund	(12,000)	(12,000)	(19,563)	(7,563)
Transfers to Nonmajor Special Revenue Funds	(2,350,375)	(2,350,375)	(2,402,130)	(51,755)
Transfers to Nonmajor Capital Projects Funds	-	(2,006)	(64,975)	(62,969)
Transfers to health insurance funds	-	-	(1,309,344)	(1,309,344)
Transfer to Solid Waste Collection Fund	(145,634)	(157,887)	-	157,887
Total other financing sources (uses)	<u>(6,654,322)</u>	<u>(6,428,851)</u>	<u>(7,647,996)</u>	<u>(1,219,145)</u>
Excess of revenues and other sources over (under) expenditures and other uses	2,286,250	(268,672)	2,096,285	2,364,957
Fund balance, beginning of year	<u>30,144,535</u>	<u>30,144,535</u>	<u>30,144,535</u>	<u>-</u>
Fund balance, end of year	<u>\$ 32,430,785</u>	<u>\$ 29,875,863</u>	<u>\$ 32,240,820</u>	<u>\$ 2,364,957</u>

UNAUDITED

**CITY OF OPELIKA**  
**SCHOOL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
Revenues:				
Taxes:				
Property	\$ 5,987,000	\$ 5,987,000	\$ 5,897,407	\$ (89,593)
Investment income	8,000	8,000	8,774	774
Total revenues	<u>5,995,000</u>	<u>5,995,000</u>	<u>5,906,181</u>	<u>(88,819)</u>
Expenditures:				
Current:				
Education	5,007,774	5,007,774	4,921,728	(86,046)
Total expenditures	<u>5,007,774</u>	<u>5,007,774</u>	<u>4,921,728</u>	<u>(86,046)</u>
Excess of revenues over (under) expenditures	<u>987,226</u>	<u>987,226</u>	<u>984,453</u>	<u>(2,773)</u>
Other financing sources (uses):				
Transfers to other funds	<u>(987,226)</u>	<u>(987,226)</u>	<u>(984,453)</u>	<u>2,773</u>
Total other financing sources (uses)	<u>(987,226)</u>	<u>(987,226)</u>	<u>(984,453)</u>	<u>2,773</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNAUDITED

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**SUPPLEMENTARY INFORMATION**

## **COMBINING AND INDIVIDUAL NONMAJOR FUNDS STATEMENTS**

**SPECIAL REVENUE FUNDS** are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**DEBT SERVICE FUNDS** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

**CAPITAL PROJECTS FUNDS** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**PERMANENT FUNDS** are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the government's programs.

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	<i><b>SPECIAL REVENUE FUNDS</b></i>	<i><b>DEBT SERVICE FUND</b></i>	<i><b>CAPITAL PROJECTS FUNDS</b></i>	<i><b>GARDEN HILLS CEMETERY PERMANENT FUND</b></i>	<i><b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b></i>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,249,860	\$ 1,489	\$ 760,985	\$ -	\$ 5,012,334
Cash with fiscal agent	-	-	-	-	-
Certificates of deposit	4,000,000	-	-	-	4,000,000
Investments	10,957	449,909	-	885,744	1,346,610
Receivables	1,721,126	-	51,455	1,135	1,773,716
Sales and other taxes	-	-	-	-	-
Due from other funds	-	-	340,572	6,375	346,947
Due from other governments	44,675	-	167,050	-	211,725
Total current assets	<u>10,026,618</u>	<u>451,398</u>	<u>1,320,062</u>	<u>893,254</u>	<u>12,691,332</u>
Other assets:					
Deposits	69,045	-	-	-	69,045
Total other assets	<u>69,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,045</u>
Total assets	<u>\$ 10,095,663</u>	<u>\$ 451,398</u>	<u>\$ 1,320,062</u>	<u>\$ 893,254</u>	<u>\$ 12,760,377</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 8,598	\$ -	\$ 70,541	\$ 336	\$ 79,475
Accrued payroll and benefits	1,168	-	-	-	1,168
Due to other funds	40,654	-	396,670	1,010	438,334
Matured bonds and interest payable	-	449,909	-	-	449,909
Total liabilities	<u>50,420</u>	<u>449,909</u>	<u>467,211</u>	<u>1,346</u>	<u>968,886</u>
Deferred inflows of Resources:					
Unearned revenues	1,714,155	-	34,313	-	1,748,468
Total deferred inflows of resources	<u>1,714,155</u>	<u>-</u>	<u>34,313</u>	<u>-</u>	<u>1,748,468</u>
Fund Balances:					
Nonspendable	69,045	-	-	891,908	960,953
Restricted	3,018,112	1,489	818,538	-	3,838,139
Assigned	5,253,774	-	-	-	5,253,774
Unassigned	(9,843)	-	-	-	(9,843)
Total fund balance	<u>8,331,088</u>	<u>1,489</u>	<u>818,538</u>	<u>891,908</u>	<u>10,043,023</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,095,663</u>	<u>\$ 451,398</u>	<u>\$ 1,320,062</u>	<u>\$ 893,254</u>	<u>\$ 12,760,377</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<i><b>SPECIAL REVENUE FUNDS</b></i>	<i><b>DEBT SERVICE FUND</b></i>	<i><b>CAPITAL PROJECTS FUNDS</b></i>	<i><b>GARDEN HILLS CEMETERY PERMANENT FUND</b></i>	<i><b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b></i>
Revenues:					
Intergovernmental	\$ 2,964,639	\$ -	\$ 424,664	\$ -	\$ 3,389,303
Investment income	25,971	203	-	78,370	104,544
Contributions	232,368	-	-	-	232,368
Other	322,650	-	-	-	322,650
Total revenues	<u>3,545,628</u>	<u>203</u>	<u>424,664</u>	<u>78,370</u>	<u>4,048,865</u>
Expenditures:					
Current:					
General government	184,740	-	-	5,203	189,943
Public safety	379,577	-	-	-	379,577
Culture and recreation	8,849	-	-	-	8,849
Economic development and urban rehabilitation	310,936	-	-	-	310,936
Capital outlay	2,400,822	-	639,609	-	3,040,431
Debt service:					
Principal retirement	-	680,000	-	-	680,000
Interest and fiscal charges	-	304,453	-	-	304,453
Total expenditures	<u>3,284,924</u>	<u>984,453</u>	<u>639,609</u>	<u>5,203</u>	<u>4,914,189</u>
Excess of revenues over (under) expenditures	<u>260,704</u>	<u>(984,250)</u>	<u>(214,945)</u>	<u>73,167</u>	<u>(865,324)</u>
Other financing sources (uses):					
Transfers from governmental funds	2,508,205	984,453	364,608	19,563	3,876,829
Transfers to governmental funds	(2,122,763)	(377,812)	(45,065)	(13,191)	(2,558,831)
Total other financing sources	<u>385,442</u>	<u>606,641</u>	<u>319,543</u>	<u>6,372</u>	<u>1,317,998</u>
Excess of revenues and other sources over (under) expenditures and other uses	646,146	(377,609)	104,598	79,539	452,674
Fund balances, beginning of year	7,684,942	379,098	713,940	812,369	9,590,349
Fund balances, end of year	<u>\$ 8,331,088</u>	<u>\$ 1,489</u>	<u>\$ 818,538</u>	<u>\$ 891,908</u>	<u>\$ 10,043,023</u>

The notes to the financial statements are an integral part of this statement.

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## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**\$.07 State Gasoline Tax Fund** – This fund is used to account for the government’s share of revenues to be used exclusively for the purposes of paying the costs of transportation planning, the construction, reconstruction, maintenance, widening, alteration and improvement of public roads, bridges, streets, and other public ways.

**\$.04 & \$.05 State Gasoline Tax Fund** – This fund is used to account for the government’s share of revenues to be used exclusively for the purposes of paying the costs of resurfacing, restoring, and rehabilitating roads, bridges and streets, and bridge replacement road construction.

**Capital Improvement Fund** – This fund is used to account for the government’s share of revenues to be used exclusively for the purposes of paying the costs of capital improvements or the renovation of capital improvements or to retire debt associated with capital improvements.

**Community Development Funds** – These funds are used to account for the community development block grants that are funding revitalization projects for substandard housing in the government’s jurisdiction and other grant revenues for community improvements.

**Road Maintenance Fund** – This fund is used to account for the repair, maintenance, and improvement of all county roads within the city limits.

**Sportsplex Fund** – This fund is used to account for the portion of the sales tax that the government intends to use to fund for construction and ongoing operations of the recreation center.

**Rosemere Cemetery Fund** – This fund is used to account for the government’s share of revenues to be used exclusively for the perpetual care, maintenance, and preservation of the graves in this cemetery.

**Lodging Tax Fund** – This fund is used to account for the portion of the sales tax that the government intends to use to fund economic development initiatives.

**Friends of the Lewis E. Cooper, Jr. Memorial Library Trust Fund** – This fund is used to account for donations received and related interest income. The principal and interest income can be used to acquire and improve library facilities and materials.

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2014**

	<i>\$0.07 STATE GASOLINE TAX FUND</i>	<i>\$0.04 &amp; \$0.05 STATE GASOLINE TAX FUND</i>	<i>CAPITAL IMPROVEMENT FUND</i>	<i>COMMUNITY DEVELOPMENT FUNDS</i>	<i>ROAD MAINTENANCE FUND</i>	<i>SPORTSPLEX FUND</i>	<i>ROSEMERE CEMENTERY FUND</i>	<i>LODGING TAX FUND</i>	<i>COOPER LIBRARY EXPENDABLE TRUST FUND</i>	<i>COMBINED TOTALS</i>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 103,325	\$ 34,327	\$ 563,124	\$ 27,228	\$ 1,582,208	\$ 1,218,744	\$ 25,916	\$ 694,988	\$ -	\$ 4,249,860
Certificates of deposit	-	-	-	-	-	4,000,000	-	-	-	4,000,000
Investments	-	-	-	-	-	-	-	-	10,957	10,957
Other receivables	-	-	-	-	-	1,696,000	-	25,126	-	1,721,126
Due from other governments	11,823	9,345	-	23,507	-	-	-	-	-	44,675
Total current assets	<u>115,148</u>	<u>43,672</u>	<u>563,124</u>	<u>50,735</u>	<u>1,582,208</u>	<u>6,914,744</u>	<u>25,916</u>	<u>720,114</u>	<u>10,957</u>	<u>10,026,618</u>
Other assets:										
Deposits	-	-	-	-	-	-	-	69,045	-	69,045
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,045</u>	<u>-</u>	<u>69,045</u>
Total assets	<u>\$ 115,148</u>	<u>\$ 43,672</u>	<u>\$ 563,124</u>	<u>\$ 50,735</u>	<u>\$ 1,582,208</u>	<u>\$ 6,914,744</u>	<u>\$ 25,916</u>	<u>\$ 789,159</u>	<u>\$ 10,957</u>	<u>\$ 10,095,663</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ 879	\$ -	\$ -	\$ -	\$ 7,719	\$ -	\$ 8,598
Accrued payroll and benefits	-	-	-	1,168	-	-	-	-	-	1,168
Due to other funds	278	-	-	40,376	-	-	-	-	-	40,654
Total liabilities	<u>278</u>	<u>-</u>	<u>-</u>	<u>42,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,719</u>	<u>-</u>	<u>50,420</u>
<b>Deferred inflows of resources:</b>										
Unearned revenues	-	-	-	18,155	-	1,696,000	-	-	-	1,714,155
Total unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,155</u>	<u>-</u>	<u>1,696,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,714,155</u>
<b>Fund balances:</b>										
Nonspendable	-	-	-	-	-	-	-	69,045	-	69,045
Restricted	114,870	43,672	563,124	-	-	2,270,530	25,916	-	-	3,018,112
Assigned	-	-	-	-	1,582,208	2,948,214	-	712,395	10,957	5,253,774
Unassigned	-	-	-	(9,843)	-	-	-	-	-	(9,843)
Total fund balance	<u>114,870</u>	<u>43,672</u>	<u>563,124</u>	<u>(9,843)</u>	<u>1,582,208</u>	<u>5,218,744</u>	<u>25,916</u>	<u>781,440</u>	<u>10,957</u>	<u>8,331,088</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 115,148</u>	<u>\$ 43,672</u>	<u>\$ 563,124</u>	<u>\$ 50,735</u>	<u>\$ 1,582,208</u>	<u>\$ 6,914,744</u>	<u>\$ 25,916</u>	<u>\$ 789,159</u>	<u>\$ 10,957</u>	<u>\$ 10,095,663</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>\$0.07 STATE GASOLINE TAX FUND</u>	<u>\$0.04 &amp; \$0.05 STATE GASOLINE TAX FUND</u>	<u>CAPITAL IMPROVEMENT FUND</u>	<u>COMMUNITY DEVELOPMENT FUNDS</u>	<u>ROAD MAINTENANCE FUND</u>	<u>SPORTSPLEX FUND</u>	<u>ROSEMERE CEMETERY FUND</u>	<u>LODGING TAX FUND</u>	<u>COOPER LIBRARY EXPENDABLE TRUST FUND</u>	<u>COMBINED TOTALS</u>
Revenues:										
Intergovernmental:										
Shared state gasoline tax	\$ 73,086	\$ 57,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,283
Alabama trust fund	-	-	226,060	-	-	-	-	-	-	226,060
Federal grants	-	-	2,369,137	239,159	-	-	-	-	-	2,608,296
Total intergovernmental	<u>73,086</u>	<u>57,197</u>	<u>2,595,197</u>	<u>239,159</u>	-	-	-	-	-	<u>2,964,639</u>
Business licenses and permits	-	-	-	-	-	-	-	322,610	-	322,610
Miscellaneous:										
Investment income	68	5	1,441	-	7,890	14,689	1	-	1,877	25,971
Other income	-	-	-	40	-	-	-	-	-	40
Contributions	-	-	-	26,152	-	182,500	23,716	-	-	232,368
Total miscellaneous	<u>68</u>	<u>5</u>	<u>1,441</u>	<u>26,192</u>	<u>7,890</u>	<u>197,189</u>	<u>23,717</u>	-	<u>1,877</u>	<u>258,379</u>
Total revenues	<u>73,154</u>	<u>57,202</u>	<u>2,596,638</u>	<u>265,351</u>	<u>7,890</u>	<u>197,189</u>	<u>23,717</u>	<u>322,610</u>	<u>1,877</u>	<u>3,545,628</u>
Expenditures:										
Current:										
General government	-	-	-	184,740	-	-	-	-	-	184,740
Public safety	-	-	-	19,064	-	360,513	-	-	-	379,577
Culture and recreation	-	-	-	-	-	8,849	-	-	-	8,849
Economic development and urban rehabilitation	-	-	-	-	-	-	-	310,936	-	310,936
Total current expenditures	-	-	-	203,804	-	369,362	-	310,936	-	884,102
Capital outlay	81,662	52,000	2,190,331	76,829	-	-	-	-	-	2,400,822
Total expenditures	<u>81,662</u>	<u>52,000</u>	<u>2,190,331</u>	<u>280,633</u>	-	<u>369,362</u>	-	<u>310,936</u>	-	<u>3,284,924</u>
Excess revenues over (under) expenditures	<u>(8,508)</u>	<u>5,202</u>	<u>406,307</u>	<u>(15,282)</u>	<u>7,890</u>	<u>(172,173)</u>	<u>23,717</u>	<u>11,674</u>	<u>1,877</u>	<u>260,704</u>
Other financing resources (uses):										
Transfers from governmental funds	-	-	96,530	9,544	-	2,402,131	-	-	-	2,508,205
Transfers to governmental funds	-	-	(327,939)	(7)	-	(1,773,778)	-	(21,039)	-	(2,122,763)
Total other financing sources (uses)	-	-	(231,409)	9,537	-	628,353	-	(21,039)	-	385,442
Excess of revenues and other sources over (under) expenditures and other uses	<u>(8,508)</u>	<u>5,202</u>	<u>174,898</u>	<u>(5,745)</u>	<u>7,890</u>	<u>456,180</u>	<u>23,717</u>	<u>(9,365)</u>	<u>1,877</u>	<u>646,146</u>
Fund balances, beginning of year	123,378	38,470	388,226	(4,098)	1,574,318	4,762,564	2,199	790,805	9,080	7,684,942
Fund balances, end of year	<u>\$ 114,870</u>	<u>\$ 43,672</u>	<u>\$ 563,124</u>	<u>\$ (9,843)</u>	<u>\$ 1,582,208</u>	<u>\$ 5,218,744</u>	<u>\$ 25,916</u>	<u>\$ 781,440</u>	<u>\$ 10,957</u>	<u>\$ 8,331,088</u>

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## **NONMAJOR CAPITAL PROJECTS FUNDS**

**Capital projects funds are used to account for the acquisition of major capital facilities other than those financed by proprietary funds and trust funds.**

**Municipal Complexes Fund – This fund is used to account for the construction of the new justice center and renovation projects at the municipal court. The justice center construction is funded by sales tax and the municipal court renovations are funded by various fines and court fees.**

**Industrial Access Road Grant Capital Projects Funds – These funds are used to account for the construction for industrial access roads funded by state industrial access road grants.**

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2014**

	<b><u>MUNICIPAL COMPLEXES</u></b>	<b><u>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</u></b>	<b><u>TOTALS</u></b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 755,806	\$ 5,179	\$ 760,985
Receivables	51,455	-	51,455
Due from other governments	-	167,050	167,050
Due from other funds	-	340,572	340,572
	<hr/>	<hr/>	<hr/>
Total assets	<b>\$ 807,261</b>	<b>\$ 512,801</b>	<b>\$ 1,320,062</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 70,541	\$ 70,541
Due to other funds	-	396,670	396,670
Total liabilities	<hr/>	<hr/>	<hr/>
	-	467,211	467,211
Deferred inflows of resources:			
Unearned revenues	34,313	-	34,313
Total deferred inflows of resources	<hr/>	<hr/>	<hr/>
	34,313	-	34,313
Fund balances:			
Restricted	772,948	45,590	818,538
Total fund balances	<hr/>	<hr/>	<hr/>
	772,948	45,590	818,538
Total liabilities, deferred inflows of resources and fund balances	<b>\$ 807,261</b>	<b>\$ 512,801</b>	<b>\$ 1,320,062</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b><i>MUNICIPAL COMPLEXES</i></b>	<b><i>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</i></b>	<b><i>TOTALS</i></b>
Revenues:			
Intergovernmental	\$ 154,841	\$ 269,823	\$ 424,664
Total revenues	<u>154,841</u>	<u>269,823</u>	<u>424,664</u>
Capital outlay	-	639,609	639,609
Total capital outlay	<u>-</u>	<u>639,609</u>	<u>639,609</u>
Excess of revenue over (under) expenditures	154,841	(369,786)	(214,945)
Other financing sources:			
Transfers from governmental funds	-	364,608	364,608
Transfers to governmental funds	-	(45,065)	(45,065)
Total other financing sources	<u>-</u>	<u>319,543</u>	<u>319,543</u>
Excess of revenues and other sources over (under) expenditures and other uses	154,841	(50,243)	104,598
Fund balances, beginning of year	<u>618,107</u>	<u>95,833</u>	<u>713,940</u>
Fund balances, end of year	<u><u>\$ 772,948</u></u>	<u><u>\$ 45,590</u></u>	<u><u>\$ 818,538</u></u>

The notes to the financial statements are an integral part of this statement.

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## **INTERNAL SERVICE FUNDS**

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

**Workmen's Compensation Insurance Fund** – This fund is used to account for the accumulation and allocation of costs associated with workmen's compensation insurance.

**Worker's Health Insurance Fund** – This fund is used to account for the accumulation and allocation for costs associated with employee health insurance.

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2014**

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,765,774	\$ 415,365	\$ 3,181,139
Due from other funds	14,087	41,196	55,283
Total current assets	<u>2,779,861</u>	<u>456,561</u>	<u>3,236,422</u>
Other assets:			
Deposits	<u>19,229</u>	<u>-</u>	<u>19,229</u>
Total assets	<u><u>\$ 2,799,090</u></u>	<u><u>\$ 456,561</u></u>	<u><u>\$ 3,255,651</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 47,736	\$ 94,649	\$ 142,385
Liability for unpaid claims	96,737	184,800	281,537
Unearned revenues	<u>-</u>	<u>177,112</u>	<u>177,112</u>
Total current liabilities	144,473	456,561	601,034
Long-term liabilities:			
Liability for unpaid claims	<u>263,304</u>	<u>-</u>	<u>263,304</u>
Total liabilities	<u><u>407,777</u></u>	<u><u>456,561</u></u>	<u><u>864,338</u></u>
<b>NET POSITION</b>			
Restricted	360,041	-	360,041
Unrestricted	<u>2,031,272</u>	<u>-</u>	<u>2,031,272</u>
Total net position	<u><u>\$ 2,391,313</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,391,313</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
Operating revenues:			
Charges for insurance	\$ 538,675	\$ 2,093,310	\$ 2,631,985
Operating expenses:			
Insurance claims and expenses	<u>322,239</u>	<u>3,630,654</u>	<u>3,952,893</u>
Operating income/(loss)	216,436	(1,537,344)	(1,320,908)
Nonoperating revenues/(expenses):			
Interest revenue	8,578	-	8,578
Operating transfer in/(out)	<u>(228,000)</u>	<u>1,537,344</u>	<u>1,309,344</u>
Change in net position	(2,986)	-	(2,986)
Net position, beginning of year	<u>2,394,299</u>	<u>-</u>	<u>2,394,299</u>
Net position, end of year	<u><u>\$ 2,391,313</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,391,313</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
Cash flows from operating activities:			
Receipts from other funds for premiums	\$ 537,353	\$ 2,103,128	\$ 2,640,481
Payments to suppliers and others	(106,032)	(797,176)	(903,208)
Claims paid	(190,056)	(2,865,249)	(3,055,305)
Net cash provided by/(used in) operating activities	<u>241,265</u>	<u>(1,559,297)</u>	<u>(1,318,032)</u>
Cash flows from noncapital financing activities:			
Operating transfers (to)/from other funds	(228,000)	1,537,344	1,309,344
Net cash (used in)/provided by noncapital investing activities	<u>(228,000)</u>	<u>1,537,344</u>	<u>1,309,344</u>
Cash flows from investing activities:			
Interest on investments	8,578	-	8,578
Net cash provided by investing activities	<u>8,578</u>	<u>-</u>	<u>8,578</u>
Net increase/(decrease) in cash and cash equivalents	21,843	(21,953)	(110)
Cash and cash equivalents - beginning of year	2,743,931	437,318	3,181,249
Cash and cash equivalents - end of year	<u>\$ 2,765,774</u>	<u>\$ 415,365</u>	<u>\$ 3,181,139</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:			
Operating income (loss)	\$ 216,436	\$ (1,537,344)	\$ (1,320,908)
Change in assets and liabilities:			
Due from other funds	(1,322)	-	(1,322)
Accounts payable	47,736	(45,770)	1,966
Liability for unpaid claims	(21,585)	14,000	(7,585)
Unearned revenue	-	9,817	9,817
Net cash provided by/(used in) operating activities	<u>\$ 241,265</u>	<u>\$ (1,559,297)</u>	<u>\$ (1,318,032)</u>

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL SCHEDULES**

**CITY OF OPELIKA**  
**SCHEDULE OF DEBT**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

Amount available and to be provided for the payment of long-term debt:

General obligation debt:

Amount available in debt service funds	\$ -
Amount to be provided (for principal)	78,017,605

Other long-term debt:

Amount available in debt service funds	105
Amount to be provided (for principal)	25,469,895
Total available and to be provided	<u><u>\$ 103,487,605</u></u>

Long-term debt outstanding:

General obligation debt:

Serial bonds and warrants:

Warrants issued 2010, due in installments to September 22, 2020	\$ 3,844,890
Warrants issued 2010, due in installments to September 25, 2026	4,815,000
Warrants issued 2010, due in installments to July 1, 2028	1,200,000
Warrants issued 2011, due in installments to November 1, 2036	59,260,000
Warrants issued 2012, due in installments to March 1, 2029	5,720,000
Total general obligation serial bonds and warrants	<u>74,839,890</u>

Other:

Vacation, sick leave, workmen's compensation claims and other	3,177,715
Total general obligation other	<u>3,177,715</u>
Total general obligation debt	78,017,605

Other long-term debt

Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007	25,470,000
Total other long-term debt	<u>25,470,000</u>
Total long-term debt	<u><u>\$ 103,487,605</u></u>

**CITY OF OPELIKA**  
**SCHEDULE OF DEBT SERVICE**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	<i>General Obligation Bonds and Warrants</i>		<i>Other Long-term Debt</i>		<i>Total General Long-term Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	\$ 2,591,984	\$ 2,816,852	\$ 600,000	\$ 1,161,744	\$ 3,191,984	\$ 3,978,596	\$ 7,170,580
2016	3,041,393	2,729,461	625,000	1,137,994	3,666,393	3,867,455	7,533,848
2017	3,147,321	2,635,729	650,000	1,112,494	3,797,321	3,748,223	7,545,544
2018	3,234,877	2,538,181	680,000	1,082,494	3,914,877	3,620,675	7,535,552
2019	3,339,128	2,436,684	715,000	1,051,194	4,054,128	3,487,878	7,542,006
2020	3,470,187	2,306,462	740,000	1,022,093	4,210,187	3,328,555	7,538,742
2021	2,850,000	2,173,006	775,000	987,918	3,625,000	3,160,924	6,785,924
2022	2,985,000	2,049,651	815,000	948,168	3,800,000	2,997,819	6,797,819
2023	3,120,000	1,942,665	860,000	906,294	3,980,000	2,848,959	6,828,959
2024	3,480,000	1,771,210	900,000	864,544	4,380,000	2,635,754	7,015,754
2025	3,615,000	1,639,494	940,000	823,144	4,555,000	2,462,638	7,017,638
2026	3,720,000	1,525,827	985,000	779,831	4,705,000	2,305,658	7,010,658
2027	3,325,000	1,393,153	1,030,000	734,494	4,355,000	2,127,647	6,482,647
2028	3,465,000	1,262,826	1,075,000	687,131	4,540,000	1,949,957	6,489,957
2029	3,315,000	1,147,980	1,125,000	637,631	4,440,000	1,785,611	6,225,611
2030	2,990,000	1,027,938	1,180,000	585,769	4,170,000	1,613,707	5,783,707
2031	3,120,000	895,762	1,235,000	528,344	4,355,000	1,424,106	5,779,106
2032	3,255,000	758,238	1,300,000	464,969	4,555,000	1,223,207	5,778,207
2033	3,085,000	626,412	1,365,000	398,344	4,450,000	1,024,756	5,474,756
2034	3,215,000	498,403	1,435,000	331,034	4,650,000	829,437	5,479,437
2035	3,350,000	363,000	1,500,000	263,162	4,850,000	626,162	5,476,162
2036	3,490,000	221,925	1,570,000	192,169	5,060,000	414,094	5,474,094
2037	3,635,000	74,971	1,645,000	117,822	5,280,000	192,793	5,472,793
2038	-	-	1,725,000	39,890	1,725,000	39,890	1,764,890
Vacation, sick, other:	-	-	3,177,715	-	3,177,715	-	3,177,715
	<u>\$ 74,839,890</u>	<u>\$ 34,835,830</u>	<u>\$ 28,647,715</u>	<u>\$ 16,858,671</u>	<u>\$ 103,487,605</u>	<u>\$ 51,694,501</u>	<u>\$ 155,182,106</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2014**

**CAPITAL LEASE OBLIGATION RELATED TO THE PUBLIC PARK AND  
RECREATIONAL BOARD'S REVENUE BONDS, SERIES 2007**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 25,470,000	2015	3.75%-4.00%	\$ 600,000	\$ 1,161,744	\$ 1,761,744
24,870,000	2016	4.00%	625,000	1,137,994	1,762,994
24,245,000	2017	5.00%-4.00%	650,000	1,112,494	1,762,494
23,595,000	2018	5.00%-4.00%	680,000	1,082,494	1,762,494
22,915,000	2019	4.00%	715,000	1,051,194	1,766,194
22,200,000	2020	4.00%-5.00%	740,000	1,022,093	1,762,093
21,460,000	2021	5.00%	775,000	987,918	1,762,918
20,685,000	2022	5.00%	815,000	948,168	1,763,168
19,870,000	2023	4.50%-5.50%	860,000	906,294	1,766,294
19,010,000	2024	4.50%	900,000	864,544	1,764,544
18,110,000	2025	4.50%	940,000	823,144	1,763,144
17,170,000	2026	4.50%	985,000	779,831	1,764,831
16,185,000	2027	4.50%	1,030,000	734,494	1,764,494
15,155,000	2028	4.50%	1,075,000	687,131	1,762,131
14,080,000	2029	4.50%	1,125,000	637,631	1,762,631
12,955,000	2030	4.50%-5.00%	1,180,000	585,769	1,765,769
11,775,000	2031	5.00%	1,235,000	528,344	1,763,344
10,540,000	2032	5.00%	1,300,000	464,969	1,764,969
9,240,000	2033	4.63%-5.00%	1,365,000	398,344	1,763,344
7,875,000	2034	4.00%-5.00%	1,435,000	331,034	1,766,034
6,440,000	2035	4.63%	1,500,000	263,162	1,763,162
4,940,000	2036	4.63%	1,570,000	192,169	1,762,169
3,370,000	2037	4.63%	1,645,000	117,822	1,762,822
1,725,000	2038	4.63%	1,725,000	39,890	1,764,890
			<u>\$ 25,470,000</u>	<u>\$ 16,858,671</u>	<u>\$ 42,328,671</u>

Note: Warrants mature on January 1 each year as indicated. Interest is paid semi-annually on January 1 and July 1 as indicated. Bonds issued by the Public Park and Recreational Board of the City of Opelika to provide for construction of the Sportsplex. The City has recorded this obligation as a capital lease based on the lease agreement between the City and the Public Park Recreational Board of the City of Opelika.

*CITY OF OPELIKA*  
*SCHEDULE OF GENERAL OBLIGATION DEBT*  
*SEPTEMBER 30, 2014*

**OPELIKA INDUSTRIAL DEVELOPMENT AUTHORITY'S GENERAL OBLIGATION  
REVENUE BONDS, SERIES 2010**

	<i>TOTAL PRINCIPAL OUTSTANDING</i>	<i>YEAR</i>	<i>INTEREST RATE</i>	<i>ANNUAL PRINCIPAL PAYMENTS</i>	<i>ANNUAL INTEREST PAYMENTS</i>	<i>TOTAL PRINCIPAL &amp; INTEREST</i>
\$	3,844,890	2015	4.77%	\$ 561,984	\$ 183,433	\$ 745,417
	3,282,906	2016	4.69%	591,393	154,033	745,426
	2,691,513	2017	4.57%	622,321	123,096	745,417
	2,069,192	2018	4.38%	654,877	90,540	745,417
	1,414,315	2019	3.98%	689,128	56,280	745,408
	725,187	2020	2.79%	725,187	20,229	745,416
				<u>\$ 3,844,890</u>	<u>\$ 627,611</u>	<u>\$ 4,472,501</u>

Note: Bond payments are due monthly on the 22nd of each month during the years indicated. Interest is also paid monthly on the 22nd day of each month during the years indicated. Bonds issued for current refunding of Series 1998 A & B.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2014**

**GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2010-A**

	<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$	5,180,000	2015	2.250%	\$ -	\$ 166,169	\$ 166,169
	4,815,000	2016	2.500%-3.500%	370,000	158,356	528,356
	4,445,000	2017	2.750%-3.500%	385,000	148,006	533,006
	4,060,000	2018	3.000%-4.000%	395,000	136,200	531,200
	3,665,000	2019	3.250%	410,000	123,281	533,281
	3,255,000	2020	3.500%	420,000	109,156	529,156
	2,835,000	2021	3.250%	430,000	94,806	524,806
	2,405,000	2022	4.000%	450,000	79,969	529,969
	1,955,000	2023	3.500%	465,000	63,356	528,356
	1,490,000	2024	3.625%	480,000	45,656	525,656
	1,010,000	2025	3.750%	495,000	28,284	523,284
	515,000	2026	3.750%	515,000	9,656	524,656
				<u>\$ 4,815,000</u>	<u>\$ 1,162,895</u>	<u>\$ 5,977,895</u>

Note: Warrants mature on October 1 each year as indicated. Interest is paid semi-annually on April 1 and October 1 as indicated. Bonds issued for current refunding of Series 2000 School Warrants.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2014**

**GENERAL OBLIGATION RECOVERY ZONE ECONOMIC DEVELOPMENT WARRANTS, SERIES 2010-B**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>	<b>INTEREST SUBSIDY</b>	<b>NET PRINCIPAL &amp; INTEREST DUE</b>
\$ 1,200,000	2015	4.35%	\$ -	\$ 64,160	\$ 64,160	\$ 28,872	\$ 35,288
1,200,000	2016	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2017	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2018	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2019	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2020	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2021	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2022	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2023	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2024	5.10%	225,000	64,160	289,160	28,872	260,288
975,000	2025	5.10%	235,000	52,685	287,685	23,708	263,977
740,000	2026	5.50%	240,000	40,700	280,700	18,315	262,385
500,000	2027	5.50%	245,000	27,500	272,500	12,375	260,125
255,000	2028	5.50%	255,000	14,025	269,025	6,311	262,714
			<u>\$ 1,200,000</u>	<u>\$ 776,510</u>	<u>\$ 1,976,510</u>	<u>\$ 349,429</u>	<u>\$ 1,627,081</u>

Note: Warrants mature on July 1 of each year as indicated. Interest is paid semi-annually on January 1 and July 1 as indicated.  
 Proceeds of the warrants are to fund the construction of a fire station.

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2014**

**GENERAL OBLIGATION WARRANTS, SERIES 2011**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 57,555,000	2015	2.000%	\$ 1,705,000	\$ 2,305,775	\$ 4,010,775
55,805,000	2016	3.000%	1,750,000	2,262,700	4,012,700
54,005,000	2017	2.000%	1,800,000	2,218,200	4,018,200
52,170,000	2018	2.500-3.000%	1,835,000	2,172,850	4,007,850
50,285,000	2019	4.500%	1,885,000	2,126,538	4,011,538
48,320,000	2020	4.500%	1,965,000	2,054,362	4,019,362
46,270,000	2021	5.000%	2,050,000	1,964,025	4,014,025
44,115,000	2022	5.000%	2,155,000	1,864,025	4,019,025
41,850,000	2023	5.000%	2,265,000	1,753,525	4,018,525
39,470,000	2024	4.250%	2,380,000	1,637,400	4,017,400
36,995,000	2025	4.250%	2,475,000	1,538,666	4,013,666
34,445,000	2026	5.000%	2,550,000	1,459,588	4,009,588
31,790,000	2027	3.375%	2,655,000	1,353,369	4,008,369
29,015,000	2028	3.500%	2,775,000	1,240,166	4,015,166
26,140,000	2029	3.5% - 5.0%	2,875,000	1,143,025	4,018,025
23,150,000	2030	4.0%-5.0%	2,990,000	1,027,938	4,017,938
20,030,000	2031	4.0%-5.0%	3,120,000	895,762	4,015,762
16,775,000	2032	4.0%-5.0%	3,255,000	758,238	4,013,238
13,690,000	2033	4.0%-4.125%	3,085,000	626,412	3,711,412
10,475,000	2034	4.125%	3,215,000	498,403	3,713,403
7,125,000	2035	4.125%	3,350,000	363,000	3,713,000
3,635,000	2036	4.125%	3,490,000	221,925	3,711,925
-	2037	4.125%	3,635,000	74,971	3,709,971
			<u>\$ 59,260,000</u>	<u>\$ 31,560,863</u>	<u>\$ 90,820,863</u>

Note: Warrants mature on November 1, each year as indicated. Interest is paid semi-annually on November 1 and May 1 as indicated.

The notes to the financial statements are an integral part of this statement.

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2014**

**ELECTRIC SYSTEM WARRANTS, SERIES 2011**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 28,295,000	2015	3.850-5.500%	\$ -	\$ 1,425,336	\$ 1,425,336
28,295,000	2016	3.850-5.500%	-	1,425,336	1,425,336
28,295,000	2017	3.850-5.500%	-	1,425,336	1,425,336
28,295,000	2018	3.850-5.500%	-	1,425,336	1,425,336
28,295,000	2019	3.850-5.500%	-	1,425,336	1,425,336
28,295,000	2020	3.850%	1,105,000	1,404,065	2,509,065
27,190,000	2021	4.000%	1,150,000	1,359,794	2,509,794
26,040,000	2022	4.200%	1,200,000	1,311,594	2,511,594
24,840,000	2023	4.500%	1,255,000	1,258,156	2,513,156
23,585,000	2024	4.500%	1,310,000	1,200,444	2,510,444
22,275,000	2025	5.000%	1,375,000	1,136,594	2,511,594
20,900,000	2026	5.000%	1,445,000	1,066,094	2,511,094
19,455,000	2027	5.000%	1,520,000	991,969	2,511,969
17,935,000	2028	5.125%	1,600,000	912,969	2,512,969
16,335,000	2029	5.125%	1,685,000	828,791	2,513,791
14,650,000	2030	5.250%	1,770,000	739,150	2,509,150
12,880,000	2031	5.250%	1,870,000	643,600	2,513,600
11,010,000	2032	5.250%	1,970,000	542,800	2,512,800
9,040,000	2033	5.500%	2,080,000	433,888	2,513,888
6,960,000	2034	5.500%	2,195,000	316,325	2,511,325
4,765,000	2035	5.500%	2,320,000	192,163	2,512,163
2,445,000	2036	5.250%	2,445,000	64,181	2,509,181
			<b>\$ 28,295,000</b>	<b>\$ 21,529,257</b>	<b>\$ 49,824,257</b>

Note: Warrants mature on March 1, each year as indicated. Interest is paid semi-annually on March 1 and September 1 as indicated. Bonds issued by the Opelika Power Services department of the City of Opelika to finance the City's capital cable project.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2014**

**GENERAL OBLIGATION WARRANTS, SERIES 2012**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 5,080,000	2015	2.00%	\$ 515,000	\$ 115,253	\$ 630,253
4,565,000	2016	2.00%	525,000	104,952	629,952
4,040,000	2017	2.00%	535,000	94,453	629,453
3,505,000	2018	4.00%	545,000	83,752	628,752
2,960,000	2019	2.00%	570,000	61,953	631,953
2,390,000	2020	2.00%	580,000	50,552	630,552
1,810,000	2021	2.00%	590,000	38,953	628,953
1,220,000	2022	2.15%	605,000	27,152	632,152
615,000	2023	2.30%	615,000	14,145	629,145
			<u>\$ 5,080,000</u>	<u>\$ 591,165</u>	<u>\$ 5,671,165</u>

Note: Warrants mature on April 1 of each year as indicated. Interest is paid semi-annually on October 1 and April 1 as indicated.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2014**

**GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2012-B**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 5,720,000	2015	2.24%	\$ 325,000	\$ 126,187	\$ 451,187
5,395,000	2016	2.24%	330,000	119,084	449,084
5,065,000	2017	2.24%	340,000	111,139	451,139
4,725,000	2018	2.24%	350,000	103,303	453,303
4,375,000	2019	2.24%	355,000	95,297	450,297
4,020,000	2020	2.24%	360,000	87,427	447,427
3,660,000	2021	2.24%	370,000	78,887	448,887
3,290,000	2022	2.24%	380,000	70,369	450,369
2,910,000	2023	2.24%	390,000	61,624	451,624
2,520,000	2024	2.24%	395,000	52,866	447,866
2,125,000	2025	2.24%	410,000	43,567	453,567
1,715,000	2026	2.24%	415,000	34,198	449,198
1,300,000	2027	2.24%	425,000	24,659	449,659
875,000	2028	2.24%	435,000	14,946	449,946
440,000	2029	2.24%	440,000	4,955	444,955
			<u>\$ 5,720,000</u>	<u>\$ 1,028,508</u>	<u>\$ 6,748,508</u>

Note: Warrants mature on March 1 of each year as indicated. Interest is paid semi-annually on September 1 and March 1 as indicated.

## **STATISTICAL TABLES**

**CITY OF OPELIKA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>TAXES</b>	<b>LICENSES AND PERMITS</b>	<b>INTERGOVERNMENTAL</b>	<b>CHARGES FOR SERVICES</b>	<b>FINES AND FORFEITS</b>	<b>MISCELLANEOUS</b>	<b>TOTAL</b>
2005	\$ 20,704,066	\$ 10,395,227	\$ 2,193,638	\$ 611,337	\$ 390,888	\$ 755,931	\$ 35,051,087
2006	23,440,238	11,544,219	3,873,864	578,195	470,775	1,079,856	40,987,147
2007	25,282,961	11,743,004	3,136,030	536,735	452,430	2,915,544	44,066,704
2008	27,463,959	12,754,269	1,448,896	698,547	500,730	4,195,306	47,061,707
2009	26,416,881	11,993,912	1,239,726	758,595	620,247	1,642,307	42,671,668
2010	27,837,316	11,555,321	1,603,470	1,739,543	500,390	2,217,229	45,453,269
2011	28,182,929	11,732,765	1,502,732	1,708,701	484,069	985,823	44,597,019
2012	33,419,521	12,386,893	1,447,390	1,722,829	457,777	1,267,245	50,701,655
2013	34,805,004	13,106,003	3,078,982	1,711,351	622,729	860,410	54,184,479
2014	35,854,925	13,561,949	3,984,989	1,744,646	849,347	1,046,998	57,042,854

## Notes:

Unaudited

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds (assessments are not included).

**CITY OF OPELIKA**  
**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**

<i>FISCAL YEAR</i>	<i>GENERAL GOVERNMENT</i>	<i>PUBLIC SAFETY</i>	<i>PUBLIC WORKS</i>	<i>HEALTH</i>	<i>WELFARE</i>	<i>CULTURE AND RECREATION</i>	<i>EDUCATION</i>	<i>ECONOMIC DEVELOPMENT AND URBAN REHABILITATION</i>	<i>DEBT SERVICE</i>	<i>TOTAL</i>
2005	\$ 3,700,285	\$ 10,211,192	\$ 3,200,790	\$ 262,817	\$ 146,142	\$ 2,751,053	\$ 3,866,675	\$ 2,113,514	\$ 5,386,076	\$ 31,638,544
2006	3,962,046	10,279,790	3,223,622	256,582	131,925	3,222,800	4,403,109	755,764	6,716,348	32,951,986
2007	5,649,731	10,844,422	2,966,328	254,860	101,000	3,124,537	4,822,675	1,059,285	6,745,553	35,568,391
2008	4,336,128	11,857,510	3,197,089	278,494	102,500	3,386,155	5,684,739	898,035	9,606,471	39,347,121
2009	5,113,020	11,997,476	3,399,086	263,078	109,000	4,406,962	7,048,135	1,132,062	7,328,375	40,797,194
2010	4,625,898	12,312,557	3,463,506	277,450	119,000	5,558,158	8,370,763	1,323,457	7,289,665	43,340,454
2011	4,633,278	12,988,039	3,471,735	285,290	115,750	5,663,092	7,543,396	1,171,534	6,992,751	42,864,865
2012	4,566,038	13,100,993	3,402,392	285,025	120,000	5,689,829	12,989,069	1,404,323	7,627,515	49,185,184
2013	4,485,147	14,501,462	3,690,857	295,393	115,000	5,869,515	38,455,271	1,875,634	11,373,355	80,661,634
2014	5,126,763	13,857,446	4,128,059	293,483	113,000	5,944,165	15,614,039	1,802,635	10,046,479	56,926,069

## Notes:

Unaudited

(1) Includes General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. Capital outlay expenditures are not included.

**CITY OF OPELIKA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL BONDED DEBT TO**  
**TOTAL GENERAL EXPENDITURES (1)**  
**LAST TEN FISCAL YEARS**

<b><u>FISCAL YEAR</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL DEBT SERVICE</u></b>	<b><u>TOTAL GENERAL EXPENDITURES</u></b>	<b><u>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</u></b>
2005	\$ 2,975,808	\$ 2,410,268	\$ 5,386,076	\$ 31,638,544	17.0
2006	4,285,705	2,430,643	6,716,348	32,951,986	20.4
2007	4,453,841	2,291,712	6,745,553	35,568,391	19.0
2008	6,179,992	3,426,479	9,606,471	39,347,121	24.4
2009	4,406,735	2,921,640	7,328,375	40,797,194	18.0
2010	4,403,750	2,885,915	7,289,665	43,340,454	16.8
2011	4,489,738	2,503,013	6,992,751	42,864,865	16.3
2012	3,915,124	3,712,391	7,627,515	49,185,184	15.5
2013	7,052,116	4,321,239	11,373,355	80,661,634	14.1
2014	5,881,555	4,164,924	10,046,479	56,926,069	17.6

Notes:

Unaudited

(1) Includes General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

**CITY OF OPELIKA**  
**PROPERTY TAX LEVIES IN LEE COUNTY, ALABAMA**  
**LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>
2005	\$ 47,873,371 (1)
2006	51,107,068 (1)
2007	58,407,258 (1)
2008	65,725,115 (1)
2009	75,476,968 (1)
2010	81,700,649 (1)
2011	78,586,915 (1)
2012	78,525,166 (1)
2013	80,056,643 (1)
2014	81,745,195 (1)

Notes:

Unaudited

(1) Source: Lee County Revenue Commissioner

**CITY OF OPELIKA**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>REAL PROPERTY</b>		<b>PERSONAL PROPERTY (1)</b>		<b>TOTAL</b>		<b>RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE</b>
	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	
2005	\$ 184,368,960	\$ 1,210,213,500	\$ 59,132,740	\$ 283,768,967	\$ 243,501,700	\$ 1,493,982,467	16.3
2006	201,967,180	1,317,886,300	59,886,928	287,420,507	261,854,108	1,605,306,807	16.3
2007	233,821,420	1,522,260,000	62,839,600	301,995,700	296,661,020	1,824,255,700	16.3
2008	265,880,600	1,724,928,000	79,012,000	383,372,867	344,892,600	2,108,300,867	16.4
2009	282,606,360	1,852,837,800	92,297,540	449,735,067	374,903,900	2,302,572,867	16.3
2010	316,470,000	2,096,427,800	102,086,640	498,511,233	418,556,640	2,594,939,033	16.1
2011	302,193,720	1,987,986,600	113,892,540	550,500,100	416,086,260	2,538,486,700	16.4
2012	298,054,120	1,969,037,700	90,194,480	439,054,333	388,248,600	2,408,092,033	16.1
2013	293,241,080	1,937,087,700	90,898,500	442,756,633	384,139,580	2,379,844,333	16.1
2014	295,482,360	1,953,690,900	93,970,800	457,992,867	389,453,160	2,411,683,767	16.1

Property is assessed as a percentage of appraised value on the following basis:

Class I	Public Utility	30%
Class II	Commercial	20%
Class III	Residential	10%

Notes:

Unaudited

Ad Valorem Taxes are assessed and collected for the City of Opelika by Lee County.

Source - Lee County Revenue Commissioner

(1) Excludes value of motor vehicles

**CITY OF OPELIKA**  
**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS**

The tax rates shown below were effective for periods as indicated. (Composition of tax rate per hundred dollars of assessed valuation.)

<u>State of Alabama</u>			
General Fund (no limit as to time)	\$	0.25	
Soldier Fund (no limit as to time)		0.10	
School Fund (no limit as to time)		0.30	
Total State of Alabama		0.65	\$ 0.65
Lee County			
County Tax:			
General Fund (no limit as to time)		0.65	
Road Fund (no limit as to time)		0.30	
Dependent Children		0.15	
Hospital (no limit as to time)		0.25	
Total		1.35	\$ 1.35
County Schools:			
General School Fund (no limit as to time)		0.50	
Total (shared with City schools based on average daily attendance)		0.50	
Total Lee County			1.85
<u>City of Opelika</u>			
Municipal Tax:			
General Municipal Purposes (no limit as to time)		0.50	
Debt Service (no limit as to time)		0.50	
Public School Uses (exclusively for support and furtherance of education) (voted to Sept. 30, 2024)		1.00	
Public School Uses (exclusively for support and furtherance of education) (voted to Sept. 30, 2018)		0.60	
Total		2.60	
Special School Tax:			
Special School Tax (voted to Sept. 30, 2021)		0.30	
Total		0.30	
Total City of Opelika			2.90
Total tax rate			\$ 5.40

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Taxes due - October 1

Taxes delinquent - January 1

Penalties for delinquency - \$2.50 plus 6% interest

Tax sale date - Usually May or June

**CITY OF OPELIKA**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT**  
**TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<b>FISCAL YEAR ENDED</b>	<b>POPULATION</b>		<b>ASSESSED VALUE</b>	<b>GROSS BONDED DEBT</b>	<b>GENERAL DEBT SERVICE FUNDS</b>	<b>NET BONDED DEBT</b>	<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	<b>NET BONDED DEBT PER CAPITA</b>
	<b>CENSUS</b>	<b>NUMBER</b>						
2005	2000	23,498	\$ 243,501,700	\$ 48,586,499 (1)	\$ 337,819	\$ 48,248,680	19.81	\$ 2,053
2006	2000	23,498	261,854,108	44,547,844 (1)	369,598	44,178,246	16.87	1,880
2007	2000	23,498	296,661,020	41,217,136 (1)	399,309	40,817,827	13.76	1,737
2008	2000	23,498	344,892,600	35,738,542 (1)	313,580	35,424,962	10.27	1,508
2009	2000	23,498	374,903,900	32,476,396 (1)	325,295	32,151,101	8.60	1,368
2010	2000	23,498	418,556,640	34,828,751 (1)	117,128	34,711,623	8.29	1,477
2011	2010	26,477	416,086,260	31,174,065 (1)	-	31,174,065	7.49	1,177
2012	2010	26,477	388,248,600	83,291,432 (1)	-	83,291,432	21.45	3,146
2013	2010	26,477	384,139,580	78,888,935 (1)	182,534	78,706,401	20.49	2,973
2014	2010	26,477	389,453,160	74,839,890 (1)	-	74,839,890	19.22	2,827

Notes:

Unaudited

(1) Does not include long-term debt that is not a general obligation of the government.

**CITY OF OPELIKA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**SEPTEMBER 30, 2014**

Assessed value of real and personal taxable property as of 9-30-14 (including motor vehicles and excluding exempt property) (2)		\$ 318,809,580
Debt limit, twenty percent of assessed value (constitutional limitation) (1)		\$ 63,761,916
Outstanding General Obligation Debt:		
Debt in governmental activities	\$ 74,839,890	
Debt in business-type activities	8,370,000	
Other long-term liabilities	<u>3,177,715</u>	
Total general obligation debt for computation		\$ 86,387,605
Less: Bonds exempted from legal debt limit (1):		
Bonds issued for schools:		
2011 General Obligation Warrants	36,925,000	
2010-A General Obligation Refunding School Warrants	4,815,000	
2012-B General Obligation School Warrants	<u>5,720,000</u>	
Total		\$ 47,460,000
Bonds issued for sewers:		
2010-B General Obligation Warrants, Series 2010-B	3,290,000	
2012 General Obligation Sewer Improvement Refunding Warrants	<u>5,080,000</u>	
Total		<u>8,370,000</u>
Total exempt bonds		<u>55,830,000</u>
 NET BONDED INDEBTEDNESS		 <u>30,557,605</u>
 LEGAL DEBT MARGIN		 <u>\$ 33,204,311</u>

Notes:

Unaudited

(1) Section 225, as amended, Constitution of State of Alabama, limits debt of the City of Opelika to twenty percent of the assessed value of property.

Excluded from this limitation are bonds issued for schools, water works, sewers and assessed improvements.

(2) Source: Lee County Revenue Commissioner

**CITY OF OPELIKA**  
**COMPUTATION OF OVERLAPPING DEBT**  
**SEPTEMBER 30, 2014**

	<u><b>GROSS DEBT LESS DEBT SERVICE ASSETS</b></u>	<u><b>PERCENTAGE OF DEBT APPLICABLE CITY OF OPELIKA</b></u>	<u><b>CITY OF OPELIKA DEBT BURDEN</b></u>
City of Opelika			
Gross bonded debt (1)	\$ 74,839,890		
Other long-term debt	<u>28,647,715</u>		
Total long-term debt	103,487,605		
Less: amounts available for debt service	<u>-</u>		
Direct net debt	<u><u>\$ 103,487,605</u></u>	100%	\$ 103,487,605
Overlapping Debt			
Lee County, Alabama (fiscal year ending September 30, 2013)			
Net overlapping debt	<u><u>\$ 30,371,246</u></u> (2)	19.5%	<u>5,922,393</u>
Total direct and overlapping debt			<u><u>\$ 109,409,998</u></u>

## Notes:

Unaudited

(1) Does not include general obligation debt reported by the enterprise funds

(2) 2013 figure used as the 2014 figure was not yet available

**CITY OF OPELIKA**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>POPULATION</b>	<b>PER CAPITA INCOME</b>	<b>MEDIAN AGE</b>	<b>PERCENT OF HIGH SCHOOL GRADUATES AMONG PERSONS OVER 25</b>	<b>SCHOOL ENROLLMENT</b>	<b>UNEMPLOYMENT RATE</b>
2005	23,804 (1)	\$ 20,254	35.2	78.2	7,800	3.6%
2006	24,621 (1)	22,615	36.2	78.2	8,050	2.6%
2007	24,621 (1)	22,615	35.0	78.2	7,930	3.5%
2008	25,836 (1)	21,928	35.8	78.9	8,253	4.5%
2009	26,808 (1)	22,368	35.1	78.8	8,410	8.6%
2010	27,454 (1)	22,368	35.1	79.0	8,218	7.6%
2011	26,477 (2)	22,368	35.1	79.0	8,213	7.9%
2012	27,092 (1)	20,937 (3)	35.0 (3)	80.3 (3)	8,201 (4)	6.4%
2013	27,825 (1)	20,937 (3)	35.5 (3)	80.3 (3)	8,176 (4)	5.0% (5)
2014	28,635 (1)	20,937 (3)	35.5 (3)	80.3 (3)	7,965 (4)	4.7% (5)

## Notes:

Unaudited

(1) Source: U.S. Census Bureau Population Estimate

(2) Source: 2010 Federal Census

(3) Source: Opelika Industrial Development Authority

(4) Source: Opelika City Schools and Southern Union State Community College

(5) Source: U.S. Bureau of Labor Statistics

**CITY OF OPELIKA**  
**CONSTRUCTION**  
**LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>COMMERCIAL CONSTRUCTION (1)</u>		<u>RESIDENTIAL CONSTRUCTION (1)</u>	
	<u>NUMBER OF UNITS</u>	<u>VALUE</u>	<u>NUMBER OF UNITS</u>	<u>VALUE</u>
2005	40	\$ 109,523,664	160	\$ 25,321,272
2006	53	76,002,929	245	39,559,464
2007	61	38,959,089	290	53,919,771
2008	52	50,652,576	270	47,084,339
2009	37	25,426,751	124	22,321,561
2010	26	34,816,614	127	24,213,179
2011	22	6,148,564	92	18,540,830
2012	30	58,590,827	146	31,579,110
2013	27	19,298,488	141	28,582,167
2014	23	21,226,262	124	27,546,351

## Notes:

Unaudited

(1) Amounts shown are new construction only.

**CITY OF OPELIKA**  
**PRINCIPAL TAXPAYERS**  
 SEPTEMBER 30, 2014

<b>TAXPAYER</b>	<b>TYPE OF BUSINESS</b>	<b>ASSESSED VALUATION</b>	<b>TAX COLLECTED</b>	<b>PERCENT OF TOTAL ASSESSED VALUATION</b>
Wal-Mart	Wholesale Product Distribution	\$ 11,690,840	\$ 631,305	3.0%
Mando America Corporation	Industry/Manufacturer	18,791,300	508,776	4.8%
THF Tiger Town, LLC	Commercial Real Estate	9,058,240	489,145	2.3%
Gambro Renal Products, Inc.	Industry/Manufacturer	17,685,960	477,673	4.5%
Daewon America, Inc.	Industry/Manufacturer	10,470,120	282,704	2.7%
Hanwha L&C Alabama	Industry/Manufacturer	8,250,760	267,391	2.1%
Jo-Ann Stores Supply	Distribution	8,235,320	230,291	2.1%
Bentleler Automotive Alabama, Inc.	Industry/Manufacturer	5,599,520	178,428	1.4%
BellSouth Telecommunications, Inc.	Public Utility	2,809,800	151,729	<1%
Fox Run Apartments, LLC	Apartment Complex	2,791,100	158,881	<1%
Total assessed value and tax collected for ten largest taxpayers		95,382,960	3,376,323	24.5%
Total assessed value of other taxpayers		<u>294,070,200</u>		<u>75.5%</u>
Total assessed value of all taxpayers		<u><u>\$ 389,453,160</u></u>		<u><u>100.0%</u></u>

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Amounts shown are assessed at 10-1-13 and collected during fiscal year ended 9-30-14

**CITY OF OPELIKA**  
**MISCELLANEOUS STATISTICS (1)**  
**SEPTEMBER 30, 2014**

Date of Incorporation	1854
Form of Government	Mayor-Council
Area	57 square miles
Miles of Streets:	
Paved	249
Unpaved	6
Fire Protection:	
Number of stations	4
Number of firefighters, paramedics and other personnel	74
Police Protection:	
Number of stations	1
Number of police officers and other personnel	105
Education:	
Attendance centers:	
Primary, intermediate and middle schools	7
Secondary schools	1
State colleges	1
Number of students	7,965
Auburn University, in adjoining Auburn, Alabama	25,912 enrollment
Sewers:	
Sanitary sewers	285 miles
Building Permits:	
Number of permits	1,159
Estimated value of new construction and improvements	\$ 79,409,560
Recreation and Culture:	
Number of parks and playgrounds	12 with 488 acres
Number of community centers	3
Number of golf courses (public and private)	3
Number of tennis courts	12
Number of libraries	1
Number of volumes	120,000
City Employees	355

Note:

(1) Unaudited