

**CITY OF OPELIKA, ALABAMA  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2008**

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

***ELECTED AND APPOINTED OFFICIALS***

*Gary Fuller, Mayor*  
*J. Jerry Teel, Council President, Ward 3*  
*Patricia A. Jones, Council Member, Ward 1*  
*Clarence Harris, Jr., Council Member, Ward 2*  
*Charles E. Smith, Council Member, Ward 4*  
*Dr. William A. Lazenby, Council Member, Ward 5*  
*Robert G. Shuman, City Clerk/Treasurer*  
*John Seymour, City Administrator*  
*Guy F. Gunter, III, City Attorney*

***DEPARTMENT HEADS***

*R. Mitchell Price, Controller*  
*Gary Cantini, Information Technology Director*  
*L.W. Harrelson, Jr., Parks and Recreation Director*  
*Lisa G. McLeod, Human Resources Director*  
*Gerald E. Kelley, Planning Director*  
*T. Michael Moore, Revenue Officer*  
*Walter Dorsey, Engineering*  
*Alfred E. Cook, Economic Development Director*  
*Shirley C. Washington, Purchasing Agent*  
*Jerry B. Posey, Light & Power Director*  
*Susan M. Delmas, Library Director*  
*Gene T. Adkins, Fire Chief*  
*Thomas R. Mangham, Police Chief*  
*Michael J. Hilyer, Public Works*

**CITY OF OPELIKA, ALABAMA**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**  
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## **FINANCIAL SECTION**



HIMMELWRIGHT, HUGULEY & BOLES, LLC  
*Certified Public Accountants*

**Independent Auditor's Report**

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, as of and for the year ended September 30, 2008, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Opelika, Alabama's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 and do not include all indirect or overhead costs of additions, or cost of the sewer system incurred prior to December 1, 1965, which should be determined in order to conform with accounting principles generally accepted in the United States of America.

The financial statements referred to above include only the primary government of the City of Opelika, Alabama, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Opelika, Alabama, as of September 30, 2008, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects on the financial statements of the matters discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the electric fund, and sewer fund for the primary government of the City of Opelika, Alabama as of September 30, 2008, and the respective changes in

financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, school tax special revenue fund, solid waste collection fund, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2009 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 the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages V through XV and 36 through 47, are not a required part of the basic financial statements of the City's primary government but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Opelika, Alabama's primary government. The introductory section, combining and individual nonmajor fund financial statements and supplemental schedules, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Opelika, Alabama  
February 26, 2009



City of Opelika, Alabama

Management's Discussion and Analysis  
For the Year Ended September 30, 2008  
(Unaudited)

As management of the City of Opelika (the City), we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008.

## FINANCIAL HIGHLIGHTS

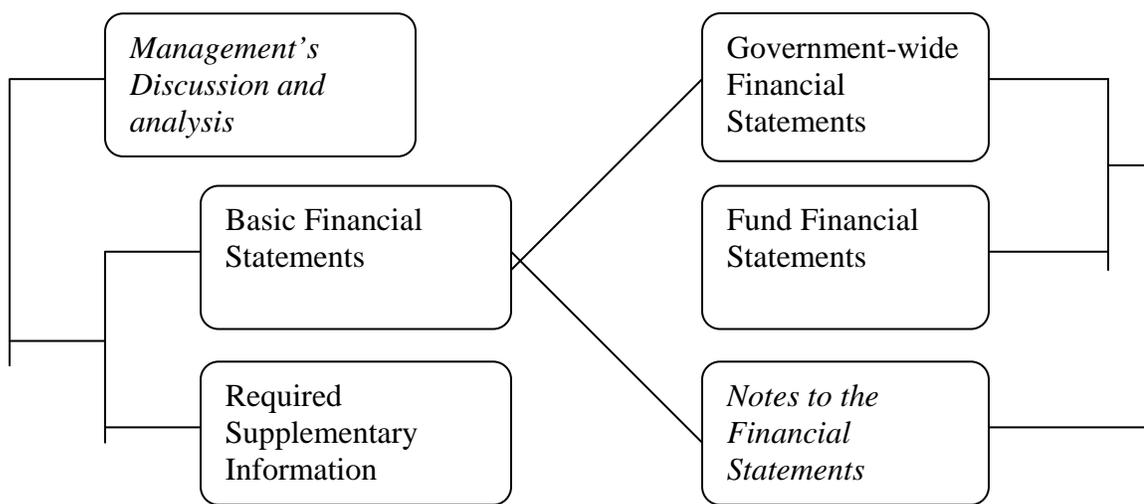
- The Public Park and Recreation Board of the City of Opelika issued \$28,650,000 of revenue bonds in December 2007 in order to acquire and construct recreation facilities (Sportsplex and Aquatic Center). The city government entered into a lease agreement with the Public Park and Recreation Board of the City of Opelika whereby the City leases the facility for an amount that is equal to the payments on the revenue bonds. Ground breaking for the project took place February 21, 2008, and over \$13 million of engineering and construction costs have been completed as of the end of fiscal year 2008.
- The sales and use tax rate was increased from two and one half percent to three percent in July of 2003. This increase along with the construction of the Tiger Town retail complex in 2004 provided a significant increase in sales and use tax revenue for the subsequent fiscal years. The additional revenues from the ½% increase are being used by the Mayor and Council to:
  - 1) Provide funding for debt service payments for the City's participation in expanding the Jail facilities of the Lee County Justice Center for the purpose of providing one countywide jail facility.
  - 2) Provide additional funding for education.
  - 3) Provide for lease payments to the Public Park and Recreation Board for a new Sportsplex and Aquatic Center.
- The City continues to provide significant funding for capital assets. The City provides 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 increased funding for resurfacing of the City's roads and streets. This year the resurfacing expenditures totaled \$2,780,769.
- The City Council approved by ordinance in November 2007, a project development agreement with Tiger Town, Ltd. For the development of Phase IV of the Tiger Town retail shopping complex. The developer has agreed to complete the development of Phase IV of the Tiger Town complex and the City has agreed to reimburse the developer up to six million dollars. The City will share 50% of sales tax revenue generated from the Phase IV development with the developer. The City will distribute the developer's share annually with the first payment to be made on November 17, 2009, based on Phase IV revenue for the previous six months and the last payment will be made no later than November 17, 2023. Once the cumulative rebate reaches six million dollars, the City's obligation will be fulfilled and the City's obligation to share sales tax revenues with the developer shall terminate. The City believes this method of providing incentives to developers is superior to financing the incentives through the issuance of debt for which the City would be responsible for repayment. The sharing of revenue minimizes the

financial risk to the City and provides incentive to the developer for the successful completion and operation of the project.

- The City Council approved by ordinance in December 2007, a development agreement with Opelika Investment Properties, LLC to develop a retail and entertainment center (Celebrate Alabama) on the east side of Interstate 85 in the corporate limits of the City of Opelika. The City has agreed to provide financial incentives to the company which include sharing of non-educational ad valorem taxes, non-educational sales taxes, lodging taxes, rental or leasing taxes, taxes on alcohol and tobacco, and business license fees. In addition, the City will agree to pay no more than fifteen million dollars for the acquisition and construction of an exposition center. The City Council also approved by ordinance in January 2008, an escrow agreement with Opelika Investment Properties, LLC to issue limited obligation notes and certificates of indebtedness to evidence an obligation to share public revenues with respect to each particular facility to be constructed within the project. The City Council approved by resolution in July 2008, a petition to form an improvement district. The City Council approved by resolution in July 2008, an application to incorporate a capital improvement district. The City Council approved by resolution in September 2008, a petition for preliminary assessment of certain land located within Celebrate Alabama Improvement District.
- The City Council approved by ordinance in June 2008, a project development agreement with King Automobiles, Inc. and E Dave King, III to develop a Honda automobile dealership within the City of Opelika. The City provided financial incentives by issuing its Limited Obligation Project Revenue Warrant (King Honda Project), Series 2008-A in a principal amount equal to 50% of the aggregate sales tax revenues collected by the City from the sale of automobiles, trucks and other vehicles within the Project, but not to exceed the lesser of (i) 32% of the appraised value of the as built project and (ii) \$1.6 million. The City's obligation to make payments under this agreement shall terminate not later than June 30, 2028.

## 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 VIII. 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 Statements of Net Assets 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 assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are 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 Assets 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, 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 XI. 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 Assets and the Statement of Activities) and governmental funds in a 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 Assets 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 assets may serve over time as a useful indicator of government’s financial position. In the case of the City of Opelika, assets exceeded liabilities by \$116,809,371, as of September 30, 2008. This is an increase of almost 25% from last year. The significant increase is due to an increase in capital assets and in current assets that exceeded any related debt. The government spent almost 18 million on capital assets with 13 million of that being spent for the new Sportsplex and Aquatic Center. Out of the remaining 5 million that was spent for capital asset additions, approximately 1 million was for vehicles and equipment, while the remaining 4 million was for infrastructure.

The largest portion of the City’s net assets 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 service 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 ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
	Current and other assets	68,696,022	40,824,570	19,178,623	15,770,505	87,874,645
Capital assets	81,757,860	64,316,329	47,494,647	46,669,729	129,252,507	110,986,058
Total Assets	150,453,882	105,140,899	66,673,270	62,440,234	217,127,152	167,581,133
Long term Debt	70,255,231	47,939,603	9,308,378	10,296,986	79,563,609	58,236,589
Other liabilities	15,598,864	11,475,882	5,155,308	4,197,418	20,754,172	15,673,300
Total Liabilities	85,854,095	59,415,485	14,463,686	14,494,404	100,317,781	73,909,889
Net Assets:						
Invested in capital assets, net						
of related debt	59,714,246	52,732,891	38,596,723	36,620,477	98,310,969	89,353,368
Restricted	10,398,631	6,233,448	171	452	10,398,802	6,233,900
Unrestricted	(5,513,090)	(13,240,925)	13,612,690	11,324,901	8,099,600	(1,916,024)
Total Net Assets	64,599,787	45,725,414	52,209,584	47,945,830	116,809,371	93,671,244

Long term debt increased by about \$21 million dollars. This increase is largely due to the issuance of \$28 million of revenue bonds by the Public Park and Recreation Board of the City of Opelika to acquire and construct recreation facilities (Sportsplex and Aquatic Center). The City entered into a lease agreement with the Public Park and Recreation Board of the City of Opelika whereby the City leases the facility for an amount that is equal to the payments on the revenue bonds. The City's long-term liabilities for governmental activities include general obligation bonds and warrants, capital leases and compensated absences. Additional information can be found at Footnote 8.

Net Assets shown as Invested in Capital Assets, Net of Related Debt, includes \$81,757,860 of capital assets that are reduced by \$23,187,666 of related debt issued to finance acquisition of infrastructure assets. The related debt consists of \$3,352,050 of 2003A warrants issued for the Tiger Town project, \$190,000 of 2003A warrants issued to refund a portion of the 1993B warrants which refunded an issue originally issued for a drainage project, \$6,365,000 of 1998 refunding warrants issued to refund the 1994A road construction warrants, \$56,735 for an equipment lease purchase agreement, and \$13,223,881 (portion spent on the Sportsplex project as of September 30, 2008) of the Public Park and Recreation Board of the City of Opelika \$28,650,000 of revenue bonds. Deferred charges and debt issue costs of \$1,144,052 are added to the invested in capital assets, net of related debt.

Restricted Net Assets includes those assets restricted for specific purposes by external parties or by statute. Restricted net assets consist of temporarily and permanently restricted cash, receivables and investments of \$25,851,116, which are reduced by \$15,452,485 of unspent proceeds of the Sportsplex revenue bond issue.

Unrestricted Net Assets of the governmental activities \$(5,513,090) has been reduced by \$26,649,950 of debt issued to finance the acquisition of assets to benefit the City as a whole for which the City does not retain ownership. This reduction in unrestricted net assets includes outstanding debt issued for 1) constructing and equipping schools of \$14,120,000, 2) constructing a portion of the Conference Center at Grand National Golf Course of \$4,265,000, and 3) developing the industrial park by the Opelika Industrial Development Authority of \$5,887,000, and 4) developing the Tiger Town retail shopping area of \$2,377,950.

## CITY OF OPELIKA CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	1,257,927	1,443,191	39,214,464	34,859,078	40,472,391	36,302,269
Operating grants and contributions	2,513,745	695,685	-	-	2,513,745	695,685
Capital grants and contributions	4,322,474	4,048,102	889,685	1,831,761	5,212,159	5,879,863
General revenues:					-	-
Taxes:					-	-
Property	8,444,370	7,419,741			8,444,370	7,419,741
Sales	17,563,790	16,418,215			17,563,790	16,418,215
Other	2,113,733	2,017,966			2,113,733	2,017,966
Licenses and permits	12,754,270	12,051,859			12,754,270	12,051,859
Grants and contributions not restricted to specific pro	21,287	-			21,287	-
Unrestricted investment earnings	1,551,765	1,247,153	427,892	630,572	1,979,657	1,877,725
Gain on sale of capital assets	(53,298)	110,297	42,960	-	(10,338)	110,297
Miscellaneous	666,021	1,805,251	207,113	-	873,134	1,805,251
<b>Total revenues</b>	<b>51,156,084</b>	<b>47,257,460</b>	<b>40,782,114</b>	<b>37,321,411</b>	<b>91,938,198</b>	<b>84,578,871</b>
Expenses:						
General government	4,542,741	5,778,966			4,542,741	5,778,966
Public safety	12,098,128	11,131,380			12,098,128	11,131,380
Public works	5,096,426	4,235,763			5,096,426	4,235,763
Health	278,494	254,860			278,494	254,860
Welfare	102,500	101,000			102,500	101,000
Culture and recreation	3,622,201	3,320,897			3,622,201	3,320,897
Education	5,682,458	4,822,675			5,682,458	4,822,675
Economic development and urban rehabilitation	898,035	1,309,285			898,035	1,309,285
Interest on long-term debt	2,667,740	2,355,038			2,667,740	2,355,038
Electric			28,738,040	24,565,843	28,738,040	24,565,843
Sewer			3,138,594	2,948,842	3,138,594	2,948,842
Solid Waste	-	-	1,934,714	1,699,343	1,934,714	1,699,343
<b>Total Expenses</b>	<b>34,988,723</b>	<b>33,309,864</b>	<b>33,811,348</b>	<b>29,214,028</b>	<b>68,800,071</b>	<b>62,523,892</b>
Increases in net assets before transfers	16,167,361	13,947,596	6,970,766	8,107,383	23,138,127	22,054,979
Transfers	2,707,012	2,611,896	(2,707,012)	(2,611,896)	-	-
<b>Increase in net assets</b>	<b>18,874,373</b>	<b>16,559,492</b>	<b>4,263,754</b>	<b>5,495,487</b>	<b>23,138,127</b>	<b>22,054,979</b>

Taxes and Licenses increased due to continued new retail store openings at the Tiger Town retail complex and other locations within the City. These new commercial locations have increased retail revenue and thus sales tax and business license revenue for the City. In addition, Occupational License revenue collections were higher because of an increase in the number of jobs in the City. Along with the increase in retail stores and the jobs that they create, several new manufacturing facilities and distribution centers provided jobs during the fiscal 2008 year.

Revenues increased almost 9% over the previous year and expenses increased by 10%. The net result of the increase in revenues and expenditures was an increase of \$23,138,127 in net assets which was a 5% increase over the previous year's increase in net assets.

## **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 \$47,550,223. The General Fund's total fund balance is \$21,927,391, which is an increase of \$4,034,858 or 22% compared to the prior year. The General Fund's Unreserved, Undesignated Fund Balance increased 40% from \$12,755,068 to \$17,900,320.

### **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 assets, 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 fund net assets, proprietary funds at the bottom of page twelve.

The net assets of the Electric, Sewer and Solid Waste Collection Funds increased 8.7% to \$52,074,562 from fiscal year 2007. Net assets for the Electric Fund increased 13%, the Sewer Fund net assets increased 4% and the net assets for the Solid Waste Collection Fund increased 4%. The increases for the Electric Utility and Sewer funds can be attributed to increased investments in capital assets and revenues with some of the Sewer Fund increase attributable to a decrease in liabilities. This reduction in the Sewer Fund liabilities is a result of normal payment of long term debt.

### **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, 2008. These adjustments are itemized below:

- 1) 364,149, Appropriation for additions to the 2008 resurfacing projects.
- 2) 250,283, Appropriation for Frederick Road project.
- 3) 220,468, Appropriation for Emergency Power System.
- 4) 169,700, Appropriated for bridge repair at Thomason Drive.
- 5) 139,225, Appropriated for Overlook Drive culvert.
- 6) 42,070, Appropriated for widening of North 20<sup>th</sup> Street.
- 7) 39,743, Appropriated for Second Avenue Traffic Study.
- 8) 19,300, Appropriation for carryover of last year's remaining capital outlay.

In addition to these adjustments, the Library Board contract authorized a budget carryover of \$107,476, and the budget resolution authorized encumbrance carry forwards of \$1,976,003.

The most significant variances in the budget comparison of actual amount to final budget are Capital Outlay and revenues. Several construction projects were not completed by the end of the fiscal year and as a result Capital Outlay was under budget for the year. Thus, construction expenditures on these projects will continue into the next fiscal year. Revenues increased significantly over budget in almost every category. Revenue from Taxes and Licenses increased due to retail sales growth in the City with the most significant growth from the Tiger Town retail shopping complex and surrounding area. The general increase in economic activity from retail and industrial job creation produced an increase in occupational license fee revenue. In addition, the City's operating departments were collectively under budget \$1.4 million.

## **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, 2008, amounts to \$129,252,507 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, systems, improvements other than buildings, equipment, infrastructure and construction in progress. See footnote 6 for additional capital asset information.

This year's major additions to capital assets include:

1) Resurfacing	2,780,769
2) Light & Power system additions	1,325,920
3) Cedar Creek Subdivision	851,598
4) Sewer additions	590,609
5) Cannon Gate Subdivision	559,760
6) 20 <sup>th</sup> Street Widening	529,727
7) Prosperity Drive	483,945
8) Light and Power additions	320,788
9) Solid Waste Collection vehicles and equipment	289,639
10) Light and Power vehicles and equipment	224,222
11) Sewer Projects – various	156,222
12) Capps-Palmer Subdivision	151,567
13) Sewer flow diversion project	121,667

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	8,631,214	8,337,417	418,283	418,283	9,049,497	8,755,700
Buildings and improvements	5,264,658	5,232,883	74,946	83,239	5,339,604	5,316,122
System	-	-	45,173,374	42,376,499	45,173,374	42,376,499
Improvements other than buildings	2,767,081	2,767,681	-	-	2,767,081	2,767,681
Equipment	4,099,162	3,697,840	1,455,162	1,291,277	5,554,324	4,989,117
Infrastructure	45,925,819	41,791,475	-	-	45,925,819	41,791,475
Construction in process	15,069,926	2,489,033	372,882	2,500,431	15,442,808	4,989,464
<b>Total</b>	<b>81,757,860</b>	<b>64,316,329</b>	<b>47,494,647</b>	<b>46,669,729</b>	<b>129,252,507</b>	<b>110,986,058</b>

### Debt Administration

At the end of fiscal year September 30, 2008, the City of Opelika had a total bonded debt and notes payable of \$79,563,609.

The general obligation bond rating of the City remains unchanged at A+ (Standard & Poor's) and A1 (Moody's) based on a stable outlook, expanding economy, and sound financial position. 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, 2008, the City had approximately \$43,373,031 of available debt margin. See footnote 8 for additional information about the City's general long-term debt and other long-term liabilities. Outstanding Debt at Year End:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	33,370,000	38,840,000	8,990,000	9,820,000	42,360,000	48,660,000
Other long-term debt	5,187,000	6,042,000	-	150,000	5,187,000	6,192,000
Capital leases	28,706,735	110,974	-	-	28,706,735	110,974
Deferred amounts of refunding	(80,401)	(113,689)	(19,978)	(25,825)	(100,379)	(139,514)
Unamortized premiums	587,182	723,182	54,333	74,683	641,515	797,865
Compensated absences	2,089,651	1,964,917	284,023	278,128	2,373,674	2,243,045
Claims and judgements	395,064	372,219	-	-	395,064	372,219
<b>Total</b>	<b>70,255,231</b>	<b>47,939,603</b>	<b>9,308,378</b>	<b>10,296,986</b>	<b>79,563,609</b>	<b>58,236,589</b>

## **ECONOMIC FACTORS**

Even while much of the US is feeling the pains of an economic downturn, the City of Opelika continued to show growth in commercial and retail developments during fiscal year 2008, while maintaining a relatively low unemployment rate that hovers between 4.5% and 4.9%.

### *Industrial Development*

The past fiscal year realized the completion of several new industrial buildings including APR, an automotive software company, Gambro Renal Products, a medical device manufacturer and a new distribution center for Flowers Foods.

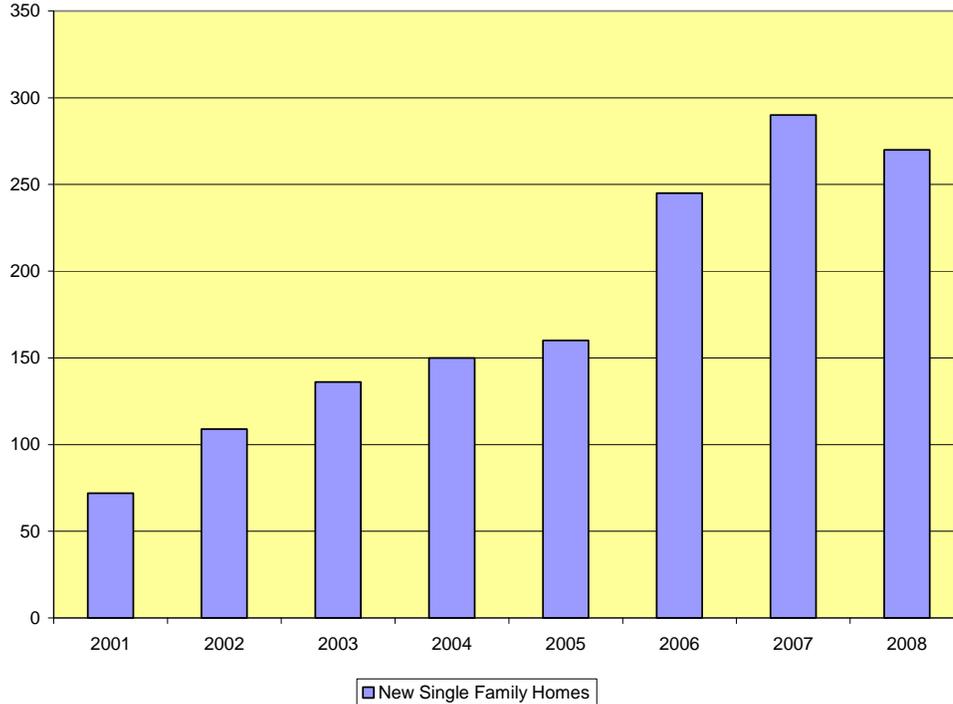
Two expansion projects are underway in the Northeast Opelika Industrial Park. Mando America is currently constructing a 450,000 sq. ft. facility that will be utilized for warehousing and new office space for their North American Headquarters. Hanwha is currently expanding by adding 40,000 sq. ft. to their existing building, bringing their total square footage to 120,000. The Opelika Industrial Development Authority is undergoing the process to have a 130 acre site in the Northeast Opelika Industrial Park certified as an Advantage Site with the Economic Development Partnership of Alabama. This certification identifies the site to be "shovel ready" having undergone extensive testing and required studies

### *Commercial Development*

Commercially, building upon the great success of TigerTown, the area adjacent to Exit 58 on I-85 continues to grow. The new Hampton Inn and Suites is open and a Holiday Inn Express is nearing completion. TigerTown continues to grow with the recent opening of a Fairfield Inn, Kohls and a Bed, Bath and Beyond.

Celebrate Alabama, a major entertainment destination, is still planned. Tree clearing and soil studies have already started. This development is over 530 acres and will contain an Expo center with hotels, restaurants, retail stores, walking trails and an upscale RV park.

**City of Opelika  
Residential Building Trends**



Opelika's financial position is sound, with healthy reserve levels. The Governmental activities revenues are derived primarily from a local three percent sales tax, a one and a half percent occupational license fee, ad valorem taxes and business licenses. Business-type activities revenues are derived from electric power sales, sewer charges, and solid waste collection fees.

Property values, although not increasing, are remaining steady. The City's general Fund revenues through January 2009 (first four months of the fiscal year) are equal to last year for the same period of time. Through January 2009, sales and use tax collections are running 4% below last year, property taxes are running 9% over last year, gasoline taxes are 6% below last year, and occupational license fees are running 2% below last year.

## **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 ASSETS**  
**SEPTEMBER 30, 2008**

<i>ASSETS</i>	<i>GOVERNMENTAL ACTIVITIES</i>	<i>BUSINESS-TYPE ACTIVITIES</i>	<i>TOTAL</i>
Cash and cash equivalents	\$ 27,741,070	\$ 9,167,584	\$ 36,908,654
Certificates of deposit	1,995,000	3,334,796	5,329,796
Receivables			
Accounts and unbilled service receivable, net	-	4,353,249	4,353,249
Sales and use tax	1,707,525	-	1,707,525
Occupational license tax	2,106,337	-	2,106,337
Property taxes	2,926,697	-	2,926,697
Fines and forfeitures	439,624	-	439,624
Other	3,011,265	37,373	3,048,638
Due from other governments	1,549,723	950,366	2,500,089
Inventory of supplies, at cost	132,689	1,206,206	1,338,895
Restricted assets:			
Temporarily restricted:			
Cash with fiscal agent	47,150	171	47,321
Receivable for property taxes, restricted for school purposes	5,409,275	-	5,409,275
Investments	19,809,277	-	19,809,277
Permanently restricted:			
Investments	585,414	-	585,414
Deferred charges and debt issue costs	1,144,052	126,431	1,270,483
Other	90,924	2,447	93,371
Capital assets:			
Land	8,631,214	418,283	9,049,497
Building	10,638,993	264,695	10,903,688
System improvements other than buildings	4,379,240	78,251,312	82,630,552
Equipment	12,707,159	4,501,810	17,208,969
Infrastructure	55,160,681	-	55,160,681
Construction work in progress	15,069,926	372,882	15,442,808
Total original cost	106,587,213	83,808,982	190,396,195
Less: accumulated depreciation	(24,829,353)	(36,314,335)	(61,143,688)
Capital assets, net	81,757,860	47,494,647	129,252,507
Total assets	\$ 150,453,882	\$ 66,673,270	\$ 217,127,152

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

**CITY OF OPELIKA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2008**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,592,145	\$ 3,508,794	\$ 8,100,939
Accrued payroll and benefits	772,190	127,365	899,555
Retainage payable	438,334	-	438,334
Accrued interest payable	853,708	167,106	1,020,814
Due to other funds	400,693	(400,693)	-
Due to other governments	145,531	-	145,531
Unearned revenue	8,396,263	81,810	8,478,073
Long-term liabilities:			
Due within one year	4,490,260	870,000	5,360,260
Due in more than one year	65,764,971	8,438,378	74,203,349
Customer deposits	-	1,670,926	1,670,926
Total liabilities	<u>85,854,095</u>	<u>14,463,686</u>	<u>100,317,781</u>
<b>NET ASSETS</b>			
Net assets:			
Invested in capital assets, net of related debt	59,714,246	38,596,723	98,310,969
Restricted net assets	10,398,631	171	10,398,802
Unrestricted	(5,513,090)	13,612,690	8,099,600
Total net assets	<u>\$ 64,599,787</u>	<u>\$ 52,209,584</u>	<u>\$ 116,809,371</u>

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

**CITY OF OPELIKA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2008**

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		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	\$ 4,542,741	\$ 30,973	\$ 20,000	\$ -	\$ (4,491,768)	\$ -	\$ (4,491,768)
Public safety	12,098,128	799,830	411,562	-	(10,886,736)	-	(10,886,736)
Public works	5,096,426	194,821	-	1,908,462	(2,993,143)	-	(2,993,143)
Health	278,494	-	-	-	(278,494)	-	(278,494)
Welfare	102,500	-	-	-	(102,500)	-	(102,500)
Culture and recreation	3,622,201	232,303	-	2,354,012	(1,035,886)	-	(1,035,886)
Education	5,682,458	-	1,839,801	-	(3,842,657)	-	(3,842,657)
Economic development and urban rehabilitation	898,035	-	242,382	60,000	(595,653)	-	(595,653)
Interest on long-term debt	2,667,740	-	-	-	(2,667,740)	-	(2,667,740)
Total government activities	<u>34,988,723</u>	<u>1,257,927</u>	<u>2,513,745</u>	<u>4,322,474</u>	<u>(26,894,577)</u>	<u>-</u>	<u>(26,894,577)</u>
Business-type activities:							
Electric	28,738,040	33,768,176	-	299,076	-	5,329,212	5,329,212
Sewer	3,138,594	3,490,764	-	590,609	-	942,779	942,779
Solid waste	1,934,714	1,955,524	-	-	-	20,810	20,810
Total business-type activities	<u>33,811,348</u>	<u>39,214,464</u>	<u>-</u>	<u>889,685</u>	<u>-</u>	<u>6,292,801</u>	<u>6,292,801</u>
Total primary government	<u>\$ 68,800,071</u>	<u>\$ 40,472,391</u>	<u>\$ 2,513,745</u>	<u>\$ 5,212,159</u>	<u>(26,894,577)</u>	<u>6,292,801</u>	<u>(20,601,776)</u>
General revenues:							
Taxes:							
Property					8,444,370	-	8,444,370
Sales					17,563,790	-	17,563,790
Other					2,113,733	-	2,113,733
Licenses and permits					12,754,270	-	12,754,270
Grants and contributions not restricted to specific programs					21,287	-	21,287
Investment earnings					1,551,765	427,892	1,979,657
Gain on sale of capital assets					(53,298)	42,960	(10,338)
Miscellaneous income					666,021	207,113	873,134
Transfers					2,707,012	(2,707,012)	-
Total general revenues and transfers					<u>45,768,950</u>	<u>(2,029,047)</u>	<u>43,739,903</u>
Change in net assets					<u>18,874,373</u>	<u>4,263,754</u>	<u>23,138,127</u>
Net assets - beginning of year					<u>45,725,414</u>	<u>47,945,830</u>	<u>93,671,244</u>
Net assets - end of year					<u>\$ 64,599,787</u>	<u>\$ 52,209,584</u>	<u>\$ 116,809,371</u>

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

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**CITY OF OPELIKA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

<i>ASSETS</i>	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>SPORTSPLEX CONSTRUCTION FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and cash equivalents	\$ 16,201,681	\$ 84,185	\$ 464,776	\$ 8,573,886	\$ 25,324,528
Certificates of deposit	1,987,000	-	-	8,000	1,995,000
Receivables:					
Occupation license taxes	2,106,337	-	-	-	2,106,337
Sales and other taxes	1,681,555	-	-	25,970	1,707,525
Property taxes	2,926,697	5,409,275	-	-	8,335,972
Fines and forfeitures	439,624	-	-	-	439,624
Assessments	49,203	-	-	-	49,203
Accrued interest	6,343	-	165,587	4,743	176,673
Other	557,969	-	2,140,000	-	2,697,969
Due from other funds	188,226	-	-	76,068	264,294
Due from other governments	1,426,224	-	-	123,499	1,549,723
Inventories of supplies, at cost	132,689	-	-	-	132,689
Restricted assets:					
Cash with fiscal agent	-	-	-	47,150	47,150
Investments	-	-	17,893,786	2,500,905	20,394,691
Total current assets	<u>27,703,548</u>	<u>5,493,460</u>	<u>20,664,149</u>	<u>11,360,221</u>	<u>65,221,378</u>
Other assets					
Deposits	-	-	-	71,695	71,695
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,695</u>	<u>71,695</u>
Total assets	<u>\$ 27,703,548</u>	<u>\$ 5,493,460</u>	<u>\$ 20,664,149</u>	<u>\$ 11,431,916</u>	<u>\$ 65,293,073</u>

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

**CITY OF OPELIKA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

<i><b>LIABILITIES AND FUND BALANCES</b></i>	<i><b>GENERAL FUND</b></i>	<i><b>SCHOOL TAX SPECIAL REVENUE FUND</b></i>	<i><b>SPORTSPLEX CONSTRUCTION FUND</b></i>	<i><b>OTHER GOVERNMENTAL FUNDS</b></i>	<i><b>TOTAL GOVERNMENTAL FUNDS</b></i>
Liabilities:					
Accounts payable	\$ 1,529,845	\$ -	\$ 2,990,623	\$ 2,800	\$ 4,523,268
Retainage payable	-	-	438,334	-	438,334
Matured bonds and interest payable	-	-	-	584,054	584,054
Accrued payroll and benefits	764,811	-	-	551	765,362
Due to other funds	53,580	-	75,548	316,848	445,976
Due to other governments	4,033	141,498	-	-	145,531
Deferred revenue	3,423,888	5,351,962	1,961,779	102,696	10,840,325
<b>Total liabilities</b>	<b>5,776,157</b>	<b>5,493,460</b>	<b>5,466,284</b>	<b>1,006,949</b>	<b>17,742,850</b>
Fund balances:					
Reserved for advances to other governments	-	-	-	-	-
Reserved for encumbrances	1,976,003	-	1,710,445	1,285,194	4,971,642
Reserved for inventories of supplies	132,689	-	-	-	132,689
Reserved for law enforcement	31,404	-	-	-	31,404
Reserved for debt service	-	-	-	-	-
Reserved for permanent funds - nonexpendable	-	-	-	547,547	547,547
Unreserved:					
Designated for construction and debt service on roads	1,499,573	-	-	-	1,499,573
Designated for infrastructure improvements	23,560	-	-	-	23,560
Designated for capital asset additions	274,430	-	13,487,420	-	13,761,850
Designated for community activities	89,412	-	-	-	89,412
Unreserved, undesignated, reported in:					
General fund	17,900,320	-	-	-	17,900,320
Special revenue funds	-	-	-	7,542,237	7,542,237
Capital projects funds	-	-	-	1,049,989	1,049,989
<b>Total fund balances</b>	<b>21,927,391</b>	<b>-</b>	<b>15,197,865</b>	<b>10,424,967</b>	<b>47,550,223</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,703,548</b>	<b>\$ 5,493,460</b>	<b>\$ 20,664,149</b>	<b>\$ 11,431,916</b>	<b>\$ 65,293,073</b>

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

**CITY OF OPELIKA**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET*  
*TO THE STATEMENT OF NET ASSETS*  
*SEPTEMBER 30, 2008*

Total fund balances - governmental funds		\$ 47,550,223
Amounts reported for governmental activities in the Statement of Net Assets 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.		81,757,860
Internal service funds are used by management to charge the costs of workmen's compensation insurance and employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,481,583
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.		2,679,718
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	\$ (67,263,735)
	Premiums, debt issuance and refunding costs	637,271
	Accrued interest payable	(269,654)
	Compensated absences	(1,973,479)
		<u>(68,869,597)</u>
Net assets of governmental activities		<u>\$ 64,599,787</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, 2008**

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>SPORTSPLEX CONSTRUCTION FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:					
Taxes:					
Property	\$ 2,938,008	\$ 5,506,362	\$ -	\$ -	\$ 8,444,370
Sales	17,563,790	-	-	-	17,563,790
Other	1,455,799	-	-	-	1,455,799
Occupational license fees	8,589,125	-	-	-	8,589,125
Business licenses and permits	3,920,995	-	-	244,149	4,165,144
Intergovernmental revenues	404,922	-	-	1,043,974	1,448,896
Charges for services	698,547	-	-	-	698,547
Fines and forfeitures	500,730	-	-	-	500,730
Investment income	582,842	34,083	535,358	234,104	1,386,387
Contributions	-	1,839,801	268,097	-	2,107,898
Miscellaneous	242,973	-	35,000	423,048	701,021
Total revenues	<u>36,897,731</u>	<u>7,380,246</u>	<u>838,455</u>	<u>1,945,275</u>	<u>47,061,707</u>
Expenditures:					
Current:					
General government	4,143,436	-	-	192,692	4,336,128
Public safety	11,421,770	-	-	435,740	11,857,510
Public works	3,185,466	-	-	11,623	3,197,089
Health	278,494	-	-	-	278,494
Welfare	102,500	-	-	-	102,500
Culture and recreation	3,386,155	-	-	-	3,386,155
Education	2,508,050	3,176,689	-	-	5,684,739
Economic development and urban rehabilitation	791,088	-	-	106,947	898,035
Capital outlay	3,572,865	-	13,223,881	1,107,687	17,904,433
Debt service:					
Principal retirement	709,992	-	-	5,470,000	6,179,992
Interest and fiscal charges	418,595	-	667,141	2,340,743	3,426,479
Total expenditures	<u>30,518,411</u>	<u>3,176,689</u>	<u>13,891,022</u>	<u>9,665,432</u>	<u>57,251,554</u>
Excess of revenues over (under) expenditures	<u>\$ 6,379,320</u>	<u>\$ 4,203,557</u>	<u>\$ (13,052,567)</u>	<u>\$ (7,720,157)</u>	<u>\$ (10,189,847)</u>

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

**CITY OF OPELIKA**  
*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES*  
**GOVERNMENTAL FUNDS**  
*YEAR ENDED SEPTEMBER 30, 2008*

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>SPORTSPLEX CONSTRUCTION FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Other financing sources (uses):					
Proceeds from debt issuance	\$ -	\$ -	\$ 28,677,042	\$ -	\$ 28,677,042
Sale of capital assets	8,032	-	-	-	8,032
Appropriations	-	-	-	(378,380)	(378,380)
Transfers from governmental funds	75,590	-	186,459	11,234,586	11,496,635
Transfers from proprietary funds	2,707,012	-	-	-	2,707,012
Transfers to governmental funds	(5,135,096)	(4,203,557)	(987,969)	(1,170,013)	(11,496,635)
Transfers to proprietary funds	-	-	-	-	-
Total other financing sources (uses)	<u>(2,344,462)</u>	<u>(4,203,557)</u>	<u>27,875,532</u>	<u>9,686,193</u>	<u>31,013,706</u>
Net change in fund balances	4,034,858	-	14,822,965	1,966,036	20,823,859
Fund balances, beginning of year	<u>17,892,533</u>	<u>-</u>	<u>374,900</u>	<u>8,458,931</u>	<u>26,726,364</u>
Fund balances, end of year	<u>\$ 21,927,391</u>	<u>\$ -</u>	<u>\$ 15,197,865</u>	<u>\$ 10,424,967</u>	<u>\$ 47,550,223</u>

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

**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, 2008**

Net change in fund balances - all governmental funds		\$ 20,823,859
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	\$ 17,904,433	
Less: current year depreciation	<u>(2,332,409)</u>	15,572,024
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	\$ 1,930,837	
Disposals at net book value	<u>(61,330)</u>	1,869,507
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		2,152,021
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	\$ (28,650,000)	
Debt issuance and refunding costs	639,007	
Principal payments on outstanding debt	<u>6,179,992</u>	(21,831,001)
Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		
		(18,049)
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>306,012</u>
Change in net assets of governmental activities		<u><u>\$ 18,874,373</u></u>

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

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**CITY OF OPELIKA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

<i>ASSETS</i>	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>SOLID WASTE COLLECTION</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i>
Current assets:					
Cash	\$ 6,828,576	\$ 1,853,792	\$ 485,216	\$ 9,167,584	\$ 2,416,542
Certificates of deposit	3,334,796	-	-	3,334,796	-
Accounts and unbilled service receivable, net	4,043,205	227,339	82,705	4,353,249	-
Accrued interest	37,373	-	-	37,373	-
Due from other funds	78,302	189,016	2,347	269,665	18,403
Due from other governments	-	950,366	-	950,366	-
Inventory of supplies, at cost	1,206,206	-	-	1,206,206	-
Total current assets	<u>15,528,458</u>	<u>3,220,513</u>	<u>570,268</u>	<u>19,319,239</u>	<u>2,434,945</u>
Restricted assets:					
Cash and investments with fiscal agent	-	171	-	171	-
Total restricted assets	<u>-</u>	<u>171</u>	<u>-</u>	<u>171</u>	<u>-</u>
Deferred charges:					
Unamortized bond issue costs	-	126,431	-	126,431	-
Capital assets:					
Land	72,033	116,703	229,547	418,283	-
Building	199,066	21,823	43,806	264,695	-
System	37,423,029	40,810,743	17,540	78,251,312	-
Equipment	2,063,512	716,771	1,721,527	4,501,810	-
Construction work in progress	144,723	228,159	-	372,882	-
Total original cost	<u>39,902,363</u>	<u>41,894,199</u>	<u>2,012,420</u>	<u>83,808,982</u>	<u>-</u>
Less: accumulated depreciation	<u>(23,341,083)</u>	<u>(11,958,475)</u>	<u>(1,014,777)</u>	<u>(36,314,335)</u>	<u>-</u>
Capital assets, net	<u>16,561,280</u>	<u>29,935,724</u>	<u>997,643</u>	<u>47,494,647</u>	<u>-</u>
Other assets					
Deposits	-	2,447	-	2,447	19,229
Total other assets	<u>-</u>	<u>2,447</u>	<u>-</u>	<u>2,447</u>	<u>19,229</u>
Total assets	<u>\$ 32,089,738</u>	<u>\$ 33,285,286</u>	<u>\$ 1,567,911</u>	<u>\$ 66,942,935</u>	<u>\$ 2,454,174</u>

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

**CITY OF OPELIKA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2008**

<i>LIABILITIES</i>	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>SOLID WASTE COLLECTION</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i>
Current liabilities:					
Accounts payable	\$ 3,437,541	\$ 42,201	\$ 29,052	\$ 3,508,794	\$ 68,877
Current portion of bonds payable	-	870,000	-	870,000	-
Accrued payroll and benefits	174,997	-	85,175	260,172	-
Due to other funds	1,437	-	2,557	3,994	102,392
Interest payable	-	167,106	-	167,106	-
Liability for unpaid claims	-	-	-	-	206,525
Deferred revenue	7,780	-	74,030	81,810	148,236
Total current liabilities	<u>3,621,755</u>	<u>1,079,307</u>	<u>190,814</u>	<u>4,891,876</u>	<u>526,030</u>
Noncurrent liabilities:					
Bonds payable, net of current portion and discount	-	8,154,355	-	8,154,355	-
Accrued employee benefits	98,697	-	52,519	151,216	-
Liability for unpaid claims	-	-	-	-	311,539
Customer deposits	1,550,976	-	119,950	1,670,926	-
Total noncurrent liabilities	<u>1,649,673</u>	<u>8,154,355</u>	<u>172,469</u>	<u>9,976,497</u>	<u>311,539</u>
Total liabilities	<u>5,271,428</u>	<u>9,233,662</u>	<u>363,283</u>	<u>14,868,373</u>	<u>837,569</u>
Net assets:					
Invested in capital assets, net of related debt	16,561,280	21,037,800	997,643	38,596,723	-
Restricted	-	171	-	171	-
Unrestricted	10,257,030	3,013,653	206,985	13,477,668	1,616,605
Total net assets	<u>\$ 26,818,310</u>	<u>\$ 24,051,624</u>	<u>\$ 1,204,628</u>	<u>\$ 52,074,562</u>	<u>\$ 1,616,605</u>

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

**CITY OF OPELIKA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<u><i>ELECTRIC UTILITY</i></u>	<u><i>SEWER SYSTEM</i></u>	<u><i>SOLID WASTE COLLECTION</i></u>	<u><i>TOTALS</i></u>	<u><i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i></u>
Operating revenues:					
Charges for services, net	\$ 33,768,176	\$ 3,490,764	\$ 1,955,524	\$ 39,214,464	\$ 2,176,270
Operating expenses:					
Power purchased	24,502,276	-	-	24,502,276	-
Personal services	1,655,407	3,750	982,426	2,641,583	-
Insurance claims and expenses	2,102	15,741	29,454	47,297	1,871,586
Other	1,265,337	1,839,439	811,406	3,916,182	-
Depreciation	1,346,875	851,069	153,640	2,351,584	-
Total operating expenses	<u>28,771,997</u>	<u>2,709,999</u>	<u>1,976,926</u>	<u>33,458,922</u>	<u>1,871,586</u>
Operating income	<u>4,996,179</u>	<u>780,765</u>	<u>(21,402)</u>	<u>5,755,542</u>	<u>304,684</u>
Nonoperating revenues (expenses):					
Investment revenue	327,881	81,337	18,674	427,892	77,958
Miscellaneous revenue	200,000	3,283	3,830	207,113	-
Interest expense and fiscal charges	-	(429,056)	-	(429,056)	-
Contributions from grantors	-	-	-	-	-
Gain (loss) on sale of capital assets	1,738	(5)	41,227	42,960	-
Other expenses	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>529,619</u>	<u>(344,441)</u>	<u>63,731</u>	<u>248,909</u>	<u>77,958</u>
Income before other revenues and transfers	<u>5,525,798</u>	<u>436,324</u>	<u>42,329</u>	<u>6,004,451</u>	<u>382,642</u>
Other revenues and transfers in (out):					
Capital contributions from developers and others	299,076	590,609	-	889,685	-
Capital contributions from grantors	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers (out)	<u>(2,707,012)</u>	<u>-</u>	<u>-</u>	<u>(2,707,012)</u>	<u>-</u>
Total other revenues and transfers	<u>(2,407,936)</u>	<u>590,609</u>	<u>-</u>	<u>(1,817,327)</u>	<u>-</u>
Changes in net assets	3,117,862	1,026,933	42,329	4,187,124	382,642
Net assets, beginning of year	<u>23,700,448</u>	<u>23,024,691</u>	<u>1,162,299</u>	<u>27,887,438</u>	<u>1,233,963</u>
Net assets, end of year	<u>\$ 26,818,310</u>	<u>\$ 24,051,624</u>	<u>\$ 1,204,628</u>	<u>\$ 28,074,562</u>	<u>\$ 1,616,605</u>
				76,630	
				<u>\$ 4,263,754</u>	

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

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**CITY OF OPELIKA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<i><b>ELECTRIC UTILITY</b></i>	<i><b>SEWER SYSTEM</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	\$ 33,917,542	\$ 3,594,174	\$ 1,952,601	\$ 39,464,317	\$ -
Receipts from other funds for premiums	-	-	-	-	2,188,572
Customer deposits	131,052	-	12,075	143,127	-
Payments to suppliers for goods and services	(24,733,200)	(1,942,423)	(805,968)	(27,481,591)	(275,209)
Payments to employees for services	(1,629,732)	(3,750)	(991,739)	(2,625,221)	-
Claims paid	(2,102)	(15,741)	-	(17,843)	(1,581,915)
Internal activity - payments (to) from other funds	(78,219)	(23,003)	(1,894)	(103,116)	-
Other receipts (payments)	-	(41,127)	3,830	(37,297)	-
Net cash provided by operating activities	<u>7,605,341</u>	<u>1,568,130</u>	<u>168,905</u>	<u>9,342,376</u>	<u>331,448</u>
Cash flows from noncapital financing activities:					
Other receipts	200,000	-	-	200,000	-
Operating transfers to other funds	(2,707,012)	-	-	(2,707,012)	-
Net cash used in noncapital financing activities	<u>(2,507,012)</u>	<u>-</u>	<u>-</u>	<u>(2,507,012)</u>	<u>-</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(1,707,039)	(293,945)	(289,639)	(2,290,623)	-
Principal paid on debt maturities	-	(980,000)	-	(980,000)	-
Interest and fiscal fees paid on debt maturities	-	(447,772)	-	(447,772)	-
Proceeds from sale of assets	3,239	18,077	43,227	64,543	-
Net cash used for capital and related financing activities	<u>(1,703,800)</u>	<u>(1,703,640)</u>	<u>(246,412)</u>	<u>(3,653,852)</u>	<u>-</u>
Cash flows from investing activities:					
Proceeds invested in certificates of deposit	(111,455)	-	-	(111,455)	-
Restricted cash used in operations	-	281	-	281	-
Interest on investments	375,142	81,337	18,674	475,153	77,958
Net cash provided by investing activities	<u>263,687</u>	<u>81,618</u>	<u>18,674</u>	<u>363,979</u>	<u>77,958</u>
Net increase (decrease) in cash and cash equivalents	3,658,216	(53,892)	(58,833)	3,545,491	409,406
Cash and cash equivalents at beginning of year	<u>3,170,360</u>	<u>1,907,684</u>	<u>544,049</u>	<u>5,622,093</u>	<u>2,007,136</u>
Cash and cash equivalents at end of year	<u>\$ 6,828,576</u>	<u>\$ 1,853,792</u>	<u>\$ 485,216</u>	<u>\$ 9,167,584</u>	<u>\$ 2,416,542</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, 2008**

	<i><b>ELECTRIC UTILITY</b></i>	<i><b>SEWER SYSTEM</b></i>	<i><b>SOLID WASTE COLLECTION</b></i>	<i><b>TOTALS</b></i>	<i><b>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</b></i>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income/(loss)	\$ 4,996,179	\$ 780,765	\$ (21,402)	\$ 5,755,542	\$ 304,684
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,346,875	851,069	153,640	2,351,584	-
Miscellaneous nonoperating income	-	-	3,830	3,830	-
Change in assets and liabilities:					
(Increase) decrease in account receivable and unbilled service receivable	150,354	103,410	4,461	258,225	-
(Increase) decrease in due from other funds	(78,302)	(23,003)	(2,347)	(103,652)	28,967
(Increase) decrease in due from other governments	-	(41,127)	-	(41,127)	-
(Increase) decrease in inventories	(37,578)	-	-	(37,578)	-
(Increase) decrease in other assets	-	16	-	16	-
Increase (decrease) in accounts payable	1,071,991	(103,000)	5,438	974,429	19,574
Increase (decrease) in accrued payroll and benefits	25,675	-	20,141	45,816	-
Increase (decrease) in liability for unpaid claims	-	-	-	-	(48,155)
Increase (decrease) in due to other funds	83	-	453	536	-
Increase (decrease) in deferred revenue	(988)	-	(7,384)	(8,372)	13,141
Increase (decrease) in customer deposits	131,052	-	12,075	143,127	13,237
Net cash provided by operating activities:	<u>\$ 7,605,341</u>	<u>\$ 1,568,130</u>	<u>\$ 168,905</u>	<u>\$ 9,342,376</u>	<u>\$ 331,448</u>
Non cash investing, capital and financing activities:					
Capital assets contributed by developers and other:	<u>\$ 299,076</u>	<u>\$ 590,609</u>	<u>\$ -</u>	<u>\$ 889,685</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the combining balance sheet:					
Total cash and certificates of deposit	\$ 10,163,372	\$ 1,853,792	\$ 485,216	\$ 12,502,380	\$ 2,416,542
Less: Deposits not meeting the definition of cash equivalents	3,334,796	-	-	3,334,796	-
Cash and cash equivalents at end of year	<u>\$ 6,828,576</u>	<u>\$ 1,853,792</u>	<u>\$ 485,216</u>	<u>\$ 9,167,584</u>	<u>\$ 2,416,542</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

**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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has elected not to do so. 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:

Opelika City Board of Education is substantially reliant upon the City because the City Council appoints the members of the Board, levies taxes on behalf of the Board and issues debt on behalf of the Board. The legal liability for the general obligation debt issued for school purposes of \$15,120,000 at September 30, 2008 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. During 2008, the City collected \$5,506,362 of ad valorem taxes of which \$2,363,757 was used for debt service and \$3,273,724 was remitted to the Board. At September 30, 2008, \$141,498 in collections had not been remitted and is included in amounts due to other governments. During the year ended September 30, 2008, the Board contributed \$1,839,801 to the City and the City used these funds to satisfy its obligation related to the General Obligation School Warrants, Series 1996. In addition, the City made an appropriation to the Board of \$2,500,000 for 2008. The Board 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 recruits industry and promotes economic development for the City of Opelika. The City Council appoints the members to the Authority's Board and has a revocable agreement with the Authority to make annual appropriations to the Authority for debt service on the Authority's 1998 Series A and B bonds and a general obligation to pay \$1,700,000 of the bonds if the annual appropriation is not continued. These bonds are included in the City's long term debt. In 2008, the City paid \$918,606 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.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

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

The Public Park and Recreation Board of the City of Opelika (the “Board”) owns and operates the Conference Center and is constructing 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 leases the Sportsplex recreational facilities. The lease payments are equal to the Board’s annual debt service payments. The City has recorded the bond obligation as a capital lease. During the year ended September 30, 2008, the City began construction of the Sportsplex recreational facilities. The City recorded these assets as capital assets. At September 30, 2008, the total costs related to this project totaled \$13,223,881.

**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, 2008, the City received \$15,402 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 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., 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 Indian Pines Golf Course Joint Venture had no debts outstanding at September 30, 2008 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 Indian Pines Recreation Authority, Inc. 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 \$103,750 to the Lee-Russell Council of Governments for the year ended September 30, 2008.

The Indian Pines Recreation 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 Indian Pines Recreation Authority.

East Alabama Mental Health and Mental Retardation Board, Inc. 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 East Alabama Mental Health Center for the year ended September 30, 2008.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

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

Lee County Youth Development Center is a corporation created to provide youth services in Lee County. The board is composed of twelve members. The City, Auburn, and Lee County each appoint four members. The City appropriated \$30,000 to the Lee County Youth Development Center for the year ended September 30, 2008.

East Alabama Medical Center is a corporation created to provide healthcare to the East Alabama area. The Board is composed of nine members. Opelika, Auburn and Lee County each appoint three members. The City appropriated \$289,476 to the East Alabama Medical Center for emergency medical services for the year ended September 30, 2008.

**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, and solid waste collection services are classified as business-type activities.

In the government-wide Statement of Net Assets, 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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 capital grants. 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 and 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 business-type activities, electric distribution, sewer service, solid waste collection, 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, liabilities, 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 which explains the adjustment necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

**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.

**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.

**Sportsplex Construction Fund** accounts for the financial resources to be used for the acquisition or construction of the Sportsplex recreational facilities.

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 assets, 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 principle 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.

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. All the City's enterprise funds are major funds. They are as follows:

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
 SEPTEMBER 30, 2008

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

**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.

**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 fund is presented in the proprietary funds financial statement. Because the principal users of the fund are the City's governmental activities, the financial statement of the internal service fund is included in the governmental activities column in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity (police, fire, 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 assets and changes in net assets 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.

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.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

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

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 deferred revenue as of the fiscal year end in which the taxes are levied. For the fiscal year ended September 30, 2008, 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.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred 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 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 but not billed at such date. In the Solid Waste Collection Fund, monthly billings are made before services are rendered. Therefore, such billings are reported as deferred 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 \$517,274 in the Electric Utility Fund and \$104,422 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.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

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

**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."

**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, 2008, no interest was capitalized as there were no on-going projects related to any outstanding borrowings.

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.

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 years
Sewer system	\$ 10,000	50 years
Infrastructure	\$ 50,000	10 - 50 years
Machinery and equipment	\$ 5,000	3 - 20 years

Beginning with fiscal year ending September 30, 2007, the City has 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 implement the depreciation method.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

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

**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 assets. Bond premiums and discounts, as well as issuance costs, 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, discount, or deferred amount on refunding. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Interest and principal payments are reported as debt service expenditures.

**L. NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets 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 adding back unspent proceeds. Net assets are 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.

**M. 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.

**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.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

**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. Some indirect and overhead costs of retirements are accounted for as current operations costs. The City has not completed development of work order cost accounting procedures for costing additions to and retirements from its electrical distribution system in terms of accountable units of plant property.

Accumulated cost of the sewer system plant accounted for in the Sewer System Fund includes only that part of the City's sewer system financed from the revenue bonds issued in 1965 and subsequent sewer service charges revenues. The system accounts do not include cost of the sewer system plant accumulated prior to issue of the 1965 revenue bonds. Significant system additions are contracted and capitalized. However, system additions do not include the cost of materials, labor and overhead for self-constructed additions and some of the original cost of property that has been retired remains in the system accounts.

**NOTE 4 - POWER SALES CONTRACT**

The City is a member of the Alabama Municipal Electric Authority ("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 \$22,004,706 under this contract during the year ended September 30, 2008. 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, 2008, the carrying amount of the City's deposits in financial institutions was \$32,670,573 and the bank balance was \$42,238,450. Of these amounts, \$5,329,796 of the carrying amount and bank balance were held 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, 2008, 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, 2008**

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

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percent of Total</u>	<u>Maturity</u>	<u>Rating</u>	<u>Rating Agency</u>
Dreyfus Treasury Prime Cash Management						
MMF	\$ 1,637,560	\$ 9,509,031	46.6%	n/a	Unrated	n/a
Federated Treasury U.S. Treasury Cash						
Reserves MMF	340,853	340,853	1.7%	n/a	n/a	n/a
Charter Bank, Certificate of Deposits	10,000,000	10,000,000	49.1%	2/6/2009	n/a	n/a
U.S. Treasury	23,550	23,550	0.1%	n/a	n/a	n/a
Investment Company of America CL A	4,855	6,008	0.1%	n/a	***	Morningstar
Europacific Growth Fund	37,500	28,123	0.1%	n/a	*****	Morningstar
Fidelity Advisor Equity Income I Share	65,500	56,519	0.3%	n/a	***	Morningstar
Fidelity Advisor Equity Growth	77,500	65,744	0.3%	n/a	**	Morningstar
Fidelity Advisor Mid Cap	50,000	40,699	0.2%	n/a	***	Morningstar
Fidelity Advisor Small Cap	27,500	24,442	0.1%	n/a	*****	Morningstar
FFCB 5.00%	24,969	24,438	0.1%	2/20/2018	AAA	S&P
FFCB 5.20%	50,000	49,110	0.2%	9/18/2018	AAA	S&P
FHLB 5.50%	20,000	19,894	0.1%	12/4/2017	AAA	Fitch
FHLMC 5.00%	99,375	96,534	0.5%	3/27/2020	AAA	S&P
FHLMC 5.00%	10,000	10,058	0.1%	12/28/2012	AAA	Fitch
FNMA 4.50%	50,000	49,375	0.2%	5/7/2018	AAA	S&P
FHLB 5.25%	50,000	50,313	0.2%	1/12/2012	NR	S&P
Total investments	<u>\$ 12,569,162</u>	<u>\$ 20,394,691</u>	<u>100.0%</u>			

*Interest Rate Risk:* The government 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 obligation of the United States Treasury Department and obligations of certain other federal agencies. The government 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 government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's investments in the Dreyfus Treasury Prime Cash Management MMF, Federated U.S. Treasury Cash Reserves MMF, U.S. Treasury, and Investment Company of America CL A Fund are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department, but not in the government's name. The Charter Bank certificate of deposits are also held by a counterparty, however, these investments are covered under the Security for Alabama Funds Program. The remaining investments are registered in the name of the City of Opelika Garden Hills Cemetery Trust Fund and held by the counterparty. The government has no policy on custodial credit risk.

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

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**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	\$ 8,337,417	\$ 340,297	\$ 46,500	\$ 8,631,214
Construction in process	2,489,033	13,627,709	1,046,816	15,069,926
Total capital assets not being depreciated	<u>10,826,450</u>	<u>13,968,006</u>	<u>1,093,316</u>	<u>23,701,140</u>
Capital assets being depreciated:				
Buildings and improvements	10,356,858	296,301	14,166	10,638,993
Improvements other than buildings	4,248,238	131,002	-	4,379,240
Equipment	11,993,824	1,129,228	415,893	12,707,159
Infrastructure	49,803,132	5,357,549	-	55,160,681
Total capital assets being depreciated	<u>76,402,052</u>	<u>6,914,080</u>	<u>430,059</u>	<u>82,886,073</u>
Less accumulated depreciation for:				
Buildings and improvements	5,123,975	263,818	13,458	5,374,335
Improvements other than buildings	1,480,557	131,602	-	1,612,159
Equipment	8,295,984	713,784	401,771	8,607,997
Infrastructure	8,011,657	1,223,205	-	9,234,862
Total accumulated depreciation	<u>22,912,173</u>	<u>2,332,409</u>	<u>415,229</u>	<u>24,829,353</u>
Total capital assets being depreciated, net	<u>53,489,879</u>	<u>4,581,671</u>	<u>14,830</u>	<u>58,056,720</u>
Governmental activities capital assets, net	<u>\$ 64,316,329</u>	<u>\$ 18,549,677</u>	<u>\$ 1,108,146</u>	<u>\$ 81,757,860</u>

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 418,283	\$ -	\$ -	\$ 418,283
Construction in process	2,500,431	337,809	2,465,358	372,882
Total capital assets not being depreciated	<u>2,918,714</u>	<u>337,809</u>	<u>2,465,358</u>	<u>791,165</u>
Capital assets being depreciated:				
Buildings and improvements	264,695	-	-	264,695
Systems	73,450,674	4,800,638	-	78,251,312
Equipment	4,484,936	584,231	567,357	4,501,810
Total capital assets being depreciated	<u>78,200,305</u>	<u>5,384,869</u>	<u>567,357</u>	<u>83,017,817</u>
Less accumulated depreciation for:				
Buildings and improvements	181,456	8,293	-	189,749
Systems	31,074,175	2,003,763	-	33,077,938
Equipment	3,193,659	339,528	486,539	3,046,648
Total accumulated depreciation	<u>34,449,290</u>	<u>2,351,584</u>	<u>486,539</u>	<u>36,314,335</u>
Total capital assets being depreciated, net	<u>43,751,015</u>	<u>3,033,285</u>	<u>80,818</u>	<u>46,703,482</u>
Business-type activities capital assets, net	<u>\$ 46,669,729</u>	<u>\$ 3,371,094</u>	<u>\$ 2,546,176</u>	<u>\$ 47,494,647</u>

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE 6 - CAPITAL ASSETS - CONTINUED**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General Government	\$ 224,652
Public safety	334,126
Public works, including infrastructure	1,527,946
Culture and recreation	245,685
Total governmental activities depreciation expense	<u>\$ 2,332,409</u>
Business-type activities:	
Electric	\$ 1,346,875
Sewer	851,069
Solid Waste	153,640
Total depreciation	<u>\$ 2,351,584</u>

**NOTE 7 - INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2008 consisted of the following:

<i>DUE TO</i>	<i>DUE FROM</i>						
	<i>General</i>	<i>Non-major Governmental</i>	<i>Internal Service</i>	<i>Electric Utility</i>	<i>Sewer System</i>	<i>Solid Waste Collection</i>	<i>Total</i>
General	\$ -	\$ 8,750	\$ 13,533	\$ -	\$ 31,297	\$ -	\$ 53,580
Non-major Governmental	91,084	67,250	876	-	157,638	-	316,848
Sportsplex Construction	-	-	-	75,548	-	-	75,548
Internal Service	97,142	68	-	2,754	81	2,347	102,392
Electric Utility	-	-	1,437	-	-	-	1,437
Solid Waste Collection	-	-	2,557	-	-	-	2,557
Total	<u>\$ 188,226</u>	<u>\$ 76,068</u>	<u>\$ 18,403</u>	<u>\$ 78,302</u>	<u>\$ 189,016</u>	<u>\$ 2,347</u>	<u>\$ 552,362</u>

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 TO</i>	<i>TRANSFER FROM</i>					<i>Total</i>
	<i>General Fund</i>	<i>School Tax Special Revenue</i>	<i>Sportsplex Construction</i>	<i>Non-major Governmental</i>	<i>Electric Utility</i>	
General Fund	\$ -	\$ -	\$ -	\$ 75,590	\$ 2,707,012	\$ 2,782,602
Sportsplex Construction	-	-	-	186,459	-	186,459
Non-major Governmental	5,135,096	4,203,557	987,969	907,964	-	11,234,586
Total	<u>\$ 5,135,096</u>	<u>\$ 4,203,557</u>	<u>\$ 987,969</u>	<u>\$ 1,170,013</u>	<u>\$ 2,707,012</u>	<u>\$ 14,203,647</u>

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.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liabilities at September 30, 2008 consisted of the following issues:

	<i>Governmental</i>	<i>Business-type</i>
<b>Bonds:</b>		
1989 General Obligation Sewer Warrants, Series SRF due in annual installments of \$450,000 to \$520,000 through August 15, 2011, bearing interest at 5%	\$ -	\$ 1,515,000
General Obligation Warrants, Series 1998 due in annual installments of \$100,000 to \$1,170,000 through July 1, 2014, bearing interest rates of 3.90% to 4.35%	6,365,000	-
Taxable Variable/Fixed Rate Industrial Development Revenue Bonds, Series 1998-A due in annual installments of \$115,000 to \$575,000 through June 1, 2022, bearing variable interest rate from 5.15% to 5.84% during the year ended September 30, 2007	5,010,000	-
Taxable Industrial Development Revenue Bonds, Series 1998-B due in annual installments of \$65,000 to \$210,000 through June 1, 2023, bearing variable rate of 6.78% at September 30, 2007. Rate determined annually at June 1, at the Treasury Rate plus 1.8% per annum	1,877,000	-
General Obligation School Warrants, Series 2000 due in annual installments of \$200,000 to \$515,000 through October 1, 2025, bearing interest rates of 4.70% to 5.60%	5,910,000	-
General Obligation Warrants, Series 2002, semiannual interest only payments of \$212,505 paid through August 1, 2012, annual installments of \$130,000 to \$330,000 starting February 1, 2013 through February 1, 2032, bearing interest rate of 4.30% to 5.125%	4,265,000	-
General Obligation Warrants, Series 2003, due in annual installments of \$1,710,000 to \$2,265,000 through April 1, 2023, bearing interest rates of 2.00% to 5.25%	9,197,736	7,509,355
General Obligation School Warrants, Series 2004 due in annual installments of \$180,000 to \$440,000 through March 1, 2029, bearing interest rates of 1.00% to 5.00%	6,413,309	-
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%	28,675,736	-
Capital lease on excavator, due in annual installments of \$59,344 through February 9, 2009, including interest at 4.60%	56,735	-
<b>Other Liabilities:</b>		
Compensated Absences	2,089,651	284,023
Claims and judgments	395,064	-
Total long-term liabilities	<u>\$ 70,255,231</u>	<u>\$ 9,308,378</u>

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Debt:					
General Obligation Bonds	\$ 38,840,000	\$ -	\$ 5,470,000	\$ 33,370,000	\$ 3,870,000
Other long-term debt	6,042,000	-	855,000	5,187,000	-
Capital leases	110,974	28,650,000	54,239	28,706,735	536,735
	44,992,974	28,650,000	6,379,239	67,263,735	4,406,735
Deferred amounts on refunding	(113,689)	-	(33,288)	(80,401)	-
Unamortized premiums	723,182	27,041	163,041	587,182	-
Total debt	<u>45,602,467</u>			<u>67,770,516</u>	<u>4,406,735</u>
Other liabilities					
Compensated absences	1,964,917			2,089,651	-
Claims and judgments	372,219			395,064	83,525
Total other liabilities	<u>2,337,136</u>			<u>2,484,715</u>	<u>83,525</u>
Total governmental activities	<u>\$ 47,939,603</u>			<u>\$ 70,255,231</u>	<u>\$ 4,490,260</u>
<b>Business-type activities</b>					
Debt:					
General Obligation Bonds	\$ 9,820,000	\$ -	\$ 830,000	\$ 8,990,000	\$ 870,000
Other long-term debt	150,000	-	150,000	-	-
Deferred amounts on refunding	(25,825)	-	(5,847)	(19,978)	-
Unamortized premiums and discounts	74,683	-	20,350	54,333	-
	10,018,858			9,024,355	870,000
Compensated absences	278,128			284,023	
Total business-type activities	<u>\$ 10,296,986</u>			<u>\$ 9,308,378</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 \$7,145,000 General Obligation School Warrants, Series 2004-A dated March 1, 2004. The warrants were issued (1) to finance the costs of acquiring, constructing and equipping various improvements to the Board of Education's schools, including the renovation of the Board of Education's middle school, and (2) to pay the costs of issuing the Series 2004-A Warrants. The Warrants mature annually on March 1 from 2005 to 2029. Interest is payable on each March 1 and September 1, beginning September 1, 2004.

General obligation warrants constitute general obligations of the City for the payment of which the full faith, credit and taxing power of the City are irrevocably pledged. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

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

**Other Long-Term Debt.** The City authorized and approved the issuance of \$10,280,000 of revenue bonds (Industrial Development Revenue Bonds, Series 1998-A and 1998-B) by the Opelika Industrial Development Authority (“Authority”) for the purpose of acquiring real estate for an industrial park located partly inside and partly outside the corporate limits of the City of Opelika and within Lee County.

The bonds are secured by a first mortgage on the real estate and certain agreements between the Authority and the City, known as the Reserve Agreement and the Annual Appropriation Agreement. The Reserve Agreement includes the unconditional and irrevocable general obligation of the City of Opelika to provide not less than \$1,700,000 to the Authority for payment of principal and interest on the bonds, which will remain in effect until the bonds are paid or retired, will not be subject to revocation or termination at the option of the City and will be chargeable against the constitutional debt limit of the City. The Annual Appropriation Agreement includes the conditional and revocable obligation of the City to provide an amount equal to the annual debt service payments to the Authority for payment of the principal and interest on the bonds payable in each such year, which will remain in effect until the bonds are fully paid and retired, will be subject to revocation and termination at the sole option of the City at the end of any fiscal year (after the City shall have paid the amounts due for such year) and will be payable solely from current revenues and funds on hand of the City for each fiscal year and will not constitute a “debt” of the City and will not be chargeable against the constitution debt limit of the City. The Authority selected the variable rate option as of June 1, 2003 for the Series 1998-A bonds. The rate can be adjusted as often as weekly by the Remarketing Agent to the lowest rate that will result in the market value of the bonds being 100% of the principal amount thereof on the determination date. The Authority has the option to convert to a fixed rate for this series. The Series 1998-B bonds bear interest at a rate determined annually at June 1 equal to the Treasury Rate plus 1.8%.

The obligation of the City for the payments due under the Annual Appropriation Agreement is shown as other long term debt net of the \$1,700,000 which is shown as general obligation debt in accordance with the terms of the Reserve Agreement. The financing and bond documents of the Authority provide that the real estate for the industrial park will be sold at fair market value to any public or private person wishing to locate in the industrial park and the proceeds of such sale will be applied to prepayment of the bonds. Through September 30, 2008, the Authority had applied \$1,005,000 of sales proceeds to the 1998A issue and \$168,000 of sales proceeds to the 1998B issue.

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 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 Construction Fund. The obligation is not included in the City’s general obligation long term debt. At September 30, 2008, the City had recorded \$13,223,881 in construction in progress related to this project. The City anticipates completion of the project during the year ended September 30, 2009.

The City leases equipment under capital leases related to governmental activities expiring in various years through 2009. Lease payments are made by the general fund. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Depreciation of assets under capital leases is included in depreciation expense. At September 30, 2008, the property held under capital leases had a cost of \$247,202 and accumulated depreciation of \$57,680.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

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

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

	<i>Governmental Activities</i>			
	<i>General Obligations</i>		<i>Other Long-term Debt</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009	\$ 3,870,000	\$ 1,386,882	\$ 536,735	\$ 1,652,055
2010	4,070,000	1,218,490	500,000	1,612,851
2011	3,695,000	1,067,747	520,000	1,574,383
2012	3,135,000	941,543	540,000	1,535,774
2013	3,325,000	817,584	670,000	1,497,098
2014-2018	4,830,000	3,052,482	5,715,000	6,768,630
2019-2023	4,610,000	2,053,468	6,402,000	5,227,666
2024-2028	4,165,000	869,266	4,930,000	3,889,144
2029-2033	1,670,000	139,268	6,205,000	2,615,057
2034-2038	-	-	7,875,000	944,077
Total	<u>\$ 33,370,000</u>	<u>\$ 11,546,730</u>	<u>\$ 33,893,735</u>	<u>\$ 27,316,735</u>

	<i>Business-type Activities</i>	
	<i>General Obligations</i>	
	<i>Principal</i>	<i>Interest</i>
2009	\$ 870,000	\$ 391,025
2010	845,000	347,525
2011	940,000	305,275
2012	415,000	257,404
2013	445,000	233,735
2014-2018	2,465,000	903,726
2019-2023	3,010,000	343,748
	<u>\$ 8,990,000</u>	<u>\$ 2,782,438</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 2-1-07 to 2-1-08 is \$483,799, 2-1-06 to 2-1-07 is \$462,556, 2-1-05 to 2-1-06 is \$597,247, 2-1-04 to 2-1-05 is \$474,256, and 2-1-03 to 2-1-04 is \$492,727.

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. 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 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.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE 9 - RISK MANAGEMENT - CONTINUED**

The claims liability is \$395,064 at September 30, 2008. 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 1.4% 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>2005-2006</b>	\$ 408,148	56,679	112,521	\$ 352,306
<b>2006-2007</b>	\$ 352,306	91,913	72,000	\$ 372,219
<b>2007-2008</b>	\$ 372,219	152,647	129,802	\$ 395,064

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, another transfer of \$481,327 from the Worker'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 Fund provides coverage for up to \$85,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$85,000 in any one year. Premiums paid exceeded the settled claims during the year. Assets exceeded liabilities as of September 30, 2008 resulting in a fund balance of \$70,997.

The claims liability of \$123,000 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 includes an actuarially calculated amount 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.

Changes in the Fund's claims liability are 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>2005-2006</b>	\$ 116,410	1,562,795	1,570,040	\$ 109,165
<b>2006-2007</b>	\$ 109,165	1,719,379	1,634,544	\$ 194,000
<b>2007-2008</b>	\$ 194,000	1,381,113	1,452,113	\$ 123,000

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

**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 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 (COLA's) granted to retirees. The Retirement Systems for 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 5% of their annual covered salary except for certified full-time firefighters and law enforcement officers. Effective January 1, 2001, the member contribution rate for certified full-time firefighters and law enforcement officers increased to 6% of employee compensation. The City is required to contribute at an actuarially determined rate; the rate for the year ended September 30, 2008 was 11.64% of annual covered payroll. The contribution requirements of plan members and the City are established by state statute.

**Annual Pension Cost.** For 2008, the City's annual pension cost of \$1,477,160 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2007 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 increase ranging from 4.61% to 7.75% per year, and (c) 0.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.50%. 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 20 years.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2008**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS – CONTINUED**

<i>Trend Information</i>			
<u>Annual</u>			
<i>Fiscal Year Ending</i>	<i>Pension Contribution (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation (NPO)</i>
9/30/2005	\$ 1,219,737	100%	\$ -
9/30/2006	\$ 1,111,279	100%	\$ -
9/30/2007	\$ 1,116,797	100%	\$ -

**Schedule of Funding Progress**

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age (b)*</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>
9/30/2005	\$ 39,997,697	\$ 51,388,166	\$ 11,390,469	77.8%	\$ 14,448,369	78.8%
9/30/2006	\$ 41,297,513	\$ 53,255,078	\$ 11,957,565	77.5%	\$ 12,920,440	92.5%
9/30/2007	\$ 42,745,963	\$ 55,643,407	\$ 12,897,444	76.8%	\$ 12,245,153	105.3%

\*Reflects liability for cost of living benefits increases granted on or after October 1, 1978.

The City offers postemployment benefits to several retired employees. Since the City is a Phase II government for the purposes of implementing GASB Statement 34, it is required to implement GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in its financial statements beginning after December 15, 2007 (fiscal year ended September 30, 2009). The City did not adopt this statement during the year ended September 30, 2008.

**NOTE 11 - COMMITMENTS AND CONTIGENCIES**

On September 29, 2004, the 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 Opelika within the meaning of Section 225 of the Constitution of the State of Alabama.

The City is a party to an agreement with the Alabama Department of Transportation (State) whereby the State will construct \$4,000,000 of improvements to a road within the City limits using Federal Aid funds available to the State from the Federal Highway Administration (FHWA). Under this agreement, the project will be administered by the State and all costs will be financed, when eligible for Federal participation, on the basis of 80% Federal funds and 20% City funds up to a maximum of approximately \$3,200,000 of Federal funds as approved by the Auburn-Opelika Metropolitan Planning organization (MPO) in its Transportation Improvement Program. Costs in excess of the Federal fund maximum must be funded by the City or by reprogramming funds designated for future projects by the MPO so that additional Federal funds could be applied to a current project. Costs to complete the construction, engineering and inspection of the project have exceeded the above original cost of \$4,000,000. The City has recorded an additional liability of \$684,000 at September 30, 2008 which is the estimated amount of the City's cost in excess of the \$700,000 previously paid by the City.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

**NOTE 11 - COMMITMENTS AND CONTIGENCIES- CONTINUED**

The City is a party to other 80/20 cost sharing agreements with the Alabama Department of Transportation (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, 2008.

On August 25, 2005, the City entered an 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 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, building maintenance division and grounds division of the Parks and Recreation Department. The City will provide for all capital expenditures and electric service. 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 ended September 30, 2009 totals \$4,195,595. 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, \$99,210 remained in the repair and maintenance budget and was reimbursed to the City. At September 30, 2008, 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.

The City is a 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 items, commitments to make annual payments of \$264,000 to \$345,000 for ten years if certain employment benchmarks are met. Employment measurement points and payment times vary based on the industries' start dates.

On March 21, 2006, the City entered a Development Inducement Agreement between the City of Opelika, the Retirement Systems of Alabama (RSA) and the Utilities Board of the City of Opelika to induce RSA to develop and construct a planned residential community to consist of approximately 800 to 1,000 high quality homes and condominiums which will be know as "National Village". The City will pay RSA \$79,167 per month for 24 months for a total of \$1,900,000. At September 30, 2008, the City had fulfilled its obligation to pay RSA. These payments commenced on April 30, 2006. The City will also acquire and construct a new fire station in sufficient proximity to provide a six-minute response time. Said fire station will be constructed within 24 months following notification from RSA to proceed with such construction. The City received notification from RSA to proceed with the construction of the fire station in January of 2009. The City expects to have the new fire station completed by June 2010. Funds provided for the construction of the new fire station will come from the City's unreserved and undesignated funds.

On November 21, 2007, the City entered into a project development agreement to encourage the development of a major retail project expected to consist of retail space, restaurants and a hotel located at the Tiger Town Shopping Center. The City has agreed to pay the developer 50% of the future sales taxes generated from this project in annual installments beginning the November 17<sup>th</sup> that immediately follows the commencement date. The City expects to make its first payment related to this obligation in November of 2009. These payments will be made on an annual basis through November 17, 2023 or until the payments reach \$6,000,000, whichever occurs first.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2008*

**NOTE 11 - COMMITMENTS AND CONTIGENCIES- CONTINUED**

In December 2007, the City authorized an ordinance to approve an agreement with Opelika Investment Properties, LLC (the “developers”) to develop a retail and entertainment center (Celebrate Alabama) on the east side of Interstate 85 in the corporate limits of the City of Opelika. The City has agreed to provide financial incentives to the developers which include sharing of the following revenue sources generated from Celebrate Alabama; non-educational ad valorem taxes, non-educational sales taxes, lodging taxes, rental or leasing taxes, taxes on alcohol and tobacco, and business license fees for a period of twenty-five years following the beginning of Celebrate Alabama’s operations. The first fifteen years of the twenty-five year period the City is obligated to pay the developers 75% of the revenues collected from the aforementioned sources and during the final ten years of the twenty-five year period the City is obligated to pay the developers 50% of the aforementioned revenue sources.

In addition, the City agreed to pay up to fifteen million dollars for the acquisition and construction of an exposition center.

On June 1, 2008, the City entered into a project development agreement to encourage the development of a major automobile dealership in Opelika with an automotive company. The City and the company agreed that on or before January 1, 2010 that the company will have constructed an automobile dealership. The City agreed to pay the company an amount equal to 50% of the City sales tax proceeds actually received by the City from the sale of automobiles, trucks and other vehicles from the company. The City’s total commitment is equal to the lesser of 32% of the appraised value of the project as of the date the project is completed and \$1,600,000.

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, 2008.

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, 2008**

<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	\$ 17,192,000	\$ 17,192,000	\$ 17,563,790	\$ 371,790
Property:				
Property:	2,900,000	2,900,000	2,922,606	22,606
Payments in lieu of taxes	22,000	22,000	15,402	(6,598)
	<u>2,922,000</u>	<u>2,922,000</u>	<u>2,938,008</u>	<u>16,008</u>
Other:				
Gasoline	717,000	717,000	781,029	64,029
Cigarette	108,000	108,000	104,989	(3,011)
Rental	526,000	526,000	547,891	21,891
Wine	19,000	19,000	21,890	2,890
	<u>1,370,000</u>	<u>1,370,000</u>	<u>1,455,799</u>	<u>85,799</u>
Total taxes	<u>21,484,000</u>	<u>21,484,000</u>	<u>21,957,597</u>	<u>473,597</u>
Special assessments:	-	-	-	-
Licenses and permits:				
Occupational	8,335,000	8,335,000	8,589,125	254,125
Business:				
General	2,480,000	2,480,000	2,653,764	173,764
Lodging	399,000	399,000	488,300	89,300
Franchise fee	97,000	97,000	88,913	(8,087)
	<u>2,976,000</u>	<u>2,976,000</u>	<u>3,230,977</u>	<u>254,977</u>
Telecommunications fees	2,000	2,000	3,450	1,450
Permits and inspections	602,000	602,000	686,568	84,568
Total licenses and permits	<u>11,915,000</u>	<u>11,915,000</u>	<u>12,510,120</u>	<u>595,120</u>

UNAUDITED

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<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	105,000	105,000	99,015	(5,985)
Shared state revenue:				
Bank excise tax	137,000	137,000	84,816	(52,184)
Business privilege tax	68,000	68,000	68,653	653
Share of liquor tax profits	78,000	78,000	79,557	1,557
State asset forfeiture	-	20,694	6,593	(14,101)
	<u>283,000</u>	<u>303,694</u>	<u>239,619</u>	<u>(64,075)</u>
Shared federal revenue:				
Federal asset forfeiture	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:				
Grants				
Federal	-	-	-	-
State	-	12,500	21,288	8,788
Lee County	28,000	28,000	45,000	17,000
	<u>28,000</u>	<u>40,500</u>	<u>66,288</u>	<u>25,788</u>
Total intergovernmental revenue	<u>416,000</u>	<u>449,194</u>	<u>404,922</u>	<u>(44,272)</u>
Charges for services:				
Administration				
Other governments	41,288	41,288	31,293	(9,995)
	<u>41,288</u>	<u>41,288</u>	<u>31,293</u>	<u>(9,995)</u>
Public safety:				
Board of Education	12,000	12,000	12,000	-
Housing Authority	-	-	112,958	112,958
Water Works Board	10,000	10,000	40,012	30,012
Other	50,000	50,000	73,921	23,921
Towing, fire calls, and fire training	-	-	1,240	1,240
	<u>72,000</u>	<u>72,000</u>	<u>240,131</u>	<u>168,131</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<b>DESCRIPTION</b>	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET OVER (UNDER)</b>
Public Works:				
Clearing and grading	38,000	38,000	93,421	55,421
Health:				
Graves and monuments	126,000	126,000	101,400	(24,600)
Evergreen cemetery	-	-	-	-
	<u>126,000</u>	<u>126,000</u>	<u>101,400</u>	<u>(24,600)</u>
Culture and recreation:				
Entry fees and concessions	181,000	186,375	232,302	45,927
Total charges for services	<u>458,288</u>	<u>463,663</u>	<u>698,547</u>	<u>234,884</u>
Fines and forfeitures:				
Public safety:				
Fines and costs	450,000	450,000	473,975	23,975
Culture and recreation:				
Fines	-	-	26,755	26,755
Total fines and forfeits	<u>450,000</u>	<u>450,000</u>	<u>500,730</u>	<u>50,730</u>
Miscellaneous revenues:				
Interest earnings	400,000	400,000	582,842	182,842
Other:				
Rental income	60,000	60,000	62,209	2,209
Contributions	-	25,655	42,768	17,113
Cemetery lots	111,000	111,000	89,500	(21,500)
Miscellaneous	9,000	12,097	48,496	36,399
Total other	<u>180,000</u>	<u>208,752</u>	<u>242,973</u>	<u>34,221</u>
Total miscellaneous revenues	<u>580,000</u>	<u>608,752</u>	<u>825,815</u>	<u>217,063</u>
Total revenues	<u>35,303,288</u>	<u>35,370,609</u>	<u>36,897,731</u>	<u>1,527,122</u>

UNAUDITED

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<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	115,710	115,710	114,407	(1,303)
Other	274,570	221,730	60,505	(161,225)
Total mayor	<u>390,280</u>	<u>337,440</u>	<u>174,912</u>	<u>(162,528)</u>
Administration:				
Personal services	188,930	188,930	198,599	9,669
Services provided to other funds	(1,200)	(1,200)	(1,200)	-
Other	302,890	534,908	437,701	(97,207)
Total administration	<u>490,620</u>	<u>722,638</u>	<u>635,100</u>	<u>(87,538)</u>
Legislative - City Clerk:				
Personal services	135,814	135,814	137,247	1,433
Other	281,110	253,110	252,862	(248)
Total legislative	<u>416,924</u>	<u>388,924</u>	<u>390,109</u>	<u>1,185</u>
Other:				
Revenue:				
Personal services	545,647	555,742	534,525	(21,217)
Services provided other funds	(474,517)	(474,517)	(474,517)	-
Other	186,440	204,721	132,589	(72,132)
	<u>257,570</u>	<u>285,946</u>	<u>192,597</u>	<u>(93,349)</u>
Accounting:				
Personal services	317,252	317,252	327,045	9,793
Services provided pther funds	(98,900)	(98,900)	(98,900)	-
Other	95,406	114,048	74,443	(39,605)
	<u>313,758</u>	<u>332,400</u>	<u>302,588</u>	<u>(29,812)</u>
Community relations:				
Personal services	57,998	57,998	58,704	706
Other	100,903	102,903	50,340	(52,563)
	<u>158,901</u>	<u>160,901</u>	<u>109,044</u>	<u>(51,857)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<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	508,705	560,228	465,272	(94,956)
Services provided other funds	(146,082)	(146,082)	(147,588)	(1,506)
Other	507,384	525,559	416,597	(108,962)
	<u>870,007</u>	<u>939,705</u>	<u>734,281</u>	<u>(205,424)</u>
Judicial:				
Personal services	169,316	197,712	200,658	2,946
Other	185,120	188,120	182,675	(5,445)
	<u>354,436</u>	<u>385,832</u>	<u>383,333</u>	<u>(2,499)</u>
Human resources administration:				
Personal services	202,078	202,078	211,028	8,950
Other	118,740	94,557	45,452	(49,105)
	<u>320,818</u>	<u>296,635</u>	<u>256,480</u>	<u>(40,155)</u>
Planning:				
Personal services	282,295	282,295	283,927	1,632
Other	178,240	187,243	79,688	(107,555)
	<u>460,535</u>	<u>469,538</u>	<u>363,615</u>	<u>(105,923)</u>
Purchasing:				
Personal services	215,318	215,318	227,230	11,912
Services provided other funds	(22,913)	(22,913)	(22,913)	-
Other	14,620	14,620	8,186	(6,434)
	<u>207,025</u>	<u>207,025</u>	<u>212,503</u>	<u>5,478</u>
Nondepartmental:				
Auburn-Opelika Airport	121,647	121,647	22,374	(99,273)
Lee-Russell Council of Governments	103,750	103,750	103,750	-
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	25,000	26,000	26,000	-
Downtown Development Authority	4,500	4,500	4,500	-
Main Street, Inc.	19,500	22,250	19,500	(2,750)
Other	-	5,000	7,750	2,750
	<u>479,397</u>	<u>488,147</u>	<u>388,874</u>	<u>(99,273)</u>
Total other	<u>3,422,447</u>	<u>3,566,129</u>	<u>2,943,315</u>	<u>(622,814)</u>
Total general government	<u>4,720,271</u>	<u>5,015,131</u>	<u>4,143,436</u>	<u>(871,695)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<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>
Public safety:				
Police:				
Personal services	5,450,727	5,468,113	5,486,401	18,288
Other	1,530,630	1,596,801	1,472,047	(124,754)
Total police	<u>6,981,357</u>	<u>7,064,914</u>	<u>6,958,448</u>	<u>(106,466)</u>
Fire:				
Personal services	3,707,291	3,718,067	3,715,676	(2,391)
Other	426,855	442,888	415,670	(27,218)
Total fire	<u>4,134,146</u>	<u>4,160,955</u>	<u>4,131,346</u>	<u>(29,609)</u>
Other:				
Nondepartmental:				
National Guard	1,000	1,000	1,000	-
Juvenile Court	10,000	10,000	10,000	-
Lee County Emergency Management	31,500	31,500	31,500	-
Emergency Medical Service	289,476	289,476	289,476	-
Total other	<u>331,976</u>	<u>331,976</u>	<u>331,976</u>	<u>-</u>
Total public safety	<u>11,447,479</u>	<u>11,557,845</u>	<u>11,421,770</u>	<u>(136,075)</u>
Public works:				
Highways and streets				
Personal services	-	-	8,894	8,894
Other	855,020	855,697	849,149	(6,548)
Total highways and streets	<u>855,020</u>	<u>855,697</u>	<u>858,043</u>	<u>2,346</u>
Engineering:				
Personal services	404,020	404,020	397,504	(6,516)
Other	86,530	208,388	147,102	(61,286)
Total engineering	<u>490,550</u>	<u>612,408</u>	<u>544,606</u>	<u>(67,802)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<b>FUNCTION/DEPARTMENT/OBJECT</b>	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET OVER (UNDER)</b>
Other:				
Administration:				
Personal services	-	-	-	-
Services provided other funds	-	-	-	-
Other	288,783	291,283	291,147	(136)
	<u>288,783</u>	<u>291,283</u>	<u>291,147</u>	<u>(136)</u>
Cemetery:				
Personal services	-	-	-	-
Other	166,380	198,031	158,585	(39,446)
	<u>166,380</u>	<u>198,031</u>	<u>158,585</u>	<u>(39,446)</u>
Automotive shop:				
Personal services	-	-	-	-
Other	288,980	319,643	289,755	(29,888)
	<u>288,980</u>	<u>319,643</u>	<u>289,755</u>	<u>(29,888)</u>
Building maintenance:				
Personal services	-	-	3,663	3,663
Other	264,615	316,377	269,667	(46,710)
	<u>264,615</u>	<u>316,377</u>	<u>273,330</u>	<u>(43,047)</u>
Inspection:				
Personal services	310,625	310,625	293,183	(17,442)
Other	29,250	29,250	25,147	(4,103)
	<u>339,875</u>	<u>339,875</u>	<u>318,330</u>	<u>(21,545)</u>
Ground maintenance:				
Personal services	-	-	-	-
Other	440,630	463,053	451,670	(11,383)
	<u>440,630</u>	<u>463,053</u>	<u>451,670</u>	<u>(11,383)</u>
Total other	<u>1,789,263</u>	<u>1,928,262</u>	<u>1,782,817</u>	<u>(145,445)</u>
Total public works	<u>3,134,833</u>	<u>3,396,367</u>	<u>3,185,466</u>	<u>(210,901)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<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>
Health:				
Animal control:				
Personal services	41,348	41,348	42,049	701
Other	14,668	14,668	5,153	(9,515)
	<u>56,016</u>	<u>56,016</u>	<u>47,202</u>	<u>(8,814)</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	58,692	58,692	58,692	-
Sickle Cell Association	1,500	1,500	1,500	-
Substance Abuse	47,500	47,500	47,500	-
Other	11,800	27,300	27,300	-
Total other	<u>215,792</u>	<u>231,292</u>	<u>231,292</u>	<u>-</u>
Total health	<u>271,808</u>	<u>287,308</u>	<u>278,494</u>	<u>(8,814)</u>
Welfare:				
Other:				
Nondepartmental:				
East Alabama Services for the Elderly	10,000	10,000	10,000	-
Lee County Youth Development Center	30,000	30,000	30,000	-
Boys and Girls Clubs	30,000	35,000	30,000	(5,000)
Council on Human Relations	18,000	18,000	18,000	-
Storybook Farms	5,000	5,000	5,000	-
Other	-	4,500	9,500	5,000
Total welfare	<u>93,000</u>	<u>102,500</u>	<u>102,500</u>	<u>-</u>

UNAUDITED

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<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	1,195,670	1,195,670	1,211,802	16,132
Other	1,342,290	1,504,234	1,459,810	(44,424)
Total parks and recreation	<u>2,537,960</u>	<u>2,699,904</u>	<u>2,671,612</u>	<u>(28,292)</u>
Library:				
Personal services	377,735	377,735	365,256	(12,479)
Other	191,780	302,390	249,287	(53,103)
Total library	<u>569,515</u>	<u>680,125</u>	<u>614,543</u>	<u>(65,582)</u>
Other:				
Nondepartmental:				
Opelika Tree Commission	7,000	7,000	7,000	-
Keep Opelika Beautiful	35,000	36,000	35,000	(1,000)
Museum of East Alabama	24,000	25,000	24,000	(1,000)
Opelika Arts Association	19,000	27,000	19,000	(8,000)
Other	5,000	5,000	15,000	10,000
Envision Opelika	-	-	-	-
Total other	<u>90,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total culture and recreation	<u>3,197,475</u>	<u>3,480,029</u>	<u>3,386,155</u>	<u>(93,874)</u>
Economic Development:				
Personal services	318,138	318,138	323,092	4,954
Other	237,925	237,925	135,238	(102,687)
Total	<u>556,063</u>	<u>556,063</u>	<u>458,330</u>	<u>(97,733)</u>
Nondepartmental:				
Incentives	175,000	175,000	171,568	(3,432)
Industrial grant	135,000	165,000	161,190	(3,810)
Total	<u>310,000</u>	<u>340,000</u>	<u>332,758</u>	<u>(7,242)</u>
Total economic development	<u>866,063</u>	<u>896,063</u>	<u>791,088</u>	<u>(104,975)</u>
Education:	<u>2,503,000</u>	<u>2,508,050</u>	<u>2,508,050</u>	<u>-</u>
Capital Outlay:	<u>3,463,447</u>	<u>5,698,296</u>	<u>3,572,865</u>	<u>(2,125,431)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

<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	711,386	711,386	709,992	(1,394)
Interest	515,371	515,371	418,595	(96,776)
Trustee fees	26,000	26,000	-	(26,000)
Total debt service	<u>1,252,757</u>	<u>1,252,757</u>	<u>1,128,587</u>	<u>(124,170)</u>
Total expenditures	<u>30,950,133</u>	<u>34,194,346</u>	<u>30,518,411</u>	<u>(3,675,935)</u>
Excess of revenues over (under) expenditures	<u>4,353,155</u>	<u>1,176,263</u>	<u>6,379,320</u>	<u>5,203,057</u>
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Capital lease	-	-	-	-
Sale of fixed assets	-	804	8,032	(7,228)
Transfers from Electric Utility Fund	2,689,012	2,707,012	2,707,012	-
Transfers from Sewer Fund	-	-	-	-
Transfers from Solid Waste Collection Fund	-	-	-	-
Transfers from Nonmajor Special Revenue Fund	-	-	41,002	(41,002)
Transfers from Nonmajor Capital Project Fund	-	5,000	11,719	(6,719)
Transfers from Garden Hills Cemetery Trust Fund	18,000	18,000	19,423	(1,423)
Transfers from General Obligation Debt Service Fund	-	-	3,447	(3,447)
Transfer to Sewer Fund	-	-	-	-
Transfers to General Obligation Debt Service Funds	(1,715,000)	(1,715,000)	(1,441,180)	(273,820)
Transfers to 2003A General Obligation Warrants Debt Service Fund	(1,739,423)	(1,739,423)	(1,352,390)	(387,033)
Transfers to Sales Tax Reserve Fund	(2,065,000)	(2,065,000)	(2,098,184)	33,184
Transfers to Garden Hills Cemetery Perpetual Care Trust Fund	(12,000)	(12,000)	(22,375)	10,375
Transfers to Community Development Fund	(453,285)	(455,004)	(220,968)	(234,036)
Transfer to Solid Waste Collection Fund	<u>(75,459)</u>	<u>(154,197)</u>	<u>-</u>	<u>(154,197)</u>
Total other financing sources (uses)	<u>(3,353,155)</u>	<u>(3,409,808)</u>	<u>(2,344,462)</u>	<u>(1,065,346)</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,000,000	(2,233,545)	4,034,858	6,268,403
Fund balance, beginning of year	<u>17,892,533</u>	<u>17,892,533</u>	<u>17,892,533</u>	<u>-</u>
Fund balance, end of year	<u>\$ 18,892,533</u>	<u>\$ 15,658,988</u>	<u>\$ 21,927,391</u>	<u>\$ 6,268,403</u>

**CITY OF OPELIKA**  
**SCHOOL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
Revenues:				
Taxes:				
Property	\$ 4,640,000	\$ 4,640,000	\$ 5,506,362	\$ 866,362
Investment income	-	-	34,083	34,083
Contributions	-	-	1,839,801	1,839,801
Total revenues	<u>4,640,000</u>	<u>4,640,000</u>	<u>7,380,246</u>	<u>2,740,246</u>
Expenditures:				
Current:				
Education	<u>2,197,460</u>	<u>2,197,460</u>	<u>3,176,689</u>	<u>979,229</u>
Total expenditures	<u>2,197,460</u>	<u>2,197,460</u>	<u>3,176,689</u>	<u>979,229</u>
Excess of revenues over (under) expenditures	<u>2,442,540</u>	<u>2,442,540</u>	<u>4,203,557</u>	<u>1,761,017</u>
Other financing sources (uses):				
Transfers to Other Funds	<u>(2,442,540)</u>	<u>(2,442,540)</u>	<u>(4,203,557)</u>	<u>(1,761,017)</u>
Total other financing sources (uses)	<u>(2,442,540)</u>	<u>(2,442,540)</u>	<u>(4,203,557)</u>	<u>(1,761,017)</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

**CITY OF OPELIKA**  
**SPORTSPLEX CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
<b>Revenues:</b>				
Investment income	\$ 141,000	\$ 141,000	\$ 535,358	\$ 394,358
Contributions	-	-	268,097	268,097
Other	-	-	35,000	35,000
Total revenues	<u>141,000</u>	<u>141,000</u>	<u>838,455</u>	<u>697,455</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Capital outlay	25,170,903	25,170,903	13,223,881	(11,947,022)
Interest and fiscal charges	-	-	667,141	667,141
Total expenditures	<u>25,170,903</u>	<u>25,170,903</u>	<u>13,891,022</u>	<u>(11,279,881)</u>
Excess of revenues over (under) expenditures	<u>(25,029,903)</u>	<u>(25,029,903)</u>	<u>(13,052,567)</u>	<u>11,977,336</u>
<b>Other financing sources (uses):</b>				
Proceeds from debt issuance	-	-	28,677,042	28,677,042
Transfers from General Fund	-	-	186,459	186,459
Transfers to Debt Service Fund	-	-	(987,969)	(987,969)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>27,875,532</u>	<u>27,875,532</u>
Net change in fund balances	(25,029,903)	(25,029,903)	14,822,965	39,852,868
Fund balances, beginning of year	<u>374,900</u>	<u>374,900</u>	<u>374,900</u>	<u>-</u>
Fund balances, end of year	<u>\$ (24,655,003)</u>	<u>\$ (24,655,003)</u>	<u>\$ 15,197,865</u>	<u>\$ 39,852,868</u>

UNAUDITED

## **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 government's programs.

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

	<i><b>SPECIAL REVENUE FUNDS</b></i>	<i><b>DEBT SERVICE FUNDS</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	\$ 7,467,287	\$ 62,787	\$ 1,043,812	\$ -	\$ 8,573,886
Cash with fiscal agent	-	-	47,150	-	47,150
Certificates of deposit	-	8,000	-	-	8,000
Investments	6,008	1,956,099	-	538,798	2,500,905
Receivables	-	-	-	4,743	4,743
Sales and other taxes	25,970	-	-	-	25,970
Due from other funds	68	67,250	-	8,750	76,068
Due from other governments	67,557	-	55,942	-	123,499
Total current assets	<u>7,566,890</u>	<u>2,094,136</u>	<u>1,146,904</u>	<u>552,291</u>	<u>11,360,221</u>
Other assets					
Deposits	71,695	-	-	-	71,695
Total other assets	<u>71,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,695</u>
Total assets	<u>\$ 7,638,585</u>	<u>\$ 2,094,136</u>	<u>\$ 1,146,904</u>	<u>\$ 552,291</u>	<u>\$ 11,431,916</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 2,508	\$ -	\$ -	292	\$ 2,800
Retainage Payable	-	-	-	-	-
Accrued payroll and benefits	551	-	-	-	551
Due to other funds	46,535	224,888	40,973	4,452	316,848
Due to other governments	-	-	-	-	-
Deferred revenues	46,754	-	55,942	-	102,696
Matured bonds and interest payable	-	584,054	-	-	584,054
Total liabilities	<u>96,348</u>	<u>808,942</u>	<u>96,915</u>	<u>4,744</u>	<u>1,006,949</u>
Fund Balances:					
Reserved for encumbrances	-	1,285,194	-	547,547	1,832,741
Unreserved, undesignated	7,542,237	-	1,049,989	-	8,592,226
Total fund balance	<u>7,542,237</u>	<u>1,285,194</u>	<u>1,049,989</u>	<u>547,547</u>	<u>10,424,967</u>
Total liabilities and fund balances	<u>\$ 7,638,585</u>	<u>\$ 2,094,136</u>	<u>\$ 1,146,904</u>	<u>\$ 552,291</u>	<u>\$ 11,431,916</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<i>SPECIAL REVENUE FUNDS</i>	<i>DEBT SERVICE FUNDS</i>	<i>CAPITAL PROJECTS FUNDS</i>	<i>GARDEN HILLS CEMETERY PERMANENT FUND</i>	<i>TOTAL NONMAJOR GOVERNMENTAL FUNDS</i>
Revenues:					
Intergovernmental	\$ 1,043,974	\$ -	\$ -	\$ -	\$ 1,043,974
Investments income	240,192	36,456	18,103	(60,647)	234,104
Contributions	18,174	-	-	-	18,174
Other	244,149	-	404,874	-	649,023
Total revenues	<u>1,546,489</u>	<u>36,456</u>	<u>422,977</u>	<u>(60,647)</u>	<u>1,945,275</u>
Expenditures:					
Current:					
General government	188,876	-	-	3,816	192,692
Public safety	435,740	-	-	-	435,740
Public works	11,623	-	-	-	11,623
Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Economic development and urban rehabilitation	106,947	-	-	-	106,947
Capital outlay	885,943	-	221,744	-	1,107,687
Debt service:					
Principal retirement	-	5,470,000	-	-	5,470,000
Interest	-	2,340,743	-	-	2,340,743
Bond issue costs	-	-	-	-	-
Total expenditures	<u>1,629,129</u>	<u>7,810,743</u>	<u>221,744</u>	<u>3,816</u>	<u>9,665,432</u>
Excess of revenues over (under) expenditures	<u>(82,640)</u>	<u>(7,774,287)</u>	<u>201,233</u>	<u>(64,463)</u>	<u>(7,720,157)</u>
Other financing sources (uses):					
Proceeds of general long term debt	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-
Appropriations	-	-	(378,380)	-	(378,380)
Transfers from governmental funds	2,168,031	8,514,679	529,501	22,375	11,234,586
Transfers from proprietary funds	-	-	-	-	-
Transfers to governmental funds	(1,135,424)	(3,447)	(11,719)	(19,423)	(1,170,013)
Transfers to proprietary funds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>1,032,607</u>	<u>8,511,232</u>	<u>139,402</u>	<u>2,952</u>	<u>9,686,193</u>
Excess of revenues and other sources over (under) expenditures and other uses	949,967	736,945	340,635	(61,511)	1,966,036
Fund balances, beginning of year	6,592,270	548,249	709,354	609,058	8,458,931
Fund balances, end of year	<u>\$ 7,542,237</u>	<u>\$ 1,285,194</u>	<u>\$ 1,049,989</u>	<u>\$ 547,547</u>	<u>\$ 10,424,967</u>

## **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 - This fund is 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.**

**Sales Tax Revenue Fund – This fund is used to account for the portion of the sales tax that the government intends to use to fund payments to Lee County Commission for jail improvements and payments for construction of a 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, 2008**

	<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>SALES TAX REVENUE 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	\$ 133,351	\$ 24,269	\$ 217,035	\$ 35,052	\$ 1,830,765	\$ 4,935,179	\$ 24,894	\$ 266,742	\$ -	\$ 7,467,287
Investments	-	-	-	-	-	-	-	-	6,008	6,008
Sales and other taxes	-	-	-	-	-	-	-	25,970	-	25,970
Due from other funds	-	-	-	68	-	-	-	-	-	68
Due from other governments	12,241	9,566	-	45,750	-	-	-	-	-	67,557
Total current assets	<u>145,592</u>	<u>33,835</u>	<u>217,035</u>	<u>80,870</u>	<u>1,830,765</u>	<u>4,935,179</u>	<u>24,894</u>	<u>292,712</u>	<u>6,008</u>	<u>7,566,890</u>
Other assets										
Deposits	-	-	-	-	-	-	-	71,695	-	71,695
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,695</u>	<u>-</u>	<u>71,695</u>
Total assets	<u>\$ 145,592</u>	<u>\$ 33,835</u>	<u>\$ 217,035</u>	<u>\$ 80,870</u>	<u>\$ 1,830,765</u>	<u>\$ 4,935,179</u>	<u>\$ 24,894</u>	<u>\$ 364,407</u>	<u>\$ 6,008</u>	<u>\$ 7,638,585</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,508	\$ -	\$ -	\$ 2,508
Retainage Payable	-	-	-	-	-	-	-	-	-	-
Accrued payroll and benefits	-	-	-	551	-	-	-	-	-	551
Due to other funds	-	-	-	46,535	-	-	-	-	-	46,535
Due to other governments	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	46,754	-	-	-	-	-	46,754
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,840</u>	<u>-</u>	<u>-</u>	<u>2,508</u>	<u>-</u>	<u>-</u>	<u>96,348</u>
Fund balances:										
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	145,592	33,835	217,035	(12,970)	1,830,765	4,935,179	22,386	364,407	6,008	7,542,237
Total fund balance	<u>145,592</u>	<u>33,835</u>	<u>217,035</u>	<u>(12,970)</u>	<u>1,830,765</u>	<u>4,935,179</u>	<u>22,386</u>	<u>364,407</u>	<u>6,008</u>	<u>7,542,237</u>
Total liabilities and fund balances	<u>\$ 145,592</u>	<u>\$ 33,835</u>	<u>\$ 217,035</u>	<u>\$ 80,870</u>	<u>\$ 1,830,765</u>	<u>\$ 4,935,179</u>	<u>\$ 24,894</u>	<u>\$ 364,407</u>	<u>\$ 6,008</u>	<u>\$ 7,638,585</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<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>SALES TAX REVENUE 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	\$ 74,230	\$ 58,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,295
Alabama trust fund	-	-	168,598	-	-	-	-	-	-	168,598
Lodging fees	-	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	743,081	-	-	-	-	-	743,081
State Grants	-	-	-	-	-	-	-	-	-	-
Total intergovernmental	<u>74,230</u>	<u>58,065</u>	<u>168,598</u>	<u>743,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043,974</u>
Business licenses and permits	-	-	-	-	-	-	-	244,149	-	244,149
Miscellaneous:										
Investment income	3,733	307	5,491	1,363	68,541	161,847	428	-	(1,518)	240,192
Contributions	-	-	-	-	-	-	18,174	-	-	18,174
Total miscellaneous	<u>3,733</u>	<u>307</u>	<u>5,491</u>	<u>1,363</u>	<u>68,541</u>	<u>161,847</u>	<u>18,602</u>	<u>-</u>	<u>(1,518)</u>	<u>258,366</u>
Total revenues	<u>77,963</u>	<u>58,372</u>	<u>174,089</u>	<u>744,444</u>	<u>68,541</u>	<u>161,847</u>	<u>18,602</u>	<u>244,149</u>	<u>(1,518)</u>	<u>1,546,489</u>
Expenditures:										
Current:										
General government	-	-	-	188,876	-	-	-	-	-	188,876
Public safety	-	-	-	435,740	-	-	-	-	-	435,740
Public works	-	-	-	-	-	-	11,623	-	-	11,623
Welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Economic development and urban rehabilitation	-	-	-	21,485	-	-	-	85,462	-	106,947
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>646,101</u>	<u>-</u>	<u>-</u>	<u>11,623</u>	<u>85,462</u>	<u>-</u>	<u>743,186</u>
Capital outlay	88,000	66,000	172,000	213,343	340,000	-	6,600	-	-	885,943
Total expenditures	<u>88,000</u>	<u>66,000</u>	<u>172,000</u>	<u>859,444</u>	<u>340,000</u>	<u>-</u>	<u>18,223</u>	<u>85,462</u>	<u>-</u>	<u>1,629,129</u>
Excess revenues over (under) expenditures	<u>(10,037)</u>	<u>(7,628)</u>	<u>2,089</u>	<u>(115,000)</u>	<u>(271,459)</u>	<u>161,847</u>	<u>379</u>	<u>158,687</u>	<u>(1,518)</u>	<u>(82,640)</u>
Other financing resources (uses):										
Transfers from governmental funds	-	-	-	69,847	-	2,098,184	-	-	-	2,168,031
Transfers from proprietary funds	-	-	-	-	-	-	-	-	-	-
Transfers to governmental funds	-	-	-	(6,002)	-	(1,094,422)	-	(35,000)	-	(1,135,424)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,845</u>	<u>-</u>	<u>1,003,762</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>1,032,607</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(10,037)</u>	<u>(7,628)</u>	<u>2,089</u>	<u>(51,155)</u>	<u>(271,459)</u>	<u>1,165,609</u>	<u>379</u>	<u>123,687</u>	<u>(1,518)</u>	<u>949,967</u>
Fund balances, beginning of year	155,629	41,463	214,946	38,185	2,102,224	3,769,570	22,007	240,720	7,526	6,592,270
Fund balances, end of year	<u>\$ 145,592</u>	<u>\$ 33,835</u>	<u>\$ 217,035</u>	<u>\$ (12,970)</u>	<u>\$ 1,830,765</u>	<u>\$ 4,935,179</u>	<u>\$ 22,386</u>	<u>\$ 364,407</u>	<u>\$ 6,008</u>	<u>\$ 7,542,237</u>

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## **NONMAJOR DEBT SERVICE FUNDS**

**Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.**

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**SEPTEMBER 30, 2008**

	<b>GENERAL OBLIGATION WARRANTS</b>	<b>GENERAL OBLIGATION REFUNDING SCHOOL WARRANTS</b>	<b>GENERAL OBLIGATION SCHOOL WARRANTS</b>	<b>COMBINED TOTALS</b>
<b>ASSETS</b>				
Cash	\$ 61,352	\$ -	\$ 1,435	\$ 62,787
Certificates of deposit	8,000	-	-	8,000
Investments	1,553,879	-	402,220	1,956,099
Due from other funds	-	-	67,250	67,250
Due from other governments	-	-	-	-
Total assets	<u>\$ 1,623,231</u>	<u>\$ -</u>	<u>\$ 470,905</u>	<u>\$ 2,094,136</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ 224,888	\$ -	\$ -	\$ 224,888
Matured bonds and interest payable	138,084	-	445,970	584,054
Total liabilities	<u>362,972</u>	<u>-</u>	<u>445,970</u>	<u>808,942</u>
Fund balances:				
Reserved for debt service	1,260,259	-	24,935	1,285,194
Unreserved, undesignated	-	-	-	-
Total fund balance	<u>1,260,259</u>	<u>-</u>	<u>24,935</u>	<u>1,285,194</u>
Total liabilities and fund balances	<u>\$ 1,623,231</u>	<u>\$ -</u>	<u>\$ 470,905</u>	<u>\$ 2,094,136</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**SEPTEMBER 30, 2008**

	<b>GENERAL OBLIGATION WARRANTS</b>	<b>GENERAL OBLIGATION REFUNDING SCHOOL WARRANTS</b>	<b>GENERAL OBLIGATION SCHOOL WARRANTS</b>	<b>COMBINED TOTALS</b>
Revenues:				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous:				
Investment income	30,282	69	6,105	36,456
Total revenues	<u>30,282</u>	<u>69</u>	<u>6,105</u>	<u>36,456</u>
Expenditures:				
Debt service:				
Principal retirement	1,985,000	-	3,485,000	5,470,000
Interest and fiscal charges	1,502,899	-	837,844	2,340,743
Bond issue costs	-	-	-	-
Total expenditures	<u>3,487,899</u>	<u>-</u>	<u>4,322,844</u>	<u>7,810,743</u>
Excess of revenues over (under) expenditures	<u>(3,457,617)</u>	<u>69</u>	<u>(4,316,739)</u>	<u>(7,774,287)</u>
Other financing sources (uses):				
Proceeds of general long term debt	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Transfers from governmental funds	4,311,121	-	4,203,558	8,514,679
Transfers from proprietary funds	-	-	-	-
Transfers to governmental funds	(440)	(3,007)	-	(3,447)
Transfers to proprietary funds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>4,310,681</u>	<u>(3,007)</u>	<u>4,203,558</u>	<u>8,511,232</u>
Excess of revenue and other sources over (under) expenditures and other uses	853,064	(2,938)	(113,181)	736,945
Fund balances, beginning of year	407,195	2,938	138,116	548,249
Fund balances, end of year	<u>\$ 1,260,259</u>	<u>\$ -</u>	<u>\$ 24,935</u>	<u>\$ 1,285,194</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.**

**Justice Center Fund – This fund is used to account for the construction of the new justice center funded by sales taxes.**

**Tiger Town Project Fund – This fund is used to account for the construction for the Tiger Town development. Proceeds of the 2003 GO Warrants are being used to finance this project.**

**Road Construction Fund – This fund is used to account for the construction of roads and road improvements. Proceeds of the 1994A GO Warrants are being used to finance these projects.**

**Industrial Access Road Construction Fund – This fund is 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, 2008**

<i>ASSETS</i>	<i>JUSTICE CENTER</i>	<i>TIGER TOWN PROJECT</i>	<i>ROAD CONSTRUCTION</i>	<i>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</i>	<i>TOTALS</i>
Cash	\$ -	\$ -	\$ 568,982	474,830	\$ 1,043,812
Cash with fiscal agent	-	47,150	-	-	47,150
Receivables	-	-	-	-	-
Due from other governments	-	-	-	55,942	55,942
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 47,150</b>	<b>\$ 568,982</b>	<b>\$ 530,772</b>	<b>\$ 1,146,904</b>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	-	-	40,973	40,973
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	55,942	55,942
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,915</b>	<b>96,915</b>
Fund balances:					
Reserved for encumbrances	-	-	-	-	-
Unreserved, undesignated	-	47,150	568,982	433,857	1,049,989
<b>Total fund balance</b>	<b>-</b>	<b>47,150</b>	<b>568,982</b>	<b>433,857</b>	<b>1,049,989</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 47,150</b>	<b>\$ 568,982</b>	<b>\$ 530,772</b>	<b>\$ 1,146,904</b>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<i><b>JUSTICE CENTER</b></i>	<i><b>TIGER TOWN PROJECT</b></i>	<i><b>ROAD CONSTRUCTION</b></i>	<i><b>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</b></i>	<i><b>TOTALS</b></i>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	489	17,614	-	18,103
Grants	-	-	-	404,874	404,874
Total revenues	<u>-</u>	<u>489</u>	<u>17,614</u>	<u>404,874</u>	<u>422,977</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development and urban rehabilitation	-	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	221,744	221,744
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,744</u>	<u>221,744</u>
Excess of revenue over (under) expenditures	<u>-</u>	<u>489</u>	<u>17,614</u>	<u>183,130</u>	<u>201,233</u>
Other financing sources (uses):					
Appropriations	(378,380)	-	-	-	(378,380)
Transfers from governmental funds	378,380	-	-	151,121	529,501
Transfers from proprietary funds	-	-	-	-	-
Transfers to governmental funds	-	-	-	(11,719)	(11,719)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,402</u>	<u>139,402</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>489</u>	<u>17,614</u>	<u>322,532</u>	<u>340,635</u>
Fund balances, beginning of year	<u>-</u>	<u>46,661</u>	<u>551,368</u>	<u>111,325</u>	<u>709,354</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 47,150</u>	<u>\$ 568,982</u>	<u>\$ 433,857</u>	<u>\$ 1,049,989</u>

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

**Worker's Health Insurance Internal Service 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 ASSETS**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2008**

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,023,348	\$ 393,194	\$ 2,416,542
Due from other funds	17,529	874	18,403
Total current assets	<u>2,040,877</u>	<u>394,068</u>	<u>2,434,945</u>
Other assets:			
Deposits	19,229	-	19,229
Total assets	<u>\$ 2,060,106</u>	<u>\$ 394,068</u>	<u>\$ 2,454,174</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 46,848	\$ 22,029	\$ 68,877
Due to other funds	72,586	29,806	102,392
Liability for unpaid claims	83,525	123,000	206,525
Deferred revenues	-	148,236	148,236
Total current liabilities	202,959	323,071	526,030
Long-term liabilities:			
Liability for unpaid claims	311,539	-	311,539
Total liabilities	<u>514,498</u>	<u>323,071</u>	<u>837,569</u>
<b>NET ASSETS</b>			
Unrestricted net assets	1,545,608	70,997	1,616,605
Total net assets	<u>\$ 1,545,608</u>	<u>\$ 70,997</u>	<u>\$ 1,616,605</u>

**CITY OF OPELIKA**  
*COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS*  
*INTERNAL SERVICE FUNDS*  
*YEAR ENDED SEPTEMBER 30, 2008*

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating revenues:			
Charges for insurance	\$      408,658	\$      1,767,612	\$      2,176,270
Operating expenses:			
Insurance claims and expenses	<u>          261,917</u>	<u>          1,609,669</u>	<u>          1,871,586</u>
Operating income (loss)	146,741	157,943	304,684
Nonoperating revenues and (expenses):			
Interest revenue	68,903	9,055	77,958
Operating transfer in (out)	<u>                  -</u>	<u>                  -</u>	<u>                  -</u>
Change in net assets	215,644	166,998	382,642
Net assets, beginning of year	<u>          1,329,964</u>	<u>              (96,001)</u>	<u>          1,233,963</u>
Net assets, end of year	<u><u>          \$      1,545,608</u></u>	<u><u>          \$          70,997</u></u>	<u><u>          \$      1,616,605</u></u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<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	\$ 407,819	\$ 1,780,753	\$ 2,188,572
Payments to suppliers and others	(83,121)	(192,088)	(275,209)
Claims paid	(129,802)	(1,452,113)	(1,581,915)
Net cash provided by operating activities	<u>194,896</u>	<u>136,552</u>	<u>331,448</u>
Cash flows from noncapital financing activities:			
(Payment) receipt on interfund balance	-	-	-
Net cash (used in) provided by noncapital investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>68,903</u>	<u>9,055</u>	<u>77,958</u>
Net cash provided by investing activities	<u>68,903</u>	<u>9,055</u>	<u>77,958</u>
Net increase in cash and cash equivalents	263,799	145,607	409,406
Cash and cash equivalents - beginning of year	<u>1,759,549</u>	<u>247,587</u>	<u>2,007,136</u>
Cash and cash equivalents - end of year	<u>\$ 2,023,348</u>	<u>\$ 393,194</u>	<u>\$ 2,416,542</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 146,741	\$ 157,943	\$ 304,684
Change in assets and liabilities:			
Due from other funds	(839)	29,806	28,967
Deposits	-	13,237	13,237
Accounts payable	26,149	(6,575)	19,574
Liability for unpaid claims	22,845	(71,000)	(48,155)
Deferred revenue	-	13,141	13,141
Net cash provided by operating activities	<u>\$ 194,896</u>	<u>\$ 136,552</u>	<u>\$ 331,448</u>

**SUPPLEMENTAL SCHEDULES**

**CITY OF OPELIKA**  
**SCHEDULE OF DEBT**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

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

General obligation debt:

Amount available in debt service funds	\$ 313,580
Amount to be provided (for principal)	35,424,962
Other long-term debt:	
Amount available in debt service funds	276,837
Amount to be provided (for principal)	33,616,898
Total available and to be provided	<u>\$ 69,632,277</u>

Long-term debt outstanding:

General obligation debt:

Serial bonds and warrants:

Warrants issued 1998, due in installments to July 1, 2014	\$ 6,365,000
Warrants issued 2000, due in installments to October 1, 2025	5,910,000
Warrants issued 2002, due in installments to February 1, 2032	4,265,000
Warrants issued 2003, due in installments to April 1, 2023	8,740,000
Warrants issued 2004, due in installments to March 1, 2029	6,390,000
Total general obligation serial bonds and warrants	<u>31,670,000</u>

Other:

Vacation, sick leave, workmen's compensation claims and other	2,368,542
Reserve Agreement dated as of June 1, 1998 with the Opelika Industrial Development Authority	1,700,000
Total general obligation other	<u>4,068,542</u>
Total general obligation debt	35,738,542

Other long-term debt

Capital lease - public works equipment	56,735
Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007	28,650,000
Anticipated payments for principal due in accordance with the Annual Appropriation Agreement dated June 1, 1998 between the City of Opelika and the Opelika Industrial Development Authority	5,187,000
Total other long-term debt	<u>33,893,735</u>
Total long-term debt	<u>\$ 69,632,277</u>

**CITY OF OPELIKA**  
**SCHEDULE OF DEBT SERVICE**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

	<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>
2009	\$ 3,870,000	\$ 1,386,882	\$ 536,735	\$ 1,652,055	\$ 4,406,735	\$ 3,038,937	\$ 7,445,672
2010	4,070,000	1,218,490	500,000	1,612,851	4,570,000	2,831,341	7,401,341
2011	3,695,000	1,067,747	520,000	1,574,383	4,215,000	2,642,130	6,857,130
2012	3,135,000	941,543	540,000	1,535,774	3,675,000	2,477,317	6,152,317
2013	3,325,000	817,584	670,000	1,497,098	3,995,000	2,314,682	6,309,682
2014	1,835,000	715,422	1,025,000	1,454,032	2,860,000	2,169,454	5,029,454
2015	695,000	633,186	1,080,000	1,407,251	1,775,000	2,040,437	3,815,437
2016	735,000	602,051	1,140,000	1,357,713	1,875,000	1,959,764	3,834,764
2017	765,000	568,604	1,200,000	1,304,568	1,965,000	1,873,172	3,838,172
2018	800,000	533,219	1,270,000	1,245,066	2,070,000	1,778,285	3,848,285
2019	835,000	495,456	1,350,000	1,182,115	2,185,000	1,677,571	3,862,571
2020	875,000	455,687	1,420,000	1,119,015	2,295,000	1,574,702	3,869,702
2021	920,000	413,596	1,505,000	1,048,401	2,425,000	1,461,997	3,886,997
2022	965,000	368,515	1,210,000	969,578	2,175,000	1,338,093	3,513,093
2023	1,015,000	320,214	917,000	908,557	1,932,000	1,228,771	3,160,771
2024	1,060,000	269,225	900,000	864,544	1,960,000	1,133,769	3,093,769
2025	1,120,000	215,344	940,000	823,144	2,060,000	1,038,488	3,098,488
2026	630,000	158,263	985,000	779,831	1,615,000	938,094	2,553,094
2027	660,000	128,747	1,030,000	734,494	1,690,000	863,241	2,553,241
2028	695,000	97,687	1,075,000	687,131	1,770,000	784,818	2,554,818
2029	725,000	65,084	1,125,000	637,631	1,850,000	702,715	2,552,715
2030	300,000	40,744	1,180,000	585,769	1,480,000	626,513	2,106,513
2031	315,000	24,984	1,235,000	528,344	1,550,000	553,328	2,103,328
2032	330,000	8,456	1,300,000	464,969	1,630,000	473,425	2,103,425
2033	-	-	1,365,000	398,344	1,365,000	398,344	1,763,344
2034	-	-	1,435,000	331,034	1,435,000	331,034	1,766,034
2035	-	-	1,500,000	263,162	1,500,000	263,162	1,763,162
2036	-	-	1,570,000	192,169	1,570,000	192,169	1,762,169
2037	-	-	1,645,000	117,822	1,645,000	117,822	1,762,822
2038	-	-	1,725,000	39,890	1,725,000	39,890	1,764,890
Vacation, sick, other:	-	-	2,368,542	-	2,368,542	-	2,368,542
	<u>\$ 33,370,000</u>	<u>\$ 11,546,730</u>	<u>\$ 36,262,277</u>	<u>\$ 27,316,735</u>	<u>\$ 69,632,277</u>	<u>\$ 38,863,465</u>	<u>\$ 108,495,742</u>

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2008**

**ANTICIPATED PAYMENTS FOR INDUSTRIAL DEVELOPMENT AUTHORITY'S SERIES 1998A INDUSTRIAL  
DEVELOPMENT REVENUE BONDS**

<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>
\$ 5,010,000	2009	5.84%	\$ 240,000	\$ 292,584	\$ 532,584
4,770,000	2010	5.84%	255,000	278,568	533,568
4,515,000	2011	5.84%	275,000	263,676	538,676
4,240,000	2012	5.84%	295,000	247,616	542,616
3,945,000	2013	5.84%	315,000	230,388	545,388
3,630,000	2014	5.84%	335,000	211,992	546,992
3,295,000	2015	5.84%	360,000	192,428	552,428
2,935,000	2016	5.84%	385,000	171,404	556,404
2,550,000	2017	5.84%	410,000	148,920	558,920
2,140,000	2018	5.84%	440,000	124,976	564,976
1,700,000	2019	5.84%	470,000	99,280	569,280
1,230,000	2020	5.84%	505,000	71,832	576,832
725,000	2021	5.84%	540,000	42,340	582,340
185,000	2022	5.84%	185,000	10,804	195,804
			\$ 5,010,000	\$ 2,386,812	\$ 7,396,812

\* A constant rate of 5.84% is assumed for disclosure purposes which is the variable rate in effect at 9-30-07.

The Industrial Development Authority adopted the variable rate option at June 1, 2003. The variable rate is adjusted weekly by the Remarketing Agent. The variable rate is determined by the Remarketing Agent as the lowest rate which will, in the opinion of the Remarketing Agent, result in the market value of the bonds being 100% of the principal amount thereof on the determination date.

\*\* The sum of the anticipated payments under the 1998A and 1998B issues is equal to the sum of the Reserve Agreement and the Annual Appropriation Agreement shown on the Comparative Statements of General Long Term Debt.

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

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2008**

**ANTICIPATED PAYMENTS FOR INDUSTRIAL DEVELOPMENT AUTHORITY'S SERIES 1998B INDUSTRIAL  
DEVELOPMENT REVENUE BONDS**

<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>
\$ 1,877,000	2009	3.97%	\$ 75,000	\$ 74,517	\$ 149,517
1,802,000	2010	3.97%	80,000	71,539	151,539
1,722,000	2011	3.97%	85,000	68,363	153,363
1,637,000	2012	3.97%	90,000	64,989	154,989
1,547,000	2013	3.97%	100,000	61,416	161,416
1,447,000	2014	3.97%	110,000	57,446	167,446
1,337,000	2015	3.97%	120,000	53,079	173,079
1,217,000	2016	3.97%	130,000	48,315	178,315
1,087,000	2017	3.97%	140,000	43,154	183,154
947,000	2018	3.97%	150,000	37,596	187,596
797,000	2019	3.97%	165,000	31,641	196,641
632,000	2020	3.97%	175,000	25,090	200,090
457,000	2021	3.97%	190,000	18,143	208,143
267,000	2022	3.97%	210,000	10,600	220,600
57,000	2023	3.97%	57,000	2,263	59,263
			\$ 1,877,000	\$ 668,153	\$ 2,545,153

\* Rate will be determined annually, June 1 at the Treasury Rate plus one eight-tenths percent annum. At June 30, 2007, the rate was 6.78%

\*\* The sum of the anticipated payments under the 1998A and 1998B issues is equal to the sum of the Reserve Agreement and the Annual Appropriation Agreement shown on the Comparative Statements of General Long Term Debt.

Note: Principal payments due on June 1, year as indicated. Interest is paid semi-annually on December 1 and June 1.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2008**

**GENERAL OBLIGATION WARRANTS, SERIES 1998**

<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>
\$ 6,365,000	2009	4.10%	\$ 955,000	\$ 270,313	\$ 1,225,313
5,410,000	2010	4.20%	1,000,000	231,158	1,231,158
4,410,000	2011	4.25%	1,035,000	189,157	1,224,157
3,375,000	2012	4.25%	1,080,000	145,170	1,225,170
2,295,000	2013	4.30%	1,125,000	99,270	1,224,270
1,170,000	2014	4.35%	1,170,000	50,895	1,220,895
			\$ 6,365,000	\$ 985,963	\$ 7,350,963

Note: Warrants mature on July 1, each year as indicated. Interest is paid semi-annually on January 1 and July 1. Refund 1994A Road Construction Warrants.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2008**

**GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2000**

<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>
\$ 5,910,000	2009	4.85%	\$ 225,000	\$ 317,120	\$ 542,120
5,685,000	2010	5.00%	235,000	306,208	541,208
5,450,000	2011	4.90%	250,000	294,458	544,458
5,200,000	2012	5.00%	260,000	282,208	542,208
4,940,000	2013	5.10%	275,000	269,208	544,208
4,665,000	2014	5.20%	285,000	255,182	540,182
4,380,000	2015	5.25%	300,000	240,362	540,362
4,080,000	2016	5.30%	320,000	224,612	544,612
3,760,000	2017	5.35%	335,000	207,652	542,652
3,425,000	2018	5.40%	355,000	189,730	544,730
3,070,000	2019	5.45%	370,000	170,560	540,560
2,700,000	2020	5.50%	390,000	150,396	540,396
2,310,000	2021	5.50%	415,000	128,945	543,945
1,895,000	2022	5.60%	435,000	106,120	541,120
1,460,000	2023	5.60%	460,000	81,760	541,760
1,000,000	2024	5.60%	485,000	56,000	541,000
515,000	2025	5.60%	515,000	28,840	543,840
			\$ 5,910,000	\$ 3,309,361	\$ 9,219,361

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

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2008**

**GENERAL OBLIGATION WARRANTS, SERIES 2002**

<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>
\$ 4,265,000	2009	-	\$ -	\$ 212,505	\$ 212,505
4,265,000	2010	-	-	212,505	212,505
4,265,000	2011	-	-	212,505	212,505
4,265,000	2012	-	-	212,505	212,505
4,265,000	2013	4.300%	130,000	209,710	339,710
4,135,000	2014	4.450%	135,000	203,911	338,911
4,000,000	2015	4.550%	140,000	197,723	337,723
3,860,000	2016	4.650%	150,000	191,050	341,050
3,710,000	2017	4.750%	155,000	183,881	338,881
3,555,000	2018	4.800%	160,000	176,360	336,360
3,395,000	2019	4.900%	170,000	168,355	338,355
3,225,000	2020	4.950%	180,000	159,735	339,735
3,045,000	2021	5.000%	190,000	150,530	340,530
2,855,000	2022	5.000%	200,000	140,780	340,780
2,655,000	2023	5.100%	210,000	130,425	340,425
2,445,000	2024	5.100%	220,000	119,460	339,460
2,225,000	2025	5.100%	230,000	107,985	337,985
1,995,000	2026	5.100%	240,000	96,000	336,000
1,755,000	2027	5.100%	255,000	83,378	338,378
1,500,000	2028	5.125%	270,000	69,956	339,956
1,230,000	2029	5.125%	285,000	55,734	340,734
945,000	2030	5.125%	300,000	40,744	340,744
645,000	2031	5.125%	315,000	24,984	339,984
330,000	2032	5.125%	330,000	8,456	338,456
			<u>\$ 4,265,000</u>	<u>\$ 3,369,177</u>	<u>\$ 7,634,177</u>

Note: Warrants mature on February 1, each year as indicated. Interest paid semi-annually on February 1 and August 1 as indicated. Appropriation for construction of conference center.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2008**

**GENERAL OBLIGATION WARRANTS, SERIES 2003A**

<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>
\$ 8,740,000	2009	5.00%	\$ 2,175,000	\$ 340,293	\$ 2,515,293
6,565,000	2010	5.00%	2,290,000	228,668	2,518,668
4,275,000	2011	3.30-4.00%	1,835,000	138,778	1,973,778
2,440,000	2012	5.25%	1,185,000	75,032	1,260,032
1,255,000	2013	3.50%	1,255,000	21,962	1,276,962
			\$ 8,740,000	\$ 804,733	\$ 9,544,733

Note: Warrants mature on April 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 1993A&B and to provide funding for public portion of new commercial development.

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2008**

**GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2004**

<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>
\$ 6,390,000	2009	2.50%	\$ 200,000	\$ 246,651	\$ 446,651
6,190,000	2010	4.00%	210,000	239,951	449,951
5,980,000	2011	2.70%	215,000	232,849	447,849
5,765,000	2012	2.95%	225,000	226,628	451,628
5,540,000	2013	5.00%	235,000	217,434	452,434
5,305,000	2014	5.00%	245,000	205,434	450,434
5,060,000	2015	3.30%	255,000	195,101	450,101
4,805,000	2016	3.40%	265,000	186,389	451,389
4,540,000	2017	3.50%	275,000	177,071	452,071
4,265,000	2018	3.60%	285,000	167,129	452,129
3,980,000	2019	3.70%	295,000	156,541	451,541
3,685,000	2020	3.63%	305,000	145,556	450,556
3,380,000	2021	3.75%	315,000	134,121	449,121
3,065,000	2022	4.00%	330,000	121,615	451,615
2,735,000	2023	4.05%	345,000	108,029	453,029
2,390,000	2024	4.10%	355,000	93,765	448,765
2,035,000	2025	4.25%	375,000	78,519	453,519
1,660,000	2026	4.25%	390,000	62,263	452,263
1,270,000	2027	4.25%	405,000	45,369	450,369
865,000	2028	4.25%	425,000	27,731	452,731
440,000	2029	4.25%	440,000	9,350	449,350
			\$ 6,390,000	\$ 3,077,496	\$ 9,467,496

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

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2008**

**MUNICIPAL LEASE WALKING EXCAVATOR - 2005**

<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>
\$ 56,735	2009	4.60%	\$ 56,735	\$ 2,610	\$ 59,345
			<u>\$ 56,735</u>	<u>\$ 2,610</u>	<u>\$ 59,345</u>

Note: Payment due annually on August 15

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2008**

**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>
\$	28,650,000	2009	4.00%	\$ 480,000	\$ 1,282,344	\$ 1,762,344
	28,170,000	2010	4.00%	500,000	1,262,744	1,762,744
	27,670,000	2011	4.00%-3.25%	520,000	1,242,344	1,762,344
	27,150,000	2012	3.25%	540,000	1,223,169	1,763,169
	26,610,000	2013	3.25%-4.00%	560,000	1,205,294	1,765,294
	26,050,000	2014	4.00%-3.75%	580,000	1,184,594	1,764,594
	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	4.00%-5.00%	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	5.00%-4.50%	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	5.00%-4.63%	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
				<b>\$ 28,650,000</b>	<b>\$ 24,259,160</b>	<b>\$ 52,909,160</b>

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 new Athletic Center. 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.

## **STATISTICAL TABLES**

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

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>HEALTH</u>	<u>WELFARE</u>	<u>CULTURE AND RECREATION</u>	<u>EDUCATION</u>	<u>ECONOMIC DEVELOPMENT AND URBAN REHABILITATION</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
1999	\$ 2,440,078	\$ 8,065,045	\$ 2,610,691	\$ 253,337	\$ 66,500	\$ 2,002,084	\$ 1,700,000	\$ 438,065	\$ 4,667,078	\$ 22,242,878
2000	2,790,444	8,436,290	3,256,986	272,612	71,500	2,244,672	1,700,000	326,026	4,032,706	23,131,236
2001	2,877,934	9,126,114	3,064,511	267,515	81,500	2,272,254	9,737,250	336,942	4,766,599	32,530,619
2002	2,962,915	8,663,351	3,961,699	243,370	67,500	6,219,488	2,713,896	401,557	6,866,487	32,100,263
2003	3,324,811	9,194,903	2,927,147	248,759	277,799	2,457,171	2,825,794	403,121	5,810,133	27,469,638
2004	3,443,635	9,784,324	3,070,000	268,529	146,004	2,595,527	11,042,776	2,789,186	5,706,286	38,846,267
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

Note:

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

Unaudited

**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>
1999	12,328,704	7,975,739	972,475	239,413	183,212	3,228,573	24,928,116
2000	12,519,647	8,160,362	2,194,576	321,664	199,968	1,132,069	24,528,286
2001	13,371,139	8,399,219	994,460	355,490	283,654	1,063,060	24,467,022
2002	14,095,055	8,625,544	2,333,976	506,474	305,926	701,568	26,568,543
2003	14,970,194	8,772,293	1,523,655	481,568	360,832	489,509	26,598,051
2004	18,580,579	9,188,628	2,123,240	497,290	404,734	533,335	31,327,806
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

Note:

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

Unaudited

**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>
1999	\$ 2,422,618	\$ 2,244,460	\$ 4,667,078	\$ 22,242,878	21.0
2000	1,814,460	2,218,246	4,032,706	23,131,236	17.4
2001	2,113,064	2,653,535	4,766,599	32,530,619	14.7
2002	4,367,796	2,498,691	6,866,487	32,100,263	21.4
2003	3,117,012	2,693,121	5,810,133	27,469,638	21.2
2004	3,266,247	2,440,039	5,706,286	38,846,267	14.7
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	20.0
2007	4,453,841	2,340,743	6,794,584	35,568,391	19.0
2008	6,179,992	3,426,479	9,606,471	39,347,121	24.4

Note:

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

Unaudited

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

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>
1999	\$ 23,405,495 (1)
2000	28,166,617 (1)
2001	32,081,744 (1)
2002	33,783,586 (1)
2003	37,275,288 (1)
2004	45,758,571 (1)
2005	47,873,371 (1)
2006	51,107,068 (1)
2007	58,407,258 (1)
2008	65,725,115 (1)

(1) Source: Lee County Revenue Commissioner

Unaudited

**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>	
1999	\$ 108,115,540	\$ 675,722,125	\$ 39,986,100	\$ 199,930,500	\$ 148,101,640	\$ 875,652,625	16.9
2000	127,404,180	832,838,200	44,836,820	224,184,100	172,241,000	1,057,022,300	16.3
2001	139,945,800	868,783,400	45,378,300	251,568,700	185,324,100	1,120,352,100	16.5
2002	149,100,280	953,727,100	46,759,380	233,796,900	195,859,660	1,187,524,000	16.5
2003	151,285,640	965,124,566	47,091,260	235,456,300	198,376,900	1,200,580,866	16.5
2004	173,696,900	1,130,985,700	57,375,080	275,110,033	231,071,980	1,406,095,733	16.4
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

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%

Unaudited

Source - Lee County Revenue Commissioner

(1) Excludes value of motor vehicles

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

**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	
Solider Fund (no limit as to time)		0.10	
School Fund (no limit as to time)		0.30	
Total State of Alabama		<u>0.65</u>	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		<u>1.35</u>	
County Schools:			
General School Fund (no limit as to time)		0.50	
Total (shared with City schools based on average daily attendance)		<u>0.50</u>	
Total Lee County		<u>1.85</u>	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		<u>2.60</u>	
Special School Tax:			
Special School Tax (voted to Sept. 30, 2021)		0.30	
Total		<u>0.30</u>	
Total City of Opelika		<u>2.90</u>	2.90
Total tax rate		<u>\$ 5.40</u>	<u>5.40</u>

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</b>
	<b>CENSUS</b>	<b>NUMBER</b>						
1999	1990	22,122	148,101,640	36,533,067 (1)	1,897,703	34,635,364	23.39	1,566
2000	2000	23,498	172,241,000	35,004,550 (1)	1,916,847	33,087,703	19.21	1,408
2001	2000	23,498	185,324,100	40,460,485 (1)	1,949,093	38,511,392	20.78	1,639
2002	2000	23,498	195,859,660	40,720,908 (1)	396,030	40,324,878	20.59	1,716
2003	2000	23,498	198,376,900	46,883,065 (1)	304,989	46,578,076	23.48	1,982
2004	2000	23,498	231,071,980	51,159,015 (1)	310,621	50,848,394	22.01	2,164
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

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, 2008**

Assessed value of real and personal taxable property as of 9-30-08 (including motor vehicles and excluding exempt property) (2)		<u>\$ 306,468,200</u>
Debt limit, twenty percent of assessed value (constitutional limitation) (1)		\$ 61,293,640
Outstanding General Obligation Debt:		
Debt in governmental activities	\$ 31,670,000	
Debt in business-type activities	8,990,000	
Obligation per Reserve Agreement with Industrial Development Authority	1,700,000	
Other long-term liabilities	<u>2,368,543</u>	
Total general obligation debt for computation		\$ 44,728,543
Less: Bonds exempted from legal debt limit (1):		
Bonds issued for schools:		
2000 General Obligation School Warrants	5,910,000	
2003 General Obligation Warrants, Series 2003A (portion refunding 1993A School Warrants)	2,820,000	
2004 General Obligation School Warrants	<u>6,390,000</u>	
Total	15,120,000	
Bonds issued for sewers:		
1989 General Obligation Sewer Warrants, SRF-1,2 and 3	1,515,000	
2003 General Obligation Warrants, Series 2003A (portion issued for treatment plant construction)	6,145,000	
2003 General Obligation Warrants, Series 2003A (portion issued for Tiger Town sewer construction)	2,507,934	
2003 General Obligation Warrants, Series 2003A (portion refunding 1993B warrants)	<u>1,330,000</u>	
Total	11,497,934	
Bonds issued for storm sewers:		
2003 General Obligation Warrants, Series 2003A (portion refunding 1993B warrants)	<u>190,000</u>	
Total exempt bonds		<u>26,807,934</u>
NET BONDED INDEBTEDNESS		<u>17,920,609</u>
LEGAL DEBT MARGIN		<u>\$ 43,373,031</u>

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) Per Lee County Revenue Commissioner

**CITY OF OPELIKA**  
**COMPUTATION OF OVERLAPPING DEBT**  
**SEPTEMBER 30, 2008**

	<u>GROSS DEBT LESS DEBT SERVICE ASSETS</u>	<u>PERCENTAGE OF DEBT APPLICABLE CITY OF OPELIKA</u>	<u>CITY OF OPELIKA DEBT BURDEN</u>
City of Opelika			
Gross bonded debt (1)	\$ 35,738,542		
Other long-term debt	<u>33,893,735</u>		
Total long-term debt	69,632,277		
Less: amounts available for debt service	<u>590,417</u>		
Direct net debt	<u>\$ 69,041,860</u>	100%	\$ 69,041,860
Overlapping Debt			
Lee County, Alabama (fiscal year ending September 30, 2007)			
Net overlapping debt	<u>\$ 20,390,626 (2)</u>	22.8%	<u>4,649,063</u>
Total direct and overlapping debt			<u>\$ 73,690,923</u>

## Notes:

Unaudited

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

(2) 2007 figure used as the 2008 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>
1999	(1)	22,122	16,887	34.1	73.2	7,764	3.5%
2000	(2)	23,498	17,571	34.1	73.2	7,770	3.4%
2001	(2)	23,498	17,848	34.1	69.9	8,009	3.5%
2002	(3)	23,774	18,639	34.4	72.5	8,070	3.7%
2003	(3)	24,232	19,091	34.0	76.2	8,226	3.9%
2004	(3)	23,269	18,023	35.2	76.4	8,495	3.8%
2005	(3)	23,804	20,254	35.2	78.2	7,800	3.6%
2006	(3)	24,621	22,615	36.2	78.2	8,050	2.6%
2007	(3)	24,621	22,615	35.0	78.2	7,930	3.5%
2008	(3)	25,836	21,928	35.8	78.9	8,253	4.5%

Unaudited

(1) Source: 1990 Federal Census

(2) Source: 2000 Federal Census

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

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

<b>FISCAL YEAR</b>	<b>COMMERCIAL CONSTRUCTION (1)</b>		<b>RESIDENTIAL CONSTRUCTION (1)</b>	
	<b>NUMBER OF UNITS</b>	<b>VALUE</b>	<b>NUMBER OF UNITS</b>	<b>VALUE</b>
1999	29	\$ 57,988,372	91	\$ 10,177,283
2000	27	10,783,158	75	9,258,241
2001	21	21,481,875	75	9,009,212
2002	47	39,581,130	72	8,694,715
2003	28	22,130,394	109	14,307,453
2004	50	48,966,739	150	18,702,963
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

## Notes:

Unaudited

(1) Amounts shown are new construction only.

**CITY OF OPELIKA**  
**PRINCIPAL TAXPAYERS**  
 SEPTEMBER 30, 2008

<b>TAXPAYER</b>	<b>TYPE OF BUSINESS</b>	<b>ASSESSED VALUATION</b>	<b>TAX COLLECTED</b>	<b>PERCENT OF TOTAL ASSESSED VALUATION</b>
Uniroyal/Michelin Tire	Industry/Manufacturer	\$ 33,005,020	\$ 1,697,090	9.6%
Wal-Mart	Wholesale product distributor	13,890,860	587,651	4.0%
THF Tiger Town, LLC	Commercial real estate	7,478,920	412,397	2.2%
Jo-Ann Stores Supply	Distribution	11,593,760	313,032	3.4%
Bentleler Automotive Alabama, Inc.	Industry/Manufacturer	7,986,140	215,626	2.3%
Grand National Lodge Corp.	Lodging/Recreation	3,727,140	201,266	1.1%
BellSouth Telecommunications, Inc.	Public Utility	3,648,700	197,030	1.1%
Mando America Corporation	Industry/Manufacturer	6,208,000	174,918	1.8%
Industrial Partners	Real estate development	2,682,120	144,834	0.7%
JDN Realty Alabama, Inc.	Real estate development	<u>2,428,800</u>	<u>131,155</u>	<u>0.7%</u>
Total assessed value and tax collected for ten largest taxpayers		92,649,460	4,074,999	26.9%
Total assessed value of other taxpayers		<u>252,243,140</u>		<u>73.1%</u>
Total assessed value of all taxpayers		<u><u>\$ 344,892,600</u></u>		<u><u>100.0%</u></u>

## Notes:

Unaudited

Source: Lee County Revenue Commissioner

Amounts shown are assessed at 10-1-06 and collected during fiscal year ended 9-30-08

**CITY OF OPELIKA**  
**MISCELLANEOUS STATISTICS (1)**  
**SEPTEMBER 30, 2008**

Date of Incorporation	1854
Form of Government	Mayor-Council
Area	57 square miles
Miles of Streets:	
Paved	223
Unpaved	4
Fire Protection:	
Number of stations	4
Number of firefighters, paramedics and other personnel	66
Police Protection:	
Number of stations	1
Number of police officers and other personnel	100
Education:	
Attendance centers:	
Primary, intermediate and middle schools	7
Secondary schools	1
State colleges	1
Number of students	8,253
Auburn University, in adjoining Auburn, Alabama	24,530 enrollment
Sewers:	
Sanitary sewers	258 miles
Building permits:	
Number of permits	2,121
Estimated value of new construction and improvements	127,407,288
Recreation and culture:	
Number of parks and playgrounds	13 with 488 acres
Number of community centers	2
Number of golf courses (public and private)	3
Number of tennis courts	12
Number of libraries	1
Number of volumes	69,200
City employees	367

(1) Unaudited