

**CITY OF OPELIKA, ALABAMA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2007**

LIST OF PRINCIPAL OFFICIALS OF THE CITY OF OPELIKA

ELECTED AND APPOINTED OFFICIALS

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

DEPARTMENT HEADS

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

CITY OF OPELIKA, ALABAMA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2007
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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, 2007, 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, 2007, 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, 2007, and the respective changes in

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

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, school tax special revenue fund, solid waste collection fund, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama, as of September 30, 2007, 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 March 6, 2008 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 36 through 46, 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
March 6, 2008



City of Opelika, Alabama

Management's Discussion and Analysis For the Year Ended September 30, 2007 (Unaudited)

As management of the City of Opelika, 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, 2007.

FINANCIAL HIGHLIGHTS

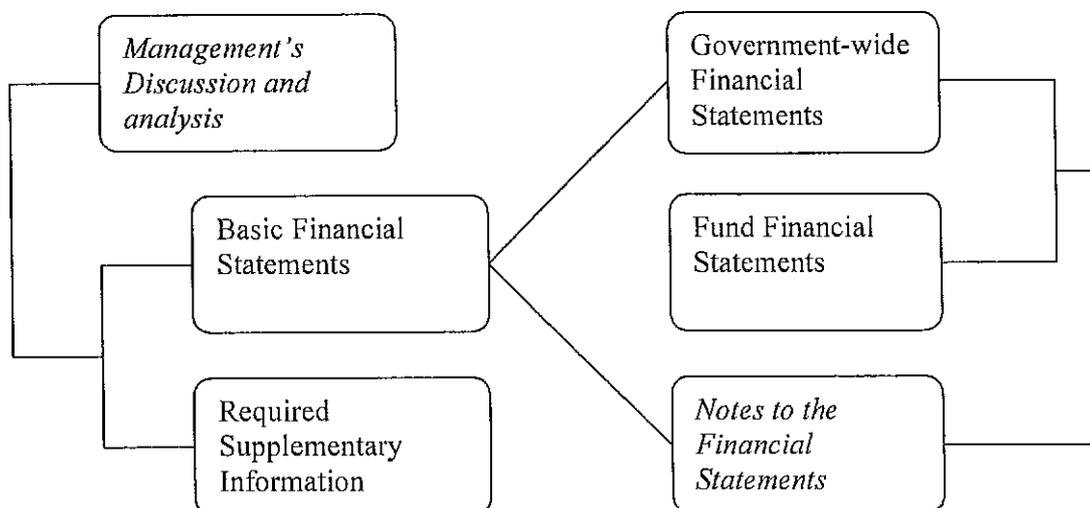
- The City implemented the retroactive infrastructure provisions of GASB 34 as of October 1, 2006.
- The City did not issue bonds in fiscal year 2007, although in December 2007 after the end of the fiscal year, it did enter into a lease agreement with the Public Park and Recreation Board of the City of Opelika. The Board issued \$28,650,000 of Revenue Bonds in order to acquire and construct recreation facilities (Sportsplex and Aquatic Center).
- The sales and use tax rate was increased from two and one half percent to three percent in July of 2003. This increase along with the construction of the Tiger Town retail complex in 2004 provided a significant increase in sales and use tax revenue for the subsequent fiscal years. The additional revenues from the ½% increase are being used by the Mayor and Council to:
 - 1) Provide funding for debt service payments for the City's participation in expanding the Jail facilities of the Lee County Justice Center for the purpose of providing one countywide jail facility.
 - 2) Provide additional funding for education.
 - 3) Provide for lease payments to the Public Park and Recreation Board for a new Sportsplex and Aquatic Center.
- The City continues to provide significant funding for capital assets. The City provides funding for equipment replacement in order to keep our work force efficient and safe. In addition, infrastructure is a priority for the City as is explained later in the capital assets section. The City continues to provide increased funding for resurfacing of the City's roads and streets. This year the resurfacing expenditures totaled \$2,217,275.
- The City agreed to settle its claims against certain quarry companies for the aggregate sum of \$1,100,000.00 in settlement of the City's claims against said companies.
- The City Council approved a memorandum of understanding with Tiger Town, Ltd. For the development of Phase IV of the Tiger Town retail shopping complex. The developer has agreed to complete the development of Phase IV of the Tiger Town complex and the City has agreed to reimburse the developer up to six million dollars. The City will share 50% of sales tax revenue generated from the Phase IV development with the developer. The City will distribute the developer's share annually with the first payment to be made on November 17, 2009, based on Phase IV revenue for the previous six months and the last payment will be made no later than November 17, 2023. Once the cumulative rebate reaches six million dollars, the City's obligation will be fulfilled and the City's

obligation to share sales tax revenues with the developer shall terminate. The City believes this method of providing incentives to developers is superior to financing the incentives through the issuance of debt for which the City would be responsible for repayment. The sharing of revenue minimizes the financial risk to the City and provides incentive to the developer for the successful completion and operation of the project.

- After the end of fiscal year 2007, the City authorized an ordinance to approve an agreement with Opelika Investment Properties, LLC to develop a retail and entertainment center (Celebrate Alabama) on the east side of Interstate 85 in the corporate limits of the City of Opelika. The City has agreed to provide financial incentives to the company which include sharing of non-educational ad valorem taxes, non-educational sales taxes, lodging taxes, rental or leasing taxes, taxes on alcohol and tobacco, and business license fees. The City's obligation under the agreement will be evidenced by the City's issuance of its limited obligation notes and certificates of indebtedness. In addition, the City will agree to pay no more than fifteen million dollars for the acquisition and construction of an exposition center.

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

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

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Opelika, assets exceeded liabilities by \$93,671,244, as of September 30, 2007. This is an increase of over 100% from last year. The significant increase is due in most part to a 90% increase in Governmental Capital assets. The majority of this increase in capital assets resulted from recording the City's infrastructure as required by GASB 34. (See note 4 in the notes to the basic financial statements).

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

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

CITY OF OPELIKA NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
	Current and other assets	40,824,570	31,540,809	15,770,505	15,480,185	56,595,075
Capital assets	64,316,329	33,760,972	46,669,729	43,387,441	110,986,058	77,148,413
Total Assets	105,140,899	65,301,781	62,440,234	58,867,626	167,581,133	124,169,407
Long term liabilities	47,939,603	52,719,341	10,296,986	11,273,777	58,236,589	63,993,118
Other liabilities	11,475,882	9,091,122	4,197,418	5,085,440	15,673,300	14,176,562
Total Liabilities	59,415,485	61,810,463	14,494,404	16,359,217	73,909,889	78,169,680
Net Assets:						
Invested in capital assets, net of related debt	52,732,891	21,124,933	36,620,477	32,436,488	89,353,368	53,561,421
Restricted	6,233,448	6,248,670	452	201,956	6,233,900	6,450,626
Unrestricted	(13,240,925)	(23,882,285)	11,324,901	9,869,965	(1,916,024)	(14,012,320)
Total Net Assets	45,725,414	3,491,318	47,945,830	42,508,409	93,671,244	45,999,727

The City's long-term liabilities for governmental activities include general obligation bonds and warrants, capital leases and compensated absences. Additional information can be found at Footnote 8. Net Assets shown as Invested in Capital Assets, Net of Related Debt, includes \$64,316,329 of capital assets that is reduced by \$11,583,438 of related debt issued to finance acquisition of infrastructure assets. The related debt consists of \$3,887,464 of 2003A warrants issued for the Tiger Town project, \$260,000 of 2003A warrants issued to refund a portion of the 1993B warrants which refunded an issue originally issued for a drainage project, \$7,285,000 of 1998 refunding warrants issued to refund the 1994A road construction warrants, \$40,000 for the purchase of real estate, and \$110,974 for an equipment lease purchase agreement. The City has implemented the retroactive infrastructure provisions of GASB 34 as of October 1, 2006.

Restricted Net Assets includes those assets restricted for specific purposes by external parties or by statute. Unrestricted Net Assets of the governmental activities \$(13,240,925) has been reduced by \$33,409,536 of debt issued to finance the acquisition of assets to benefit the City as

a whole for which the City does not retain ownership. This reduction in unrestricted net assets includes outstanding debt issued for 1) constructing and equipping schools of \$18,605,000, 2) constructing a portion of the Conference Center at Grand National Golf Course of \$4,265,000, and 3) developing the industrial park by the Opelika Industrial Development Authority of \$7,377,000, 4) developing Tiger Town retail shopping area of \$2,837,536 and 5) an inducement agreement with the Retirement Systems of Alabama of \$325,000.

CITY OF OPELIKA CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	1,443,191	1,120,544	34,859,078	29,994,027	36,302,269	31,114,571
Operating grants and contributions	695,685	345,119	-	-	695,685	345,119
Capital grants and contributions	4,048,102	1,760,794	1,831,761	424,359	5,879,863	2,185,153
General revenues:					-	-
Taxes:					-	-
Property	7,419,741	6,724,582			7,419,741	6,724,582
Sales	16,418,215	15,503,980			16,418,215	15,503,980
Other	2,017,968	2,013,782			2,017,968	2,013,782
Licenses and permits	12,051,859	11,541,539			12,051,859	11,541,539
Grants and contributions not restricted to specific programs	-	-			-	-
Unrestricted investment earnings	1,247,153	843,064	630,572	466,229	1,877,725	1,309,293
Gain on sale of capital assets	110,297	40,040	-	-	110,297	40,040
Miscellaneous	1,805,251	622,799	-	-	1,805,251	622,799
Total revenues	<u>47,257,460</u>	<u>40,516,243</u>	<u>37,321,411</u>	<u>30,884,615</u>	<u>84,578,871</u>	<u>71,400,858</u>
Expenses:						
General government	5,778,966	4,114,717			5,778,966	4,114,717
Public safety	11,131,380	10,697,533			11,131,380	10,697,533
Public works	4,235,763	3,773,252			4,235,763	3,773,252
Health	254,860	256,582			254,860	256,582
Welfare	101,000	131,925			101,000	131,925
Culture and recreation	3,320,897	3,422,754			3,320,897	3,422,754
Education	4,822,675	4,403,109			4,822,675	4,403,109
Economic development and urban rehabilitation	1,309,285	755,764			1,309,285	755,764
Interest on long-term debt	2,355,038	2,394,839			2,355,038	2,394,839
Electric			24,565,843	22,028,379	24,565,843	22,028,379
Sewer			2,948,842	2,507,413	2,948,842	2,507,413
Solid Waste			1,699,343	1,621,621	1,699,343	1,621,621
Total Expenses	<u>33,309,864</u>	<u>29,950,475</u>	<u>29,214,028</u>	<u>26,157,413</u>	<u>62,523,892</u>	<u>56,107,888</u>
Increases in net assets before transfers	13,947,596	10,565,768	8,107,383	4,727,202	22,054,979	15,292,970
Transfers	2,611,896	1,881,395	(2,611,896)	(1,881,395)	-	-
Increase in net assets	<u>16,559,492</u>	<u>12,447,163</u>	<u>5,495,487</u>	<u>2,845,807</u>	<u>22,054,979</u>	<u>15,292,970</u>

Taxes and Licenses increased due to continued new retail store openings at the Tiger Town retail complex and other locations within the City. These new commercial locations have increased retail revenue and thus sales tax and business license revenue for the City. Electric utility revenues increased as a result of an increase in rates which was necessary to offset an increase in the cost of purchased power.

In addition, Occupational License revenue collections were higher because of an increase in the number of jobs in the City. Along with the increase in retail stores and the jobs that they create, several new manufacturing facilities and distribution centers are providing jobs. Miscellaneous revenue increased as a result of the receipt of a 1.1 million dollar legal settlement for damages incurred to the Springvilla Park.

Revenues increased 19% over the previous year and expenses increased by 12%. The net result of the increase in revenues and expenditures was an increase of \$22,054,979 in net assets which was a 44% increase over the previous year's increase in net assets.

THE CITY FUNDS

Governmental Funds

The focus of the City of Opelika's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The differences between the governmental activities in the government-wide financial statements on pages one and two, and the balance sheet for governmental funds on pages four and five are explained on page six. The differences in the statement of activities on page three and the statement of revenues, expenditures, and changes in fund balances on page 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 \$26,726,364. The General Fund's total fund balance is \$17,892,533, which is an increase of \$4,391,981 or 33% compared to the prior year. The General Fund's Unreserved, Undesignated Fund Balance increased 46% from \$8,750,289 to \$12,755,068.

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 is in the reclassification of the internal service funds to 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 Electric, Sewer and Solid Waste Collection Funds net assets increased 13% to \$47,887,438 from fiscal year 2006. Net assets for the Electric Fund increased 13%, the Sewer Fund net assets increased 12% and the net assets for the Solid Waste Collection Fund increased 50%. The increases for the Electric Utility and Sewer funds can be attributed to increased investments in capital assets and revenues with some of the Sewer Fund increase attributable to a decrease in liabilities. This reduction in the Sewer Fund liabilities is a result of normal payment of long term debt.

General Fund Budgetary Highlights

Over the course of the year, the City Council authorized several changes to the General Fund budget for fiscal year ending September 30, 2007. These adjustments are itemized below:

- | | | |
|----|----------|---|
| 1) | 346,712, | Appropriation for carryover of last year's remaining capital outlay. |
| 2) | 320,722, | Appropriated matching grant funds for IDA property purchase. |
| 3) | 278,288, | Appropriated for widening of North 20 th Street. |
| 4) | 254,000, | Appropriated for agreement with Preston Holdings for Academy Estates. |
| 5) | 234,210, | Appropriated for additions to the 2007 resurfacing projects. |
| 6) | 174,350 | Appropriated for various street and road projects. |
| 7) | 98,440, | Appropriated for purchase of ROW for relocation of South Uniroyal Road. |

In addition to these adjustments, the Library Board contract authorized a budget carryover of \$128,136, and the budget resolution authorized encumbrance carry forwards of \$1,159,931.

The most significant variances in the budget comparison of actual amount to final budget are Capital Outlay and revenues. Several construction projects were not completed by the end of the fiscal year and as a result Capital Outlay was under budget for the year. Thus, construction expenditures on these projects will continue into the next fiscal year. Revenues increased significantly over budget in almost every category. Revenue from Taxes and Licenses increased due to retail sales growth in the City with the most significant growth from the Tiger Town retail shopping complex and surrounding area. The general increase in economic activity from retail and industrial job creation produced an increase in occupational license fee revenue. In addition, the City's operating departments were collectively under budget \$964,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Opelika's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$110,986,058 (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 years major additions to capital assets include:

- | | | |
|----|--|-----------|
| 1) | Light & Power system additions | 2,902,223 |
| 2) | Infrastructure additions from subdivisions | 2,839,544 |
| 3) | Resurfacing | 2,217,275 |
| 4) | Sewer additions from subdivisions | 1,391,164 |
| 5) | Northpark Drive sewer extension - Daewon | 509,234 |
| 6) | Information and communication system additions | 475,805 |
| 7) | Solid Waste Collection vehicles and equipment | 285,509 |
| 8) | Northeast Interceptor Sewer | 131,549 |
| 9) | Northpark Drive extension - Daewon | 118,337 |

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	8,337,417	8,369,086	418,283	418,283	8,755,700	8,787,369
Buildings and improvements	5,232,883	5,276,865	83,239	91,532	5,316,122	5,368,397
System			42,376,499	38,902,570	42,376,499	38,902,570
Improvements other than buildings	2,767,681	2,793,018			2,767,681	2,793,018
Equipment	3,697,840	3,497,246	1,291,277	1,168,919	4,989,117	4,666,165
Infrastructure	41,791,475	36,618,948			41,791,475	36,618,948
Construction in process	2,489,033	2,880,412	2,500,431	2,806,137	4,989,464	5,686,549
Total	<u>64,316,329</u>	<u>59,435,575</u>	<u>46,669,729</u>	<u>43,387,441</u>	<u>110,986,058</u>	<u>102,823,016</u>

The City has implemented the retroactive infrastructure provisions of GASB 34 as of October 1, 2006. The 2006 balances were restated to include the infrastructure balances. See note four in the notes to the basic financial statements.

Debt Administration

At the end of fiscal year September 30, 2007, the City of Opelika had a total bonded debt and notes payable of \$58,236,589.

The general obligation bond rating of the City remains unchanged at A+ (Standard & Poor's) and A1 (Moody's) based on a stable outlook, expanding economy, and sound financial position. Maximum general obligation debt that cities can issue (with certain exclusions for debt issued for schools, sewers and storm sewers) is 20% of the assessed value of real and personal property. As of September 30, 2007, the City had approximately \$36,726,610 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	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	37,140,000	40,575,000	9,820,000	10,610,000	46,960,000	51,185,000
Other long-term debt	7,742,000	8,947,000	150,000	450,000	7,892,000	9,397,000
Capital leases	110,974	162,828			110,974	162,828
Deferred amounts of refunding	(113,689)	(146,977)	(25,825)	(31,672)	(139,514)	(178,649)
Unamortized premiums	723,182	884,918	74,683	95,033	797,865	979,951
Compensated absences	1,964,917	1,944,266	278,128	266,476	2,243,045	2,210,742
Claims and judgements	372,219	352,306	-	-	372,219	352,306
Total	<u>47,939,603</u>	<u>52,719,341</u>	<u>10,296,986</u>	<u>11,389,837</u>	<u>58,236,589</u>	<u>64,109,178</u>

ECONOMIC FACTORS

While many parts of the United States began to feel the crunch of economic slow down the City of Opelika continued to show growth in commercial, retail and residential developments during fiscal year 2007, with an unemployment rate that hovers between 2.6% and 3.5%.

Industrial Development

On the industrial front, APR, an automotive software company is constructing a new facility adjacent to Highway 280 that will be home to their design team and even have an on-site test track.

Our Northeast Opelika Industrial Park was expanded by approximately 292 acres to provide additional sites for industrial prospects. Opelika's location along I-85 between Hyundai and the new KIA plant has generated a significant interest in our area. In the park, Daewon America has completed their 170,000 sq. ft. facility and has already begun to manufacture coils and springs for Hyundai and GM and will be ready to support KIA as well. Daewon initially plans to hire 170 employees. Mando America has announced a \$21 million expansion in equipment and machinery to continue to meet the growing demand for their parts in North America. This equipment expansion will require Mando to add additional employees that will raise their employment level to over 400.

Gambro Renal Products, a medical device manufacturer is nearing completion of its 160,000 sq. ft. facility that will produce kidney dialyzer filters in the Fox Run Business Park. They are ramping up their employment with employees returning from 18-24 months of training in Germany to train the new workers here. Gambro plans to hire 160 associates.

Commercial Development

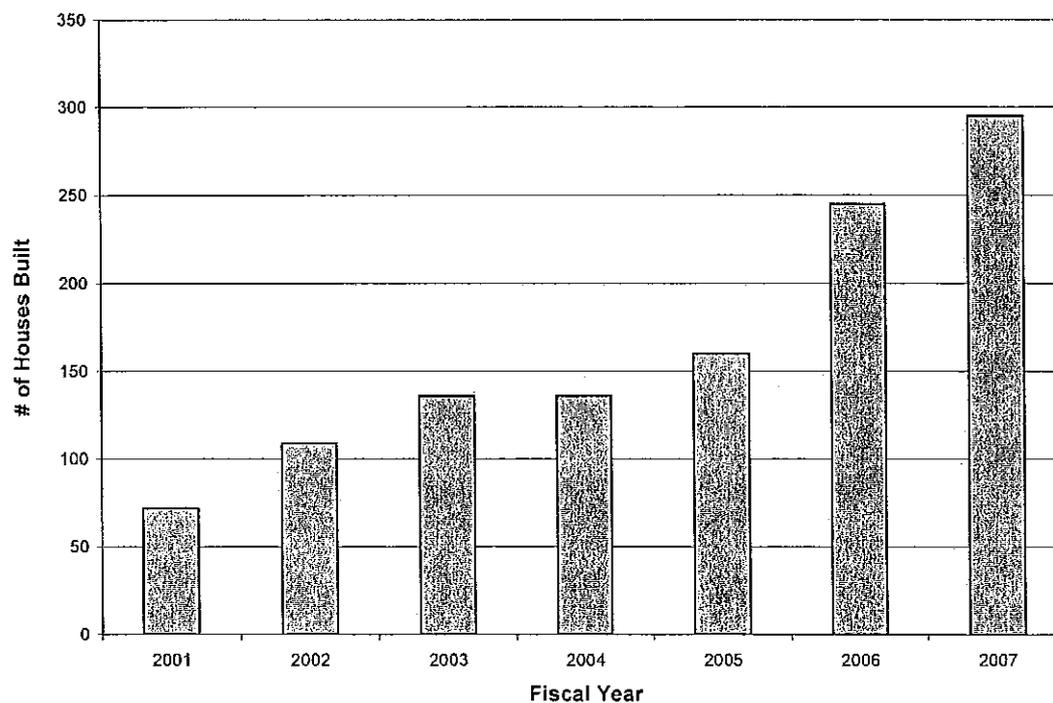
Commercially, building upon the great success of TigerTown, the area adjacent to Exit 58 on I-85 continues to grow. The new Hampton Inn and Suites is nearing completion and is scheduled to open in February 2008. Construction for a Country Inn and Suites and a Fairfield Inn will soon be underway. TigerTown continues to grow with the recent opening of Kroger and a Dick's Sporting Goods.

The City is currently negotiating with a private developer on a major entertainment destination to be called Celebrate Alabama. This development will be on over 530 acres and will contain an Expo center with hotels, restaurants, retail stores, walking trails and an upscale RV park. The groundbreaking for this development should take place at the end of March 2008.

Residential Development

Fiscal year 2007 wasn't the largest growth year the City of Opelika has ever had in overall development: it was the third largest growth year (behind fiscal year 2006 and fiscal year 2005, respectively), with a year end total of \$129,263,598.00 in total permits issued. However, fiscal year 2007 *did* represent the largest growth the city has enjoyed in *residential growth*.

City of Opelika, Alabama
New Residential Construction
Thru September 30, 2007



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

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

CITY OF OPELIKA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
	\$	\$	\$
Cash and cash equivalents	21,607,054	5,622,093	27,229,147
Certificates of deposit	1,995,000	3,223,341	5,218,341
Receivables			
Accounts and unbilled service receivable, net	-	4,611,474	4,611,474
Sales and use tax	1,644,764	-	1,644,764
Occupational license tax	2,014,112	-	2,014,112
Property taxes	2,669,135	-	2,669,135
Fines and forfeitures	384,197	-	384,197
Other	1,482,447	84,634	1,567,081
Due from other governments	2,051,329	909,239	2,960,568
Inventory of supplies, at cost	98,636	1,168,628	1,267,264
Restricted assets:			
Temporarily restricted:			
Cash with fiscal agent	46,661	452	47,113
Receivable for property taxes, restricted for school purposes	4,324,812	-	4,324,812
Investments	1,276,561	-	1,276,561
Permanently restricted:			
Investments	585,414	-	585,414
Deferred charges and debt issue costs	611,982	148,181	760,163
Other	32,466	2,463	34,929
Capital assets:			
Land	8,337,417	418,283	8,755,700
Building	10,356,858	264,695	10,621,553
System improvements other than buildings	4,248,238	73,450,674	77,698,912
Equipment	11,993,824	4,484,936	16,478,760
Infrastructure	49,803,132	-	49,803,132
Construction work in progress	2,489,053	2,500,431	4,989,484
Total original cost	87,228,502	81,119,019	168,347,521
Less: accumulated depreciation	(22,912,173)	(34,449,290)	(57,361,463)
Capital assets, net	64,316,329	46,669,729	110,986,058
Total assets	\$ 105,140,899	\$ 62,440,234	\$ 167,581,133

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable	\$ 2,297,571	\$ 2,534,365	\$ 4,831,936
Accrued payroll and benefits	690,809	87,444	778,253
Debt service payable	625,679	-	625,679
Due to other funds	220,947	(220,947)	-
Due to other governments	242,566	-	242,566
Accrued interest payable	366,915	178,575	545,490
Unearned revenue	7,031,395	90,182	7,121,577
Long-term liabilities:			
Due within one year	4,426,513	980,000	5,406,513
Due in more than one year	43,513,090	9,316,986	52,830,076
Customer deposits	-	1,527,799	1,527,799
Total liabilities	59,415,485	14,494,404	73,909,889
NET ASSETS			
Net assets:			
Invested in capital assets, net of related debt	52,732,891	36,620,477	89,353,368
Restricted net assets	6,233,448	452	6,233,900
Unrestricted	(13,240,925)	11,324,901	(1,916,024)
Total net assets	\$ 45,725,414	\$ 47,945,830	\$ 93,671,244

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

CITY OF OPELIKA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2007

FUNCTIONS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<i>Primary government:</i>							
Governmental activities:							
General government	\$ 5,778,966	\$ 13,831	\$ 363,549	-	\$ (5,765,135)	\$ -	\$ (5,765,135)
Public safety	11,131,380	830,646	-	-	(9,917,185)	-	(9,917,185)
Public works	4,235,763	103,385	-	2,631,093	(1,501,285)	-	(1,501,285)
Health	254,860	-	-	-	(254,860)	-	(254,860)
Welfare	101,000	-	-	-	(101,000)	-	(101,000)
Culture and recreation	3,320,897	200,329	-	177,069	(2,943,559)	-	(2,943,559)
Education	4,822,675	35,000	-	-	(4,787,675)	-	(4,787,675)
Economic development and urban rehabilitation	1,300,285	240,000	332,136	1,240,000	502,851	-	502,851
Interest on long-term debt	2,353,038	-	-	-	(2,353,038)	-	(2,353,038)
Total governmental activities	33,309,864	1,443,191	695,685	4,048,102	(27,122,886)	-	(27,122,886)
Business-type activities:							
Electric	24,565,843	29,112,238	-	406,342	-	4,952,737	4,952,737
Sewer	2,948,842	3,758,295	-	1,425,419	-	2,234,872	2,234,872
Solid waste	1,690,343	1,988,545	-	-	-	289,202	289,202
Total business-type activities	29,214,028	34,859,078	-	1,831,761	-	7,476,811	7,476,811
Total primary government	62,523,892	36,302,269	695,685	5,879,863	(27,122,886)	7,476,811	(19,646,075)
General revenues:							
Taxes:							
Property					7,419,741	-	7,419,741
Sales					16,418,215	-	16,418,215
Other					2,017,966	-	2,017,966
Licenses and permits					12,051,859	-	12,051,859
Grants and contributions not restricted to specific programs					-	-	-
Unrestricted investment earnings					1,247,153	630,572	1,877,725
Gain on sale of capital assets					110,297	-	110,297
Miscellaneous					1,805,251	-	1,805,251
Transfers					2,611,856	(2,611,856)	-
Total general revenues and transfers					43,682,378	(2,611,856)	41,070,522
Change in net assets					(1,981,324)	-	(1,981,324)
Net assets - beginning of year, as restated					16,559,482	5,495,487	22,054,969
Net assets - end of year					29,165,922	42,450,343	71,616,265
					\$ 45,725,414	\$ 47,945,830	\$ 93,671,244

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, 2007

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 11,868,807	\$ 184,338	\$ 7,546,773	\$ 19,599,918
Certificates of deposit	1,987,000	-	8,000	1,995,000
Receivables:				
Occupation license taxes	2,014,112	-	-	2,014,112
Sales and other taxes	1,644,764	-	-	1,644,764
Property taxes	2,669,135	4,324,812	-	6,993,947
Fines and forfeitures	384,197	-	-	384,197
Assessments	35,999	-	-	35,999
Accrued interest	80,973	-	5,109	86,082
Other	1,360,366	-	-	1,360,366
Due from other funds	297,070	-	116,438	413,508
Due from other governments	1,365,798	-	685,531	2,051,329
Inventories of supplies, at cost	98,636	-	-	98,636
Restricted assets:				
Cash with fiscal agent	-	-	46,661	46,661
Investments	-	-	1,861,975	1,861,975
Total assets	<u>\$ 23,806,857</u>	<u>\$ 4,509,150</u>	<u>\$ 10,270,487</u>	<u>\$ 38,586,494</u>

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

**CITY OF OPELIKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,188,105	\$ -	\$ 60,163	\$ 2,248,268
Matured bonds and interest payable	-	-	625,679	625,679
Accrued payroll and benefits	596,715	-	1,872	598,587
Due to other funds	37,162	-	483,871	521,033
Due to other governments	4,033	238,533	-	242,566
Deferred revenue	3,088,309	4,270,617	265,071	7,623,997
Total liabilities	5,914,324	4,509,150	1,436,656	11,860,130
Fund balances:				
Reserved for advances to other governments	-	-	-	-
Reserved for encumbrances	1,569,723	-	1,622,582	3,192,305
Reserved for inventories of supplies	98,636	-	-	98,636
Reserved for law enforcement	46,182	-	-	46,182
Reserved for debt service	-	-	-	-
Reserved for permanent funds - nonexpendable	-	-	609,058	609,058
Unreserved:				
Designated for construction and debt service on roads	1,742,277	-	-	1,742,277
Designated for infrastructure improvements	35,530	-	-	35,530
Designated for capital asset additions	1,573,875	-	-	1,573,875
Designated for community activities	71,242	-	-	71,242
Unreserved, undesignated, reported in:				
General fund	12,755,068	-	-	12,755,068
Special revenue funds	-	-	6,163,515	6,163,515
Capital projects funds	-	-	438,676	438,676
Total fund balances	17,892,533	-	8,833,831	26,726,364
Total liabilities and fund balances	\$ 23,806,857	\$ 4,509,150	\$ 10,270,487	\$ 38,586,494

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, 2007

Total fund balances - governmental funds \$ 26,726,364

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. 64,316,329

Internal service funds are used by management to charge the costs of workmen's compensation insurance and employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,175,571

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. 727,690

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	\$ (44,992,974)
Premiums, debt issuance and refunding costs	2,489
Accrued interest payable	(366,915)
Compensated absences	(1,863,140)
	(47,220,540)

Net assets of governmental activities \$ 45,725,414

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, 2007

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	\$ 2,720,234	\$ 4,699,507	-	\$ 7,419,741
Sales	16,418,215	-	-	16,418,215
Other	1,445,005	-	-	1,445,005
Occupational license fees	8,243,007	-	-	8,243,007
Business licenses and permits	3,499,997	-	-	3,499,997
Intergovernmental revenues	522,445	-	2,613,585	3,136,030
Charges for services	536,735	-	-	536,735
Fines and forfeitures	452,430	-	-	452,430
Investment income	668,473	65,564	413,722	1,147,759
Settlement of lawsuit	1,100,000	-	-	1,100,000
Miscellaneous	235,796	-	431,989	667,785
Total revenues	<u>35,842,337</u>	<u>4,765,071</u>	<u>3,459,296</u>	<u>44,066,704</u>
Expenditures:				
Current:				
General government	3,910,217	-	1,739,514	5,649,731
Public safety	10,842,153	-	2,269	10,844,422
Public works	2,957,998	-	8,330	2,966,328
Health	254,860	-	-	254,860
Welfare	101,000	-	-	101,000
Culture and recreation	3,124,537	-	-	3,124,537
Education	2,508,300	2,314,375	-	4,822,675
Economic development and urban rehabilitation	874,688	-	184,597	1,059,285
Capital outlay	3,014,534	-	1,536,004	4,550,538
Debt service:				
Principal retirement	1,018,841	-	3,435,000	4,453,841
Interest and fiscal charges	470,959	-	1,820,753	2,291,712
Total expenditures	<u>29,078,087</u>	<u>2,314,375</u>	<u>8,726,467</u>	<u>40,118,929</u>
Excess of revenues over (under) expenditures	<u>\$ 6,764,250</u>	<u>\$ 2,450,696</u>	<u>\$ (5,267,171)</u>	<u>\$ 3,947,775</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, 2007

	GENERAL FUND	SCHOOL TAX SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Sale of capital assets	177,015	-	-	177,015
Appropriations	-	-	(250,000)	(250,000)
Transfers from governmental funds	48,338	-	7,967,198	8,015,536
Transfers from proprietary funds	2,743,085	-	-	2,743,085
Transfers to governmental funds	(5,209,518)	(2,450,696)	(355,322)	(8,015,536)
Transfers to proprietary funds	(131,189)	-	-	(131,189)
Total other financing sources (uses)	<u>(2,372,269)</u>	<u>(2,450,696)</u>	<u>7,361,876</u>	<u>2,538,911</u>
Net change in fund balances	4,391,981	-	2,094,705	6,486,686
Fund balances, beginning of year	13,500,552	-	6,739,126	20,239,678
Fund balances, end of year	<u>\$ 17,892,533</u>	<u>\$ -</u>	<u>\$ 8,833,831</u>	<u>\$ 26,726,364</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, 2007

Net change in fund balances - all governmental funds \$ 6,486,686

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 \$ 4,550,538
 Less: current year depreciation 2,401,450

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 \$ 2,546,021
 Disposals at net book value (66,718)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 433,065

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Differences in the treatment of long-term debt and related items follow:
 Principal amount of new debt \$ -
 Debt issuance and refunding costs -
 Principal payments on outstanding debt 4,453,841

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. (85,934)

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 expenditures over revenues and reversal of charges to enterprise funds is reported with governmental activities. 391,081

Change in net assets of governmental activities \$ 16,559,492

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

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CITY OF OPELIKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007

ASSETS	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
Current assets:					
Cash	3,170,360	1,907,684	544,049	5,622,093	2,007,136
Certificates of deposit	3,223,341	-	-	3,223,341	-
Accounts and unbilled service receivable, net	4,193,559	330,749	87,166	4,611,474	-
Accrued interest	84,634	-	-	84,634	-
Due from other funds	-	166,013	-	166,013	17,564
Due from other governments	-	909,239	-	909,239	-
Inventory of supplies, at cost	1,168,628	-	-	1,168,628	-
Total current assets	<u>11,840,522</u>	<u>3,313,685</u>	<u>631,215</u>	<u>15,785,422</u>	<u>2,024,700</u>
Restricted assets:					
Cash and investments with fiscal agent	-	452	-	452	-
Total restricted assets	<u>-</u>	<u>452</u>	<u>-</u>	<u>452</u>	<u>-</u>
Deferred charges:					
Unamortized bond issue costs	-	148,181	-	148,181	-
Capital assets:					
Land	72,033	116,703	229,547	418,283	-
Building	199,066	21,823	43,806	264,695	-
System	33,876,909	39,556,225	17,540	73,450,674	-
Equipment	1,971,800	717,320	1,795,816	4,484,936	-
Construction work in progress	1,908,952	591,479	-	2,500,431	-
Total original cost	38,028,760	41,003,550	2,086,709	81,119,019	-
Less: accumulated depreciation	(22,125,219)	(11,101,006)	(1,223,065)	(34,449,290)	-
Capital assets, net	<u>15,903,541</u>	<u>29,902,544</u>	<u>863,644</u>	<u>46,669,729</u>	<u>-</u>
Other assets					
Deposits	-	2,463	-	2,463	32,466
Total other assets	<u>-</u>	<u>2,463</u>	<u>-</u>	<u>2,463</u>	<u>32,466</u>
Total assets	<u>\$ 27,744,063</u>	<u>\$ 33,367,325</u>	<u>\$ 1,494,859</u>	<u>\$ 62,606,247</u>	<u>\$ 2,057,166</u>

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007

LIABILITIES	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
Current liabilities:					
Accounts payable	\$ 2,365,550	\$ 145,201	\$ 23,614	\$ 2,534,365	\$ 49,303
Current portion of bonds payable	-	980,000	-	980,000	-
Accrued payroll and benefits	136,969	-	68,767	205,736	-
Due to other funds	1,354	-	2,104	3,458	72,586
Interest payable	-	178,575	-	178,575	-
Liability for unpaid claims	-	-	-	-	356,274
Deferred revenue	8,768	-	81,414	90,182	135,095
Total current liabilities	<u>2,512,641</u>	<u>1,303,776</u>	<u>175,899</u>	<u>3,992,316</u>	<u>613,258</u>
Noncurrent liabilities:					
Bonds payable, net of current portion and discount	-	9,038,858	-	9,038,858	-
Accrued employee benefits	111,050	-	48,786	159,836	-
Liability for unpaid claims	-	-	-	-	209,945
Customer deposits	1,419,924	-	107,875	1,527,799	-
Total noncurrent liabilities	<u>1,530,974</u>	<u>9,038,858</u>	<u>156,661</u>	<u>10,726,493</u>	<u>209,945</u>
Total liabilities	<u>4,043,615</u>	<u>10,342,634</u>	<u>332,560</u>	<u>14,718,809</u>	<u>823,203</u>
Net assets:					
Invested in capital assets, net of related debt	15,903,541	19,853,292	863,644	36,620,477	-
Restricted	-	452	-	452	-
Unrestricted	7,796,907	3,170,947	298,655	11,266,509	1,233,963
Total net assets	<u>\$ 23,700,448</u>	<u>\$ 23,024,691</u>	<u>\$ 1,162,299</u>	<u>\$ 47,887,438</u>	<u>\$ 1,233,963</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, 2007

	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS
Operating revenues:					
Charges for services, net	\$ 29,112,238	\$ 3,732,189	\$ 1,953,686	\$ 34,798,113	\$ 2,441,970
Operating expenses:					
Power purchased	20,754,099	-	-	20,754,099	-
Personal services	1,460,569	51,401	884,162	2,396,132	-
Insurance claims and expenses	3,797	17,346	-	21,143	2,149,957
Other	1,180,480	1,589,298	703,794	3,473,572	-
Depreciation	1,202,027	824,134	132,200	2,158,361	-
Total operating expenses	24,600,972	2,482,179	1,720,156	28,803,307	2,149,957
Operating income	4,511,266	1,250,010	233,530	5,994,806	292,013
Nonoperating revenues (expenses):					
Investment revenue	495,923	113,002	21,647	630,572	99,394
Miscellaneous revenue	-	3,932	12,679	16,611	-
Interest expense and fiscal charges	-	(469,113)	-	(469,113)	-
Contributions from grantors	-	-	-	-	-
Gain (loss) on sale of capital assets	-	22,174	22,180	44,354	-
Other expenses	-	-	-	-	-
Total nonoperating revenues (expenses)	495,923	(330,005)	56,506	222,424	99,394
Income before other revenues and transfers	5,007,189	920,005	290,036	6,217,230	391,407
Other revenues and transfers in (out):					
Capital contributions from developers and others	406,342	1,391,164	-	1,797,506	-
Capital contributions from grantors	-	34,255	-	34,255	-
Operating transfers in	-	32,280	98,909	131,189	-
Operating transfers (out)	(2,743,085)	-	-	(2,743,085)	-
Total other revenues and transfers	(2,336,743)	1,457,699	98,909	(780,135)	-
Changes in net assets	2,670,446	2,377,704	388,945	5,437,095	391,407
Net assets, beginning of year	21,030,002	20,646,987	773,354	42,450,343	842,556
Net assets, end of year	\$ 23,700,448	\$ 23,024,691	\$ 1,162,299	\$ 46,887,438	\$ 1,233,963
			Adjustment to reflect reversal of profits in Internal Service Funds	58,392	
			Change in net assets of business-type activities	\$ 5,495,487	

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, 2007

	ELECTRIC UTILITY	SEWER SYSTEM	SOLID WASTE COLLECTION	TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
Cash flows from operating activities:					
Receipts from customers	\$ 29,695,934	\$ 3,621,038	\$ 1,946,745	\$ 35,263,717	\$ -
Receipts from other funds for premiums	-	-	-	-	2,514,279
Customer deposits	204,033	(2,463)	12,500	214,070	-
Payments to suppliers for goods and services	(20,345,927)	(1,680,159)	(690,994)	(22,717,080)	(534,163)
Payments to employees for services	(1,434,666)	(67,754)	(876,530)	(2,378,950)	-
Claims paid	(3,797)	(17,346)	-	(21,143)	(2,034,044)
Internal activity - payments (to) from other funds	(1,347,337)	7,965	84	(1,339,288)	-
Other receipts (payments)	(1,180,480)	124,566	12,679	(1,043,235)	-
Net cash provided by (used in) operating activities	5,587,760	1,985,847	404,484	7,978,091	(53,928)
Cash flows from noncapital financing activities:					
Operating transfers from (to) other funds	(2,743,085)	32,280	98,909	(2,611,896)	-
Net cash (used for) provided by noncapital financing activities	(2,743,085)	32,280	98,909	(2,611,896)	-
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(2,629,080)	(600,750)	(265,460)	(3,495,290)	-
Principal paid on debt maturities	-	(1,090,000)	-	(1,090,000)	-
Interest and fiscal fees paid on debt maturities	-	(479,957)	-	(479,957)	-
Proceeds from sale of assets	-	27,161	26,141	53,302	-
Net cash used for capital and related financing activities	(2,629,080)	(2,143,546)	(239,319)	(5,011,945)	-
Cash flows from investing activities:					
Proceeds invested in certificates of deposit	(34,847)	-	-	(34,847)	-
Restricted cash used in operations	-	201,504	-	201,504	-
Interest on investments	454,542	-	21,647	476,189	99,394
Net cash provided by investing activities	419,695	201,504	21,647	642,846	99,394
Net increase in cash and cash equivalents	635,290	76,085	285,721	997,096	45,466
Cash and cash equivalents at beginning of year	2,535,070	1,831,599	258,328	4,624,997	1,961,670
Cash and cash equivalents at end of year	\$ 3,170,360	\$ 1,907,684	\$ 544,049	\$ 5,622,093	\$ 2,007,136

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, 2007

	<u>ELECTRIC UTILITY</u>	<u>SEWER SYSTEM</u>	<u>SOLID WASTE COLLECTION</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 4,511,266	\$ 1,250,010	\$ 233,530	\$ 5,994,806	\$ 292,013
Adjustment to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,202,027	824,134	132,200	2,158,361	-
Miscellaneous nonoperating income	-	3,932	12,679	16,611	-
Change in assets and liabilities:					
(Increase) decrease in account receivable and unbilled service receivable	583,690	(115,083)	21,234	489,841	-
(Increase) decrease in due from other funds	-	7,875	-	7,875	(14,315)
(Increase) decrease in due from other governments	-	124,566	-	124,566	-
(Increase) decrease in inventories	(54,671)	-	-	(54,671)	-
(Increase) decrease in other assets	-	(2,463)	-	(2,463)	-
Increase (decrease) in accounts payable	462,843	(90,861)	12,800	384,782	(534,163)
Increase (decrease) in accrued payroll and benefits	25,903	(16,353)	7,632	17,182	-
Increase (decrease) in liability for unpaid claims	-	-	-	-	115,913
Increase (decrease) in due to other funds	(1,347,337)	90	84	(1,347,163)	-
Increase (decrease) in deferred revenue	6	-	(28,175)	(28,169)	2,932
Increase (decrease) in customer deposits	204,033	-	12,500	216,533	83,692
Net cash provided by (used for) operating activities	<u>\$ 5,587,760</u>	<u>\$ 1,985,847</u>	<u>\$ 404,484</u>	<u>\$ 7,978,091</u>	<u>\$ (53,928)</u>
Non cash investing, capital and financing activities:					
Capital assets contributed by developers and others	\$ 406,342	\$ 1,425,419	\$ -	\$ 1,831,761	\$ -
Reconciliation of cash and cash equivalents to the combining balance sheet:					
Total cash and certificates of deposit	\$ 6,393,701	\$ 1,907,684	\$ 544,049	\$ 8,845,434	\$ 2,007,136
Less: Deposits not meeting the definition of cash equivalents	3,223,341	-	-	3,223,341	-
Cash and cash equivalents at end of year	<u>\$ 3,170,360</u>	<u>\$ 1,907,684</u>	<u>\$ 544,049</u>	<u>\$ 5,622,093</u>	<u>\$ 2,007,136</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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 \$18,605,000 at September 30, 2007 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 2007, the City collected \$4,699,507 of ad valorem taxes of which \$2,450,695 was used for debt service and \$2,300,000 was remitted to the Board. At September 30, 2007, \$238,533 in collections had not been remitted and is included in amounts due to other governments. In addition, the City made an appropriation to the Board of \$2,500,000 for 2007. The Board issues separate financial statements which may be obtained from the administrative offices at 300 Simmons Street, Opelika, Alabama 36801.

The City of Opelika Industrial Development Authority recruits industry and promotes economic development for the City of Opelika. The City Council appoints the members to the Authority's Board and has a revocable agreement with the Authority to make annual appropriations to the Authority for debt service on the Authority's 1998 Series A and B bonds and a general obligation to pay \$1,700,000 of the bonds if the annual appropriation is not continued. These bonds are included in the City's long term debt. In 2007, the City paid \$733,835 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.

The Public Park and Recreation Board of the City of Opelika (the "Board") owns and operates the Conference Center and is constructing the sportsplex recreational facilities. The City Council appoints the members of the Board's Board. In connection with the construction of the sportsplex recreational facilities, the Board issued the Revenue Bonds, Series 2007 on December 31, 2007 for \$28,650,000. The Board and the City signed a lease

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –CONTINUED

agreement of December 1, 2007 whereby the City leases the sportsplex recreational facilities. The lease payments are equal to the Board's annual debt service payments. The lease agreement between the Board and the City is renewable each year over the life of the bonds. The City has recorded the bond obligation in long term debt as of December 1, 2007.

Related Organizations. The City's officials are also responsible for appointing board members of other organizations, but 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, 2007, the City received \$18,096 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, 2007 and no net income or loss for the fiscal year then ended. Because the joint venture has no operations, no financial statements are prepared. In July 2005 the clubhouse was destroyed by fire. Insurance proceeds of \$255,000 were recognized as revenue during the year ended September 30, 2005. The \$255,000 was appropriated back to the Authority during the year ended September 30, 2006 to replace the clubhouse. 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 \$96,250 to the Lee-Russell Council of Governments for the year ended September 30, 2007.

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 \$45,000 to the East Alabama Mental Health Center for the year ended September 30, 2007.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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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 \$28,000 to the Lee County Youth Development Center for the year ended September 30, 2007.

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, 2007.

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 (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which includes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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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.

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:

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

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.

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –CONTINUED

receivable and deferred revenue as of the fiscal year end in which the taxes are levied. For the fiscal year ended September 30, 2007, 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 \$433,089 in the Electric Utility Fund and \$95,307 in the Solid Waste Collection Fund.

F. INVENTORIES

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

G. RESTRICTED ASSETS

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

H. ADVANCES TO OTHER GOVERNMENTS

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

I. COMPENSATED ABSENCES

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

J. CAPITAL ASSETS

Capital assets, which include land, buildings, system, equipment, and construction in progress, are carried at cost. Property and equipment donations 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 is capitalized in the proprietary funds during the construction period for system additions. During the year ended September 30, 2007, no interest was capitalized as there were no on-going projects related to any outstanding borrowings.

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

Capitalization thresholds and estimated useful lives are as follows:

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

GASBS No. 34 requires the City to report and depreciate additions to infrastructure assets effective October 1, 2002. Infrastructure assets include roads, bridges, storm water drainage, and similar assets. Neither their cost nor related depreciation has historically (prior to October 1, 2002) been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is required by fiscal years ending in 2007. The City implemented the retroactive infrastructure provisions during the fiscal year ended September 30, 2007. As a result of implementing these provisions, the City recorded the historical cost of the infrastructure assets placed in service during the period beginning on October 1, 1980 and through September 30, 2002. The implementation of these provisions also resulted in the City restating net assets as of October 1, 2006 by \$25,674,604. As the City constructs or acquires additional infrastructure assets, they are capitalized and reported at historical cost. A local government may elect to use the depreciation method or the modified approach (maintenance of service condition) in reporting long-lived infrastructure assets. The City has elected to implement the depreciation method.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

K. LONG-TERM LIABILITIES

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount, or deferred amount on refunding. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs whether or not withheld or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Interest and principal payments are reported as debt service expenditures.

L. NET ASSETS

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

M. USE OF ESTIMATES

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

NOTE 2 - BUDGETING AND ACCOUNTABILITY

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

**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 – RETROACTIVE CAPITALIZATION OF INFRASTRUCTURE

The City implemented the retroactive infrastructure provisions, as required by GASBS No. 34, on October, 1, 2006. As a result of implementing these provisions, the City recorded the historical cost of the infrastructure assets placed in service during the period beginning on October 1, 1980 and through September 30, 2002. The implementation of these provisions also resulted in the following restatement of governmental net assets as reported as of September 30, 2006:

Net assets, as previously reported	\$ 3,491,318
Adjustment for land	3,894,988
Adjustment for infrastructure	28,250,764
Adjustment for accumulated depreciation	<u>(6,471,148)</u>
Net assets, as restated	<u>\$ 29,165,922</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2007, the carrying amount of the City's deposits in financial institutions was \$32,670,573 and the bank balance was \$32,447,488. Of these amounts, \$5,218,341 of the carrying amount and bank balance were held as certificates of deposit. The State of Alabama created the Security for Alabama Funds Enhancement (SAFE) Program which requires all public funds be deposited in Qualified Public Depositories. Under the SAFE Program, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. If a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. At September 30, 2007, all bank balances are considered insured because such balances were held in Qualified Public Depositories.

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS -CONTINUED

Investment Type	Cost	Fair Value	Percent of		Rating	Agency
			Total	Maturity		
Dreyfus Treasury Prime Cash Management MMF	\$ 819,970	\$ 819,970	44.0%	n/a	Unrated	n/a
Federated Treasury U.S. Treasury Cash Reserves MMF	330,714	330,714	17.8%	n/a	n/a	n/a
J.P. Morgan 100% U.S. Treasury Money Market	118,025	118,025	6.3%	n/a	n/a	n/a
Investment Company of America CL A	4,855	7,526	0.4%	n/a	Morningstar	***
Fidelity Advisor Equity Growth	50,000	59,885	3.2%	n/a	Morningstar	***
Fidelity Advisor Mid Cap	50,000	71,850	3.9%	n/a	Morningstar	***
Fidelity Advisor Equity Income I Share	50,000	64,148	3.4%	n/a	Morningstar	****
FHLMC 5%	10,000	9,970	0.5%	12/28/2012	AAA	S&P
FHLB 5.25%	50,000	50,344	2.7%	1/12/2012	AAA	S&P
FHLB 5.02%	50,000	49,969	2.7%	9/16/2011	AAA	S&P
FHLB 5.25%	10,000	10,006	0.5%	10/27/2010	AAA	S&P
FHLB 6%	99,984	100,750	5.4%	4/25/2016	AAA	S&P
FHLB 5.8%	14,957	15,070	0.8%	6/13/2014	AAA	S&P
FHLB 5.875%	10,000	10,022	0.5%	12/26/2014	AAA	S&P
FHLB 4%	55,000	54,020	2.9%	4/6/2011	AAA	S&P
FHLB 4.65%	9,997	9,934	0.5%	9/23/2011	AAA	S&P
FHLB 4.7%	4,991	4,966	0.3%	1/5/2012	AAA	S&P
FFCB 5.04%	50,000	49,782	2.7%	1/14/2013	AAA	S&P
FFCB 5.5%	25,000	25,024	1.3%	9/19/2013	AAA	S&P
Total investments	\$ 1,813,493	\$ 1,861,975	100.0%			

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

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

Custodial Credit Risk: For an investment, the custodial risk is the risk that in event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's investments in the Dreyfus Treasury Prime Cash Management MMF, Federated U.S. Treasury Cash Reserves MMF, J.P. Morgan 100% U.S. Treasury MMF, and Investment Company of America CLA Fund are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department, but not in the government's name. The remaining investments are registered in the name of the City of Opelika Garden Hills Cemetery Trust Fund and held by the counterparty. The government has no policy on custodial credit risk.

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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	\$ 8,369,086	\$ 8,980	\$ 40,649	\$ 8,337,417
Construction in process	2,880,412	1,005,222	1,396,601	2,489,033
Total capital assets not being depreciated	11,249,498	1,014,202	1,437,250	10,826,450
Capital assets being depreciated:				
Buildings and improvements	10,150,453	206,405	-	10,356,858
Improvements other than buildings	4,146,038	102,200	-	4,248,238
Equipment	12,212,248	965,222	1,183,646	11,993,824
Infrastructure	43,598,000	6,205,132	-	49,803,132
Total capital assets being depreciated	70,106,739	7,478,959	1,183,646	76,402,052
Less accumulated depreciation for:				
Buildings and improvements	4,873,588	250,387	-	5,123,975
Improvements other than buildings	1,353,020	127,537	-	1,480,557
Equipment	8,715,002	738,559	1,157,577	8,295,984
Infrastructure	6,979,052	1,032,605	-	8,011,657
Total accumulated depreciation	21,920,662	2,149,088	1,157,577	22,912,173
Total capital assets being depreciated, net	48,186,077	5,329,871	26,069	53,489,879
Governmental activities capital assets, net	\$ 59,435,575	\$ 6,344,073	\$ 1,463,319	\$ 64,316,329

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 418,283	\$ -	\$ -	\$ 418,283
Construction in process	2,806,137	1,215,564	1,521,270	2,500,431
Total capital assets not being depreciated	3,224,420	1,215,564	1,521,270	2,918,714
Capital assets being depreciated:				
Buildings and improvements	264,695	-	-	264,695
Systems	68,136,197	5,314,477	-	73,450,674
Equipment	4,603,103	459,389	577,556	4,484,936
Total capital assets being depreciated	73,003,995	5,773,866	577,556	78,200,305
Less accumulated depreciation for:				
Buildings and improvements	173,163	8,293	-	181,456
Systems	29,233,627	1,840,548	-	31,074,175
Equipment	3,434,184	332,072	572,597	3,193,659
Total accumulated depreciation	32,840,974	2,180,913	572,597	34,449,290
Total capital assets being depreciated, net	40,163,021	3,592,953	4,959	43,751,015
Business-type activities capital assets, net	\$ 43,387,441	\$ 4,808,517	\$ 1,526,229	\$ 46,669,729

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 6 - CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to functions as follows:

Governmental activities:	
General Government	\$ 168,947
Public safety	471,744
Public works, including infrastructure	1,286,032
Culture and recreation	222,365
Total governmental activities depreciation expense	\$ 2,149,088
Business-type activities:	
Electric	\$ 1,202,027
Sewer	824,134
Solid Waste	132,200
Total depreciation	\$ 2,158,361

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2007 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	\$ -	\$ 23,938	\$ 13,224	\$ -	\$ 37,162
Non-major Governmental	224,484	92,500	882	166,013	483,879
Internal Service	72,586	-	-	-	72,586
Electric Utility	-	-	1,354	-	1,354
Solid Waste Collection	-	-	2,104	-	2,104
Total	\$ 297,070	\$ 116,438	\$ 17,564	\$ 166,013	\$ 597,085

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	\$ -	\$ -	\$ 48,338	\$ 2,743,085	\$ 2,791,423
Non-major Governmental	5,209,519	2,450,695	306,984	-	7,967,198
Sewer Fund	32,280	-	-	-	32,280
Solid Waste Collection	98,909	-	-	-	98,909
Total	\$ 5,340,708	\$ 2,450,695	\$ 355,322	\$ 2,743,085	\$ 10,889,810

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, 2007

NOTE 8 - LONG-TERM LIABILITIES

Long-term liabilities at September 30, 2007 consisted of the following issues:

	<i>Governmental</i>	<i>Business-type</i>
<i>Bonds:</i>		
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%	\$ -	\$ 2,010,000
General Obligation School Warrants, Series 1996 due in annual installments of \$170,000 to \$280,000 through February 15, 2016, bearing interest rates of 4.50% to 5.20%	2,060,000	-
General Obligation Warrants, Series 1998 due in annual installments of \$100,000 to \$1,170,000 through July 1, 2014, bearing interest rates of 3.90% to 4.35%	7,285,000	-
Taxable Variable/Fixed Rate Industrial Development Revenue Bonds, Series 1998-A due in annual installments of \$115,000 to \$575,000 through June 1, 2022, bearing variable interest rate from 5.15% to 5.84% during the year ended September 30, 2007	5,390,000	-
Taxable Industrial Development Revenue Bonds, Series 1998-B due in annual installments of \$65,000 to \$210,000 through June 1, 2023, bearing variable rate of 6.78% at September 30, 2007. Rate determined annually at June 1, at the Treasury Rate plus 1.8% per annum	1,987,000	-
General Obligation School Warrants, Series 2000 due in annual installments of \$200,000 to \$515,000 through October 1, 2025, bearing interest rates of 4.70% to 5.60%	6,125,000	-
General Obligation Warrants, Series 2002, semiannual interest only payments of \$212,505 paid through August 1, 2012, annual installments of \$130,000 to \$330,000 starting February 1, 2013 through February 1, 2032, bearing interest rate of 4.30% to 5.125%	4,265,000	-
General Obligation Warrants, Series 2003, due in annual installments of \$1,710,000 to \$2,265,000 through April 1, 2023, bearing interest rates of 2.00% to 5.25%	11,400,044	7,858,858
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%	6,614,449	-
General obligation debt for purchase of land, due in annual installments of \$40,000 through October 1, 2008, bearing interest at 5.00%	40,000	-
Capital lease on excavator, due in annual installments of \$59,344 through February 9, 2009, including interest at 4.60%	110,974	-
RSA Inducement Agreement, due in monthly payments totaling \$79,166, through March 31, 2008	325,000	150,000
<i>Other Liabilities:</i>		
Compensated Absences	1,964,917	278,128
Claims and judgments	372,219	-
Total long-term liabilities	\$ 47,939,603	\$ 10,296,986

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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>
<i>Governmental Activities</i>					
Debt:					
General Obligation Bonds	\$ 40,575,000	\$ -	\$ 3,435,000	\$ 37,140,000	\$ 3,595,000
Other long-term debt	8,947,000	-	1,205,000	7,742,000	615,000
Capital leases	162,828	-	51,854	110,974	54,239
	<u>49,684,828</u>	<u>-</u>	<u>4,691,854</u>	<u>44,992,974</u>	<u>4,264,239</u>
Deferred amounts on refunding	(146,977)	-	(33,288)	(113,689)	-
Unamortized premiums	884,918	-	161,736	723,182	-
Total debt	<u>50,422,769</u>			<u>45,602,467</u>	<u>4,264,239</u>
Other liabilities					
Compensated absences	1,944,266			1,964,917	-
Claims and judgments	352,306			372,219	162,274
Total other liabilities	<u>2,296,572</u>			<u>2,337,136</u>	<u>162,274</u>
Total governmental activities	<u>\$ 52,719,341</u>			<u>\$ 47,939,603</u>	<u>\$ 4,426,513</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Business-type activities</i>					
Debt:					
General Obligation Bonds	\$ 10,610,000	\$ -	\$ 790,000	\$ 9,820,000	\$ 830,000
Other long-term debt	450,000	-	300,000	150,000	150,000
Deferred amounts on refunding	(31,672)	-	(5,847)	(25,825)	-
Unamortized premiums and discounts	95,033	-	20,350	74,683	-
	<u>11,123,361</u>			<u>10,018,858</u>	<u>\$ 980,000</u>
Compensated absences	266,476			278,128	
Total business-type activities	<u>\$ 11,389,837</u>			<u>\$ 10,296,986</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 8.

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

The City issued \$7,145,000 General Obligation School Warrants, Series 2004-A dated March 1, 2004. The warrants were issued (1) to finance the costs of acquiring, constructing and equipping various improvements to the Board of Education's schools, including the renovation of the Board of Education's middle school, and (2) to pay the costs of issuing the Series 2004-A Warrants. The Warrants mature annually on March 1 from 2005 to 2029. Interest is payable on each March 1 and September 1, beginning September 1, 2004.

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

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

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

The obligation of the City for the payments due under the Annual Appropriation Agreement is shown as other long term debt net of the \$1,700,000 which is shown as general obligation debt in accordance with the terms of the Reserve Agreement. The financing and bond documents of the Authority provide that the real estate for the industrial park will be sold at fair market value to any public or private person wishing to locate in the industrial park and the proceeds of such sale will be applied to prepayment of the bonds. Through September 30, 2007, the Authority had applied \$850,000 of sales proceeds to the 1998A issue and \$123,000 of sales proceeds to the 1998B issue.

The City leases equipment under capital leases related to governmental activities expiring in various years through 2009. Lease payments are made by the general fund. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Depreciation of assets under capital leases is included in depreciation expense. At September 30, 2007, the property held under capital leases had a cost of \$247,202 and accumulated depreciation of \$41,200.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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>
2008	3,595,000	1,647,470	669,239	454,600
2009	3,750,000	1,477,652	411,735	438,558
2010	3,940,000	1,299,558	335,000	412,847
2011	3,550,000	1,138,417	360,000	392,531
2012 - 2016	10,295,000	3,880,493	2,240,000	1,601,488
2017 - 2021	4,195,000	2,466,562	3,185,000	813,641
2022 - 2026	4,790,000	1,331,561	652,000	47,928
2027 - 2031	2,695,000	357,246	-	-
2032	330,000	8,456	-	-
Total	\$ 37,140,000	\$ 13,607,415	\$ 7,852,974	\$ 4,161,593

	<i>Business-type Activities</i>	
	<i>General Obligations</i>	
	<i>Principal</i>	<i>Interest</i>
2008	\$ 980,000	\$ 424,150
2009	870,000	382,275
2010	845,000	338,505
2011	940,000	297,043
2012	415,000	252,416
2013 - 2017	2,380,000	995,859
2018 - 2022	2,885,000	455,896
2023	655,000	29,475
	\$ 9,970,000	\$ 3,175,619

Advance Refundings. The City has entered into advance refunding transactions related to certain of its bonded debt. At the time of the issuance of the General Obligation Warrants, Series 1984, the City established a trust fund consisting of \$2,296,600 in United States Treasury Obligations. The principal and interest on the said United States Treasury obligations will be sufficient when paid according to the respective terms to make full and timely payment of the principal and interest maturing on the General Obligation Refunding School Warrants of March 1, 1978 and General Obligation Refunding School Warrants of August 15, 1982. On February 15, 2002, \$540,000 of the General Obligation Refunding School Warrants of March 1, 1978 were called. The General Obligation Refunding School Warrants of August 15, 1982 were called in prior years. During the year ended September 30, 2007, the remainder of the Refunding School Warrants of March 1, 1978 were called and fully paid.

On December 29, 1998 the City issued \$9,085,000 in General Obligation Warrants with an average interest rate of 4.1% of which \$8,489,509 was used to pay issuance costs and provide resources to purchase U.S. Government securities that were placed in irrevocable trust funds for the purpose of generating resources for all future debt service payments on \$7,625,000 of the 1994A General Obligation Warrants with average interest rates of approximately 5.9%. As a result, the refunded warrants are considered to be defeased and the liability for those warrants has been removed from the general long-term debt accounts group. The defeased portion of the 1994-A Warrants was called on July 1, 2004.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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 2-1-06 to 2-1-07 is \$462,556, 2-1-05 to 2-1-06 is \$597,247, 2-1-04 to 2-1-05 is \$474,256, 2-1-03 to 2-1-04 is \$492,727, and 2-1-02 to 2-1-03 is \$405,490.

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

The claims liability is \$372,219 at September 30, 2007. 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 4.2% 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>2004-2005</i>	\$ 357,852	210,654	160,358	\$ 408,148
<i>2005-2006</i>	\$ 408,148	56,679	112,521	\$ 352,306
<i>2006-2007</i>	\$ 352,306	91,913	72,000	\$ 372,219

The City has a Worker's Health Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss related to its self-insured employee health insurance plan. A residual equity transfer of \$732,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was authorized to provide the initial funding for the Worker's Health Insurance Fund. During the year ended September 30, 2007, another transfer of \$481,327 from the Worker's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. The Fund provides coverage for up to \$85,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$85,000 in any one year. Settled claims exceeded the premiums paid during the year. Liabilities exceeded assets as of September 30, 2007 resulting in a deficit fund balance of \$96,001.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 9 - RISK MANAGEMENT - CONTINUED

The claims liability of \$194,000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability includes an actuarially calculated amount for claims that have been incurred but not reported at the balance sheet date. Because actual liabilities for claims depend on such complex factors as inflation, changes in the legal doctrines and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount.

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

	<i>Beginning Balance</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Ending Balance</i>
<i>2004-2005</i>	\$ 124,153	1,641,703	1,649,446	\$116,410
<i>2005-2006</i>	\$ 116,410	1,562,795	1,570,040	\$109,165
<i>2006-2007</i>	\$ 109,165	1,416,214	1,719,379	\$194,000

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLANS – CONTINUED

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, 2007 was 10.82% of annual covered payroll. The contribution requirements of plan members and the City are established by state statute.

Annual Pension Cost. For 2007, the City's annual pension cost of \$1,111,279 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8.0% investment rate of return (net of administrative expenses), (b) projected salary increase ranging from 4.61% to 7.75% per year, and (c) 0.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.50%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City's unfunded actuarial accrued liability, if any, is being amortized as a level percentage of projected payrolls. The remaining amortization period is 20 years.

<i>Trend Information</i>			
<u>Annual</u>			
<i>Fiscal Year Ending</i>	<i>Pension Contribution (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation (NPO)</i>
9/30/2004	\$ 1,069,489	100%	\$ -
9/30/2005	\$ 1,219,737	100%	\$ -
9/30/2006	\$ 1,111,279	100%	\$ -

Schedule of Funding Progress

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age (b)*</i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i>
9/30/2004	\$ 38,350,983	\$ 46,189,882	\$ 7,838,899	83.0%	\$ 13,558,002	57.8%
9/30/2005	\$ 39,997,697	\$ 51,388,166	\$ 11,390,469	77.8%	\$ 14,448,369	78.8%
9/30/2006	\$ 41,297,513	\$ 53,255,078	\$ 11,957,565	77.5%	\$ 12,920,440	92.5%

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

NOTE 11 - 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 \$18,672,645 under this contract during the year ended September 30, 2007. 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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

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NOTE 11 - POWER SALES CONTRACT (CONTINUED)

pay its proportionate share of any shortfall by the Authority of funds to pay any obligations due under contracts with Alabama Power Company.

NOTE 12 - COMMITMENTS AND CONTIGENCIES

On July 6, 2004, the Council passed a resolution expressing its intent to acquire, develop, and construct for general municipal purposes a recreation complex and related facilities to be located on Andrews Road, including, but not limited to, and indoor pool, gymnasium, exercise rooms, and soccer fields. The Public Park and Recreation Board of the City of Opelika (a component unit of the City) issued the Series 2007, Revenue Bonds in the amount of \$28,650,000 on December 1, 2007 in order to pay or reimburse the cost of acquiring, developing, and constructing the facilities and to issue such additional amount of warrants as may be necessary to fund any required reserve for the warrants, to pay interest expense during the acquisition and construction period and during a reasonable start-up period and to pay the costs of issuing the warrants. These bonds mature in January of 2038 and bear interest at fixed rates ranging from 4.0% to 5.0% over the life of the bonds. On August 7, 2007, the Council approved the total program budget of \$31,865,000. In connection with this bond issuance the City signed a lease agreement with the Board that requires the City to make lease payments to the Board in the amount of the Board's annual debt service related to this issuance. This agreement is renewable each year over the life of the bonds. However, the City has recorded these bonds in its long term debt as of December 1, 2007. The total amount of the lease payments due from January 1, 2008 through December 31, 2008 totals \$499,200.

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

The City is a party to an agreement with the Alabama Department of Transportation (State) whereby the State will construct \$4,000,000 of improvements to a road within the City limits using Federal Aid funds available to the State from the Federal Highway Administration (FHWA). Under this agreement, the project will be administered by the State and all costs will be financed, when eligible for Federal participation, on the basis of 80% Federal funds and 20% City funds up to a maximum of approximately \$3,200,000 of Federal funds as approved by the Auburn-Opelika Metropolitan Planning organization (MPO) in its Transportation Improvement Program. Costs in excess of the Federal fund maximum must be funded by the City or by reprogramming funds designated for future projects by the MPO so that additional Federal funds could be applied to a current project. Costs to complete the construction, engineering and inspection of the project have exceeded the above original cost of \$4,000,000. The City has recorded an additional liability of \$684,000 at September 30, 2007 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, 2007.

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

NOTE 12 - COMMITMENTS AND CONTIGENCIES- CONTINUED

of the Parks and Recreation Department. The City will provide for all capital expenditures and electric service. Base fee for provision of these services is \$3,559,863 per year payable in monthly installments. The base fee will increase each year in accordance with the consumer price index. The ESG budget for the ended September 30, 2008 totals \$3,991,000. 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, \$104,280 remained in the repair and maintenance budget and was reimbursed to the City. At September 30, 2007, 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 \$305,000 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 known 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, 2007, the City's obligation to pay RSA totaled \$475,000. 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.

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 monthly installments beginning the month after the project is complete. These payments will be made on a monthly basis through November 17, 2023 or until the payments reach \$6,000,000, whichever occurs first.

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, 2007.

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.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

<i>DESCRIPTION</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Revenues:				
Taxes:				
Sales	\$ 15,832,000	\$ 15,832,000	\$ 16,418,215	\$ 586,215
Property:				
Property:	2,532,000	2,532,000	2,702,138	170,138
Payments in lieu of taxes	31,000	31,000	18,096	(12,904)
	<u>2,563,000</u>	<u>2,563,000</u>	<u>2,720,234</u>	<u>157,234</u>
Other:				
Gasoline	703,000	703,000	723,393	20,393
Cigarette	111,000	111,000	103,879	(7,121)
Rental	13,000	13,000	17,662	4,662
Wine	366,000	366,000	600,072	234,072
	<u>1,193,000</u>	<u>1,193,000</u>	<u>1,445,006</u>	<u>252,006</u>
Total taxes	19,588,000	19,588,000	20,583,455	995,455
Special assessments:	2,000	2,000	8,258	6,258
Licenses and permits:				
Occupational	7,926,000	7,926,000	8,243,007	317,007
Business:				
General	2,383,560	2,383,560	2,379,095	(4,465)
Lodging	458,000	458,000	408,643	(49,357)
Franchise fee	88,000	88,000	97,144	9,144
	<u>2,929,560</u>	<u>2,929,560</u>	<u>2,884,882</u>	<u>(44,678)</u>
Telecommunications fees	2,000	2,000	8,000	6,000
Permits and inspections	395,000	395,000	607,115	212,115
Total licenses and permits	11,252,560	11,252,560	11,743,004	484,444

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

DESCRIPTION	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Intergovernmental revenue:				
Shared county revenue:				
Motor vehicle license	95,000	95,000	104,533	9,533
Shared state revenue:				
Bank excise tax	47,000	47,000	114,461	67,461
Business privilege tax	69,000	69,000	68,142	(858)
Share of liquor tax profits	92,000	92,000	33,669	(58,331)
State asset forfeiture	-	25,145	87,208	62,063
	<u>208,000</u>	<u>233,145</u>	<u>303,480</u>	<u>70,335</u>
Shared federal revenue:				
Federal asset forfeiture	-	-	-	-
Other:				
Grants	-	-	-	-
Federal	-	-	-	-
State	-	-	-	-
Lee County	10,000	10,000	10,000	-
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total intergovernmental revenue	<u>313,000</u>	<u>338,145</u>	<u>418,013</u>	<u>79,868</u>
Charges for services:				
Administration	36,246	115,246	112,195	(3,051)
Other governments	<u>36,246</u>	<u>115,246</u>	<u>112,195</u>	<u>(3,051)</u>
Public safety:				
Board of Education	29,000	64,393	100,855	36,462
Federal Entities	76,600	76,600	-	(76,600)
Water Works Board	95,000	95,000	25,000	(70,000)
Other	50,000	50,000	50,000	-
Towing, fire calls, and fire training	2,000	2,000	1,560	(440)
	<u>252,600</u>	<u>287,993</u>	<u>177,415</u>	<u>(110,578)</u>

UNAUDITED

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

<i>DESCRIPTION</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Public Works:				
Clearing and grading	95,000	95,000	59,338	(35,662)
Health:				
Graves and monuments	159,000	159,000	112,700	(46,300)
Evergreen cemetery	2,000	2,000	-	(2,000)
	161,000	161,000	112,700	(48,300)
Culture and recreation:				
Entry fees and concessions	197,000	200,500	200,330	(170)
Total charges for services	741,846	859,739	661,978	(197,761)
Fines and forfeitures:				
Public safety:				
Fines and costs	476,000	476,000	430,640	(45,360)
Culture and recreation:				
Fines	-	-	21,790	
Total fines and forfeits	476,000	476,000	452,430	(45,360)
Miscellaneous revenues:				
Interest earnings	350,000	350,000	668,473	318,473
Other:				
Rental income	51,000	51,000	56,749	5,749
Contributions	-	18,326	28,610	10,284
Cemetery lots	168,000	168,000	95,750	(72,250)
Miscellaneous	48,000	48,489	1,125,617	1,077,128
Total other	267,000	285,815	1,306,726	1,020,911
Total miscellaneous revenues	617,000	635,815	1,975,199	1,339,384
Total revenues	32,990,406	33,152,259	35,842,337	2,690,078

UNAUDITED

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	110,548	110,548	111,261	713
Other	259,622	199,759	60,964	(138,795)
Total mayor	370,170	310,307	172,225	(138,082)
Administration:				
Personal services	174,941	174,941	185,978	11,037
Services provided to other funds	(1,200)	(1,200)	(1,200)	-
Other	305,550	352,802	220,408	(132,394)
Total administration	479,291	526,543	405,186	(121,357)
Legislative - City Clerk:				
Personal services	130,761	130,761	129,483	(1,278)
Other	268,650	217,650	476,909	259,259
Total legislative	399,411	348,411	606,392	257,981
Other:				
Revenue:				
Personal services	545,626	545,626	494,061	(51,565)
Services provided other funds	(446,819)	(446,819)	(446,819)	-
Other	143,266	143,322	113,600	(29,722)
Total other	242,073	242,129	160,842	(81,287)
Accounting:				
Personal services	298,404	298,404	300,648	2,244
Services provided other funds	(96,000)	(96,000)	(96,000)	-
Other	95,406	107,628	57,980	(49,648)
Total accounting	297,810	310,032	262,628	(47,404)
Community relations:				
Personal services	55,080	55,080	55,568	488
Other	67,910	71,460	50,429	(21,031)
Total community relations	122,990	126,540	105,997	(20,543)

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Information technology:				
Personal services	487,379	484,979	428,679	(56,300)
Services provided other funds	(121,564)	(121,564)	(123,070)	(1,506)
Other	362,859	386,212	372,662	(13,550)
	<u>728,674</u>	<u>749,627</u>	<u>678,271</u>	<u>(71,356)</u>
Judicial:				
Personal services	214,396	214,241	250,283	36,042
Other	118,685	155,302	140,083	(15,219)
	<u>338,081</u>	<u>369,543</u>	<u>390,366</u>	<u>20,823</u>
Human resources administration:				
Personal services	188,099	188,099	192,635	4,536
Other	103,149	126,353	68,075	(58,278)
	<u>291,248</u>	<u>314,452</u>	<u>260,710</u>	<u>(53,742)</u>
Planning:				
Personal services	230,787	230,787	214,630	(16,157)
Other	60,239	80,067	52,128	(27,939)
	<u>291,026</u>	<u>310,854</u>	<u>266,758</u>	<u>(44,096)</u>
Purchasing:				
Personal services	200,420	200,420	213,732	13,312
Services provided other funds	(22,978)	(22,978)	(22,978)	-
Other	15,800	15,635	7,608	(8,027)
	<u>193,242</u>	<u>193,077</u>	<u>198,362</u>	<u>5,285</u>
Nondepartmental:				
Auburn-Opelika Airport	151,647	151,647	28,780	(122,867)
Lee-Russell Council of Governments	96,250	96,250	96,250	-
Opelika Chamber of Commerce	61,450	61,450	61,450	-
Opelika Industrial Development Authority	125,000	125,000	125,000	-
Lee County Extension Service	10,000	10,000	10,000	-
Envision Opelika	50,000	51,000	51,000	-
Downtown Development Authority	4,500	4,500	4,500	-
Main Street, Inc.	18,000	19,500	19,500	-
Other	-	6,000	6,000	-
	<u>516,847</u>	<u>525,347</u>	<u>402,480</u>	<u>(122,867)</u>
Total other	<u>3,021,991</u>	<u>3,141,601</u>	<u>2,726,414</u>	<u>(415,187)</u>
Total general government	<u>4,270,863</u>	<u>4,326,862</u>	<u>3,910,217</u>	<u>(416,645)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Public safety:				
Police:				
Personal services	5,431,550	5,483,947	5,475,593	(8,354)
Other	1,069,096	1,168,640	1,118,967	(49,673)
Total police	<u>6,500,646</u>	<u>6,652,587</u>	<u>6,594,560</u>	<u>(58,027)</u>
Fire:				
Personal services	3,529,254	3,561,969	3,548,558	(13,411)
Other	405,530	421,883	367,059	(54,824)
Total fire	<u>3,934,784</u>	<u>3,983,852</u>	<u>3,915,617</u>	<u>(68,235)</u>
Other:				
Nondepartmental:				
National Guard	1,000	1,000	1,000	-
Juvenile Court	10,000	10,000	10,000	-
Lee County Emergency Management	31,500	31,500	31,500	-
Emergency Medical Service	289,476	289,476	289,476	-
Total other	<u>331,976</u>	<u>331,976</u>	<u>331,976</u>	<u>-</u>
Total public safety	<u>10,767,406</u>	<u>10,968,415</u>	<u>10,842,153</u>	<u>(126,262)</u>
Public works:				
Highways and streets				
Personal services	-	-	11,459	11,459
Other	801,528	817,634	764,525	(53,109)
Total highways and streets	<u>801,528</u>	<u>817,634</u>	<u>775,984</u>	<u>(41,650)</u>
Engineering:				
Personal services	386,917	386,917	393,862	6,945
Other	102,556	220,759	151,278	(69,481)
Total engineering	<u>489,473</u>	<u>607,676</u>	<u>545,140</u>	<u>(62,536)</u>

UNAUDITED

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Other:				
Administration:				
Personal services	34,696	34,696	34,203	(493)
Services provided other funds	(33,000)	(33,000)	(33,000)	-
Other	263,669	263,669	259,949	(3,720)
	<u>265,365</u>	<u>265,365</u>	<u>261,152</u>	<u>(4,213)</u>
Cemetery:				
Personal services	-	-	-	-
Other	156,356	157,191	147,729	(9,462)
	<u>156,356</u>	<u>157,191</u>	<u>147,729</u>	<u>(9,462)</u>
Automotive shop:				
Personal services	270,762	297,184	270,524	(26,660)
Other	270,762	297,184	270,524	(26,660)
	<u>541,524</u>	<u>594,368</u>	<u>541,048</u>	<u>(53,320)</u>
Building maintenance:				
Personal services	247,596	254,818	241,953	(12,865)
Other	247,596	254,818	246,834	(7,984)
	<u>495,192</u>	<u>509,636</u>	<u>488,787</u>	<u>(20,849)</u>
Inspection:				
Personal services	251,218	251,218	251,013	(205)
Other	57,065	82,565	43,718	(38,847)
	<u>308,283</u>	<u>333,783</u>	<u>294,731</u>	<u>(39,052)</u>
Ground maintenance:				
Personal services	413,106	436,906	415,904	(21,002)
Other	413,106	436,906	415,904	(21,002)
	<u>826,212</u>	<u>873,812</u>	<u>831,808</u>	<u>(42,004)</u>
Total other	1,661,468	1,745,247	1,636,874	(108,373)
Total public works	2,952,469	3,170,557	2,957,998	(212,559)

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Health:				
Animal control:	38,649	38,649	40,137	1,488
Personal services	8,678	8,678	3,353	(5,325)
Other	47,327	47,327	43,490	(3,837)
Total health	254,798	258,697	254,860	(3,837)
Other:				
Nondepartmental:				
Lee County Health Department	45,000	45,000	41,250	(3,750)
East Alabama Mental Health	45,000	45,000	45,000	-
Valley Haven School	1,000	1,000	1,000	-
Lee County Humane Society	68,171	72,070	72,070	-
Stickle Cell Association	1,500	1,500	5,250	3,750
Substance Abuse	45,000	45,000	45,000	-
Other	1,800	1,800	1,800	-
Total other	207,471	211,370	211,370	-
Total other	254,798	258,697	254,860	(3,837)
Welfare:				
Other:				
Nondepartmental:				
East Alabama Services for the Elderly	10,000	10,000	10,000	-
Lee County Youth Development Center	28,000	28,000	28,000	-
Boys and Girls Clubs	25,000	25,000	25,000	-
Council on Human Relations	18,000	18,000	18,000	-
Other	-	20,000	20,000	-
Total welfare	81,000	101,000	101,000	-

UNAUDITED

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Culture and recreation:				
Parks and recreation:				
Personal services	1,185,264	1,209,715	1,182,130	(27,585)
Other	1,276,002	1,351,893	1,336,516	(15,377)
Total parks and recreation	2,461,266	2,561,608	2,518,646	(42,962)
Library:				
Personal services	381,166	381,166	353,130	(28,036)
Other	129,730	232,042	169,761	(62,281)
Total library	510,896	613,208	522,891	(90,317)
Other:				
Nondepartmental:				
Opelika Tree Commission	7,000	7,000	7,000	-
Keep Opelika Beautiful	35,000	35,000	35,000	-
Museum of East Alabama	24,000	24,000	24,000	-
Opelika Arts Association	15,000	15,000	15,000	-
Indian Pines Recreational Authority	-	-	-	-
Envision Opelika	-	2,000	2,000	-
Total other	81,000	83,000	83,000	-
Total culture and recreation	3,053,162	3,257,816	3,124,537	(133,279)
Economic Development:				
Personal services	247,651	251,351	251,999	648
Other	470,150	738,634	622,689	(115,945)
Total	717,801	989,985	874,688	(115,297)
Nondepartmental:				
Incentives	-	-	-	-
Industrial grant	-	-	-	-
Total	-	-	-	-
Total economic development	717,801	989,985	874,688	(115,297)
Education:	2,500,000	2,508,300	2,508,300	-
Capital Outlay:	3,225,000	5,064,728	3,014,534	(2,050,194)

UNAUDITED

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007

FUNCTION/DEPARTMENT/OBJECT	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Debt service:				
Principal	1,018,842	1,018,842	1,018,841	(1)
Interest	412,126	412,126	459,714	47,588
Trustee fees	15,000	15,000	11,245	(3,755)
Total debt service	1,445,968	1,445,968	1,489,800	43,832
Total expenditures	29,268,467	32,092,325	29,078,087	(3,014,238)
Excess of revenues over (under) expenditures	3,721,939	1,059,934	6,764,250	5,704,316
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Capital lease	-	-	177,015	(131,485)
Sale of fixed assets	-	45,530	2,743,085	-
Transfers from Electric Utility Fund	2,743,085	2,743,085	-	-
Transfers from Sewer Fund	-	-	-	-
Transfers from Solid Waste Collection Fund	-	-	-	-
Transfers from Nonmajor Capital Project Fund	-	-	20,222	(2,222)
Transfers from Garden Hills Cemetery Trust Fund	18,000	18,000	28,117	(28,117)
Transfers from General Obligation Debt Service Fund	-	-	(32,280)	-
Transfers to Sewer Fund	-	(32,280)	-	(276,669)
Transfers to General Obligation Debt Service Funds	(1,715,000)	(1,715,000)	(1,438,331)	(1,469)
Transfers to 2003A General Obligation Warrants Debt Service Fund	(1,361,000)	(1,361,000)	(1,359,531)	(721,041)
Transfers to Sales Tax Reserve Fund	(2,638,500)	(2,638,500)	(1,917,459)	11,938
Transfers to Garden Hills Cemetery Perpetual Care Trust Fund	(12,000)	(12,000)	(23,938)	(350,468)
Transfers to Community Development Fund	(350,000)	(820,728)	(470,260)	-
Transfers to Solid Waste Collection Fund	(97,398)	(98,909)	(98,909)	-
Total other financing sources (uses)	(3,412,813)	(3,871,802)	(2,372,269)	(1,499,533)
Excess of revenues and other sources over (under) expenditures and other uses	309,126	(2,811,868)	4,391,981	7,203,849
Fund balance, beginning of year	13,500,552	13,500,552	13,500,552	-
Fund balance, end of year	\$ 13,809,678	\$ 10,688,684	\$ 17,892,533	\$ 7,203,849

CITY OF OPELIKA
 SCHOOL TAX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Revenues:				
Taxes:				
Property	\$ 4,070,000	\$ 4,070,000	\$ 4,765,071	\$ 695,071
Total revenues	<u>4,070,000</u>	<u>4,070,000</u>	<u>4,765,071</u>	<u>695,071</u>
Expenditures:				
Current:				
Education	1,610,700	1,610,700	2,314,375	703,675
Total expenditures	<u>1,610,700</u>	<u>1,610,700</u>	<u>2,314,375</u>	<u>703,675</u>
Excess of revenues over (under) expenditures	<u>2,459,300</u>	<u>2,459,300</u>	<u>2,450,696</u>	<u>(8,604)</u>
Other financing sources (uses):				
Transfers to Other Funds	(2,459,300)	(2,459,300)	(2,450,696)	8,604
Total other financing sources (uses)	<u>(2,459,300)</u>	<u>(2,459,300)</u>	<u>(2,450,696)</u>	<u>8,604</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNAUDITED

SUPPLEMENTARY INFORMATION

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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, 2007

	<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	\$ 6,610,089	\$ 62,906	\$ 873,778	\$ -	\$ 7,546,773
Cash with fiscal agent	-	-	46,661	-	46,661
Certificates of deposit	-	8,000	-	-	8,000
Investments	7,526	1,269,035	-	585,414	1,861,975
Receivables	-	-	-	5,109	5,109
Due from other funds	-	92,500	-	23,938	116,438
Due from other governments	426,483	-	259,048	-	685,531
Total assets	\$ 7,044,098	\$ 1,432,441	\$ 1,179,487	\$ 614,461	\$ 10,270,487
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 17,382	\$ -	\$ 41,830	\$ 951	\$ 60,163
Retainage Payable	-	-	-	-	-
Accrued payroll and benefits	1,872	-	-	-	1,872
Due to other funds	51,651	258,513	169,255	4,452	483,871
Due to other governments	-	-	-	-	-
Deferred revenues	6,023	-	259,048	-	265,071
Matured bonds and interest payable	-	625,679	-	-	625,679
Total liabilities	\$ 76,928	\$ 884,192	\$ 470,133	\$ 5,403	\$ 1,436,656
Fund Balances:					
Reserved for encumbrances	803,655	548,249	270,678	609,058	2,231,640
Unreserved, undesignated	6,163,515	-	438,676	-	6,602,191
Total fund balance	\$ 6,967,170	\$ 548,249	\$ 709,354	\$ 609,058	\$ 8,833,831
Total liabilities and fund balances	\$ 7,044,098	\$ 1,432,441	\$ 1,179,487	\$ 614,461	\$ 10,270,487

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2007

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	GARDEN HILLS CEMETERY PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:					
Intergovernmental	\$ 2,363,585	-	250,000	-	2,613,585
Investments income	277,733	44,483	28,799	62,707	413,722
Contributions	383,537	-	-	-	383,537
Other	-	-	48,452	-	48,452
Total revenues	<u>3,024,855</u>	<u>44,483</u>	<u>327,251</u>	<u>62,707</u>	<u>3,459,296</u>
Expenditures:					
Current:					
General government	1,735,824	-	-	3,690	1,739,514
Public safety	2,269	-	-	-	2,269
Public works	8,330	-	-	-	8,330
Welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Education	-	-	-	-	-
Economic development and urban rehabilitation	184,597	-	-	-	184,597
Capital outlay	1,110,683	-	425,321	-	1,536,004
Debt service:					
Principal retirement	-	3,435,000	-	-	3,435,000
Interest	-	1,820,753	-	-	1,820,753
Bond issue costs	-	-	-	-	-
Total expenditures	<u>3,041,703</u>	<u>5,255,753</u>	<u>425,321</u>	<u>3,690</u>	<u>8,726,467</u>
Excess of revenues over (under) expenditures	<u>(16,848)</u>	<u>(5,211,270)</u>	<u>(98,070)</u>	<u>59,017</u>	<u>(5,267,171)</u>
Other financing sources (uses):					
Proceeds of general long term debt	-	-	-	-	-
Proceeds of refunding bonds	-	-	(250,000)	-	(250,000)
Appropriations	2,298,398	5,248,557	396,305	23,938	7,967,198
Transfers from governmental funds	-	-	-	-	-
Transfers from proprietary funds	-	-	-	-	-
Transfers to governmental funds	(306,984)	(2,763)	(25,353)	(20,222)	(355,322)
Transfers to proprietary funds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>1,991,414</u>	<u>5,245,794</u>	<u>120,952</u>	<u>3,716</u>	<u>7,361,876</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>1,974,566</u>	<u>34,524</u>	<u>22,882</u>	<u>62,733</u>	<u>2,094,705</u>
Fund balances, beginning of year	4,992,604	513,725	686,472	546,325	6,739,126
Fund balances, end of year	<u>\$ 6,967,170</u>	<u>\$ 548,249</u>	<u>\$ 709,354</u>	<u>\$ 609,058</u>	<u>\$ 8,833,831</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 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.

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

Community Development - This fund is used to account for the community development block grants that are funding revitalization projects for substandard housing in the government's jurisdiction and other grant revenues for community improvements.

Sales Tax Jail/Rec 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.

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, 2007

	\$6.07 STATE GASOLINE TAX FUND	\$6.04 & \$6.05 STATE GASOLINE TAX FUND	CAPITAL IMPROVEMENT FUND	COMMUNITY DEVELOPMENT FUNDS	WILD MAINTENANCE FUND	SALES TAX JAIL/BBC FUND	ROSEWATER CEMENTERY FUND	LOGGING TAX FUND	COOPER LIBRARY EXPENDABLE TRUST FUND	COMBINED TOTALS
-ASSETS										
Cash	\$ 142,378	\$ 31,152	\$ 214,946	\$ 79,866	\$ 2,102,224	\$ 3,792,970	\$ 22,007	\$ 224,546	\$ -	\$ 6,610,089
Investments	-	-	-	-	-	-	-	-	7,526	7,526
Due from other funds	13,251	10,511	-	32,084	-	351,500	-	19,337	-	426,483
Due from other governments	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 155,629	\$ 41,663	\$ 214,946	\$ 111,950	\$ 2,102,224	\$ 4,144,470	\$ 22,007	\$ 243,883	\$ 7,526	\$ 7,044,698
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	-	-	-	\$ 14,219	\$ -	-	\$ -	\$ 3,163	\$ -	\$ 17,382
Retainage Payable	-	-	-	-	-	-	-	-	-	-
Accrued payroll and benefits	-	-	-	1,872	-	-	-	-	-	1,872
Due to other funds	-	-	-	51,651	-	-	-	-	-	51,651
Due to other governments	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	6,023	-	-	-	-	-	6,023
Total liabilities	-	-	-	73,765	-	-	-	3,163	-	76,928
Fund balances:										
Reserve for contingencies	-	-	\$ 86,251	\$ 119,492	\$ 61,000	\$ 536,862	\$ 1,050	\$ -	\$ -	\$ 803,655
Unreserved, undesignated	155,629	41,463	128,695	(81,307)	2,042,224	3,607,608	20,957	240,720	7,526	6,153,515
Total fund balance	\$ 155,629	\$ 41,463	\$ 214,946	\$ 38,185	\$ 2,102,224	\$ 4,144,470	\$ 22,007	\$ 240,720	\$ 7,526	\$ 6,957,170
Total liabilities and fund balances	\$ 155,629	\$ 41,463	\$ 214,946	\$ 111,950	\$ 2,102,224	\$ 4,144,470	\$ 22,007	\$ 243,883	\$ 7,526	\$ 7,044,698

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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, 2007

	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION REFUNDING SCHOOL WARRANTS	GENERAL OBLIGATION SCHOOL WARRANTS	COMBINED TOTALS
ASSETS				
Cash	\$ 58,583	\$ 2,938	\$ 1,385	\$ 62,906
Certificates of deposit	8,000	-	-	8,000
Investments	763,834	-	505,201	1,269,035
Due from other funds	-	-	92,500	92,500
Due from other governments	-	-	-	-
Total assets	<u>\$ 830,417</u>	<u>\$ 2,938</u>	<u>\$ 599,086</u>	<u>\$ 1,432,441</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Due to other funds	\$ 258,513	-	-	\$ 258,513
Matured bonds and interest payable	164,709	-	460,970	625,679
Total liabilities	<u>423,222</u>	<u>-</u>	<u>460,970</u>	<u>884,192</u>
Fund balances:				
Reserved for debt service	407,195	2,938	138,116	548,249
Unreserved, undesignated	-	-	-	-
Total fund balance	<u>407,195</u>	<u>2,938</u>	<u>138,116</u>	<u>548,249</u>
Total liabilities and fund balances	<u>\$ 830,417</u>	<u>\$ 2,938</u>	<u>\$ 599,086</u>	<u>\$ 1,432,441</u>

CITY OF OPELIKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR DEBT SERVICE FUNDS
 SEPTEMBER 30, 2007

	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION REFUNDING SCHOOL WARRANTS	GENERAL OBLIGATION SCHOOL WARRANTS	COMBINED TOTALS
Revenues:				
Taxes:				
Property taxes	-	-	-	-
Miscellaneous:				
Investment income	31,369	217	12,897	44,483
Total revenues	<u>31,369</u>	<u>217</u>	<u>12,897</u>	<u>44,483</u>
Expenditures:				
Debt service:				
Principal retirement	1,900,000	-	1,535,000	3,435,000
Interest and fiscal charges	898,494	1,247	921,012	1,820,753
Bond issue costs	-	-	-	-
Total expenditures	<u>2,798,494</u>	<u>1,247</u>	<u>2,456,012</u>	<u>5,255,753</u>
Excess of revenues over (under) expenditures	<u>(2,767,125)</u>	<u>(1,030)</u>	<u>(2,443,115)</u>	<u>(5,211,270)</u>
Other financing sources (uses):				
Proceeds of general long term debt	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Transfers from governmental funds	2,797,862	1,246	2,449,449	5,248,557
Transfers from proprietary funds	-	-	-	-
Transfers to governmental funds	(207)	(2,536)	-	(2,763)
Transfers to proprietary funds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>2,797,655</u>	<u>(1,310)</u>	<u>2,449,449</u>	<u>5,245,794</u>
Excess of revenue and other sources over (under) expenditures and other uses	<u>30,530</u>	<u>(2,340)</u>	<u>6,334</u>	<u>34,524</u>
Fund balances, beginning of year	376,665	5,278	131,782	513,725
Fund balances, end of year	<u>\$ 407,195</u>	<u>\$ 2,938</u>	<u>\$ 138,116</u>	<u>\$ 548,249</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.

Recreation Center Fund – This fund is used to account for the construction of the new recreation facility funded by sales taxes.

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

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

Industrial Access Road Construction Fund – This fund is used to account for the construction for industrial access roads funded by state industrial access road grants.

CITY OF OPELIKA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2007

ASSETS	RECREATION CENTER	TIGER TOWN PROJECT	ROAD CONSTRUCTION	INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS	TOTALS
Cash	-	-	551,368	-	551,368
Cash with fiscal agent	-	46,661	-	-	46,661
Receivables	-	-	-	-	-
Due from other governments	-	-	-	259,048	259,048
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ 46,661	\$ 551,368	\$ 581,458	\$ 1,179,487

LIABILITIES AND FUND BALANCES

Liabilities:	-	-	-	-	-
Accounts payable	-	-	-	-	-
Retainage payable	-	-	-	41,830	41,830
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	-	-	-	169,255	169,255
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	259,048	259,048
Total liabilities	-	-	-	470,133	470,133
Fund balances:	-	-	-	-	-
Reserved for encumbrances	-	-	-	270,678	270,678
Unreserved, undesignated	-	46,661	551,368	(159,353)	438,676
Total fund balance	-	46,661	551,368	111,325	709,354
Total liabilities and fund balances	\$ -	\$ 46,661	\$ 551,368	\$ 581,458	\$ 1,179,487

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED SEPTEMBER 30, 2007

	RECREATION CENTER	TIGER TOWN PROJECT	ROAD CONSTRUCTION	INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS	TOTALS
Revenues:					
Intergovernmental	-	-	-	250,000	\$ 250,000
Interest	-	34	28,765	-	28,799
Other	-	-	-	48,452	48,452
Total revenues	-	34	28,765	298,452	327,251
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development and urban rehabilitation	-	-	-	-	-
Total current expenditures	-	-	-	-	-
Capital outlay	306,984	-	-	118,337	425,321
Total expenditures	306,984	-	-	118,337	425,321
Excess of revenue over (under) expenditures	(306,984)	34	28,765	180,115	(98,070)
Other financing sources (uses):					
Appropriations	-	-	-	(250,000)	(250,000)
Transfers from governmental funds	306,984	-	-	89,321	396,305
Transfers from proprietary funds	-	-	-	-	-
Transfers to governmental funds	-	-	-	(25,353)	(25,353)
Total other financing sources (uses)	306,984	-	-	(186,032)	120,952
Excess of revenues and other sources over (under) expenditures and other uses	-	34	28,765	(5,917)	22,882
Fund balances, beginning of year	-	46,627	522,603	117,242	686,472
Fund balances, end of year	-	\$ 46,661	\$ 551,368	\$ 111,325	\$ 709,354

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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, 2007

	WORKMEN'S COMPENSATION INSURANCE FUND	WORKER'S HEALTH INSURANCE FUND	COMBINED TOTALS
ASSETS			
Current assets:			
Cash	\$ 1,759,549	\$ 247,587	\$ 2,007,136
Due from other funds	16,690	874	17,564
Total current assets	1,776,239	248,461	2,024,700
Other assets:			
Deposits	19,229	13,237	32,466
Total assets	\$ 1,795,468	\$ 261,698	\$ 2,057,166
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 20,699	\$ 28,604	\$ 49,303
Due to other funds	72,586	-	72,586
Liability for unpaid claims	162,274	194,000	356,274
Deferred revenues	-	135,095	135,095
Total current liabilities	255,559	357,699	613,258
Long-term liabilities:			
Liability for unpaid claims	209,945	-	209,945
Total liabilities	465,504	357,699	823,203
Unrestricted net assets	1,329,964	(96,001)	1,233,963
Total net assets	\$ 1,329,964	\$ (96,001)	\$ 1,233,963

NET ASSETS

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2007

	WORKMEN'S COMPENSATION INSURANCE FUND	WORKER'S HEALTH INSURANCE FUND	COMBINED TOTALS
Operating revenues:			
Charges for insurance	\$ 426,731	\$ 2,015,239	\$ 2,441,970
Operating expenses:			
Insurance claims and expenses	<u>189,634</u>	<u>1,960,323</u>	<u>2,149,957</u>
Operating income (loss)	237,097	54,916	292,013
Nonoperating revenues and (expenses):			
Interest revenue	98,225	1,169	99,394
Operating transfer in (out)	<u>(481,327)</u>	<u>481,327</u>	<u>-</u>
Change in net assets	(146,005)	537,412	391,407
Net assets, beginning of year	<u>1,475,969</u>	<u>(633,413)</u>	<u>842,556</u>
Net assets, end of year	<u>\$ 1,329,964</u>	<u>\$ (96,001)</u>	<u>\$ 1,233,963</u>

CITY OF OPELIKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2007

	<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	\$ 413,290	\$ 2,100,989	\$ 2,514,279
Payments to suppliers and others	(62,588)	(471,575)	(534,163)
Claims paid	(169,721)	(1,864,323)	(2,034,044)
Net cash provided by (used in) operating activities	<u>180,981</u>	<u>(234,909)</u>	<u>(53,928)</u>
Cash flows from noncapital financing activities:			
(Payment) receipt on interfund balance	(481,327)	481,327	-
Net cash (used in) provided by noncapital investing activities	<u>(481,327)</u>	<u>481,327</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	98,225	1,169	99,394
Net cash provided by investing activities	<u>98,225</u>	<u>1,169</u>	<u>99,394</u>
Net (decrease) increase in cash and cash equivalents	(202,121)	247,587	45,466
Cash and cash equivalents - beginning of year	1,961,670	-	1,961,670
Cash and cash equivalents - end of year	<u>\$ 1,759,549</u>	<u>\$ 247,587</u>	<u>\$ 2,007,136</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 237,097	\$ 54,916	\$ 292,013
Change in assets and liabilities:			
Due from other funds	(13,441)	(874)	(14,315)
Deposits	-	83,692	83,692
Accounts payable	(62,588)	(471,575)	(534,163)
Liability for unpaid claims	19,913	96,000	115,913
Deferred revenue	-	2,932	2,932
Net cash provided by (used in) operating activities	<u>\$ 180,981</u>	<u>\$ (234,909)</u>	<u>\$ (53,928)</u>

SUPPLEMENTAL SCHEDULES

CITY OF OPELIKA
SCHEDULE OF DEBT
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

Amount available and to be provided for the payment of long-term debt:	
General obligation debt:	
Amount available in debt service funds	\$ 399,309
Amount to be provided (for principal)	40,817,827
Other long-term debt:	
Amount available in debt service funds	-
Amount to be provided (for principal)	6,112,974
Total available and to be provided	<u>\$ 47,330,110</u>
Long-term debt outstanding:	
General obligation debt:	
Serial bonds and warrants:	
Warrants issued 1996, due serially to February 15, 2016	\$ 2,060,000
Warrants issued 1998, due in installments to July 1, 2014	7,285,000
Warrants issued 2000, due in installments to October 1, 2025	6,125,000
Warrants issued 2002, due in installments to February 1, 2032	4,265,000
Warrants issued 2003, due in installments to April 1, 2023	10,815,000
Warrants issued 2004, due in installments to March 1, 2029	6,590,000
Total general obligation serial bonds and warrants	<u>37,140,000</u>
Other:	
Vacation, sick leave, workmen's compensation claims and other	2,337,136
Contract issued 2004, due in installments to October 1, 2009	40,000
Reserve Agreement dated as of June 1, 1998 with the Opelika Industrial Development Authority	1,700,000
Total general obligation other	<u>4,077,136</u>
Total general obligation debt	41,217,136
Other long-term debt	
Capital lease - public works equipment	110,974
RSA Inducement Agreement	325,000
Anticipated payments for principal due in accordance with the Annual Appropriation Agreement dated June 1, 1998 between the City of Opelika and the Opelika Industrial Development Authority	5,677,000
Total other long-term debt	<u>6,112,974</u>
Total long-term debt	<u>\$ 47,330,110</u>

CITY OF OPELIKA
SCHEDULE OF DEBT SERVICE
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	General Obligation Bonds and Warrants		Other Long-term Debt		Total General Long-term Debt	
	Principal	Interest	Principal	Interest	Principal	Total
2008	\$ 3,595,000	\$ 1,647,470	\$ 669,239	\$ 454,600	\$ 4,264,239	\$ 6,366,309
2009	3,750,000	1,477,652	411,735	438,558	4,161,735	6,077,945
2010	3,940,000	1,299,558	335,000	412,847	4,275,000	5,987,405
2011	3,550,000	1,138,417	360,000	392,531	3,910,000	5,440,948
2012	2,975,000	1,001,100	385,000	370,708	3,360,000	4,731,808
2013	3,260,000	865,164	415,000	347,378	3,675,000	4,887,542
2014	2,085,000	750,262	445,000	322,202	2,530,000	3,602,464
2015	960,000	654,636	480,000	295,180	1,440,000	2,389,816
2016	1,015,000	609,331	515,000	266,020	1,530,000	2,405,351
2017	765,000	568,604	550,000	234,722	1,315,000	2,118,326
2018	800,000	533,219	590,000	201,286	1,390,000	2,124,505
2019	835,000	495,456	635,000	165,420	1,470,000	2,130,876
2020	875,000	455,687	680,000	126,785	1,555,000	2,137,472
2021	920,000	413,596	730,000	85,428	1,650,000	2,149,024
2022	965,000	368,515	550,000	41,012	1,515,000	1,924,527
2023	1,015,000	320,214	102,000	6,916	1,117,000	1,444,130
2024	1,060,000	269,225	-	-	1,060,000	1,329,225
2025	1,120,000	215,344	-	-	1,120,000	1,335,344
2026	630,000	158,263	-	-	630,000	788,263
2027	660,000	128,747	-	-	660,000	788,747
2028	695,000	97,687	-	-	695,000	792,687
2029	725,000	65,084	-	-	725,000	790,084
2030	300,000	40,744	-	-	300,000	340,744
2031	315,000	24,984	-	-	315,000	339,984
2032	330,000	8,456	-	-	330,000	338,456
Vacation, sick, other:	-	-	2,337,136	-	2,337,136	2,337,136
	<u>\$ 37,140,000</u>	<u>\$ 13,607,415</u>	<u>\$ 10,190,110</u>	<u>\$ 4,161,591</u>	<u>\$ 47,330,110</u>	<u>\$ 65,099,116</u>

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2007

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 1996

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 2,060,000	2008	4.70%	\$ 185,000	\$ 99,798	\$ 284,798
1,875,000	2009	4.80%	195,000	90,770	285,770
1,680,000	2010	4.90%	205,000	81,068	286,068
1,475,000	2011	5.00%	215,000	70,670	285,670
1,260,000	2012	5.10%	225,000	59,557	284,557
1,035,000	2013	5.20%	240,000	47,580	287,580
795,000	2014	5.20%	250,000	34,840	284,840
545,000	2015	5.20%	265,000	21,450	286,450
280,000	2016	5.20%	280,000	7,280	287,280
			\$ 2,060,000	\$ 513,013	\$ 2,573,013

Note: Warrants mature February 15, each year as indicated. Interest is paid semi-annually on February 15 and August 15. For school improvements construction.

CITY OF OPELIKA
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2007

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

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE *	ANNUAL PRINCIPAL PAYMENTS **	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 5,390,000	2008	5.84%	\$ 225,000	\$ 314,776	\$ 539,776
5,165,000	2009	5.84%	240,000	301,636	541,636
4,925,000	2010	5.84%	255,000	287,620	542,620
4,670,000	2011	5.84%	275,000	272,728	547,728
4,395,000	2012	5.84%	295,000	256,668	551,668
4,100,000	2013	5.84%	315,000	239,440	554,440
3,785,000	2014	5.84%	335,000	221,044	556,044
3,450,000	2015	5.84%	360,000	201,480	561,480
3,090,000	2016	5.84%	385,000	180,456	565,456
2,705,000	2017	5.84%	410,000	157,972	567,972
2,295,000	2018	5.84%	440,000	134,028	574,028
1,855,000	2019	5.84%	470,000	108,332	578,332
1,385,000	2020	5.84%	505,000	80,884	585,884
880,000	2021	5.84%	540,000	51,392	591,392
340,000	2022	5.84%	340,000	19,856	359,856
			<u>\$ 5,390,000</u>	<u>\$ 2,828,316</u>	<u>\$ 8,218,316</u>

* A constant rate of 5.84% is assumed for disclosure purposes which is the variable rate in effect at 9-30-07. The Industrial Development Authority adopted the variable rate option at June 1, 2003. The variable rate is adjusted weekly by the Remarketing Agent. The variable rate is determined by the Remarketing Agent as the lowest rate which will, in the opinion of the Remarketing Agent, result in the market value of the bonds being 100% of the principal amount thereof on the determination date.

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

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

CITY OF OPELIKA
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2007

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

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE *	ANNUAL PRINCIPAL PAYMENTS **	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 1,987,000	2008	6.78%	\$ 65,000	\$ 134,719	\$ 199,719
1,922,000	2009	6.78%	75,000	130,312	205,312
1,847,000	2010	6.78%	80,000	125,227	205,227
1,767,000	2011	6.78%	85,000	119,803	204,803
1,682,000	2012	6.78%	90,000	114,040	204,040
1,592,000	2013	6.78%	100,000	107,938	207,938
1,492,000	2014	6.78%	110,000	101,158	211,158
1,382,000	2015	6.78%	120,000	93,700	213,700
1,262,000	2016	6.78%	130,000	85,564	215,564
1,132,000	2017	6.78%	140,000	76,750	216,750
992,000	2018	6.78%	150,000	67,258	217,258
842,000	2019	6.78%	165,000	57,088	222,088
677,000	2020	6.78%	175,000	45,901	220,901
502,000	2021	6.78%	190,000	34,036	224,036
312,000	2022	6.78%	210,000	21,154	231,154
102,000	2023	6.78%	102,000	6,916	108,916
			\$ 1,987,000	\$ 1,321,560	\$ 3,308,560

* Rate will be determined annually, June 1 at the Treasury Rate plus one eight-tenths percent annum. At June 30, 2007, the rate was 6.78%
 ** The sum of the anticipated payments under the 1998A and 1998B issues is equal to the sum of the Reserve Agreement and the Annual Appropriation Agreement shown on the Comparative Statements of General Long Term Debt.

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2007

GENERAL OBLIGATION WARRANTS, SERIES 1998

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 7,285,000	2008	4.10%	\$ 920,000	\$ 308,033	\$ 1,228,033
6,365,000	2009	4.10%	955,000	270,313	1,225,313
5,410,000	2010	4.20%	1,000,000	231,158	1,231,158
4,410,000	2011	4.25%	1,035,000	189,157	1,224,157
3,375,000	2012	4.25%	1,080,000	145,170	1,225,170
2,295,000	2013	4.30%	1,125,000	99,270	1,224,270
1,170,000	2014	4.35%	1,170,000	50,895	1,220,895
			<u>\$ 7,285,000</u>	<u>\$ 1,293,996</u>	<u>\$ 8,578,996</u>

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2007

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2000

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 6,125,000	2008	4.80%	\$ 215,000	\$ 327,440	\$ 542,440
5,910,000	2009	4.85%	225,000	317,120	542,120
5,685,000	2010	5.00%	235,000	306,208	541,208
5,450,000	2011	4.90%	250,000	294,458	544,458
5,200,000	2012	5.00%	260,000	282,208	542,208
4,940,000	2013	5.10%	275,000	269,208	544,208
4,665,000	2014	5.20%	285,000	255,182	540,182
4,380,000	2015	5.25%	300,000	240,362	540,362
4,080,000	2016	5.30%	320,000	224,612	544,612
3,760,000	2017	5.35%	335,000	207,652	542,652
3,425,000	2018	5.40%	355,000	189,730	544,730
3,070,000	2019	5.45%	370,000	170,560	540,560
2,700,000	2020	5.50%	390,000	150,396	540,396
2,310,000	2021	5.50%	415,000	128,945	543,945
1,895,000	2022	5.60%	435,000	106,120	541,120
1,460,000	2023	5.60%	460,000	81,760	541,760
1,000,000	2024	5.60%	485,000	56,000	541,000
515,000	2025	5.60%	515,000	28,840	543,840
			\$ 6,125,000	\$ 3,636,801	\$ 9,761,801

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2007

GENERAL OBLIGATION WARRANTS, SERIES 2002

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 4,265,000	2008	-	\$ -	\$ 212,505	\$ 212,505
4,265,000	2009	-	-	212,505	212,505
4,265,000	2010	-	-	212,505	212,505
4,265,000	2011	-	-	212,505	212,505
4,265,000	2012	-	-	212,505	212,505
4,265,000	2013	4.300%	130,000	209,710	339,710
4,135,000	2014	4.450%	135,000	203,911	338,911
4,000,000	2015	4.550%	140,000	197,723	337,723
3,860,000	2016	4.650%	150,000	191,050	341,050
3,710,000	2017	4.750%	155,000	183,881	338,881
3,555,000	2018	4.800%	160,000	176,360	336,360
3,395,000	2019	4.900%	170,000	168,355	338,355
3,225,000	2020	4.950%	180,000	159,735	339,735
3,045,000	2021	5.000%	190,000	150,530	340,530
2,855,000	2022	5.000%	200,000	140,780	340,780
2,655,000	2023	5.100%	210,000	130,425	340,425
2,445,000	2024	5.100%	220,000	119,460	339,460
2,225,000	2025	5.100%	230,000	107,985	337,985
1,995,000	2026	5.100%	240,000	96,000	336,000
1,755,000	2027	5.100%	255,000	83,378	338,378
1,500,000	2028	5.125%	270,000	69,956	339,956
1,230,000	2029	5.125%	285,000	55,734	340,734
945,000	2030	5.125%	300,000	40,744	340,744
645,000	2031	5.125%	315,000	24,984	339,984
350,000	2032	5.125%	330,000	8,456	338,456
			\$ 4,265,000	\$ 3,581,682	\$ 7,846,682

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, 2007

GENERAL OBLIGATION WARRANTS, SERIES 2003A

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 10,815,000	2008	5.00%	\$ 2,075,000	\$ 446,543	\$ 2,521,543
8,740,000	2009	5.00%	2,175,000	340,293	2,515,293
6,565,000	2010	5.00%	2,290,000	228,668	2,518,668
4,275,000	2011	3.30-4.00%	1,835,000	138,778	1,973,778
2,440,000	2012	5.25%	1,185,000	75,032	1,260,032
1,255,000	2013	3.50%	1,255,000	21,962	1,276,962
			\$ 10,815,000	\$ 1,251,276	\$ 12,066,276

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, 2007

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2004

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 6,590,000	2008	4.00%	\$ 200,000	\$ 253,151	\$ 453,151
6,390,000	2009	2.50%	200,000	246,651	446,651
6,190,000	2010	4.00%	210,000	239,951	449,951
5,980,000	2011	2.70%	215,000	232,849	447,849
5,765,000	2012	2.95%	225,000	226,628	451,628
5,540,000	2013	5.00%	235,000	217,434	452,434
5,305,000	2014	5.00%	245,000	205,434	450,434
5,060,000	2015	3.30%	255,000	195,101	450,101
4,805,000	2016	3.40%	265,000	186,389	451,389
4,540,000	2017	3.50%	275,000	177,071	452,071
4,265,000	2018	3.60%	285,000	167,129	452,129
3,980,000	2019	3.70%	295,000	156,541	451,541
3,685,000	2020	3.63%	305,000	145,556	450,556
3,380,000	2021	3.75%	315,000	134,121	449,121
3,065,000	2022	4.00%	330,000	121,615	451,615
2,735,000	2023	4.05%	345,000	108,029	453,029
2,390,000	2024	4.10%	355,000	93,765	448,765
2,035,000	2025	4.25%	375,000	78,519	453,519
1,660,000	2026	4.25%	390,000	62,263	452,263
1,270,000	2027	4.25%	405,000	45,369	450,369
865,000	2028	4.25%	425,000	27,731	452,731
440,000	2029	4.25%	440,000	9,350	449,350
			<u>\$ 6,590,000</u>	<u>\$ 3,330,647</u>	<u>\$ 9,920,647</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, 2007

MUNICIPAL LEASE WALKING EXCAVATOR - 2005

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 110,974	2008	4.60%	\$ 54,239	\$ 5,105	\$ 59,344
56,735	2009	4.60%	56,735	2,610	59,345
			<u>\$ 110,974</u>	<u>\$ 7,715</u>	<u>\$ 118,689</u>

Note: Payment due annually on August 15

**CITY OF OPELIKA
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2007**

LAND

<i>TOTAL PRINCIPAL OUTSTANDING</i>	<i>YEAR</i>	<i>INTEREST RATE</i>	<i>ANNUAL PRINCIPAL PAYMENTS</i>	<i>ANNUAL INTEREST PAYMENTS</i>	<i>TOTAL PRINCIPAL & INTEREST</i>
\$ 40,000	2008	5.00%	-	-	-
40,000	2009	5.00%	40,000	4,000	44,000
			\$ 40,000	\$ 4,000	\$ 44,000

Note: Payment due annually on October 1

CITY OF OPELIKA
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2007

RSA INDUCEMENT AGREEMENT

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS
\$ 325,000	2008	0.00%	\$ 325,000
			<u>\$ 325,000</u>

Note: Payment due monthly

STATISTICAL TABLES

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
1998	\$ 2,526,029	\$ 7,776,230	\$ 2,471,358	\$ 237,887	\$ 66,500	\$ 1,908,433	\$ 1,700,000	\$ 316,115	\$ 4,323,309	\$ 21,325,881
1999	2,440,078	8,065,045	2,610,691	253,337	66,500	2,002,084	1,700,000	438,065	4,667,078	22,242,878
2000	2,790,444	8,456,290	3,256,986	272,612	71,500	2,344,672	1,700,000	326,026	4,032,706	23,131,236
2001	2,877,934	9,126,114	3,064,511	267,515	81,500	2,272,254	9,737,250	336,942	4,766,599	32,530,619
2002	2,962,915	8,663,351	3,961,699	243,370	67,500	6,219,488	2,713,896	401,557	6,866,487	32,100,265
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	3,443,655	9,784,324	3,070,000	268,529	146,004	2,595,527	11,942,776	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	3,223,800	4,403,109	753,764	6,716,348	32,951,986
2007	5,649,731	10,844,422	2,966,328	254,880	101,000	3,124,537	4,822,675	1,059,285	6,745,553	35,568,391

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

Unaudited

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

FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTERGOVERNMENTAL	CHARGES FOR SERVICES	FINES AND FORFEITS	MISCELLANEOUS	TOTAL
1998	\$ 12,124,741	\$ 7,624,376	\$ 1,054,549	\$ 381,605	\$ 208,507	\$ 1,306,331	\$ 22,700,109
1999	12,328,704	7,975,739	972,475	239,413	183,212	3,228,573	24,928,116
2000	12,519,647	8,160,362	2,194,576	321,664	199,968	1,132,069	24,528,286
2001	13,371,139	8,399,219	994,460	355,490	283,654	1,063,060	24,467,022
2002	14,095,055	8,625,544	2,333,976	506,474	305,926	701,568	26,568,543
2003	14,970,194	8,772,293	1,523,655	481,568	360,832	489,509	26,598,051
2004	18,580,579	9,188,628	2,123,240	497,290	404,734	533,335	31,327,806
2005	20,704,066	10,395,227	2,193,638	611,337	390,888	755,931	35,051,087
2006	23,440,238	11,544,219	3,873,864	578,195	470,775	1,079,856	40,987,147
2007	25,282,961	11,743,004	3,136,030	536,735	452,430	2,915,544	44,066,704

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

Unaudited

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

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</u>
1998	\$ 2,425,963	\$ 1,897,346	\$ 4,323,309	\$ 21,325,881	20.3
1999	2,422,618	2,244,460	4,667,078	22,242,878	21.0
2000	1,814,460	2,218,246	4,032,706	23,131,236	17.4
2001	2,113,064	2,653,535	4,766,599	32,530,619	14.7
2002	4,367,796	2,498,691	6,866,487	32,100,263	21.4
2003	3,117,012	2,693,121	5,810,133	27,469,638	21.2
2004	3,266,247	2,440,039	5,706,286	38,846,267	14.7
2005	2,975,808	2,410,268	5,386,076	31,638,544	17.0
2006	4,285,705	2,430,643	6,716,348	32,951,986	20.0
2007	4,453,841	2,291,712	6,745,553	35,568,391	19.0

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>
1998	\$21,776,489 (1)
1999	23,405,495 (1)
2000	28,166,617 (1)
2001	32,081,744 (1)
2002	33,783,586 (1)
2003	37,275,288 (1)
2004	45,758,571 (1)
2005	47,873,371 (1)
2006	51,107,068 (1)
2007	58,407,258 (1)

(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	
1998	102,725,740	662,530,733	46,031,420	230,157,100	148,757,160	892,687,833	16.7
1999	108,115,540	675,722,125	39,986,100	199,930,500	148,101,640	875,652,625	16.9
2000	127,404,180	832,838,200	44,836,820	224,184,100	172,241,000	1,057,022,300	16.3
2001	139,945,800	868,783,400	45,378,300	251,568,700	185,324,100	1,120,352,100	16.5
2002	149,100,280	953,727,100	46,759,380	233,796,900	195,859,660	1,187,524,000	16.5
2003	151,285,640	965,124,566	47,091,260	235,456,300	198,376,900	1,200,580,866	16.5
2004	173,696,900	1,130,985,700	57,375,080	275,110,033	231,071,980	1,406,095,733	16.4
2005	184,368,960	1,210,213,500	59,132,740	283,768,967	243,501,700	1,493,982,467	16.3
2006	201,967,180	1,317,886,300	59,886,928	287,420,507	261,854,108	1,605,306,807	16.3
2007	233,821,420	1,522,260,000	62,839,600	301,995,700	296,661,020	1,824,255,700	16.3

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

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

Unaudited

Source - Lee County Revenue Commissioner

(1) Excludes value of motor vehicles

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

CITY OF OPELIKA
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS

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

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

Notes:
 Unaudited
 Source: Lee County Revenue Commissioner
 Taxes due - October 1
 Taxes Delinquent - January 1
 Penalties for delinquency - \$2.50 plus 6% interest
 Tax sale date - Usually May or June

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

FISCAL YEAR ENDED	POPULATION		ASSESSED VALUE	GROSS BONDED DEBT	GENERAL DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	
	CENSUS	NUMBER					BONDED DEBT PER CAPITA	TO ASSESSED VALUE
1998	1990	22,122	\$ 148,757,160	\$ 36,631,856 (1)	\$ 1,963,696	\$ 34,668,160	23.31	1,567
1999	1990	22,122	148,101,640	36,533,067 (1)	1,897,703	34,635,364	23.39	1,566
2000	2000	23,498	172,241,000	35,004,550 (1)	1,916,847	33,087,703	19.21	1,408
2001	2000	23,498	185,324,100	40,460,485 (1)	1,949,093	38,511,392	20.78	1,639
2002	2000	23,498	195,859,660	40,720,908 (1)	396,030	40,324,878	20.59	1,716
2003	2000	23,498	198,376,900	46,883,065 (1)	304,989	46,578,076	23.48	1,982
2004	2000	23,498	231,071,980	51,159,015 (1)	310,621	50,848,394	22.01	2,164
2005	2000	23,498	243,501,700	48,586,499	337,819	48,248,680	19.81	2,053
2006	2000	23,498	261,854,108	44,547,844	369,598	44,178,246	16.87	1,880
2007	2000	23,498	296,661,020	41,217,136	399,309	40,817,827	13.76	1,737

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, 2007

Assessed value of real and personal taxable property as of 9-30-06
 (including motor vehicles and excluding exempt property) (2)

\$ 282,139,080

Debt limit, twenty percent of assessed value (constitutional limitation) (1)

\$ 56,427,816

Outstanding General Obligation Debt:

\$ 37,140,000

Debt in governmental activities

9,820,000

Debt in business-type activities

1,700,000

Obligation per Reserve Agreement with Industrial
 Development Authority

2,384,140

Other long-term liabilities

\$ 51,044,140

Total general obligation debt for computation

Less: Bonds exempted from legal debt limit (1):

Bonds issued for schools:

1996 General Obligation School Warrants

2000 General Obligation School Warrants

2003 General Obligation Warrants, Series 2003A

(portion refunding 1993A School Warrants)

2004 General Obligation School Warrants

Total

2,060,000

6,125,000

3,830,000

6,590,000

18,505,000

Bonds issued for sewers:

RSA Inducement Agreement

1989 General Obligation Sewer Warrants, SRF-1, 2 and 3

2003 General Obligation Warrants, Series 2003A

(portion issued for treatment plant construction)

2003 General Obligation Warrants, Series 2003A

(portion issued for Tiger Town sewer construction)

2003 General Obligation Warrants, Series 2003A

(portion refunding 1993B warrants)

Total

150,000

2,010,000

6,145,000

2,507,934

1,565,000

12,477,934

Bonds issued for storm sewers:

2003 General Obligation Warrants, Series 2003A

(portion refunding 1993B warrants)

Total exempt bonds

260,000

31,342,934

NET BONDED INDEBTEDNESS

19,701,206

LEGAL DEBT MARGIN

\$ 36,726,610

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, 2007

	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)	\$ 41,217,136			
Other long-term debt	6,112,974			
Total long-term debt	47,330,110			
Less: amounts available for debt service	399,309			
Direct net debt	\$ 46,930,801	100%		\$ 46,930,801
Overlapping Debt				
Lee County, Alabama (fiscal year ending September 30, 2006)				
Net overlapping debt	\$ 21,169,251 (2)	22.1%		4,678,404
Total direct and overlapping debt				\$ 51,609,205

Notes:

Unaudited

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

(2) 2006 figure used as the 2007 figure was not yet available

CITY OF OPELIKA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION</u>	<u>PER CAPITA INCOME</u>	<u>MEDIAN AGE</u>	<u>PERCENT OF HIGH SCHOOL GRADUATES AMONG PERSONS OVER 25</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
1998 (2)	22,122	6,145 (1)	28.3	58.0	7,237	3.4%
1999 (2)	22,122	16,887	34.1	73.2	7,764	3.5%
2000 (3)	23,498	17,571	34.1	73.2	7,770	3.4%
2001 (3)	23,498	17,848	34.1	69.9	8,009	3.5%
2002 (4)	23,774	18,639	34.4	72.5	8,070	3.7%
2003 (4)	24,232	19,091	34.0	76.2	8,226	3.9%
2004 (4)	23,269	18,023	35.2	76.4	8,495	3.8%
2005 (4)	23,804	20,254	35.2	78.2	7,800	3.6%
2006 (4)	24,621	22,615	36.2	78.2	8,050	2.6%
2007 (4)	24,621	22,615	35.0	78.2	7,930	3.5%

Unaudited

(1) In 1979 dollars

(2) Source: 1990 Federal Census

(3) Source: 2000 Federal Census

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

CITY OF OPELIKA
CONSTRUCTION
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>COMMERCIAL CONSTRUCTION (1)</u>		<u>RESIDENTIAL CONSTRUCTION (1)</u>	
	<u>NUMBER OF UNITS</u>	<u>VALUE</u>	<u>NUMBER OF UNITS</u>	<u>VALUE</u>
1998	27	\$ 4,410,480	133	\$ 11,793,339
1999	29	57,988,372	91	10,177,283
2000	27	10,783,158	75	9,258,241
2001	21	21,481,875	75	9,009,212
2002	47	39,581,130	72	8,694,715
2003	28	22,130,394	109	14,307,453
2004	50	48,966,739	150	18,702,963
2005	40	109,523,664	160	25,321,272
2006	53	76,002,929	245	39,559,464
2007	61	38,959,089	290	53,919,771

Notes:

Unaudited

(1) Amounts shown are new construction only.

CITY OF OPELIKA
PRINCIPAL TAXPAYERS
 SEPTEMBER 30, 2007

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	TAX COLLECTED	PERCENT OF TOTAL ASSESSED VALUATION
Uniroyal/Michelin Tire	Industry/Manufacturer	\$ 32,911,260	\$ 1,684,191	11.1%
Wal-Mart	Wholesale product distributor	11,570,900	430,911	3.9%
THF Tiger Town, LLC	Commercial real estate	3,755,120	202,776	1.3%
Bell South Telecommunications, Inc.	Public utility	3,646,300	196,900	1.2%
Bentleyer Automotive Alabama, Inc.	Industry/Manufacturer	4,067,760	191,948	1.4%
Grand National Lodge Corp.	Lodging/Recreation	3,038,040	164,054	1.0%
Industrial Partners	Real estate development	2,069,840	111,771	0.7%
Opelika Portfolio L.P. (Lowe's)	Real estate development	2,058,940	111,183	0.7%
Target	Retail	1,979,780	106,908	0.7%
WCB Alabama Inc.	Industrial	3,320,700	102,942	1.1%
Total assessed value and tax collected for ten largest taxpayers		68,418,640	3,303,584	23.1%
Total assessed value of other taxpayers		228,242,380		76.9%
Total assessed value of all taxpayers		\$ 296,661,020		100.0%

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Amounts shown are assessed at 10-1-06 and collected during fiscal year ended 9-30-07

CITY OF OPELIKA
MISCELLANEOUS STATISTICS (1)
SEPTEMBER 30, 2007

Date of Incorporation	1854
Form of Government	Mayor-Council
Area	57 square miles
Miles of Streets:	
Paved	219
Unpaved	4
Fire Protection:	
Number of stations	4
Number of firefighters, paramedics and other personnel	65
Police Protection:	
Number of stations	1
Number of police officers and other personnel	98
Education:	
Attendance centers:	
Primary, intermediate and middle schools	7
Secondary schools	1
State colleges	1
Number of students	7,930
Auburn University, in adjoining Auburn, Alabama	24,147 enrollment
Sewers:	
Sanitary sewers	256 miles
Building permits:	
Number of permits	2,015
Estimated value of new construction and improvements	\$129,263,598
Recreation and culture:	
Number of parks and playgrounds	13 with 488 acres
Number of community centers	2
Number of golf courses (public and private)	3
Number of tennis courts	12
Number of libraries	1
Number of volumes	62515
City employees	356
(1) Unaudited	