

**CITY OF OPELIKA, ALABAMA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2010**

LIST OF PRINCIPAL OFFICIALS OF THE CITY OF OPELIKA

ELECTED AND APPOINTED OFFICIALS

*Gary Fuller, Mayor
Charles E. Smith, Council President, Ward 4
Patricia A. Jones, Council Member, Ward 1
Larry D. Gray, Council Member, Ward 2
Joel D. Motley, Council Member, Ward 3
David W. Canon, 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
Samuel S. Bailey, Parks and Recreation Director
Lisa G. McLeod, Human Resources Director
Gerald E. Kelley, Planning Director
Lillie Finley, Revenue Officer
Walter Dorsey, Engineering
Alfred E. Cook, Economic Development Director
Shirley C. Washington, Purchasing Agent
Derek S. Lee, 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, 2010
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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, 2010, 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, 2010, 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, 2010, 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, Sportsplex Construction 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, 2010, 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 25, 2011 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 XIV and 40 through 51, 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 25, 2011



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City of Opelika, Alabama

Management's Discussion and Analysis
For the Year Ended September 30, 2010
(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, 2010.

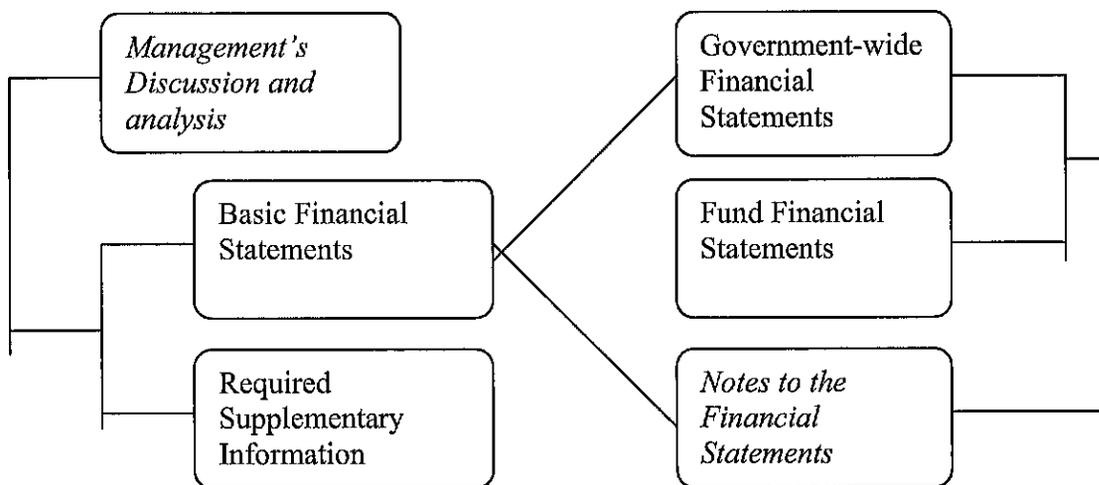
FINANCIAL HIGHLIGHTS

- The Public Park and Recreation Board of the City of Opelika completed its first year of operation. The \$32 million dollar, 75,000 square foot complex is the largest project ever undertaken by the City government. It is a public-private partnership, with businesses, corporations and private individuals contributing approximately \$5 million dollars to the project. The facility includes: An indoor Aquatics Center that houses a heated pool (with zero depth entry and special lifts for handicapped individuals), a Jacuzzi, steam rooms, and a splash park located directly outside of the pool area; 2 Racquetball Courts, a youth game room, a dual gymnasium with a raised platform for special events, a resilient rubber indoor walking track, a Cardiovascular area, a weight room, a senior adult activities center, a group fitness room, an outdoor amphitheater, an outdoor walking track, a new state-of-the-art soccer complex, three large meeting rooms with AV equipment and a warming kitchen. First year memberships have exceeded projections and revenue has significantly exceeded budgeted projections.
- The government entered into a funding agreement with the Opelika Industrial Development Authority and Regions Bank providing for the obligation to pay the principal and interest on a Revenue Refunding Bond, series 2010, which was issued by the Authority in the amount of \$5,826,992. The refinancing of the Industrial Development Board debt effectively enabled better utilization of the assets of the Board.
- The City government issued \$6,245,000, Series 2010-A General Obligation School Warrants to refund the Series 2000 Warrants in order to realize present value savings from lower interest rates. These warrants are federally tax exempt.
- The City government determined that it is in the public interest to issue \$4,490,000, Series 2010-B General Obligation Recovery Zone Economic Development Warrants for the purpose of financing certain sewer improvements and construction of a fire station. These warrants are federally taxable and the City receives a rebate from the Federal Treasury.
- The City government determined that it is in the public interest to issue \$4,535,000, Series 2010-C General Obligation Warrants to refund, the Series 1998 Warrants. These warrants are federally tax exempt.
- The City government's General Fund Balance increased \$170,476. This increase resulted from revenues that exceeded projections and holding expenditures under projections.

- 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 \$ 1,872,721.
- Even though the construction schedules have been delayed because of the economic climate, progress continues on the Celebrate Alabama Project. Opelika Investment Properties has elected to delay completion of its Site commitments under the Development Agreement. The Site commitments include master grading of the project site and construction of a four-lane spine road. The City's obligation to cause the construction of the Exposition Center is conditioned upon the completion of Opelika Investment Properties' Site commitments. Accordingly, the City's obligation to construct the Exposition Center is delayed until Opelika Investment Properties completes its Site commitments.

USING THIS ANNUAL REPORT

Basic Annual Financial Report



Reporting the City as a whole

Our analysis of the City as a whole begins on page 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 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 \$136,086,820, as of September 30, 2010. This is an increase of 7.7% from last year. The increase is due primarily to an increase in current and other assets, an increase in capital assets and a decrease in other liabilities and long term liabilities. In addition, the government increased its cash balances \$1 million as a result of proper financial planning and its restricted cash balances \$3 million as a result of issuing debt. The government's increase in net assets was also increased by a significant decrease in accounts payable and a 1% decrease in long term debt. Before subtracting accumulated depreciation, the net additions to capital assets totaled \$8.6 million. Of these additions, \$2 million were increases to road infrastructure and \$1.5 million were increases to equipment net of disposals.

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 services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

CITY OF OPELIKA NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	50,742,983	52,483,744	27,480,924	23,293,526	78,223,907	75,777,270
Capital assets	101,803,891	98,970,981	48,229,182	47,534,798	150,033,073	146,505,779
Total Assets	152,546,874	151,454,725	75,710,106	70,828,324	228,256,980	222,283,049
Long term Debt	62,854,175	65,858,356	10,818,207	8,436,498	73,672,382	74,294,854
Other liabilities	12,939,533	15,332,748	5,515,910	6,314,285	18,455,443	21,647,033
Total Liabilities	75,793,708	81,191,104	16,334,117	14,750,783	92,127,825	95,941,887
Net Assets:						
Invested in capital assets, net of related debt	68,412,223	63,569,995	40,849,113	39,499,628	109,261,336	103,069,623
Restricted	7,867,221	5,260,296	-	2	7,867,221	5,260,298
Unrestricted	473,722	1,433,330	18,484,541	16,577,911	18,958,263	18,011,241
Total Net Assets	76,753,166	70,263,621	59,333,654	56,077,541	136,086,820	126,341,162

Even though the government issued debt this year (see Financial Highlights), Long term liabilities decreased by approximately \$622,472 dollars. The government refunded two issues and refinanced a third. The fourth issue which increased debt \$4.5 million was issued for a new fire station and additions to sewer infrastructure. 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.

Current and other assets increased \$2.4 million during fiscal year 2010 as a result of increases in cash from the issuance of the 2010B warrants for additions to capital assets.

Net Assets shown as Invested in Capital Assets, Net of Related Debt, in the governmental funds includes \$101,803,891 of capital assets that are reduced by \$35,709,106 of related debt issued to finance acquisition of infrastructure assets, plus unspent bond proceeds of \$1,160,033 and deferred charges and debt issue costs of \$1,157,405. The related debt consists of \$2,100,150 of 2003A warrants issued for the Tiger Town project, \$35,000 of 2003A warrants issued to refund a portion of the 1993B warrants which refunded an issue originally issued for a drainage project, \$4,691,415 2010C refunding warrants issued to refund the 1998 refunding warrants issued to refund the 1994A road construction warrants, \$27,695,241 of the Public Park and Recreation Board of the City of Opelika revenue bonds, and \$1,187,300 of the 2010B warrants issued for a new fire station.

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 for the governmental funds of \$9,027,254, which are reduced by \$1,160,033 of unspent proceeds of the 2010B bond issue which are to be used for construction of a new fire station.

CITY OF OPELIKA CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	2,274,789	1,526,184	38,859,854	37,903,797	41,134,643	39,429,981
Operating grants and contributions	905,557	796,139	-	-	905,557	796,139
Capital grants and contributions	1,058,253	1,334,084	342,717	228,994	1,400,970	1,563,078
General revenues:						
Taxes:						
Property	9,642,429	8,836,570			9,642,429	8,836,570
Sales	16,656,477	16,191,130			16,656,477	16,191,130
Other	2,267,218	2,195,394			2,267,218	2,195,394
Licenses and permits	11,655,192	11,888,454			11,655,192	11,888,454
Grants and contributions not restricted to specific programs	33,534	25,861			33,534	25,861
Unrestricted investment earnings	359,981	590,467	197,128	290,201	557,109	880,668
Gain on sale of capital assets	(40,982)	(1,988)	12,273	28,593	(28,709)	26,605
Miscellaneous	722,309	300,664	332,119	169,172	1,054,428	469,836
Total revenues	45,534,757	43,682,959	39,744,091	38,620,757	85,278,848	82,303,716
Expenses:						
General government	4,844,720	5,409,145			4,844,720	5,409,145
Public safety	12,884,822	12,990,194			12,884,822	12,990,194
Public works	5,194,192	5,042,293			5,194,192	5,042,293
Health	277,450	263,078			277,450	263,078
Welfare	119,000	109,000			119,000	109,000
Culture and recreation	6,364,731	4,983,345			6,364,731	4,983,345
Education	8,364,595	7,051,348			8,364,595	7,051,348
Economic development and urban rehabilitation	1,323,457	1,179,273			1,323,457	1,179,273
Interest on long-term debt	2,613,869	2,848,668			2,613,869	2,848,668
Electric			28,175,380	27,658,249	28,175,380	27,658,249
Sewer			3,172,657	3,140,985	3,172,657	3,140,985
Solid Waste	-	-	2,198,317	2,096,347	2,198,317	2,096,347
Total Expenses	41,986,836	39,876,344	33,546,354	32,895,581	75,533,190	72,771,925
Increases in net assets before transfers	3,547,921	3,806,615	6,197,737	5,725,176	9,745,658	9,531,791
Transfers	2,941,624	1,857,219	(2,941,624)	(1,857,219)	-	-
Increase in net assets	6,489,545	5,663,834	3,256,113	3,867,957	9,745,658	9,531,791

Sales taxes increased 3% over the prior year, but still remained 5% below the 2008 peak. Property Tax collections remained strong, but Licenses and permits, because of a plant closing in the fall of 2009, showed a decline. Investment revenues continued to decrease due to the decrease in interest rates which resulted from the economic downturn. Overall governmental revenue increased 4% over the economically depressed prior year. This is a significant improvement over the prior year when total governmental revenues declined by 14.6% from the previous year. The economic downturn that affected our country, also affected our community.

Business Type revenues increased 3% as the summer heat returned to increase electricity usage. Better weather combined with lower Kwh costs due to the economic downturn resulted in lower electric sales last year. The more normal weather along with higher Kwh costs resulted in an increase in electric sales this year.

Government Wide revenues increased 3.6% while Government Wide expenses increased 3.8%. The City's government wide increases in net assets increased 2%.

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 \$31,280,691. The General Fund's total fund balance is \$20,240,063, which is an increase of \$170,476 or about 1% compared to the prior year. The General Fund's Unreserved, Undesignated Fund Balance decreased 2% from \$16,543,236 to \$16,148,650.

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 5.7% to \$59,110,916 from fiscal year 2009. Net assets for the Electric Fund increased 11%. The Sewer Fund net assets increased .2%.

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, 2010. The most significant adjustments are itemized below:

- 1) 313,100, Engineering plans for Hillflo Ave, Grace Dr., and Rocky Brook Rd.
- 2) 143,362, Increase Volkert Engineering for plans for ALDOT and FHWA.
- 3) 140,000, Additional funding for housing prisoners.
- 4) 111,785, Paving and repair of Hickory Lane.
- 5) 108,600, Hillflo preliminary design and structural analysis.
- 6) 103,916, CDG Engineers for ALDOT contract.

- 7) 79,565, Traffic signal installation at Frederick/Cunningham Drive.
- 8) 76,799, Increase preliminary design services for ALDOT project 9806.
- 9) 75,000, Network server upgrade.
- 10) 75,000, Email system upgrade.
- 11) 75,000, Matching funds for ARRA solar grant.
- 12) 68,620, New fire station architect fees.

In addition to these adjustments, the Library Board contract authorized a budget carryover of \$71,518 and the budget resolution authorized encumbrance carry forwards of \$1,983,420.

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 were more than projections in most categories. Revenue from Taxes and Licenses were more than budget projections because we lowered our projections due to the economic downturn. 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, 2010, amounts to \$150,033,073 (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 and infrastructure improvements	2,931,109
2) National Village Parkway	1,300,000
3) Sportsplex and Aquatic Center	1,008,249
4) General Fixed Asset vehicles and equipment	926,045
5) Light & Power system additions	1,962,010
6) Light & Power vehicles and Equipment	872,845
7) Sewer system additions	291,345
8) Sewer vehicles and equipment	217,067
9) Solid Waste Equipment additions	305,042

Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	9,540,845	8,973,375	450,950	418,283	9,991,795	9,391,658
Buildings and improvements	33,835,206	33,708,670	60,921	66,653	33,896,127	33,775,323
System	-	-	43,631,897	44,321,128	43,631,897	44,321,128
Improvements other than buildings	2,908,127	2,796,383	-	-	2,908,127	2,796,383
Equipment	4,924,321	4,793,262	2,778,303	1,863,915	7,702,624	6,657,177
Infrastructure	48,215,522	47,662,635	-	-	48,215,522	47,662,635
Construction in process	2,379,870	1,036,656	1,307,111	864,819	3,686,981	1,901,475
Total	<u>101,803,891</u>	<u>98,970,981</u>	<u>48,229,182</u>	<u>47,534,798</u>	<u>150,033,073</u>	<u>146,505,779</u>

Debt Administration

At of September 30, 2010, the City of Opelika had a total bonded debt and notes payable of \$73,672,382.

The City's general obligation bond rating from Standard & Poor's is AA- and its general obligation bond rating from Moody's is A2.

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, 2010, the City had approximately \$47,850,647 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	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	32,326,992	29,815,000	10,565,000	8,120,000	42,891,992	37,935,000
Other long-term debt	-	4,757,000	-	-	-	4,757,000
Capital leases	27,670,000	28,170,000	-	-	27,670,000	28,170,000
Deferred amounts of refunding	(241,414)	(47,113)	(50,619)	(14,131)	(292,033)	(61,244)
Unamortized premiums	484,152	425,851	13,633	33,983	497,785	459,834
Compensated absences	2,234,747	2,305,920	290,193	296,646	2,524,940	2,602,566
Claims and judgements	379,698	431,698	-	-	379,698	431,698
Total	<u>62,854,175</u>	<u>65,858,356</u>	<u>10,818,207</u>	<u>8,436,498</u>	<u>73,672,382</u>	<u>74,294,854</u>

ECONOMIC FACTORS

Opelika has held its own during the prolonged economic downturn thru 2010.

Industrial Development

While there were no "new" industries to locate in Opelika during 2010, our existing industries continued to grow and expand. Automotive equipment manufacturers Mando America, Hanwha L&C and Daewon America all expanded. Gambro Renal Products, a medical device manufacturer ramped up to projected employment of 160 associates.

Commercial Development

Downtown Opelika continued its growth with new businesses and restaurants. The new Irish Bred Pub and The Event Center have been driving traffic to the downtown area.

Tiger Town has faired very well during the down economy. Opelika has been fortunate to have stores that continue to have strong sales and steady customers. New hotels, Microtel Inn and the Holiday Inn Express are now open.

In fact, Opelika continues to see increased interest in the commercial/retail sector.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF OPELIKA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and cash equivalents	\$ 12,330,429	\$ 5,197,326	\$ 17,527,755
Certificates of deposit	17,495,000	12,907,027	30,402,027
Receivables			
Accounts and unbilled service receivable, net	-	4,234,558	4,234,558
Sales and use tax	1,889,609	-	1,889,609
Occupational license tax	1,933,701	-	1,933,701
Property taxes	2,884,383	-	2,884,383
Fines and forfeitures	406,660	-	406,660
Other	2,893,279	25,831	2,919,110
Due from other governments	447,026	868,012	1,315,038
Inventory of supplies, at cost	187,312	1,055,459	1,242,771
Restricted assets:			
Temporarily restricted:			
Cash with fiscal agent	-	3,009,410	3,009,410
Receivable for property taxes, restricted for school purposes	5,926,772	-	5,926,772
Investments	2,491,554	-	2,491,554
Permanently restricted:			
Investments	608,928	-	608,928
Deferred charges and debt issue costs	1,157,405	138,535	1,295,940
Other	90,925	2,431	93,356
Capital assets:			
Land	9,540,845	450,950	9,991,795
Building	40,609,012	264,695	40,873,707
System improvements other than buildings	4,812,403	80,893,953	85,706,356
Equipment	14,454,487	6,126,351	20,580,838
Infrastructure	60,331,362	-	60,331,362
Construction work in progress	2,379,870	1,307,111	3,686,981
Total original cost	132,127,979	89,043,060	221,171,039
Less: accumulated depreciation	(30,324,088)	(40,813,878)	(71,137,966)
Capital assets, net	101,803,891	48,229,182	150,033,073
Total assets	\$ 152,546,874	\$ 75,667,771	\$ 228,214,645

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable	\$ 1,769,026		\$ 5,365,248
Accrued payroll and benefits	1,051,458	3,596,222	1,237,446
Retainage payable	63,779	185,988	63,779
Accrued interest payable	557,957	189,604	747,561
Due to other funds	441,397	(441,397)	-
Due to other governments	125,135	-	125,135
Deferred revenue	8,930,781	90,175	9,020,956
Long-term liabilities:			
Due within one year	4,133,292	940,000	5,073,292
Due in more than one year	58,720,883	9,878,207	68,599,090
Customer deposits	-	1,895,318	1,895,318
Total liabilities	<u>75,793,708</u>	<u>16,334,117</u>	<u>92,127,825</u>
NET ASSETS			
Net assets:			
Invested in capital assets, net of related debt	68,412,223	40,849,113	109,261,336
Restricted net assets	7,867,221	-	7,867,221
Unrestricted	473,722	18,484,541	18,958,263
Total net assets	<u>\$ 76,753,166</u>	<u>\$ 59,333,654</u>	<u>\$ 136,086,820</u>

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

CITY OF OFELIKA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2010

FUNCTIONS	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
Primary government:						
Governmental activities:						
General government	\$ 4,844,720	\$ 39,435	\$ -	\$ (4,781,353)	\$ -	\$ (4,781,353)
Public safety	12,884,822	117,103	150,000	(11,888,814)	-	(11,888,814)
Public works	5,194,192	8,028	710,532	(4,280,506)	-	(4,280,506)
Health	277,450	-	-	(277,450)	-	(277,450)
Welfare	119,000	-	-	(119,000)	-	(119,000)
Culture and recreation	6,364,731	-	181,462	(4,856,443)	-	(4,856,443)
Education	8,364,595	354,980	-	(8,009,615)	-	(8,009,615)
Economic development and urban rehabilitation	1,323,457	386,011	16,259	(921,187)	-	(921,187)
Interest on long-term debt	2,613,869	-	-	(2,613,869)	-	(2,613,869)
Total governmental activities	41,986,836	905,557	1,058,253	(37,748,237)	-	(37,748,237)
Business-type activities:						
Electric	28,175,380	-	325,064	-	5,813,905	5,813,905
Sewer	3,172,657	-	17,653	-	45,924	45,924
Solid waste	2,198,317	-	-	-	(203,612)	(203,612)
Total business-type activities	33,546,354	-	342,717	-	5,656,217	5,656,217
Total primary government	\$ 75,533,190	\$ 905,557	\$ 1,400,970	\$ (37,748,237)	\$ 5,656,217	\$ (32,092,020)
General revenues:						
Taxes:						
Property				9,642,429	-	9,642,429
Sales				16,656,477	-	16,656,477
Other				2,267,218	-	2,267,218
Licenses and permits				11,655,192	-	11,655,192
Grants and contributions not restricted to specific programs				33,534	-	33,534
Investment earnings				359,981	197,128	557,109
Loss on sale of capital assets				(40,982)	12,273	(28,709)
Miscellaneous income				722,309	332,119	1,054,428
Transfers				2,941,624	(2,941,624)	-
Total general revenues and transfers				44,237,782	(2,400,104)	41,837,678
Change in net assets				70,263,621	3,256,113	73,519,734
Net assets - beginning of year				6,489,545	56,077,541	62,567,086
Net assets - end of year				76,753,166	59,333,654	136,086,820

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, 2010

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	SPORTSPLEX CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$ 5,314,278	\$ 69,543	\$ 40,635	\$ 3,979,751	\$ 9,404,207
Certificates of deposit	12,987,000	-	1,250,000	3,258,000	17,495,000
Receivables:					
Occupation license taxes	1,933,701	-	-	-	1,933,701
Sales and use tax	1,863,143	-	-	26,466	1,889,609
Property taxes	2,884,383	5,926,772	-	-	8,811,155
Fines and forfeitures	308,718	-	-	97,942	406,660
Assessments	38,213	-	-	-	38,213
Accrued interest	809	-	-	953	1,762
Other	262,607	-	-	9,677	2,812,034
Due from other funds	445,349	-	2,539,750	20,712	466,061
Due from other governments	106,972	-	-	340,054	447,026
Inventories of supplies, at cost	187,312	-	-	-	187,312
Restricted assets:					
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	3,100,482	3,100,482
Total current assets	26,332,485	5,996,315	3,830,385	10,834,037	46,993,222
Other assets					
Deposits	-	-	-	71,696	71,696
Total other assets	-	-	-	71,696	71,696
Total assets	\$ 26,332,485	\$ 5,996,315	\$ 3,830,385	\$ 10,905,733	\$ 47,064,918

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

CITY OF OPELIKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	SPORTS/PLEX CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,714,251	-	-	\$ 37,961	\$ 1,752,212
Retainage payable	-	-	63,779	-	63,779
Matured bonds and interest payable	-	-	-	152,552	152,552
Accrued payroll and benefits	937,419	-	-	2,625	940,044
Due to other funds	1,49,350	9,741	-	595,464	754,555
Due to other governments	375	110,620	-	14,140	125,135
Deferred revenue	3,291,027	5,875,954	2,524,750	304,219	11,995,950
Total liabilities	<u>6,092,422</u>	<u>5,996,315</u>	<u>2,588,529</u>	<u>1,106,961</u>	<u>15,784,227</u>
Fund balances:					
Reserved for advances to other governments	-	-	-	-	-
Reserved for encumbrances	1,983,420	-	-	1,307,159	3,290,579
Reserved for inventories of supplies	187,312	-	-	-	187,312
Reserved for law enforcement	40,065	-	-	-	40,065
Reserved for debt service	-	-	-	-	-
Reserved for permanent funds - nonexpendable	-	-	-	591,104	591,104
Unreserved:					
Designated for construction and debt service on roads	1,532,405	-	-	-	1,532,405
Designated for infrastructure improvements	27,410	-	-	-	27,410
Designated for capital asset additions	274,430	-	1,241,856	-	1,516,286
Designated for community activities	46,371	-	-	-	46,371
Unreserved, undesignated, reported in:					
General fund	16,148,650	-	-	-	16,148,650
Permanent fund	-	-	-	23,312	23,312
Special revenue funds	-	-	-	5,823,024	5,823,024
Capital projects funds	-	-	-	2,054,173	2,054,173
Total fund balances	<u>20,240,063</u>	<u>-</u>	<u>1,241,856</u>	<u>9,798,772</u>	<u>31,280,691</u>
Total liabilities and fund balances	<u>\$ 26,332,485</u>	<u>\$ 5,996,315</u>	<u>\$ 3,830,385</u>	<u>\$ 10,905,733</u>	<u>\$ 47,064,918</u>

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, 2010

Total fund balances - governmental funds \$ 31,280,691

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. 101,803,891

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. 2,014,580

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. 3,263,795

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	\$ (59,996,993)
Premiums, debt issuance and refunding costs	914,668
Accrued interest payable	(405,405)
Compensated absences	<u>(61,609,791)</u>

Net assets of governmental activities \$ 76,753,166

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, 2010

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	SPORTS/PLEX CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Taxes:					
Property	\$ 3,126,272	\$ 6,516,157	\$ -	\$ -	\$ 9,642,429
Sales	16,656,477	-	-	-	16,656,477
Other	1,538,410	-	-	-	1,538,410
Occupational license fees	7,806,686	-	-	-	7,806,686
Business licenses and permits	3,516,319	-	-	232,316	3,748,635
Intergovernmental	480,659	-	-	1,122,811	1,603,470
Charges for services	1,739,543	-	-	-	1,739,543
Fines and forfeitures	500,390	-	-	-	500,390
Investment income	301,689	13,650	258	162,529	478,126
Grant income	38,461	-	-	710,532	748,993
Contributions	22,017	354,980	238,950	8,028	623,975
Miscellaneous	321,729	-	24,300	20,106	366,135
Total revenues	<u>36,048,652</u>	<u>6,884,787</u>	<u>263,508</u>	<u>2,256,322</u>	<u>45,453,269</u>
Expenditures:					
Current:					
General government	4,217,422	-	-	408,476	4,625,898
Public safety	12,139,602	-	-	172,955	12,312,557
Public works	3,447,764	-	-	15,742	3,463,506
Health	277,450	-	-	-	277,450
Welfare	119,000	-	-	-	119,000
Culture and recreation	5,478,898	-	-	32,956	5,558,158
Education	3,550,160	4,820,603	46,304	-	8,370,763
Economic development and urban rehabilitation	1,134,933	-	-	188,524	1,323,457
Capital outlay	3,176,305	-	-	2,651,907	5,828,212
Debt service:					
Principal retirement	403,750	-	-	4,000,000	4,403,750
Interest and fiscal charges	325,256	-	-	2,374,275	2,699,531
Bond issue costs	-	-	-	186,384	186,384
Total expenditures	<u>34,270,540</u>	<u>4,820,603</u>	<u>46,304</u>	<u>10,031,219</u>	<u>49,168,666</u>
Excess of revenues over (under) expenditures	<u>\$ 1,778,112</u>	<u>\$ 2,064,184</u>	<u>\$ 217,204</u>	<u>\$ (7,774,897)</u>	<u>\$ (3,715,397)</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, 2010

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	SPORTS/PLEX CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Other financing sources (uses):					
Proceeds from debt issuance	\$ -	\$ -	\$ -	\$ 11,980,000	\$ 11,980,000
Proceeds used to refund bonds	-	-	-	(10,327,615)	(10,327,615)
Net premium (discounts) on issuance of general long term debt	-	-	-	233,488	233,488
Sale of capital assets	22,238	-	-	-	22,238
Appropriations	-	-	-	(379,230)	(379,230)
Transfers from governmental funds	658,047	-	468,755	9,250,920	10,377,722
Transfers from proprietary funds	2,941,624	-	-	-	2,941,624
Transfers to governmental funds	(5,036,545)	(2,064,184)	-	(3,276,995)	(10,377,724)
Transfer to internal service fund	(193,000)	-	-	-	(193,000)
Transfers to proprietary funds	-	-	-	-	-
Total other financing sources (uses)	<u>(1,607,636)</u>	<u>(2,064,184)</u>	<u>468,755</u>	<u>7,480,568</u>	<u>4,277,503</u>
Net change in fund balances	170,476	-	685,959	(294,329)	562,106
Fund balances, beginning of year	20,069,587	-	555,897	10,093,101	30,718,585
Fund balances, end of year	<u>\$ 20,240,063</u>	<u>\$ -</u>	<u>\$ 1,241,856</u>	<u>\$ 9,798,772</u>	<u>\$ 31,280,691</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, 2010

Net change in fund balances - all governmental funds \$ 562,106

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	\$ 5,828,212
Less: current year depreciation	<u>(3,258,913)</u>
	2,569,299

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	\$ 326,831
Disposals at net book value	<u>(63,220)</u>
	263,611

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

(245,148)

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	\$ (1,885,873)
Debt issuance and refunding costs	443,397
Principal payments on outstanding debt	<u>2,961,274</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(106,296)

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.

484,699

Change in net assets of governmental activities

\$ 6,489,545

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
YEAR ENDED SEPTEMBER 30, 2010

ASSETS	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
Current assets:					
Cash	\$ 3,718,486	\$ 1,072,586	\$ 406,254	\$ 5,197,326	\$ 2,926,222
Certificates of deposit	12,907,027	-	-	12,907,027	-
Accounts and unbilled service receivable, net	3,947,619	200,196	86,743	4,234,558	-
Accrued interest	25,831	-	-	25,831	-
Due from other funds	-	231,257	-	231,257	69,836
Due from other governments	65,945	784,270	17,797	868,012	-
Inventory of supplies, at cost	1,055,459	-	-	1,055,459	-
Total current assets	<u>21,720,367</u>	<u>2,288,309</u>	<u>510,794</u>	<u>24,519,470</u>	<u>2,996,058</u>
Restricted assets:					
Cash and investments with fiscal agent	-	3,009,410	-	3,009,410	-
Total restricted assets	<u>-</u>	<u>3,009,410</u>	<u>-</u>	<u>3,009,410</u>	<u>-</u>
Deferred charges:					
Unamortized bond issue costs	-	138,535	-	138,535	-
Capital assets:					
Land	72,033	149,370	229,547	450,950	-
Building	199,066	21,823	43,806	264,695	-
System	39,519,405	41,357,008	17,540	80,893,953	-
Equipment	2,742,112	1,222,789	2,161,450	6,126,351	-
Construction work in progress	812,389	494,722	-	1,307,111	-
Total original cost	43,345,005	43,245,712	2,452,343	89,043,060	-
Less: accumulated depreciation	(25,990,641)	(13,589,579)	(1,233,658)	(40,813,878)	-
Capital assets, net	<u>17,354,364</u>	<u>29,656,133</u>	<u>1,218,685</u>	<u>48,229,182</u>	<u>-</u>
Other assets					
Deposits	-	2,431	-	2,431	19,229
Total other assets	<u>-</u>	<u>2,431</u>	<u>-</u>	<u>2,431</u>	<u>19,229</u>
Total assets	<u>\$ 39,074,731</u>	<u>\$ 35,094,818</u>	<u>\$ 1,729,479</u>	<u>\$ 75,899,028</u>	<u>\$ 3,015,287</u>

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2010

LIABILITIES	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
Current liabilities:					
Accounts payable	\$ 3,496,742	\$ 57,080	\$ 42,400	\$ 3,596,222	\$ 16,815
Current portion of bonds payable	-	940,000	-	940,000	-
Accrued payroll and benefits	192,238	-	110,720	302,958	-
Due to other funds	2,666	-	9,932	12,598	-
Interest payable	-	189,604	-	189,604	-
Liability for unpaid claims	-	-	-	-	351,760
Deferred revenue	15,664	-	74,511	90,175	157,356
Total current liabilities	<u>3,707,310</u>	<u>1,186,684</u>	<u>237,563</u>	<u>5,131,557</u>	<u>525,931</u>
Noncurrent liabilities:					
Bonds payable, net of current portion and discount	-	9,588,014	-	9,588,014	-
Accrued employee benefits	106,298	-	66,925	173,223	-
Liability for unpaid claims	-	-	-	-	252,038
Customer deposits	1,761,418	-	133,900	1,895,318	-
Total noncurrent liabilities	<u>1,867,716</u>	<u>9,588,014</u>	<u>200,825</u>	<u>11,656,555</u>	<u>252,038</u>
Total liabilities	<u>5,575,026</u>	<u>10,774,698</u>	<u>438,388</u>	<u>16,788,112</u>	<u>777,969</u>
Net assets:					
Invested in capital assets, net of related debt	17,354,364	22,276,064	1,218,685	40,849,113	-
Restricted	-	-	-	-	-
Unrestricted	16,145,341	2,044,056	72,406	18,261,803	2,237,318
Total net assets	<u>\$ 33,499,705</u>	<u>\$ 24,320,120</u>	<u>\$ 1,291,091</u>	<u>\$ 59,110,916</u>	<u>\$ 2,237,318</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, 2010

	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
Operating revenues:					
Charges for services, net	\$ 33,664,221	\$ 3,200,928	\$ 1,994,705	\$ 38,859,854	\$ 2,397,371
Operating expenses:					
Power purchased	23,171,982	-	-	23,171,982	-
Personnel services	1,855,018	3,744	1,114,898	2,973,660	-
Insurance claims and expenses	3,419	17,161	28,572	49,152	2,066,456
Other	1,700,417	1,934,806	834,799	4,470,022	-
Depreciation	1,475,786	885,478	220,327	2,581,591	-
Total operating expenses	28,206,622	2,841,189	2,198,596	33,246,407	2,066,456
Operating income	5,457,599	359,739	(203,891)	5,613,447	330,915
Nonoperating revenues (expenses):					
Investment revenue	181,724	11,058	4,346	197,128	33,366
Miscellaneous revenue	270,600	33,353	28,166	332,119	-
Interest expense and fiscal charges	-	(372,529)	-	(372,529)	-
Contributions from grantors	-	-	-	-	-
Gain (loss) on sale of capital assets	2,855	7,113	2,305	12,273	-
Other expenses	-	-	-	-	-
Total nonoperating revenues (expenses)	455,179	(321,005)	34,817	168,991	33,366
Income before other revenues and transfers	5,912,778	38,734	(169,074)	5,782,438	364,281
Other revenues and transfers in (out):					
Capital contributions from developers and others	325,064	17,653	-	342,717	-
Capital contributions from grantors	-	-	-	-	-
Operating transfers in	-	-	-	-	193,000
Operating transfers (out)	(2,941,624)	-	-	(2,941,624)	-
Total other revenues and transfers	(2,616,560)	17,653	-	(2,598,907)	193,000
Changes in net assets	3,296,218	56,387	(169,074)	3,183,531	557,281
Net assets, beginning of year	30,203,487	24,263,733	1,460,165	56,927,385	1,680,037
Net assets, end of year	\$ 33,499,705	\$ 24,320,120	\$ 1,291,091	\$ 59,110,916	\$ 2,237,318
				Adjustment to reflect reversal of profits in Internal Service Funds	72,582
				Change in net assets of business-type activities	3,256,113

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, 2010

	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
Cash flows from operating activities:					
Receipts from customers	\$ 32,716,747	\$ 3,258,861	\$ 1,999,484	\$ 37,975,092	\$ 2,393,826
Receipts from other funds for premiums	-	-	-	-	-
Customer deposits	56,867	-	6,250	63,117	-
Payments to suppliers for goods and services	(25,844,788)	(2,115,112)	(840,315)	(28,800,215)	(379,089)
Payments to employees for services	(1,813,927)	(3,744)	(1,078,024)	(2,895,695)	-
Claims paid	(3,419)	(17,161)	(28,572)	(49,152)	(1,676,428)
Internal activity - payments (to) from other funds	343,282	(37,279)	6,656	312,659	-
Net cash provided by operating activities	5,454,762	1,085,565	65,479	6,605,806	338,309
Cash flows from noncapital financing activities:					
Other receipts	270,600	33,353	28,166	332,119	-
Operating transfers (to)/from other funds	(2,941,624)	-	-	(2,941,624)	193,000
Net cash provided by (used in) noncapital financing activities	(2,671,024)	33,353	28,166	(2,609,505)	193,000
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(2,303,844)	(337,222)	(305,042)	(2,946,108)	-
Principal paid on debt maturities	-	(845,000)	-	(845,000)	-
Interest and fiscal fees paid on debt maturities	-	(338,031)	-	(338,031)	-
Proceeds received from issuance of debt	-	3,247,269	-	3,247,269	-
Proceeds paid on bond issuance costs	-	(69,679)	-	(69,679)	-
Proceeds from sale of assets	6,232	38,305	2,305	46,842	-
Net cash provided by (used in) capital and related financing activities	(2,297,612)	1,695,642	(302,737)	(904,707)	-
Cash flows from investing activities:					
Proceeds invested in certificates of deposit	(521,609)	-	-	(521,609)	-
Bond proceeds invested in restricted assets	-	(3,189,582)	-	(3,189,582)	-
Restricted cash used in operations	-	180,174	-	180,174	-
Interest on investments	271,299	11,058	4,346	286,703	33,366
Net cash provided by (used in) investing activities	(250,310)	(2,998,350)	4,346	(3,244,314)	33,366
Net increase (decrease) in cash and cash equivalents	235,816	(183,790)	(204,746)	(152,720)	564,675
Cash and cash equivalents at beginning of year	3,482,670	1,256,376	611,000	5,350,046	2,361,547
Cash and cash equivalents at end of year	\$ 3,718,486	\$ 1,072,586	\$ 406,254	\$ 5,197,326	\$ 2,926,222

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, 2010

	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	\$ 5,457,599	\$ 359,739	\$ (203,891)	\$ 5,613,447	\$ 330,915
	1,475,786	885,478	220,327	2,581,591	-
	(874,985)	(3,994)	3,129	(875,850)	-
	342,601	(37,279)	-	305,322	(5,142)
	(65,945)	61,927	(17,797)	(21,815)	-
	75,177	-	-	75,177	-
	(1,047,566)	(180,306)	12,281	(1,215,591)	(51,007)
	41,091	-	36,874	77,965	-
	-	-	-	-	7,900
	681	-	6,656	7,337	-
	(6,544)	-	1,650	(4,894)	1,597
	56,867	-	6,250	63,117	54,046
	<u>\$ 5,454,762</u>	<u>\$ 1,085,565</u>	<u>\$ 65,479</u>	<u>\$ 6,605,806</u>	<u>\$ 338,309</u>
	\$ 325,064	\$ 17,653	-	\$ 342,717	-
	\$ 16,625,513	\$ 1,072,586	\$ 406,254	\$ 18,104,353	\$ 2,926,222
	12,907,027	-	-	12,907,027	-
	<u>\$ 3,718,486</u>	<u>\$ 1,072,586</u>	<u>\$ 406,254</u>	<u>\$ 5,197,326</u>	<u>\$ 2,926,222</u>

Reconciliation of operating income to net cash provided by operating activities:
 Operating income/(loss) \$ 330,915
 Adjustment to reconcile operating income to net cash provided by operating activities:
 Depreciation 2,581,591
 Change in assets and liabilities:
 (Increase) decrease in accounts receivable and unbilled service receivable (875,850)
 (Increase) decrease in due from other funds 305,322
 (Increase) decrease in due from other governments (21,815)
 (Increase) decrease in inventories 75,177
 Increase (decrease) in accounts payable (51,007)
 Increase (decrease) in accrued payroll and benefits 7,900
 Increase (decrease) in liability for unpaid claims -
 Increase (decrease) in due to other funds 1,597
 Increase (decrease) in deferred revenue 54,046
 Increase (decrease) in customer deposits 54,046
 Net cash provided by operating activities \$ 338,309

Non cash investing, capital and financing activities:
 Capital assets contributed by developers and others \$ 342,717

Reconciliation of cash and cash equivalents to the combining balance sheet:
 Total cash and certificates of deposit \$ 18,104,353
 Less: deposits not meeting the definition of cash equivalents 12,907,027
 Cash and cash equivalents at end of year \$ 5,197,326

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 \$12,225,000 at September 30, 2010 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 2010, the City collected \$6,516,157 of ad valorem taxes of which \$2,064,184 was used for debt service and \$4,755,283 was remitted to the Board. At September 30, 2010, \$110,620 in collections had not been remitted and is included in amounts due to other governments. During the year ended September 30, 2010, the Board contributed \$354,980 to the City and the City used these funds to satisfy its obligation related to the General Obligation School Warrants, Series 2000. In addition, the City made an appropriation to the Board of \$3,539,160 for the year ended September 30, 2010. 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. The City and the Authority have a funding agreement that obligates the City to make payments satisfying the Opelika Industrial Development Authority's General Obligation Bonds, Series 2010. These bonds constitute a general obligation of the City. These bonds were used to fully pay the Authority's 1998 Series A and B bonds. During the year ended September 30, 2010, the City paid \$729,006 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 7th Street, Opelika, Alabama 36801.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 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 related to the Revenue Bonds, which totaled \$1,762,744 during the year ended September 30, 2010. The City has recorded the bond obligation as a capital lease. During the year ended September 30, 2009, the City completed construction of the Sportsplex recreational facilities. The City recorded these assets as capital assets. The total costs related to this project approximated \$32,000,000.

Related Organizations. The City's officials are also responsible for appointing board members of other organizations. However, the City's accountability for the organizations does not extend beyond making the appointments. These organizations are the Utilities Board of the City of Opelika, Medical Clinic Board of the City of Opelika, Housing Authority of the City of Opelika and the Opelika Downtown Redevelopment Authority of the City of Opelika. For the year ended September 30, 2010, the City received \$11,274 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, 2010 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 \$108,400 to the Lee-Russell Council of Governments for the year ended September 30, 2010.

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 and Mental Retardation Board, Inc. for the year ended September 30, 2010.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 \$32,000 to the Lee County Youth Development Center for the year ended September 30, 2010.

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, 2010.

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 that 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, 2010

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, 2010

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, 2010

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, 2010, 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 \$700,556 in the Electric Utility Fund and \$123,751 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.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. RESTRICTED ASSETS

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

H. ADVANCES TO OTHER GOVERNMENTS

Noncurrent portions of other governments' loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of other governments' loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources."

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, 2010, the City capitalized \$7,993 in interest.

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

N. SUBSEQUENT EVENTS

The City has evaluated events subsequent to the date of the Statement of Net Assets through February 25, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Assets date through February 25, 2011 that would require adjustment or additional disclosure in the financial statements.

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.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 2 - BUDGETING AND ACCOUNTABILITY (CONTINUED)

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.

**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 \$20,937,009 under this contract during the year ended September 30, 2010. 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, 2010, the carrying amount of the City's deposits in financial institutions was \$47,929,782 and the bank balance was \$48,775,557. Of these amounts, \$30,402,027 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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

collateral or other means to reimburse the loss. At September 30, 2010, 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.

<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>
GE Money Bank Certificate of Deposit	\$ 30,000	\$ 30,189	<1%	12/30/2010	n/a	n/a
Banktrust Bank Certificate of Deposit	35,000	35,000	<1%	5/29/2011	n/a	n/a
Banktrust Bank Certificate of Deposit	50,000	50,000	<1%	7/3/2011	n/a	n/a
Banktrust Bank Certificate of Deposit	35,000	35,000	<1%	1/20/2012	n/a	n/a
Dreyfus Treasury Prime Cash Management MMF	961,901	947,301	15.5%	n/a	unrated	n/a
Dreyfus Inst'l Res. Treasury Prime MMF	4,547,562	4,547,561	74.4%	n/a	unrated	n/a
U.S. Treasury	101,256	101,256	1.7%	n/a	n/a	n/a
Investment Company of America CL A	4,855	6,101	<1%	n/a	****	Morningstar
Europacific Growth Fund	38,545	31,302	<1%	n/a	*****	Morningstar
Fidelity Advisor Equity Income I Share	65,500	53,774	1.0%	n/a	***	Morningstar
Fidelity Advisor Equity Growth	77,500	66,812	1.1%	n/a	**	Morningstar
Fidelity Advisor Mid Cap	50,000	46,106	<1%	n/a	**	Morningstar
Fidelity Advisor Small Cap	28,286	27,961	<1%	n/a	*****	Morningstar
FHLMC 2.00%	25,000	25,027	<1%	4/29/2012	AAA	S&P
FHLMC 2.55%	25,000	25,098	<1%	12/30/2022	AAA	S&P
Other common stock	82,088	81,404	1.3%	n/a	Various	Various
Total investments	\$ 6,157,493	\$ 6,109,892				

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 obligations of the United States Treasury Department and obligations of certain other federal agencies. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, the custodial risk is the risk that in event of the failure of the counterparty, the 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 and the Dreyfus Institutional Reserve Treasury Prime 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 remaining investments are registered in the name of the City of Opelika Garden Hills Cemetery Trust Fund and the Cooper Memorial Library and held by the counterparties. The government has no policy on custodial credit risk.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 relative to the total investments is shown in the table above.

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	\$ 8,973,375	\$ 567,470	\$ -	\$ 9,540,845
Construction in process	1,036,656	1,353,575	10,361	2,379,870
Total capital assets not being depreciated	10,010,031	1,921,045	10,361	11,920,715
Capital assets being depreciated:				
Buildings and improvements	39,633,476	1,008,249	32,713	40,609,012
Improvements other than buildings	4,548,158	264,245	-	4,812,403
Equipment	13,970,132	926,046	441,691	14,454,487
Infrastructure	58,285,543	2,045,819	-	60,331,362
Total capital assets being depreciated	116,437,309	4,244,359	474,404	120,207,264
Less accumulated depreciation for:				
Buildings and improvements	5,924,806	849,654	654	6,773,806
Improvements other than buildings	1,751,775	152,501	-	1,904,276
Equipment	9,176,870	763,826	410,530	9,530,166
Infrastructure	10,622,908	1,492,932	-	12,115,840
Total accumulated depreciation	27,476,359	3,258,913	411,184	30,324,088
Total capital assets being depreciated, net	88,960,950	985,446	63,220	89,883,176
Governmental activities capital assets, net	\$ 98,970,981	\$ 2,906,491	\$ 73,581	\$ 101,803,891

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	<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	\$ 32,667	\$ -	\$ 450,950
Construction in process	864,819	820,101	377,809	1,307,111
Total capital assets not being depreciated	<u>1,283,102</u>	<u>852,768</u>	<u>377,809</u>	<u>1,758,061</u>
Capital assets being depreciated:				
Buildings and improvements	264,695	-	-	264,695
Systems	79,484,391	1,409,562	-	80,893,953
Equipment	5,033,993	1,394,954	302,596	6,126,351
Total capital assets being depreciated	<u>84,783,079</u>	<u>2,804,516</u>	<u>302,596</u>	<u>87,284,999</u>
Less accumulated depreciation for:				
Buildings and improvements	198,042	5,732	-	203,774
Systems	35,163,263	2,098,793	-	37,262,056
Equipment	3,170,078	477,066	299,096	3,348,048
Total accumulated depreciation	<u>38,531,383</u>	<u>2,581,591</u>	<u>299,096</u>	<u>40,813,878</u>
Total capital assets being depreciated, net	<u>46,251,696</u>	<u>222,925</u>	<u>3,500</u>	<u>46,471,121</u>
Business-type activities capital assets, net	<u>\$ 47,534,798</u>	<u>\$ 1,075,693</u>	<u>\$ 381,309</u>	<u>\$ 48,229,182</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 253,600
Public safety	416,002
Public works, including infrastructure	1,741,794
Culture and recreation	847,517
Total governmental activities depreciation expense	<u>\$ 3,258,913</u>
Business-type activities:	
Electric	\$ 1,475,786
Sewer	885,478
Solid waste	220,327
Total depreciation	<u>\$ 2,581,591</u>

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2010 consisted of the following:

<i>DUE TO</i>	<i>DUE FROM</i>					<i>Total</i>
	<i>General</i>	<i>Non-major Governmental</i>	<i>Internal Service</i>	<i>Sewer System</i>		
General	\$ -	\$ 5,875	\$ 62,962	\$ 80,513	\$ 149,350	
Non-major Governmental	429,874	14,837	10	150,744	595,465	
School Tax Special Revenue	9,741	-	-	-	9,741	
Electric Utility	-	-	2,666	-	2,666	
Solid Waste Collection	5,734	-	4,198	-	9,932	
Total	\$ 445,349	\$ 20,712	\$ 69,836	\$ 231,257	\$ 767,154	

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>Non-major Governmental</i>	<i>Electric Utility</i>	
General Fund	\$ -	\$ -	\$ 658,049	\$ 2,941,624	\$ 3,599,673
Non-major Governmental	5,036,545	2,064,184	2,150,191	-	9,250,920
Sportsplex Construction Fund	-	-	468,755	-	468,755
Internal Service	193,000	-	-	-	193,000
Total	\$ 5,229,545	\$ 2,064,184	\$ 3,276,995	\$ 2,941,624	\$ 13,512,348

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, 2010

NOTE 8 - LONG-TERM LIABILITIES

Long-term liabilities at September 30, 2010 consisted of the following issues:

	<u>Governmental</u>	<u>Business-type</u>
Bonds:		
1989 General Obligation Sewer Warrants, Series SRF due in annual installments of \$450,000 to \$520,000 through August 15, 2011, bearing interest at 5.00%	\$ -	\$ 510,000
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 \$2,290,000 through April 1, 2023, bearing interest rates of 2.00% to 5.25%	4,478,120	6,770,349
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%	6,001,029	-
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%	27,695,241	-
Opelika Industrial Development Authority's General Obligation Revenue Bonds, Series 2010, principal and interest are due in monthly installments of \$62,118 through September 22, 2020, bearing interest rates of 2.75% to 4.93%	5,826,992	-
General Obligation School Warrants, Series 2010-A due in annual installments of \$350,000 to \$515,000 through October 1, 2026, bearing interest rates of 2.00% to 4.00%	6,094,633	-
General Obligation Recovery Zone Economic Development Warrants, Series 2010-B due in annual installments of \$225,000 to \$255,000 through July 1, 2028, bearing interest rates of 4.35% to 5.50%	1,187,300	3,247,665
General Obligation Warrants, Series 2010-C due in annual installments of \$1,105,000 to \$1,170,000 through July 1, 2014, bearing interest rates of 2.00% to 4.00%	4,691,415	-
Other Liabilities:		
Compensated absences	2,234,747	290,193
Claims and judgments	379,698	-
Total long-term liabilities	\$ 62,854,175	\$ 10,818,207

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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>
Governmental Activities					
Debt:					
General obligation bonds	\$ 29,815,000	\$ 17,806,992	\$ 15,295,000	\$ 32,326,992	\$ 3,613,292
Other long-term debt	4,757,000	-	4,757,000	-	-
Capital leases	28,170,000	-	500,000	27,670,000	520,000
	<u>62,742,000</u>	<u>17,806,992</u>	<u>20,552,000</u>	<u>59,996,992</u>	<u>4,133,292</u>
Deferred amounts on refunding	(47,113)	(232,615)	(38,314)	(241,414)	-
Unamortized premiums	425,851	233,488	175,187	484,152	-
Total debt	<u>63,120,738</u>			<u>60,239,730</u>	<u>4,133,292</u>
Other liabilities					
Compensated absences	2,305,920			2,234,747	-
Claims and judgments	431,698			379,698	127,660
Total other liabilities	<u>2,737,618</u>			<u>2,614,445</u>	<u>127,660</u>
Total governmental activities	<u>\$ 65,858,356</u>			<u>\$ 62,854,175</u>	<u>\$ 4,260,952</u>
Business-type activities					
Debt:					
General obligation bonds	\$ 8,120,000	\$ 3,290,000	\$ 845,000	\$ 10,565,000	\$ 940,000
Deferred amounts on refunding	(14,131)	(42,731)	(6,243)	(50,619)	-
Unamortized premiums and discounts	33,983	-	20,350	13,633	-
	<u>8,139,852</u>			<u>10,528,014</u>	<u>\$ 940,000</u>
Compensated absences	296,646			290,193	
Total business-type activities	<u>\$ 8,436,498</u>			<u>\$ 10,818,207</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.

The City issued \$6,245,000 General Obligation School Warrants, Series 2010-A dated July 1, 2010. The Warrants were issued to defease the General Obligation School Warrants, Series 2000. At September 30, 2010 the \$5,891,343 were held in escrow to defease the 2000 Warrants. Subsequent to year end, the Warrants were fully paid.

The City issued \$4,490,000 General Obligation Recovery Zone Economic Development Warrants, Series 2010-B dated July 1, 2010. \$1,200,000 of the Recovery Zone Bonds was issued to construct a new fire station. This portion of the Warrants is considered a general obligation of the City and is chargeable against the constitutional debt limit of the City. \$3,290,000 of the Recovery Zone Bonds was issued to fund sewer improvement projects. This portion of the Warrants has been recorded in the Sewer System Fund. Under Section 6431 of the Internal

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

Revenue Code, an issuer of a Recovery Zone Bond may apply to receive interest subsidy payments directly from the United States Treasury. The City applied for the interest subsidy payments and expects to receive the interest subsidy payments totaling 45% of the interest due on the Recovery Zone Bonds. The City expects to receive the interest subsidy payments around the same time the interest payments on the Recovery Zone Bonds are due.

The City issued \$4,535,000 General Obligation Warrants, Series 2010-C dated July 1, 2010. The warrants were issued to refund the General Obligation Warrants, Series 1998.

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.

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 (the "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. These bonds were retired during the year ended September 30, 2010 with the proceeds received from the Industrial Development Authority's General Obligation Revenue Bonds, Series 2010. The Series 2010 Bonds constitute a debt of the City and are chargeable against the constitutional debt limit of the City.

Prior to being retired during the year ended September 30, 2010, the bonds were 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 remained in effect until the bonds were retired, the bonds were subject to revocation or termination at the option of the City and were 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 were retired. The bonds were 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 were payable solely from current revenues and funds on hand of the City for each fiscal year and did not constitute a "debt" of the City and were not be chargeable against the constitutional 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 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.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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>
2011	\$ 3,613,292	\$ 1,204,256	\$ 520,000	\$ 1,242,344
2012	3,362,268	1,132,493	540,000	1,223,169
2013	3,622,497	1,012,755	560,000	1,205,294
2014	2,444,046	905,095	580,000	1,184,594
2015	1,321,984	806,586	600,000	1,161,744
2016-2020	7,502,905	3,152,044	3,410,000	5,406,269
2021-2025	5,550,000	1,806,625	4,290,000	4,530,068
2026-2030	4,265,000	582,406	5,395,000	3,424,856
2031-2035	645,000	33,440	6,835,000	1,985,853
2036-2038	-	-	4,940,000	349,881
Total	<u>\$ 32,326,992</u>	<u>\$ 10,635,700</u>	<u>\$ 27,670,000</u>	<u>\$ 21,714,072</u>

	<i>Business-type Activities</i>	
	<i>General Obligations</i>	
	<i>Principal</i>	<i>Interest</i>
2011	\$ 940,000	\$ 491,392
2012	415,000	449,428
2013	445,000	427,640
2014	460,000	412,066
2015	535,000	395,276
2016-2020	2,995,000	1,644,783
2021-2025	2,265,000	977,155
2026-2030	445,000	698,475
2031-2035	515,000	560,100
2036-2037	1,550,000	179,400
	<u>\$ 10,565,000</u>	<u>\$ 6,235,713</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 2-1-09 to 1-31-10 is \$507,710, 2-1-08 to 1-31-09 is \$414,130, 2-1-07 to 1-31-08 is \$483,799, 2-1-06 to 1-31-07 is \$462,556, and 2-1-05 to 1-31-06 is \$597,247.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 9 - RISK MANAGEMENT (CONTINUED)

All funds of the City participate in the program and make payments to the Workmen's Compensation Insurance Fund based on the Municipal Workers Compensation Fund, Inc.'s estimated premium rates which include an actuarial estimate of the amount needed to pay claims incurred since inception of the fund and to establish a reserve for catastrophic losses. Accordingly, these payments are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and Enterprise Funds.

The claims liability is \$379,698 at September 30, 2010. 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 2.8% 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>	
<i>2007-2008</i>	\$ 372,219	\$ 152,647	\$ 129,802	\$ 395,064	
<i>2008-2009</i>	\$ 395,064	\$ 301,783	\$ 265,149	\$ 431,698	
<i>2009-2010</i>	\$ 431,698	\$ 207,114	\$ 259,114	\$ 379,698	

The City has a Worker's Health Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss related to its self-insured employee health insurance plan. A residual equity transfer of \$732,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was authorized to provide the initial funding for the Worker's Health Insurance Fund. During the year ended September 30, 2007, an additional transfer of \$481,237 from the 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 \$110,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$110,000 in any one year. Settled claims exceeded premium payments received during the year. Assets exceeded liabilities as of September 30, 2010, resulting in a fund balance of \$372,827.

The claims liability of \$224,100 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability includes an amount calculated for claims that have been incurred but not reported at the balance sheet date. Because actual liabilities for claims depend on such complex factors as inflation, changes in the legal doctrines and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

	<i>Beginning Balance</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Ending Balance</i>
2007-2008	\$ 194,000	\$ 1,381,113	\$ 1,452,113	\$ 123,000
2008-2009	\$ 123,000	\$ 1,780,362	\$ 1,739,162	\$ 164,200
2009-2010	\$ 164,200	\$ 1,529,362	\$ 1,469,462	\$ 224,100

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

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

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

Funding Policy. Plan members are required to contribute 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, 2010 was 13.11% of annual covered payroll. The contribution requirements of plan members and the City are established by state statute.

Annual Pension Cost. For 2010, the City's annual pension cost of \$1,844,138 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2009 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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

accrued liability, if any, is being amortized as a level percentage of projected payrolls. The remaining amortization period is 25 years.

<i>Trend Information</i>				
<i>Fiscal</i>	<i>Annual</i>			
<i>Year</i>	<i>Pension</i>	<i>Percentage</i>	<i>Net Pension</i>	
<i>Ending</i>	<i>Contribution</i>	<i>of APC</i>	<i>Obligation</i>	
	<i>(APC)</i>	<i>Contributed</i>	<i>(NPO)</i>	
9/30/2007	\$ 1,116,797	100%	\$	-
9/30/2008	\$ 1,463,564	100%	\$	-
9/30/2009	\$ 1,698,848	100%	\$	-

Schedule of Funding Progress

<i>Actuarial</i>	<i>Actuarial</i>	<i>Actuarial</i>	<i>Unfunded AAL</i>	<i>Funded Ratio</i>	<i>Covered</i>	<i>UAAL as a</i>
<i>Valuation Date</i>	<i>Value of Assets</i>	<i>Accrued Liability</i>	<i>(UAAAL) (b-a)</i>	<i>(a/b)</i>	<i>Payroll (c)</i>	<i>Percentage of</i>
	<i>(a)</i>	<i>(AAL) - Entry</i>				<i>Covered Payroll</i>
		<i>Age (b)*</i>	<i>(UAAAL) (b-a)</i>			<i>((b-a)/c)</i>
9/30/2007	\$ 42,745,963	\$ 55,643,407	\$ 12,897,444	76.8%	\$ 12,245,153	105.3%
9/30/2008	\$ 42,710,878	\$ 59,693,661	\$ 16,982,783	71.6%	\$ 12,768,755	133.0%
9/30/2009	\$ 41,929,584	\$ 63,143,780	\$ 21,214,196	66.4%	\$ 13,879,315	152.8%

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

POST-EMPLOYMENT BENEFITS

Plan Description. The City's medical benefits are provided to employees upon actual retirement.

Employees covered by the State of Alabama Retirement System have retirement eligibility provisions as follows: 25 years of service at any age; or, age 60 and 10 years of service. Coverage is for retirees and dependents. Coverage ceases at age 65 except for a select number of "grandfathered" retirees. Full plan provisions are contained in the official plan documents.

Life insurance coverage is not provided to retirees except for three remaining "grandfathered" retirees with a total insurance volume of approximately \$22,000. The total Actuarial Accrued Liability (AAL) for this closed group is \$14,000 at the 4% investment return assumption and the estimated Annual Required Contribution (ARC) is \$1,275 at the 4% assumption.

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

Fund Policy. Until 2008, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. The actuary estimates the City's portion of health care funding cost for retired employees to total \$318,456 for the year ended September 30, 2010.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Effective with the Fiscal Year beginning October 1, 2008, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

Annual Required Contribution. The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2009 is \$406,095, as set forth below:

	Medical
Normal Cost	\$ 152,506
30-year UAL amortization amount	253,589
	406,095
Annual required contribution (ARC)	\$ 406,095

Net Post-employment Benefit Obligation (Asset). The table below shows the City's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending September 30, 2010:

	Medical
Beginning Net OPEB Obligation (Asset) 10/1/2009	\$72,020
Annual required contribution	+406,095
Interest on Net OPEB Obligation (Asset)	+2,881
ARC Adjustment	-4,165
OPEB Cost	404,811
Contribution	0
Current year retiree premium	-318,456
Change in Net OPEB Obligation	+86,355
Ending Net OPEB Obligation (Asset) 9/30/2010	\$158,375

The following table shows the City's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability (asset):

Post- Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	September 30, 2010	\$404,811	78.67%	\$158,375

Funded Status and Funding Progress. During the year ending September 30, 2010, the City made no contributions to its post-employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of September 30, 2010, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$4,560,399, which is defined as that portion, as determined by a particular actuarial cost method (the City of Opelika uses the Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010, the entire actuarial accrued liability of \$4,560,399 was unfunded.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

		Medical and Life
Actuarial Accrued Liability (AAL)	\$	4,560,399
Actuarial Value of Plan Assets		0
Unfunded Act. Accrued Liability (UAAL)		4,560,399
Funded Ratio (Act. Val. Assets/AAL)		0%
Covered Payroll (active plan members)		\$13,914,499
UAAL as a percentage of covered payroll		32.77%

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

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

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

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45, will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 12%. The rates for each age are below:

Age	Percent Turnover
18 - 25	10.0%
26 - 40	8.0%
41 - 54	5.0%
55+	4.0%

Post-employment Benefit Plan Eligibility Requirements. Based on historical experience, it has been assumed that entitlement to benefits will commence six years after earliest eligibility to retire (three years for those first eligible at or above age 60). Medical benefits are provided to employees upon actual retirement. Employees covered by the State of Alabama Retirement System have retirement eligibility provisions as follows: 25 years of service at any age; or, age 60 and 10 years of service. Coverage is for retirees and dependents. Coverage ceases at age 65 except for a select number of "grandfathered" retirees.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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 original cost of \$4,000,000. The City

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

has recorded an additional liability of \$784,000 at September 30, 2010, which is the estimated amount of the City's cost in excess of the \$700,000 previously paid by the City.

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, 2010.

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. The base fee for provision of these services is \$3,559,863 per year payable in monthly installments. The base fee will increase each year in accordance with the consumer price index. The ESG budget for the year ended September 30, 2011 totals \$4,785,060. 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, \$123,332 remained in the repair and maintenance budget and was reimbursed to the City. At September 30, 2010, 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. During the year ended September 30, 2010, the City issued bonds to fund this project and has developed construction plans for the fire station. However, as of our report date, construction of the fire station has not yet commenced.

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 17th that immediately follows the commencement date. The City made its first payment related to this obligation in November of 2009. The total amount due related to this agreement as of September 30, 2010 totaled \$304,237. These payments will be made on an annual basis through

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

November 17, 2023 or until the payments reach \$6,000,000, whichever occurs first. At September 30, 2010, the City had made payments totaling \$275,885 related to this obligation.

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. For 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 October 7, 2009, the City entered into a project development agreement to encourage the development of a twelve-screen movie theater in Opelika. The City agreed to pay the company an amount equal to 66.667% of the City sales tax proceeds actually received by the City from the theater. The City's total commitment to share sales tax is equal to \$1,500,000. In addition to sharing the sales tax proceeds with the company, the City also agreed to install, at its own expense, an appropriate traffic control device and striping at the theaters main entrance. The City and the developer agreed that on or before November 1, 2010, the developer will have constructed a twelve-screen movie theater. The developer did not construct the movie theater by November 1, 2010. Therefore, this agreement expired as of November 1, 2010.

On September 8, 2010, the City entered into a project development agreement to encourage the acquisition and renovation of an existing building in Opelika. The City is obligated to pay the developers 50% of the revenues collected from City sales tax proceeds generated from the operation of the businesses related to this development beginning the first month after the project has been completed. The City's total commitment to share sales tax is equal to \$1,000,000. The agreement expires once the City pays the \$1,000,000 or after a ten year period beginning when the project is complete.

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, 2010.

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.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

DESCRIPTION	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Revenues:				
Taxes:				
Sales	\$ 16,132,000	\$ 16,132,000	\$ 16,656,477	\$ 524,477
Property:				
Property:	3,208,000	3,208,000	3,114,998	(93,002)
Payments in lieu of taxes	18,000	18,000	11,274	(6,726)
	<u>3,226,000</u>	<u>3,226,000</u>	<u>3,126,272</u>	<u>(99,728)</u>
Other:				
Gasoline	774,000	774,000	767,824	(6,176)
Cigarette	98,000	98,000	104,682	6,682
Rental	523,000	523,000	642,330	119,330
Wine	23,000	23,000	23,574	574
	<u>1,418,000</u>	<u>1,418,000</u>	<u>1,538,410</u>	<u>120,410</u>
Total taxes	<u>20,776,000</u>	<u>20,776,000</u>	<u>21,321,159</u>	<u>545,159</u>
Special assessments:	<u>8,000</u>	<u>8,000</u>	<u>12,000</u>	<u>4,000</u>
Licenses and permits:				
Occupational	<u>7,619,000</u>	<u>7,619,000</u>	<u>7,806,686</u>	<u>187,686</u>
Business:				
General	2,672,000	2,672,000	2,567,296	(104,704)
Lodging	531,000	531,000	480,880	(50,120)
Franchise fee	93,000	93,000	92,537	(463)
	<u>3,296,000</u>	<u>3,296,000</u>	<u>3,140,713</u>	<u>(155,287)</u>
Telecommunications fees				
Permits and inspections	<u>344,000</u>	<u>344,000</u>	<u>373,106</u>	<u>29,106</u>
Total licenses and permits	<u>11,259,000</u>	<u>11,259,000</u>	<u>11,323,005</u>	<u>64,005</u>

**CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010**

<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	91,000	91,000	100,604	9,604
Shared state revenue:				
Bank excise tax	-	-	20,923	20,923
Business privilege tax	69,000	69,000	69,687	687
Share of liquor tax profits	87,000	87,000	85,749	(1,251)
State asset forfeiture	-	32,528	30,030	(2,498)
	156,000	188,528	206,389	17,861
Shared federal revenue:				
Federal asset forfeiture	-	600	805	205
	-	600	805	205
Other:				
Grants				
Federal	-	-	4,927	4,927
State	-	12,090	33,534	21,444
Lee County	35,000	185,000	172,861	(12,139)
	35,000	197,090	211,322	14,232
Total intergovernmental revenue	282,000	477,218	519,120	41,902
Charges for services:				
Administration				
Other governments	33,000	33,000	23,932	(9,068)
	33,000	33,000	23,932	(9,068)
Public safety:				
Board of Education	12,000	12,000	12,272	272
Housing Authority	71,000	71,000	70,000	(1,000)
Water Works Board	-	-	20,960	20,960
Other	-	5,786	87,970	82,184
Towing, fire calls, and fire training	-	1,548	2,457	909
	83,000	90,334	193,659	103,325

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

DESCRIPTION	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Public Works:				
Clearing and grading	1,000	38,637	81,688	43,051
Health:				
Graves and monuments	115,000	115,000	113,438	(1,562)
Evergreen cemetery	1,000	1,000	-	(1,000)
	<u>116,000</u>	<u>116,000</u>	<u>113,438</u>	<u>(2,562)</u>
Culture and recreation:				
Entry fees and concessions	976,000	976,000	1,326,826	350,826
Total charges for services	<u>1,209,000</u>	<u>1,253,971</u>	<u>1,739,543</u>	<u>485,572</u>
Fines and forfeitures:				
Public safety:				
Fines and costs	592,000	592,000	460,223	(131,777)
Culture and recreation:				
Fines	-	-	40,167	40,167
Total fines and forfeits	<u>592,000</u>	<u>592,000</u>	<u>500,390</u>	<u>(91,610)</u>
Miscellaneous revenues:				
Interest earnings	269,000	269,000	301,689	32,689
Other:				
Rental income	12,000	12,000	11,943	(57)
Contributions	-	9,724	22,017	12,293
Cemetery lots	90,000	90,000	106,000	16,000
Miscellaneous	71,000	79,510	191,786	112,276
Total other	<u>173,000</u>	<u>191,234</u>	<u>331,746</u>	<u>140,512</u>
Total miscellaneous revenues	<u>442,000</u>	<u>460,234</u>	<u>633,435</u>	<u>173,201</u>
Total revenues	<u>34,568,000</u>	<u>34,826,423</u>	<u>36,048,652</u>	<u>1,222,229</u>

UNAUDITED

CITY OF OPELIKA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	142,007	144,050	141,140	(2,910)
Other	276,510	110,634	35,343	(75,291)
Total mayor	418,517	254,684	176,483	(78,201)
Administration:				
Personal services	205,799	205,799	214,525	8,726
Services provided to other funds	(1,200)	(1,200)	(1,200)	-
Other	251,420	303,624	246,898	(56,726)
Total administration	456,019	508,223	460,223	(48,000)
Legislative - City Clerk:				
Personal services	172,654	172,654	173,804	1,150
Other	278,600	243,600	188,877	(54,723)
Total legislative	451,254	416,254	362,681	(53,573)
Other:				
Revenue:				
Personal services	470,694	490,151	455,636	(34,515)
Services provided other funds	(395,423)	(395,423)	(395,458)	(35)
Other	193,269	252,094	127,839	(124,255)
Total	268,540	346,822	188,017	(158,805)
Accounting:				
Personal services	353,169	353,169	357,263	4,094
Services provided other funds	(101,901)	(101,901)	(101,901)	-
Other	95,397	108,839	56,599	(52,240)
Total	346,665	360,107	311,961	(48,146)
Community relations:				
Personal services	63,828	63,828	64,115	287
Other	64,875	68,014	40,552	(27,462)
Total	128,703	131,842	104,667	(27,175)

**CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010**

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Information technology:				
Personal services	507,986	507,986	433,660	(74,326)
Services provided other funds	(187,292)	(187,292)	-	-
Other	649,421	706,225	526,137	(180,088)
	<u>970,115</u>	<u>1,026,919</u>	<u>772,505</u>	<u>(254,414)</u>
Judicial:				
Personal services	221,471	221,471	209,118	(12,353)
Other	144,739	222,790	204,201	(18,589)
	<u>366,210</u>	<u>444,261</u>	<u>413,319</u>	<u>(30,942)</u>
Human resources administration:				
Personal services	196,170	196,170	197,222	1,052
Other	108,281	151,076	116,698	(34,378)
	<u>304,451</u>	<u>347,246</u>	<u>313,920</u>	<u>(33,326)</u>
Planning:				
Personal services	312,472	312,472	305,208	(7,264)
Other	112,620	112,865	63,041	(49,824)
	<u>425,092</u>	<u>425,337</u>	<u>368,249</u>	<u>(57,088)</u>
Purchasing:				
Personal services	238,177	238,177	239,772	1,595
Services provided other funds	(23,458)	(23,458)	(23,458)	-
Other	14,970	14,970	8,461	(6,509)
	<u>229,209</u>	<u>229,689</u>	<u>224,775</u>	<u>(4,914)</u>
Nondepartmental:				
Auburn-Opelika Airport	121,647	121,647	152,022	30,375
Lee-Russell Council of Governments	108,400	108,400	108,400	-
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	10,000	12,500	21,000	8,500
Downtown Development Authority	4,500	4,500	4,500	-
Main Street, Inc.	15,000	17,700	17,700	-
Other	10,000	12,000	12,000	-
	<u>474,547</u>	<u>481,747</u>	<u>520,622</u>	<u>38,875</u>
Total other	<u>3,513,552</u>	<u>3,793,970</u>	<u>3,218,035</u>	<u>(575,935)</u>
Total general government	<u>4,839,322</u>	<u>4,873,131</u>	<u>4,217,422</u>	<u>(655,709)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Public safety:				
Police:				
Personal services	5,955,750	5,980,089	5,743,659	(236,430)
Other	1,472,509	1,631,259	1,537,159	(94,100)
Total police	<u>7,428,259</u>	<u>7,611,348</u>	<u>7,280,818</u>	<u>(330,530)</u>
Fire:				
Personal services	3,945,182	3,991,782	4,075,517	83,735
Other	453,055	491,400	445,205	(46,195)
Total fire	<u>4,398,237</u>	<u>4,483,182</u>	<u>4,520,722</u>	<u>37,540</u>
Other:				
Nondepartmental:				
National Guard	500	500	500	-
Juvenile Court	15,000	15,000	15,000	-
Lee County Emergency Management	31,500	31,500	31,500	-
Emergency Medical Service	289,476	289,476	289,476	-
Other	-	3,500	1,586	(1,914)
Total other	<u>336,476</u>	<u>339,976</u>	<u>338,062</u>	<u>(1,914)</u>
Total public safety	<u>12,162,972</u>	<u>12,434,506</u>	<u>12,139,602</u>	<u>(294,904)</u>
Public works:				
Highways and streets				
Personal services	9,035	9,035	5,238	(3,797)
Other	951,676	995,394	974,928	(20,466)
Total highways and streets	<u>960,711</u>	<u>1,004,429</u>	<u>980,166</u>	<u>(24,263)</u>
Engineering:				
Personal services	421,327	421,327	415,680	(5,647)
Other	100,300	275,903	118,869	(157,034)
Total engineering	<u>521,627</u>	<u>697,230</u>	<u>534,549</u>	<u>(162,681)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Other:				
Administration:				
Personal services	-	-	-	-
Services provided other funds	-	-	-	-
Other	323,146	326,957	317,611	(9,346)
	<u>323,146</u>	<u>326,957</u>	<u>317,611</u>	<u>(9,346)</u>
Cemetery:				
Personal services	-	-	-	-
Other	171,220	173,180	177,710	4,530
	<u>171,220</u>	<u>173,180</u>	<u>177,710</u>	<u>4,530</u>
Automotive shop:				
Personal services	-	-	-	-
Other	308,124	333,454	304,166	(29,288)
	<u>308,124</u>	<u>333,454</u>	<u>304,166</u>	<u>(29,288)</u>
Building maintenance:				
Personal services	3,744	3,744	3,744	-
Other	282,727	300,049	292,881	(7,168)
	<u>286,471</u>	<u>303,793</u>	<u>296,625</u>	<u>(7,168)</u>
Inspection:				
Personal services	340,362	340,362	344,102	3,740
Other	29,340	29,379	20,412	(8,967)
	<u>369,702</u>	<u>369,741</u>	<u>364,514</u>	<u>(5,227)</u>
Ground maintenance:				
Personal services	-	-	-	-
Other	469,592	478,799	472,423	(6,376)
Total other	<u>469,592</u>	<u>478,799</u>	<u>472,423</u>	<u>(6,376)</u>
Total other	<u>1,928,255</u>	<u>1,985,924</u>	<u>1,933,049</u>	<u>(52,875)</u>
Total public works	<u>3,410,593</u>	<u>3,687,583</u>	<u>3,447,764</u>	<u>(239,819)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Health:				
Animal control:				
Personal services	46,033	46,033	48,353	2,320
Other	7,480	7,480	3,836	(3,644)
	<u>53,513</u>	<u>53,513</u>	<u>52,189</u>	<u>(1,324)</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	63,161	63,161	63,161	-
Sickle Cell Association	1,500	1,500	1,500	-
Substance Abuse	47,500	47,500	47,500	-
Other	11,800	16,800	16,800	-
Total other	<u>220,261</u>	<u>225,261</u>	<u>225,261</u>	<u>-</u>
Total health	<u>273,774</u>	<u>278,774</u>	<u>277,450</u>	<u>(1,324)</u>
Welfare:				
Other:				
Nondepartmental:				
East Alabama Services for the Elderly	10,000	10,000	10,000	-
Lee County Youth Development Center	32,000	32,000	32,000	-
Boys and Girls Clubs	35,000	40,000	40,000	-
Council on Human Relations	20,000	20,000	20,000	-
Storybook Farms	8,000	8,000	8,000	-
Other	-	9,000	9,000	-
Total welfare	<u>105,000</u>	<u>119,000</u>	<u>119,000</u>	<u>-</u>

**CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010**

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Culture and recreation:				
Parks and recreation:				
Personal services	2,280,878	1,803,257	1,772,358	(30,899)
Other	2,482,839	3,188,038	2,896,387	(291,651)
Total parks and recreation	4,763,717	4,991,295	4,668,745	(322,550)
Library:				
Personal services	492,668	492,628	467,792	(24,836)
Other	157,940	238,590	237,861	(729)
Total library	650,608	731,218	705,653	(25,565)
Other:				
Nondepartmental:				
Opelika Tree Commission	7,000	7,000	7,000	-
Keep Opelika Beautiful	35,000	35,000	35,000	-
Museum of East Alabama	22,500	22,500	22,500	-
Opelika Arts Association	25,000	35,000	35,000	-
Museum of Art	5,000	5,000	5,000	-
Other	-	6,225	-	(6,225)
Total other	94,500	110,725	104,500	(6,225)
Total culture and recreation	5,508,825	5,833,238	5,478,898	(354,340)
Economic Development:				
Personal services	341,003	341,003	345,436	4,433
Other	226,050	226,050	132,327	(93,723)
Total	567,053	567,053	477,163	(89,290)
Nondepartmental:				
Incentives	233,750	233,750	570,261	336,511
Industrial grant	135,000	135,000	86,909	(48,091)
Total	368,750	368,750	657,170	288,420
Total economic development	935,803	935,803	1,134,933	199,130
Education:	3,003,000	3,011,000	3,550,160	539,160
Capital outlay:	1,375,836	3,830,932	3,176,305	(654,627)

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Debt service:				
Principal	335,000	335,000	403,750	68,750
Interest	237,610	237,610	311,205	73,595
Trustee fees	8,100	8,100	14,051	5,951
Total debt service	580,710	580,710	729,006	148,296
Total expenditures	32,195,835	35,684,677	34,270,540	(1,414,137)
Excess of revenues over (under) expenditures	2,372,165	(838,254)	1,778,112	2,636,366
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Capital lease	-	1,127	22,238	21,111
Sale of fixed assets	2,941,624	2,922,993	2,941,624	18,631
Transfers from Electric Utility Fund	-	-	-	-
Transfers from Sewer Fund	-	-	-	-
Transfers from Solid Waste Collection Fund	-	-	-	-
Transfers from Nonmajor Special Revenue Fund	215,293	215,293	-	(215,293)
Transfers from Nonmajor Debt Service Fund	-	-	6,952	6,952
Transfers from Nonmajor Capital Project Fund	-	-	-	-
Transfers from Garden Hills Cemetery Trust Fund	20,000	20,000	8,933	(11,067)
Transfers from General Obligation Debt Service Fund	-	-	642,162	642,162
Transfers from JoAnn Drive Fund	-	-	-	-
Transfers from Police Grants Fund	-	-	-	-
Transfers from Fire Department Emergency Equipment Fund	-	-	-	-
Transfer to Sewer Fund	(9,164)	(14,164)	-	14,164
Transfers to General Obligation Debt Service Funds	(1,713,705)	(1,713,705)	(1,239,512)	474,193
Transfers to 2003A General Obligation Warrants Debt Service Fund	(1,350,500)	(1,350,500)	(1,350,329)	171
Transfers to Sales Tax Reserve Fund	(1,888,667)	(1,888,667)	(1,929,798)	(41,131)
Transfers to Garden Hills Cemetery Perpetual Care Trust Fund	(12,000)	(12,000)	(26,500)	(14,500)
Transfers to Community Development Fund	(50,000)	(248,830)	(490,406)	(241,576)
Transfers to Health Insurance Fund	(193,000)	(193,000)	(193,000)	-
Transfer to Solid Waste Collection Fund	(332,046)	(337,850)	-	337,850
Total other financing sources (uses)	(2,372,165)	(2,599,303)	(1,607,636)	991,667
Excess of revenues and other sources over (under) expenditures and other uses	-	(3,457,557)	170,476	3,628,033
Fund balance, beginning of year:	20,069,587	20,069,587	20,069,587	-
Fund balance, end of year:	\$ 20,069,587	\$ 16,612,030	\$ 20,240,063	\$ 3,628,033

CITY OF OPELIKA
SCHOOL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Revenues:				
Taxes:				
Property	-	\$ 5,600,000	\$ 6,516,157	\$ 916,157
Investment income	-	-	13,650	13,650
Contributions	-	-	354,980	354,980
Total revenues	-	5,600,000	6,884,787	1,284,787
Expenditures:				
Current:				
Education	-	3,155,283	4,820,603	1,665,320
Total expenditures	-	3,155,283	4,820,603	1,665,320
Excess of revenues over (under) expenditures	-	2,444,717	2,064,184	(380,533)
Other financing sources (uses):				
Transfers to other funds	-	(2,444,717)	(2,064,184)	380,533
Total other financing sources (uses)	-	(2,444,717)	(2,064,184)	380,533
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	-	-	-	-
	\$	\$	\$	\$

UNAUDITED

CITY OF OPELIKA
SPORTSPLEX CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Revenues:				
Investment income	\$ -	\$ 300	\$ 258	\$ (42)
Contributions	-	313,600	238,950	(74,650)
Other	-	-	24,300	24,300
Total revenues	<u>-</u>	<u>313,900</u>	<u>263,508</u>	<u>(50,392)</u>
Expenditures:				
Current:				
Capital outlay	-	-	-	-
Culture and Recreation	-	313,900	46,304	(267,596)
Total expenditures	<u>-</u>	<u>313,900</u>	<u>46,304</u>	<u>(267,596)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>217,204</u>	<u>217,204</u>
Other financing sources:				
Proceeds from debt issuance	-	-	-	-
Transfers from Governmental Fund	-	-	468,755	468,755
Transfers to Debt Service Fund	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>468,755</u>	<u>468,755</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>685,959</u>	<u>685,959</u>
Fund balances, beginning of year	<u>555,897</u>	<u>555,897</u>	<u>555,897</u>	<u>-</u>
Fund balances, end of year	<u>\$ 555,897</u>	<u>\$ 555,897</u>	<u>\$ 1,241,856</u>	<u>\$ 685,959</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, 2010

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>GARDEN HILLS CEMETERY PERMANENT FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 2,771,315	\$ 54,271	\$ 1,154,165	\$ -	\$ 3,979,751
Cash with fiscal agent	-	-	-	-	-
Certificates of deposit	3,250,000	8,000	-	-	3,258,000
Investments	6,101	1,325,420	1,160,033	608,928	3,100,482
Receivables	36,143	-	97,942	953	135,038
Sales and other taxes	-	-	-	-	-
Due from other funds	1,837	13,000	-	5,875	20,712
Due from other governments	86,023	-	254,031	-	340,054
Total current assets	<u>6,151,419</u>	<u>1,400,691</u>	<u>2,666,171</u>	<u>615,756</u>	<u>10,834,037</u>
Other assets					
Deposits	71,696	-	-	-	71,696
Total other assets	<u>71,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,696</u>
Total assets	<u>\$ 6,223,115</u>	<u>\$ 1,400,691</u>	<u>\$ 2,666,171</u>	<u>\$ 615,756</u>	<u>\$ 10,905,733</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,069	\$ 4,876	\$ 23,686	\$ 330	\$ 37,961
Retainage payable	-	-	-	-	-
Accrued payroll and benefits	2,625	-	-	-	2,625
Due to other funds	191,824	163,744	238,886	1,010	595,464
Due to other governments	14,140	-	-	-	14,140
Deferred revenue	20,904	-	283,315	-	304,219
Matured bonds and interest payable	-	152,552	-	-	152,552
Total liabilities	<u>238,562</u>	<u>321,172</u>	<u>545,887</u>	<u>1,340</u>	<u>1,106,961</u>
Fund Balances:					
Reserved for encumbrances	161,529	1,079,519	66,111	591,104	1,898,263
Unreserved, undesignated	5,823,024	-	2,054,173	23,312	7,900,509
Total fund balance	<u>5,984,553</u>	<u>1,079,519</u>	<u>2,120,284</u>	<u>614,416</u>	<u>9,798,772</u>
Total liabilities and fund balances	<u>\$ 6,223,115</u>	<u>\$ 1,400,691</u>	<u>\$ 2,666,171</u>	<u>\$ 615,756</u>	<u>\$ 10,905,733</u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	GARDEN HILLS CEMETERY PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:					
Intergovernmental	\$ 980,715	\$ -	\$ 142,096	\$ -	\$ 1,122,811
Investment income	127,197	871	4,675	29,786	162,529
Grant income	-	-	710,532	-	710,532
Contributions	8,028	-	-	-	8,028
Other	251,318	-	1,104	-	252,422
Total revenues	<u>1,367,258</u>	<u>871</u>	<u>858,407</u>	<u>29,786</u>	<u>2,256,322</u>
Expenditures:					
Current:					
General government	404,679	-	-	3,797	408,476
Public safety	172,955	-	-	-	172,955
Public works	15,742	-	-	-	15,742
Welfare	-	-	-	-	-
Culture and recreation	32,956	-	-	-	32,956
Education	-	-	-	-	-
Economic development and urban rehabilitation	188,524	-	-	-	188,524
Capital outlay	1,770,759	-	881,148	-	2,651,907
Debt service:					
Principal retirement	-	4,000,000	-	-	4,000,000
Interest and fiscal charges	-	2,374,275	-	-	2,374,275
Bond issue costs	-	165,844	20,540	-	186,384
Total expenditures	<u>2,585,615</u>	<u>6,540,119</u>	<u>901,688</u>	<u>3,797</u>	<u>10,031,219</u>
Excess of revenues over (under) expenditures	<u>(1,218,357)</u>	<u>(6,539,248)</u>	<u>(43,281)</u>	<u>25,989</u>	<u>(7,774,897)</u>
Other financing sources (uses):					
Proceeds of general long term debt	-	10,780,000	1,200,000	-	11,980,000
Proceeds used to refund bonds	-	(10,327,615)	-	-	(10,327,615)
Net premium (discounts) on issuance of general long term debt	-	246,584	(13,096)	-	233,488
Appropriations	-	-	(379,230)	-	(379,230)
Transfers from governmental funds	2,152,924	6,424,986	646,510	26,500	9,250,920
Transfers from proprietary funds	-	-	-	-	-
Transfers to governmental funds	(2,618,946)	(642,162)	(6,954)	(8,933)	(3,276,995)
Transfers to proprietary funds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(466,022)</u>	<u>6,481,793</u>	<u>1,447,230</u>	<u>17,567</u>	<u>7,480,568</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(1,684,379)</u>	<u>(57,455)</u>	<u>1,403,949</u>	<u>43,556</u>	<u>(294,329)</u>
Fund balances, beginning of year	7,668,932	1,136,974	716,335	570,860	10,093,101
Fund balances, end of year	<u>\$ 5,984,553</u>	<u>\$ 1,079,519</u>	<u>\$ 2,120,284</u>	<u>\$ 614,416</u>	<u>\$ 9,798,772</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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, 2010

	56.07 STATE GASOLINE TAX FUND	58.04 & 58.05 STATE GASOLINE TAX FUND	CAPITAL IMPROVEMENT FUND	COMMUNITY DEVELOPMENT FUNDS	ROAD MAINTENANCE FUND	SALES TAX REVENUE FUND	ROSEMERE CEMENTERY FUND	LODGING TAX FUND	COOPER LIBRARY EXPENDABLE TRUST FUND	COMBINED TOTALS
ASSETS										
Cash	\$ 116,021	\$ 18,655	\$ 204,069	\$ 180,765	\$ 1,754,341	\$ 894	\$ 9,739	\$ 484,731	\$ -	\$ 2,771,315
Certificates of deposit	-	-	-	-	-	3,250,000	-	-	-	3,250,000
Investments	-	-	-	-	-	-	-	-	6,101	6,101
Other receivables	-	-	-	7,919	-	1,758	-	26,466	-	36,143
Due from other funds	-	-	-	1,837	-	-	-	-	-	1,837
Due from other governments	12,235	9,662	-	64,128	-	-	-	-	-	86,025
Total current assets	128,254	28,317	204,069	254,649	1,754,341	3,252,752	9,739	513,197	6,101	6,151,419
Other assets	-	-	-	-	-	-	-	71,696	-	71,696
Deposite	-	-	-	-	-	-	-	71,696	-	71,696
Total other assets	-	-	-	-	-	-	-	71,696	-	71,696
Total assets	\$ 128,254	\$ 28,317	\$ 204,069	\$ 254,649	\$ 1,754,341	\$ 3,252,752	\$ 9,739	\$ 584,892	\$ 6,101	\$ 6,223,115
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ 707	\$ -	\$ 8,049	\$ 313	\$ -	\$ -	\$ 9,069
Retainage payable	-	-	-	-	-	-	-	-	-	-
Accrued payroll and benefits	-	-	-	2,625	-	-	-	-	-	2,625
Due to other funds	-	-	-	100,135	91,689	-	-	-	-	191,824
Due to other governments	-	-	-	14,140	-	-	-	-	-	14,140
Deferred revenues	-	-	-	20,954	-	-	-	-	-	20,954
Total liabilities	-	-	-	138,511	91,689	8,049	313	-	-	238,562
Fund balances:										
Reserved for encumbrances	-	-	86,251	10,720	64,558	-	-	-	-	161,529
Unreserved, undesignated	128,254	28,317	117,818	105,418	1,598,094	3,244,703	9,426	584,892	6,101	5,823,024
Total fund balance	128,254	28,317	204,069	116,138	1,662,652	3,244,703	9,426	584,892	6,101	5,984,553
Total liabilities and fund balances	\$ 128,254	\$ 28,317	\$ 204,069	\$ 254,649	\$ 1,754,341	\$ 3,252,752	\$ 9,739	\$ 584,892	\$ 6,101	\$ 6,223,115

CITY OF OPELAKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	50.07 STATE GASOLINE TAX FUND	50.04 & 50.05 STATE GASOLINE TAX FUND	CAPITAL IMPROVEMENT FUND	COMMUNITY DEVELOPMENT FUNDS	ROAD MAINTENANCE FUND	SALES TAX REVENUE FUND	ROSEBERG CEMETERY FUND	LODGING TAX FUND	COOPER LIBRARY EXPENDABLE TRUST FUND	COMBINED TOTALS
Revenues:										
Intergovernmental:										
Shared state gasoline tax	74,479	58,236	156,267	-	-	-	-	-	-	132,715
Alabama trust fund	-	-	-	-	-	-	-	-	-	156,267
Lodging fees	-	-	-	691,733	-	-	-	-	-	691,733
Federal Grants	-	-	-	-	-	-	-	-	-	-
State Grants	-	-	-	691,733	-	-	-	-	-	691,733
Total intergovernmental	74,479	58,236	156,267	691,733	-	-	-	232,316	-	980,715
Business licenses and permits	-	-	-	-	-	-	-	-	-	232,316
Miscellaneous:										
Investment income	68	-	2,975	68	17,744	105,650	144	-	548	127,197
Other income	-	-	-	19,070	-	-	8,028	-	-	19,028
Contributions	-	-	-	17,744	-	-	8,172	-	-	19,028
Total miscellaneous	68	-	2,975	19,070	17,744	105,650	8,172	-	548	154,227
Total revenues	74,547	58,236	159,242	710,803	17,744	105,650	8,172	232,316	548	1,367,238
Expenditures:										
Current:										
General government	-	-	-	404,679	-	-	-	-	-	404,679
Public safety	-	-	-	172,955	-	-	-	-	-	172,955
Public works	-	-	-	-	-	-	15,742	-	-	15,742
Welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	36,731	-	2,225	-	-	-	32,956
Economic development and urban rehabilitation	-	-	-	-	-	-	-	-	-	-
Total current expenditures	-	-	-	608,365	-	2,225	15,742	188,524	-	188,524
Capital outlay	75,000	56,000	289,000	203,069	131,826	1,018,089	15,742	188,524	-	1,770,759
Total expenditures	75,000	56,000	289,000	811,434	131,826	1,018,089	15,742	188,524	-	2,965,615
Excess revenues over (under) expenditures	(453)	2,236	(129,758)	(100,631)	(114,082)	(912,439)	(7,570)	43,792	548	(1,218,357)
Other financing resources (uses):										
Transfers from governmental funds	-	-	-	223,126	-	1,929,798	-	-	-	2,152,924
Transfers from proprietary funds	-	-	-	-	-	(2,018,946)	-	-	-	(2,018,946)
Transfers to governmental funds	-	-	-	-	-	(987,188)	-	-	-	(987,188)
Total other financing resources (uses)	-	-	-	223,126	-	941,752	-	-	-	164,590
Excess of revenues and other sources over (under) expenditures and other uses	(453)	2,236	(129,758)	122,495	(14,082)	(1,601,587)	(7,570)	43,792	548	(1,684,379)
Fund balances, beginning of year	128,707	26,081	333,827	(6,337)	1,776,794	4,846,290	16,996	541,101	5,553	7,688,932
Fund balances, end of year	128,254	28,317	204,069	116,158	1,662,652	3,244,703	9,426	584,893	6,101	5,984,553

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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, 2010

	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION SCHOOL WARRANTS	COMBINED TOTALS
ASSETS			
Cash	\$ 52,805	\$ 1,466	\$ 54,271
Certificates of deposit	8,000	-	8,000
Investments	1,226,510	98,910	1,325,420
Due from other funds	-	13,000	13,000
Due from other governments	-	-	-
Total assets	<u>\$ 1,287,315</u>	<u>\$ 113,376</u>	<u>\$ 1,400,691</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts payable	\$ 1,625	\$ 3,251	\$ 4,876
Due to other funds	163,744	-	163,744
Matured bonds and interest payable	91,772	60,780	152,552
Total liabilities	<u>257,141</u>	<u>64,031</u>	<u>321,172</u>
Fund balances:			
Reserved for debt service	1,030,174	49,345	1,079,519
Unreserved, undesignated	-	-	-
Total fund balance	<u>1,030,174</u>	<u>49,345</u>	<u>1,079,519</u>
Total liabilities and fund balances	<u>\$ 1,287,315</u>	<u>\$ 113,376</u>	<u>\$ 1,400,691</u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
SEPTEMBER 30, 2010

	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION SCHOOL WARRANTS	COMBINED TOTALS
Revenues:			
Taxes:			
Property taxes	\$ -	\$ -	\$ -
Miscellaneous:			
Investment income	857	14	871
Total revenues	<u>857</u>	<u>14</u>	<u>871</u>
Expenditures:			
Debt service:			
Principal retirement	2,675,000	1,325,000	4,000,000
Interest and fiscal charges	1,887,893	486,382	2,374,275
Bond issue costs	70,610	95,234	165,844
Total expenditures	<u>4,633,503</u>	<u>1,906,616</u>	<u>6,540,119</u>
Excess of revenues over (under) expenditures	<u>(4,632,646)</u>	<u>(1,906,602)</u>	<u>(6,539,248)</u>
Other financing sources (uses):			
Proceeds used to refund bonds	(4,436,272)	(5,891,343)	(10,327,615)
Proceeds of general long term debt	4,535,000	6,245,000	10,780,000
Premium on issuance of general long term debt	193,114	53,470	246,584
Transfers from governmental funds	4,360,801	2,064,185	6,424,986
Transfers from proprietary funds	-	-	-
Transfers to governmental funds	(103,002)	(539,160)	(642,162)
Transfers to proprietary funds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Total other financing sources (uses)	<u>4,549,641</u>	<u>1,932,152</u>	<u>6,481,793</u>
Excess of revenue and other sources over (under) expenditures and other uses	<u>(83,005)</u>	<u>25,550</u>	<u>(57,455)</u>
Fund balances, beginning of year	1,113,179	23,795	1,136,974
Fund balances, end of year	<u>\$ 1,030,174</u>	<u>\$ 49,345</u>	<u>\$ 1,079,519</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

Fire Station Fund – This fund is used to account for the construction of a fire station. Proceeds of the 2010-B GO Recovery Zone Economic Development 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, 2010

ASSETS	MUNICIPAL COMPLEXES	ROAD CONSTRUCTION	FIRE STATION	INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS	TOTALS
Cash	165,301	578,287	-	410,577	1,154,165
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	1,160,033	-	1,160,033
Receivables	97,942	-	-	-	97,942
Due from other governments	-	-	-	254,031	254,031
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 263,243</u>	<u>\$ 578,287</u>	<u>\$ 1,160,033</u>	<u>\$ 664,608</u>	<u>\$ 2,666,171</u>

LIABILITIES AND FUND BALANCES

Liabilities:	\$	\$	\$	\$	\$
Accounts payable	-	-	623	23,063	23,686
Retainage payable	-	-	-	-	-
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	-	-	238,886	238,886
Due to other governments	-	-	-	-	-
Deferred revenue	74,873	-	-	208,442	283,315
Total liabilities	<u>74,873</u>	<u>-</u>	<u>623</u>	<u>470,391</u>	<u>545,887</u>
Fund balances:					
Reserved for encumbrances	-	-	-	66,111	66,111
Unreserved, undesignated	188,370	578,287	1,159,410	128,106	2,054,173
Total fund balance	<u>188,370</u>	<u>578,287</u>	<u>1,159,410</u>	<u>194,217</u>	<u>2,120,284</u>
Total liabilities and fund balances	<u>\$ 263,243</u>	<u>\$ 578,287</u>	<u>\$ 1,160,033</u>	<u>\$ 664,608</u>	<u>\$ 2,666,171</u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	MUNICIPAL COMPLEXES	ROAD CONSTRUCTION	FIRE STATION	INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS	TOTALS
Revenues:					
Intergovernmental	\$ 142,096	\$ -	\$ -	\$ -	\$ 142,096
Interest	-	4,675	-	-	4,675
Miscellaneous income	-	-	-	1,104	1,104
Grants	-	-	-	710,532	710,532
Total revenues	<u>142,096</u>	<u>4,675</u>	<u>-</u>	<u>711,636</u>	<u>858,407</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	-	-	-	881,148	881,148
Debt service:					
Bond issuance costs	-	-	20,540	-	20,540
Total expenditures	<u>-</u>	<u>-</u>	<u>20,540</u>	<u>881,148</u>	<u>901,688</u>
Excess of revenue over (under) expenditures	<u>142,096</u>	<u>4,675</u>	<u>(20,540)</u>	<u>(169,512)</u>	<u>(43,281)</u>
Other financing sources (uses):					
Appropriations	(379,230)	-	-	-	(379,230)
Proceeds of general long term debt	-	-	1,200,000	-	1,200,000
Discount on issuance of general long term debt	-	-	(13,096)	-	(13,096)
Transfers from governmental funds	379,230	-	-	267,280	646,510
Transfers from proprietary funds	-	-	-	-	-
Transfers to governmental funds	-	-	(6,954)	-	(6,954)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,179,950</u>	<u>267,280</u>	<u>1,447,230</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>142,096</u>	<u>4,675</u>	<u>1,159,410</u>	<u>97,768</u>	<u>1,403,949</u>
Fund balances, beginning of year	<u>46,274</u>	<u>573,612</u>	<u>-</u>	<u>96,449</u>	<u>716,335</u>
Fund balances, end of year	<u>\$ 188,370</u>	<u>\$ 578,287</u>	<u>\$ 1,159,410</u>	<u>\$ 194,217</u>	<u>\$ 2,120,284</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, 2010

ASSETS	WORKMEN'S COMPENSATION INSURANCE FUND	WORKER'S HEALTH INSURANCE FUND	COMBINED TOTALS
Current assets:			
Cash	\$ 2,213,135	\$ 713,087	\$ 2,926,222
Due from other funds	28,640	41,196	69,836
Total current assets	<u>2,241,775</u>	<u>754,283</u>	<u>2,996,058</u>
Other assets:			
Deposits	19,229	-	19,229
Total assets	<u>\$ 2,261,004</u>	<u>\$ 754,283</u>	<u>\$ 3,015,287</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 16,815	\$ -	\$ 16,815
Due to other funds	-	-	-
Liability for unpaid claims	127,660	224,100	351,760
Deferred revenues	-	157,356	157,356
Total current liabilities	<u>144,475</u>	<u>381,456</u>	<u>525,931</u>
Long-term liabilities:			
Liability for unpaid claims	252,038	-	252,038
Total liabilities	<u>396,513</u>	<u>381,456</u>	<u>777,969</u>
NET ASSETS			
Unrestricted net assets	1,864,491	372,827	2,237,318
Total net assets	<u>\$ 1,864,491</u>	<u>\$ 372,827</u>	<u>\$ 2,237,318</u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	WORKMEN'S COMPENSATION INSURANCE FUND	WORKER'S HEALTH INSURANCE FUND	COMBINED TOTALS
Operating revenues:			
Charges for insurance	\$ 509,378	\$ 1,887,993	\$ 2,397,371
Operating expenses:			
Insurance claims and expenses	<u>283,915</u>	<u>1,782,541</u>	<u>2,066,456</u>
Operating income (loss)	225,463	105,452	330,915
Nonoperating revenues and (expenses):			
Interest revenue	29,988	3,378	33,366
Operating transfer in (out)	<u>-</u>	<u>193,000</u>	<u>193,000</u>
Change in net assets	255,451	301,830	557,281
Net assets, beginning of year	<u>1,609,040</u>	<u>70,997</u>	<u>1,680,037</u>
Net assets, end of year	<u>\$ 1,864,491</u>	<u>\$ 372,827</u>	<u>\$ 2,237,318</u>

CITY OF OPELIKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	<u>WORKMEN'S COMPENSATION INSURANCE FUND</u>	<u>WORKER'S HEALTH INSURANCE FUND</u>	<u>COMBINED TOTALS</u>
Cash flows from operating activities:			
Receipts from other funds for premiums	\$ 504,111	\$ 1,889,715	\$ 2,393,826
Payments to suppliers and others	(148,757)	(230,332)	(379,089)
Claims paid	(207,114)	(1,469,314)	(1,676,428)
Net cash provided by operating activities	<u>148,240</u>	<u>190,069</u>	<u>338,309</u>
Cash flows from noncapital financing activities:			
Receipt on interfund balance	-	193,000	193,000
Net cash provided by noncapital investing activities	<u>-</u>	<u>193,000</u>	<u>193,000</u>
Cash flows from investing activities:			
Interest on investments	29,988	3,378	33,366
Net cash provided by investing activities	<u>29,988</u>	<u>3,378</u>	<u>33,366</u>
Net increase in cash and cash equivalents	178,228	386,447	564,675
Cash and cash equivalents - beginning of year	2,034,907	326,640	2,361,547
Cash and cash equivalents - end of year	<u>\$ 2,213,135</u>	<u>\$ 713,087</u>	<u>\$ 2,926,222</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 225,463	\$ 105,452	\$ 330,915
Change in assets and liabilities:			
Due from other funds	(5,267)	125	(5,142)
Deposits	-	54,046	54,046
Accounts payable	(19,956)	(31,051)	(51,007)
Liability for unpaid claims	(52,000)	59,900	7,900
Deferred revenue	-	1,597	1,597
Net cash provided by operating activities	<u>\$ 148,240</u>	<u>\$ 190,069</u>	<u>\$ 338,309</u>

SUPPLEMENTAL SCHEDULES

CITY OF OPELIKA
SCHEDULE OF DEBT
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

Amount available and to be provided for the payment of long-term debt:	
General obligation debt:	
Amount available in debt service funds	\$ 117,128
Amount to be provided (for principal)	34,711,623
Other long-term debt:	
Amount available in debt service funds	130,300
Amount to be provided (for principal)	27,539,700
Total available and to be provided	<u>\$ 62,498,751</u>
Long-term debt outstanding:	
General obligation debt:	
Serial bonds and warrants:	
Warrants issued 2002, due in installments to February 1, 2032	\$ 4,265,000
Warrants issued 2003, due in installments to April 1, 2013	4,275,000
Warrants issued 2004, due in installments to March 1, 2029	5,980,000
Warrants issued 2010, due in installments to September 22, 2020	5,826,992
Warrants issued 2010, due in installments to September 25, 2026	6,245,000
Warrants issued 2010, due in installments to July 1, 2028	1,200,000
Warrants issued 2010, due in installments to June 25, 2014	4,535,000
Total general obligation serial bonds and warrants	<u>32,326,992</u>
Other:	
Vacation, sick leave, workmen's compensation claims and other	2,501,759
Total general obligation other	<u>2,501,759</u>
Total general obligation debt	34,828,751
Other long-term debt	
Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007	27,670,000
Total other long-term debt	<u>27,670,000</u>
Total long-term debt	<u>\$ 62,498,751</u>

CITY OF OPELIKA
SCHEDULE OF DEBT SERVICE
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Obligation Bonds and Warrants		Other Long-term Debt		Total General Long-term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 3,613,292	\$ 1,204,256	\$ 520,000	\$ 1,242,344	\$ 4,133,292	\$ 2,446,600
2012	3,362,268	1,132,493	540,000	1,223,169	3,902,268	2,355,662
2013	3,622,497	1,012,755	560,000	1,205,294	4,182,497	2,218,049
2014	2,444,046	905,095	580,000	1,184,594	3,024,046	2,089,689
2015	1,321,984	806,586	600,000	1,161,744	1,921,984	1,968,330
2016	1,376,393	753,988	625,000	1,137,994	2,001,393	1,891,982
2017	1,437,321	696,214	650,000	1,112,494	2,087,321	1,808,708
2018	1,494,877	634,389	680,000	1,082,494	2,174,877	1,716,883
2019	1,564,128	568,617	715,000	1,051,194	2,279,128	1,619,811
2020	1,630,186	498,836	740,000	1,022,093	2,370,186	1,520,929
2021	935,000	443,617	775,000	987,918	1,710,000	1,431,535
2022	980,000	406,524	815,000	948,168	1,795,000	1,354,692
2023	1,020,000	365,970	860,000	906,294	1,880,000	1,272,264
2024	1,280,000	323,041	900,000	864,544	2,180,000	1,187,585
2025	1,335,000	267,473	940,000	823,144	2,275,000	1,090,617
2026	1,385,000	208,619	985,000	779,831	2,370,000	988,450
2027	905,000	156,247	1,030,000	734,494	1,935,000	890,741
2028	950,000	111,712	1,075,000	687,131	2,025,000	798,843
2029	725,000	65,084	1,125,000	637,631	1,850,000	702,715
2030	300,000	40,744	1,180,000	585,769	1,480,000	626,513
2031	315,000	24,984	1,235,000	528,344	1,550,000	553,328
2032	330,000	8,456	1,300,000	464,969	1,630,000	473,425
2033	-	-	1,365,000	398,344	1,365,000	398,344
2034	-	-	1,435,000	331,034	1,435,000	331,034
2035	-	-	1,500,000	263,162	1,500,000	263,162
2036	-	-	1,570,000	192,169	1,570,000	192,169
2037	-	-	1,645,000	117,822	1,645,000	117,822
2038	-	-	1,725,000	39,890	1,725,000	39,890
Vacation, sick, other:	-	-	2,501,759	-	2,501,759	-
	<u>\$ 32,326,992</u>	<u>\$ 10,635,700</u>	<u>\$ 30,171,759</u>	<u>\$ 21,714,072</u>	<u>\$ 62,498,751</u>	<u>\$ 32,349,772</u>
						<u>\$ 94,848,523</u>

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2010

GENERAL OBLIGATION WARRANTS, SERIES 2002

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 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	5.100%	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
			\$ 4,265,000	\$ 2,944,167	\$ 7,209,167

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, 2010

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2003-A

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 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
			<u>\$ 4,275,000</u>	<u>\$ 235,772</u>	<u>\$ 4,510,772</u>

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, 2010

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2004

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 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
			<u>\$ 5,980,000</u>	<u>\$ 2,590,894</u>	<u>\$ 8,570,894</u>

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, 2010

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

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 27,670,000	2011	3.25%-4.00%	\$ 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	3.75%-4.00%	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	5.00%-4.00%	650,000	1,112,494	1,762,494
23,595,000	2018	5.00%-4.00%	680,000	1,082,494	1,762,494
22,915,000	2019	4.00%	715,000	1,051,194	1,766,194
22,200,000	2020	4.00%-5.00%	740,000	1,022,093	1,762,093
21,460,000	2021	5.00%	775,000	987,918	1,762,918
20,685,000	2022	5.00%	815,000	948,168	1,763,168
19,870,000	2023	4.50%-5.50%	860,000	906,294	1,766,294
19,010,000	2024	4.50%	900,000	864,544	1,764,544
18,110,000	2025	4.50%	940,000	823,144	1,763,144
17,170,000	2026	4.50%	985,000	779,831	1,764,831
16,185,000	2027	4.50%	1,030,000	734,494	1,764,494
15,155,000	2028	4.50%	1,075,000	687,131	1,762,131
14,080,000	2029	4.50%	1,125,000	637,631	1,762,631
12,955,000	2030	4.50%-5.00%	1,180,000	585,769	1,765,769
11,775,000	2031	5.00%	1,235,000	528,344	1,763,344
10,540,000	2032	5.00%	1,300,000	464,969	1,764,969
9,240,000	2033	4.63%-5.00%	1,365,000	398,344	1,763,344
7,875,000	2034	4.00%-5.00%	1,435,000	331,034	1,766,034
6,440,000	2035	4.63%	1,500,000	263,162	1,763,162
4,940,000	2036	4.63%	1,570,000	192,169	1,762,169
3,370,000	2037	4.63%	1,645,000	117,822	1,762,822
1,725,000	2038	4.63%	1,725,000	39,890	1,764,890
			\$ 27,670,000	\$ 21,714,072	\$ 49,384,072

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.

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2010

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

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 5,826,992	2011	4.93%	\$ 458,292	\$ 287,125	\$ 745,417
5,368,700	2012	4.90%	482,268	263,149	745,417
4,886,432	2013	4.87%	507,497	237,920	745,417
4,378,935	2014	4.83%	534,046	211,371	745,417
3,844,889	2015	4.77%	561,984	183,433	745,417
3,282,905	2016	4.69%	591,393	154,033	745,426
2,691,512	2017	4.57%	622,321	123,096	745,417
2,069,191	2018	4.38%	654,877	90,540	745,417
1,414,314	2019	3.98%	689,128	56,280	745,408
725,186	2020	2.79%	725,186	20,229	745,415
			<u>\$ 5,826,992</u>	<u>\$ 1,627,176</u>	<u>\$ 7,454,168</u>

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2010

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2010-A

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 6,245,000	2011	2.000%	\$ -	\$ 143,339	\$ 143,339
6,245,000	2012	2.000%	350,000	187,619	537,619
5,895,000	2013	2.000%	355,000	180,569	535,569
5,540,000	2014	2.000%	360,000	173,419	533,419
5,180,000	2015	2.250%	365,000	166,169	531,169
4,815,000	2016	2.500%-3.500%	370,000	158,356	528,356
4,445,000	2017	2.750%-3.500%	385,000	148,006	533,006
4,060,000	2018	3.000%-4.000%	395,000	136,200	531,200
3,665,000	2019	3.250%	410,000	123,281	533,281
3,255,000	2020	3.500%	420,000	109,156	529,156
2,835,000	2021	3.250%	430,000	94,806	524,806
2,405,000	2022	4.000%	450,000	79,969	529,969
1,955,000	2023	3.500%	465,000	63,356	528,356
1,490,000	2024	3.625%	480,000	45,656	525,656
1,010,000	2025	3.750%	495,000	28,284	523,284
515,000	2026	3.750%	515,000	9,656	524,656
			\$ 6,245,000	\$ 1,847,841	\$ 8,092,841

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2010

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

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST	INTEREST SUBSIDY	NET PRINCIPAL & INTEREST DUE
\$ 1,200,000	2011	4.35%	-	\$ 64,160	\$ 64,160	\$ 32,615	\$ 31,545
1,200,000	2012	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2013	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2014	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2015	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2016	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2017	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2018	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2019	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2020	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2021	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2022	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2023	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2024	5.10%	-	64,160	64,160	28,872	35,288
975,000	2025	5.10%	225,000	52,685	289,160	23,708	260,288
740,000	2026	5.50%	235,000	40,700	287,685	18,315	263,977
500,000	2027	5.50%	240,000	27,500	280,700	12,375	262,385
255,000	2028	5.50%	245,000	14,025	272,500	6,311	260,125
			<u>\$ 1,200,000</u>	<u>\$ 1,033,150</u>	<u>\$ 2,233,150</u>	<u>\$ 468,660</u>	<u>\$ 1,764,490</u>

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2010

GENERAL OBLIGATION WARRANTS, SERIES 2010-C

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 4,535,000	2011	2.00%	\$ 1,105,000	\$ 125,500	\$ 1,230,500
3,430,000	2012	2.00%	1,120,000	103,400	1,223,400
2,310,000	2013	3.00%	1,140,000	81,000	1,221,000
1,170,000	2014	4.00%	1,170,000	46,800	1,216,800
			<u>\$ 4,535,000</u>	<u>\$ 356,700</u>	<u>\$ 4,891,700</u>

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

STATISTICAL TABLES

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

FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTERGOVERNMENTAL	CHARGES FOR SERVICES	FINES AND FORFEITS	MISCELLANEOUS	TOTAL
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
2009	26,416,881	11,993,912	1,239,726	758,595	620,247	1,642,307	42,671,668
2010	27,837,316	11,555,321	1,603,470	1,739,543	500,390	2,217,229	45,453,269

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
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH	WELFARE	CULTURE AND RECREATION	EDUCATION	ECONOMIC DEVELOPMENT AND URBAN REHABILITATION	DEBT SERVICE	TOTAL
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	33,568,391
2008	4,336,128	11,857,510	3,197,089	278,494	102,500	3,386,155	5,684,739	898,035	9,606,471	39,347,121
2009	5,113,020	11,997,476	3,399,086	263,078	109,000	4,406,962	7,048,135	1,132,062	7,328,375	40,797,194
2010	4,625,898	12,312,557	3,463,506	277,450	119,000	5,538,158	8,370,765	1,323,457	7,289,665	43,340,454

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
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	2,291,712	6,745,553	35,568,391	19.0
2008	6,179,992	3,426,479	9,606,471	39,347,121	24.4
2009	4,406,735	2,921,640	7,328,375	40,797,194	18.0
2010	4,403,750	2,885,915	7,289,665	43,340,454	16.8

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>
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)
2009	75,476,968 (1)
2010	81,700,649 (1)

(1) Source: Lee County Revenue Commissioner

Unaudited

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

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY (1)		TOTAL		RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
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
2009	282,606,360	1,852,837,800	92,297,540	449,735,067	374,903,900	2,302,572,867	16.3
2010	316,470,000	2,096,427,800	102,086,640	498,511,233	418,556,640	2,594,939,033	16.1

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

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Taxes due - October 1

Taxes Delinquent - January 1

Penalties for delinquency - \$2.50 plus 6% interest

Tax sale date - Usually May or June

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

FISCAL YEAR ENDED	POPULATION		ASSESSED VALUE	GROSS BONDED DEBT	GENERAL DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE		NET BONDED DEBT PER CAPITA
	CENSUS	NUMBER							
2001	2000	23,498	\$ 185,324,100	\$ 40,460,485 (1)	\$ 1,949,093	\$ 38,511,392	20.78	20.78	1,639
2002	2000	23,498	195,859,660	40,720,908 (1)	396,030	40,324,878	20.59	20.59	1,716
2003	2000	23,498	198,376,900	46,883,065 (1)	304,989	46,578,076	23.48	23.48	1,982
2004	2000	23,498	231,071,980	51,159,015 (1)	310,621	50,848,394	22.01	22.01	2,164
2005	2000	23,498	243,501,700	48,586,499 (1)	337,819	48,248,680	19.81	19.81	2,053
2006	2000	23,498	261,854,108	44,547,844 (1)	369,598	44,178,246	16.87	16.87	1,880
2007	2000	23,498	296,661,020	41,217,136 (1)	399,309	40,817,827	13.76	13.76	1,737
2008	2000	23,498	344,892,600	35,738,542 (1)	313,580	35,424,962	10.27	10.27	1,508
2009	2000	23,498	374,903,900	32,476,396 (1)	325,295	32,151,101	8.60	8.60	1,368
2010	2000	23,498	418,556,640	34,828,751 (1)	117,128	34,711,623	8.29	8.29	1,477

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, 2010

Assessed value of real and personal taxable property as of 9-30-10 (including motor vehicles and excluding exempt property) (2)	\$ 336,307,320
Debt limit, twenty percent of assessed value (constitutional limitation) (1)	\$ 67,261,464
Outstanding General Obligation Debt:	
Debt in governmental activities	\$ 32,326,992
Debt in business-type activities	10,565,000
Other long-term liabilities	<u>2,501,759</u>
Total general obligation debt for computation	\$ 45,393,751
Less: Bonds exempted from legal debt limit (1):	
Bonds issued for schools:	
2010-A General Obligation Refunding School Warrants	6,245,000
2003 General Obligation Warrants, Series 2003A (portion refunding 1993A School Warrants)	650,000
2004 General Obligation School Warrants	<u>5,980,000</u>
Total	12,875,000
Bonds issued for sewers:	
1989 General Obligation Sewer Warrants, SRF-1,2 and 3	510,000
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)	620,000
2010-B General Obligation Warrants, Series 2010-B (portion refunding 1993B warrants)	<u>3,290,000</u>
Total	13,072,934
Bonds issued for storm sewers:	
2003 General Obligation Warrants, Series 2003A (portion refunding 1993B warrants)	<u>35,000</u>
Total exempt bonds	25,982,934
NET BONDED INDEBTEDNESS	<u>19,410,817</u>
LEGAL DEBT MARGIN	<u>\$ 47,850,647</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, 2010

	GROSS DEBT LESS DEBT SERVICE ASSETS	PERCENTAGE OF DEBT APPLICABLE CITY OF OPELIKA	CITY OF OPELIKA DEBT BURDEN
City of Opelika			
Gross bonded debt (1)	\$ 34,828,751		
Other long-term debt	<u>27,670,000</u>		
Total long-term debt	62,498,751		
Less: amounts available for debt service	<u>247,428</u>		
Direct net debt	<u>\$ 62,251,323</u>	100%	\$ 62,251,323
Overlapping Debt			
Lee County, Alabama (fiscal year ending September 30, 2009)			
Net overlapping debt	<u>\$ 18,215,244 (2)</u>	28.8%	<u>5,245,990</u>
Total direct and overlapping debt			<u>\$ 67,497,313</u>

Notes:

Unaudited

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

(2) 2009 figure used as the 2010 figure was not yet available

CITY OF OPELIKA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	PER CAPITA INCOME	MEDIAN AGE	PERCENT OF HIGH SCHOOL GRADUATES AMONG PERSONS OVER 25	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
2001 (1)	23,498	\$ 17,848	34.1	69.9	8,009	3.5%
2002 (2)	23,774	18,639	34.4	72.5	8,070	3.7%
2003 (2)	24,232	19,091	34.0	76.2	8,226	3.9%
2004 (2)	23,269	18,023	35.2	76.4	8,495	3.8%
2005 (2)	23,804	20,254	35.2	78.2	7,800	3.6%
2006 (2)	24,621	22,615	36.2	78.2	8,050	2.6%
2007 (2)	24,621	22,615	35.0	78.2	7,930	3.5%
2008 (2)	25,836	21,928	35.8	78.9	8,253	4.5%
2009 (2)	26,808	22,368	35.1	78.8	8,410	8.6%
2010 (2)	27,454	22,368	35.1	79.0	8,218	7.6%

Unaudited

(1) Source: 2000 Federal Census

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

CITY OF OPELIKA
CONSTRUCTION
LAST TEN FISCAL YEARS

FISCAL YEAR	COMMERCIAL CONSTRUCTION (1)		RESIDENTIAL CONSTRUCTION (1)	
	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE
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
2009	37	25,426,751	124	22,321,561
2010	26	34,816,614	127	24,213,179

Notes:

Unaudited

(1) Amounts shown are new construction only.

**CITY OF OPELIKA
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2010**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	TAX COLLECTED	PERCENT OF TOTAL ASSESSED VALUATION
Uniroyal/Michelin Tire	Industry/Manufacturer	\$ 26,464,820	\$ 1,364,710	6.3%
Gambro Renal Products, Inc.	Industry/Manufacturer	26,509,020	715,787	6.3%
Wal-Mart	Wholesale product distribution	10,114,200	378,264	2.4%
LaSalle Leasing Corporation	Equipment leasing	11,421,620	362,384	2.7%
THF Tiger Town, LLC	Commercial real estate	6,089,900	328,751	1.5%
Mando America Corporation	Industry/Manufacturer	9,578,920	259,248	2.3%
Jo-Ann Stores Supply	Distribution	9,542,800	265,825	2.3%
Bentler Automotive Alabama, Inc.	Industry/Manufacturer	8,239,740	235,389	2.0%
Daewon America, Inc.	Industry/Manufacturer	7,408,080	200,055	1.8%
BellSouth Telecommunications, Inc.	Public utility	3,632,800	196,171	0.8%
Total assessed value and tax collected for ten largest taxpayers		119,001,900	4,306,584	28.4%
Total assessed value of other taxpayers		299,554,740		71.6%
Total assessed value of all taxpayers		\$ 418,556,640		100.0%

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Amounts shown are assessed at 10-1-09 and collected during fiscal year ended 9-30-10

CITY OF OPELIKA
MISCELLANEOUS STATISTICS (1)
SEPTEMBER 30, 2010

Date of Incorporation	1,854
Form of Government	Mayor-Council
Area	57 square miles
Miles of Streets:	
Paved	235
Unpaved	4
Fire Protection:	
Number of stations	4
Number of firefighters, paramedics and other personnel	69
Police Protection:	
Number of stations	1
Number of police officers and other personnel	106
Education:	
Attendance centers:	
Primary, intermediate and middle schools	7
Secondary schools	1
State colleges	1
Number of students	8,218
Auburn University, in adjoining Auburn, Alabama	25,078 enrollment
Sewers:	
Sanitary sewers	270 miles
Building permits:	
Number of permits	1,671
Estimated value of new construction and improvements	\$ 96,662,342
Recreation and culture:	
Number of parks and playgrounds	12 with 488 acres
Number of community centers	3
Number of golf courses (public and private)	3
Number of tennis courts	12
Number of libraries	1
Number of volumes	79,160
City employees	334
(1) Unaudited	

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