

**CITY OF OPELIKA, ALABAMA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012**

LIST OF PRINCIPAL OFFICIALS OF THE CITY OF OPELIKA

ELECTED AND APPOINTED OFFICIALS

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

DEPARTMENT HEADS

*R. Mitchell Price, Controller
Lou Malloy, Interim Information Technology Director
Samuel S. Bailey, Parks and Recreation Director
Lisa G. McLeod, Human Resources Director
Gerald E. Kelley, Planning Director
Lillie Finley, Revenue Officer
Walter Dorsey, Engineering
Lori B. Huguley, Economic Development Director
Shirley C. Washington, Purchasing Agent
Steven A. Harmon, Opelika Power Services 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, 2012
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FINANCIAL SECTION



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, 2012, which collectively comprise the City's basic financial statements 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 the 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. These costs 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, 2012, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama as of September 30, 2012, 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.

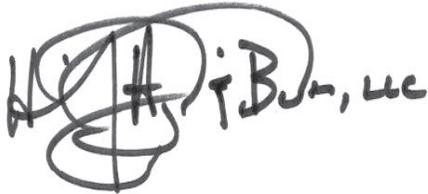
Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, school tax special revenue fund, the 2011 road construction fund, the 2011 school construction fund, the other nonmajor proprietary funds, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama, as of September 30, 2012, 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 1, 2013 on our consideration of the City of Opelika, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages VI through XV and 42 through 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Opelika, Alabama's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink, appearing to read "Himmelwright Huguley & Boles, LLC". The signature is stylized and somewhat illegible due to the cursive nature of the handwriting.

Opelika, Alabama
March 1, 2013

City of Opelika, Alabama

Management's Discussion and Analysis
For the Year Ended September 30, 2012
(Unaudited)

As management of the City of Opelika (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012.

FINANCIAL HIGHLIGHTS

- During fiscal year ending September 30, 2012, the City of Opelika issued \$62,560,000 General Obligation Warrants, Series 2011, dated December 1, 2011. As of August 1, 2011, the City increased the sales tax rate by 1% and pledged as much as may be necessary of the proceeds of the tax increase to the payment of the Warrants. The Warrants were issued for three purposes: (1) construction of school improvements for Opelika High School, (2) construction of various road construction projects and (3) refunding and redemption of the Series 2002 Warrants. The principal amount of the Warrants allocated to the School Improvements is \$38,925,000, to roads projects is \$19,450,000, and to refunding the 2002 Warrants \$4,185,000.
- Also during fiscal year ending September 30, 2012, the City of Opelika issued \$5,690,000 General Obligation Warrants, Series 2012, dated May 1, 2012. These Warrants were issued to advance refund the sewer improvement portion of the Series 2003-A Warrants.
- Opelika Power Services continues to use the proceeds from the 2011 Electric Revenue Warrants to build a fiber optic system throughout its territory and build a new facility for its operations. The fiber optic system will give Opelika Power Services the ability to deploy an advanced metering system, distribution automation system, and other smart grid technologies which will help lower the operating cost and in addition will increase the reliability of the system. Opelika Power Services will also use the system to offer video, voice, and data products to customers throughout the City of Opelika. Opelika Power Services will be building a new facility to replace its current facility. The fiber system and facility is on schedule and should be completed in May of 2013.
- The City of Opelika also issued a Telecommunications line of credit during fiscal year 2011. Opelika Power Services is using the proceeds from the Line of Credit to deliver video, voice, and data services to the residents of Opelika. The system will offer next generation TV service with Internet Protocol TV (IPTV), internet connectivity through high speed connections which the fiber will allow, and voice services. Video services were approved to be offered by a referendum of the voters of the City of Opelika. This system will offer the citizens of Opelika a choice for their telecommunication needs. Video, voice, and data services are on schedule and should be available to customers in May of 2013.
- The City of Opelika has completed a Fire Station using proceeds from the 2010B Recovery Zone Warrants. In addition, the proceeds of these warrants were used to fund three Sewer System projects. These projects are the Lift Station near Saughatchee Country Club,

boring under the interstate to connect with Celebrate Alabama, and the Fox Chase subdivision flow diversion.

- Even in the uncertain economic times in which we live, the City of Opelika's financial status remains very good. The City's third party ratings are an indication of the financial well-being of the City. Moody's Investor Services rates the City of Opelika (Aa2) and Standard & Poor's rates the City (AA). In fact, Standard & Poor's upgraded their rating of the City from AA- to AA in 2011.
- City-wide revenues for the fiscal year ending September 30, 2012 were \$93,582,387. This amount includes the Governmental Funds, Sewer, Solid Waste, Telecommunications and Opelika Power Services. City-wide expenditures for the year were \$86,200,019.
- The General Fund is the main fund of the City of Opelika. It provides funding for Police, Fire, Public Works, Parks and Recreation, Economic Development, the Library, Administrative departments, and debt payments. The funding for these activities are provided by Taxes, Licenses and Permits, Shared State and County revenues, Charges for Services, and other miscellaneous revenues.

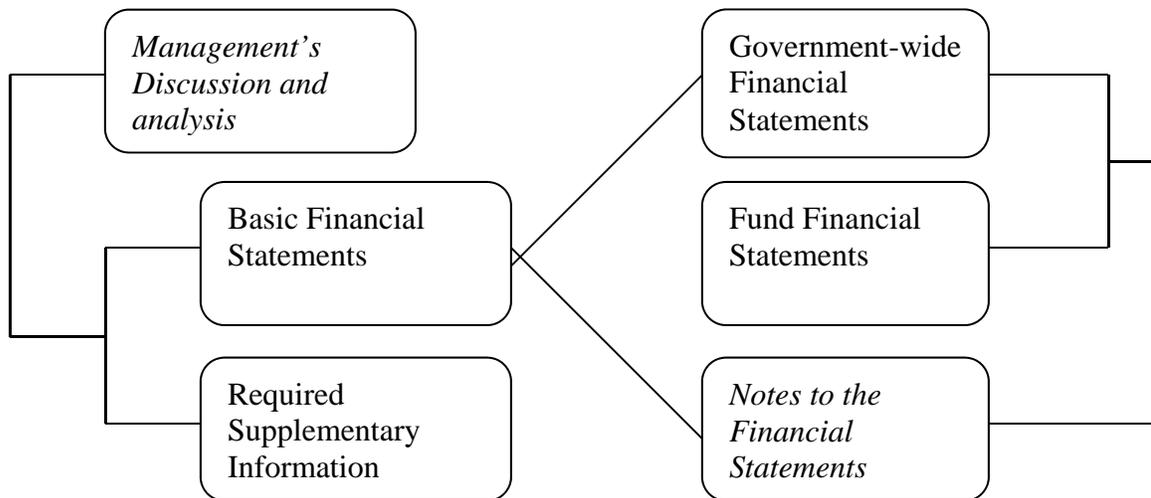
Overall General Fund revenues for the fiscal year ending September 30, 2012 of \$42,695,579 were 17% more than last year. Sales Tax collections of \$23,206,110 were 31% higher than last year. The increase in Sales Tax revenue was primarily the result of an increase in the Sales Tax rate for the City of Opelika from 3% to 4% of sales. Property Tax collections of \$3,022,010 were 1% below last year. Gasoline Taxes of \$807,269 were 9% more than last year. Occupational License Fees of \$8,317,240 were 3.6% more than last year.

The General Fund revenues of \$42,695,579 were 3% over the budget of \$41,297,510 for the year. General Fund expenditures of \$35,166,019 were 6% more than last year.

- The City continues to provide significant funding for capital assets. The City provides funding for equipment replacement in order to keep our work force efficient and safe. In addition, infrastructure is a priority for the City as we explain later in the capital assets section. The City continues to provide funding for resurfacing of the City's roads and streets. This year, resurfacing expenditures totaled \$998,762 which is a 32% increase over last year.
- Even though the construction schedules have been delayed because of the economic climate, progress continues on the Celebrate Alabama Project. Opelika Investment Properties has elected to delay completion of its site commitments under the Development Agreement. The site commitments include master grading of the project site and construction of a four-lane spine road. The City's obligation to cause the construction of the Exposition Center is conditioned upon the completion of the Opelika Investment Properties' site commitments. Accordingly, the City's obligation to construct the Exposition Center is delayed until Opelika Investment Properties completes its site commitments.

USING THIS ANNUAL REPORT

Basic Annual Financial Report



Reporting the City as a Whole

Our analysis of the City as a whole begins on page VIII. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statements of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the City's Most Significant Funds

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

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation at the bottom of the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net 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 that 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 a government's financial position. In the case of the City of Opelika, assets exceeded liabilities by \$150,473,579 as of September 30, 2012. This is an increase of 5% from last year. The increase is due primarily to cash balances and capital assets. Liabilities increased due to the issuance of the \$62,560,000 General Obligation Warrants, Series 2011.

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

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

CITY OF OPELIKA NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	112,806,826	51,510,022	39,737,803	54,375,275	152,544,629	105,885,297
Capital assets	106,020,415	102,461,885	73,366,227	50,987,268	179,386,642	153,449,153
Total Assets	<u>218,827,241</u>	<u>153,971,907</u>	<u>113,104,030</u>	<u>105,362,543</u>	<u>331,931,271</u>	<u>259,334,450</u>
Long term debt	115,178,294	58,560,639	38,791,301	38,382,519	153,969,595	96,943,158
Other liabilities	16,292,854	13,166,610	11,195,243	6,133,471	27,488,097	19,300,081
Total Liabilities	<u>131,471,148</u>	<u>71,727,249</u>	<u>49,986,544</u>	<u>44,515,990</u>	<u>181,457,692</u>	<u>116,243,239</u>
Net Assets:						
Invested in capital assets, net of related debt	73,195,081	71,276,759	45,543,601	40,182,149	118,738,682	111,458,908
Restricted	47,480,629	7,528,634	2,687,268	2,634,488	50,167,897	10,163,122
Unassigned	(33,319,617)	3,439,265	14,886,617	18,029,916	(18,433,000)	21,469,181
Total Net Assets	<u>87,356,093</u>	<u>82,244,658</u>	<u>63,117,486</u>	<u>60,846,553</u>	<u>150,473,579</u>	<u>143,091,211</u>

The government issued \$62,560,000 of General Obligation Warrants Series 2011 this year (see Financial Highlights). These warrants were issued to improve Opelika High School, construct roads and pay off the 2002 Warrants in order to get a better interest rate. Governmental assets increased significantly due the receipt of the proceeds from the Series 2011 Warrants. Assets in Business-type activities decreased somewhat due to the purchase of fiber project related materials and expenses. Capital assets for business-type activities increased as these fiber project materials and expenses were capitalized. Governmental long-term liabilities increased significantly due to the Series 2011 bond issue. The City's long-term liabilities include general obligation warrants, capital leases, compensated absences and revenue warrants. Additional information can be found at Footnote 8.

Net Assets shown in the governmental activities as Invested in Capital Assets, Net of Related Debt, is \$73,195,081. This amount consists of \$106,020,415 capital assets that are reduced by \$32,825,334 of related debt that was issued to finance acquisition of infrastructure assets. The \$32,825,334 that was issued to finance acquisition of infrastructure assets consists of \$19,450,000 of G.O. Warrants Series 2011, 2010B Warrants for \$1,190,072, 2010C Warrants for \$2,393,421 and Parks and Recreation Sportsplex Warrants for \$26,633,441, less unspent bond proceeds of \$15,200,317 and also deferred charges and debt issue costs of \$1,641,283.

CITY OF OPELIKA CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	2,499,021	2,325,734	41,003,776	39,650,837	43,502,797	41,976,571
Operating grants and contributions	349,871	483,124	-	-	349,871	483,124
Capital grants and contributions	1,166,268	968,114	588,040	137,743	1,754,308	1,105,857
General revenues:						
Taxes:						
Property	8,884,289	9,195,104	-	-	8,884,289	9,195,104
Sales	23,291,122	17,624,134	-	-	23,291,122	17,624,134
Other	2,086,425	1,855,082	-	-	2,086,425	1,855,082
Licenses and permits	12,386,893	11,738,352	-	-	12,386,893	11,738,352
Grants and contributions not restricted to specific programs	30,293	62,857	-	-	30,293	62,857
Unrestricted investment earnings	350,496	243,809	116,037	155,128	466,533	398,937
Gain on sale of capital assets	73,731	7,222	82,259	37,273	155,990	44,495
Miscellaneous	273,498	130,601	400,368	452,028	673,866	582,629
Total revenues	51,391,907	44,634,133	42,190,480	40,433,009	93,582,387	85,067,142
Expenses:						
General government	5,005,444	4,917,681	-	-	5,005,444	4,917,681
Public safety	13,736,199	13,363,571	-	-	13,736,199	13,363,571
Public works	5,472,301	5,325,384	-	-	5,472,301	5,325,384
Health	285,025	285,290	-	-	285,025	285,290
Welfare	120,000	115,750	-	-	120,000	115,750
Culture and recreation	6,583,376	6,529,477	-	-	6,583,376	6,529,477
Education	12,995,088	7,535,102	-	-	12,995,088	7,535,102
Economic development and urban rehabilitation	1,411,559	1,168,131	-	-	1,411,559	1,168,131
Interest on long-term debt	3,864,329	2,489,791	-	-	3,864,329	2,489,791
Electric	-	-	30,990,802	30,880,705	30,990,802	30,880,705
Sewer	-	-	3,310,900	3,251,228	3,310,900	3,251,228
Solid Waste	-	-	2,380,230	2,200,006	2,380,230	2,200,006
Telecommunications	-	-	44,766	635	44,766	635
Total expenses	49,473,321	41,730,177	36,726,698	36,332,574	86,200,019	78,062,751
Increases in net assets before transfers	1,918,586	2,903,956	5,463,782	4,100,435	7,382,368	7,004,391
Transfers	3,192,849	2,587,536	(3,192,849)	(2,587,536)	-	-
Increase in net assets	5,111,435	5,491,492	2,270,933	1,512,899	7,382,368	7,004,391

The City of Opelika increased the sales tax rate from 3% to 4% of retail sales as of August 1, 2011. This increase in rate explains the significant increase in sales tax revenue from 2011 to 2012. Property Tax collections were 3% less than last year. Investment revenues continued to decrease due to the decrease in interest rates which resulted from the economic downturn. Overall governmental revenue increased 15% from the prior year.

Business Type revenues increased 4% over the previous year. Government-wide revenues increased 10%, while Government-wide expenses increased 10%. The most significant increase in expense is found in the education appropriation which has a 72% increase. The increase in the education appropriation is a result of paying the schools' portion of the Series 2011 G.O. Warrant proceeds over to the school board for payment of invoices for the Opelika High School construction.

THE CITY FUNDS

Governmental Funds

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

As the City completed the year, its governmental funds (as presented in the balance sheet on pages four and five) reported a combined fund balance of \$89,789,265. The General Fund's total fund balance is \$28,120,953. The General Fund's Unassigned Fund Balance is 20,850,093.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The only difference in the business-type activities on pages one and two, and the Statement of Net Assets, proprietary funds on pages 10 and 11, is the reclassification of the internal service funds to governmental activities. The internal service funds are included in governmental activities on the government-wide financial statements. This difference is shown on the Statement of Revenues, Expenses and Changes in Net Assets, proprietary funds at the bottom of page twelve.

The net assets of the Electric, Sewer, Cable, and Solid Waste Collection Funds increased 3.7% to \$62,847,686.

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, 2012. The most significant adjustments are itemized below:

- 1) \$454,719, Public Safety Software and equipment.
- 2) \$382,777, Transfer to 2010B Construction Fund for fire station.
- 3) \$205,514, Realignment of Shannon Court.
- 4) \$145,702, Evergreen Cemetery – new section.
- 5) \$118,000, Information Technology equipment – Blade servers, software and drives.
- 6) \$ 79,730, Resurface one mile segment of Ridge Road.
- 7) \$ 75,639, Surveying Gateway Drive/Highway 280 intersection.
- 8) \$ 68,300, North Park Drive design plans.
- 9) \$ 62,670, Paving Village at Waterford.
- 10) \$ 48,903, Resurfacing Estates Subdivision.
- 11) \$ 48,288, Penn Yonge house at Springvilla.
- 12) \$ 32,000, Playground resurfacing at Municipal Park
- 13) \$ 28,554, Mitigation cost for Fox Run Avenue extension
- 14) \$ 26,500, Demolition of buildings
- 15) \$ 22,860, Alabama Criminal Justice Information Center NCIC system.

In addition to these adjustments, the Library Board contract authorizes budget carry-forwards. The Library carry-forward was \$123,123 and the City-wide budget resolution encumbrance carry-forward was \$11,309,823. A large portion of this carryforward consisted of Purchase orders for the Opelika Power fiber project.

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, 2012, amounted to \$179,386,642 (net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, systems, improvements other than buildings, equipment, infrastructure and construction in progress. See Footnote 6 for additional capital asset information.

This year's major additions to capital assets included:

1) Road construction and maintenance.	\$3,338,540
2) General fixed asset vehicles and equipment	1,036,611
3) Fire station	1,278,715
4) Paving new roads in Evergreen Cemetery	99,329
5) Opelika Power System buildings	6,794,712
6) Opelika Power system additions (including Fiber Project)	10,487,972
7) Opelika Power vehicles and equipment	1,251,085
8) Telecommunication system additions	3,911,958
9) Sewer system additions	1,420,563
10) Sewer vehicles and equipment	57,301
11) Solid Waste equipment additions	83,500
12) Solar grant	168,280
13) Road construction projects with shared ALDOT funding	1,269,547
14) Recycling grant	26,479

Capital Assets at Year-end Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	9,656,496	9,683,496	874,722	450,950	10,531,218	10,134,446
Buildings and improvements	34,129,412	33,271,568	54,582	57,752	34,183,994	33,329,320
System	-	-	45,227,069	43,295,630	45,227,069	43,295,630
Improvements other than buildings	2,831,960	2,870,071	-	-	2,831,960	2,870,071
Equipment	5,399,208	5,046,871	2,984,642	3,000,071	8,383,850	8,046,942
Infrastructure	51,468,073	49,823,556	-	-	51,468,073	49,823,556
Construction in process	2,535,266	1,766,323	24,225,212	4,182,865	26,760,478	5,949,188
Total	106,020,415	102,461,885	73,366,227	50,987,268	179,386,642	153,449,153

Debt Administration

As of September 30, 2012, the City of Opelika had total city-wide General Obligation Warrants, Revenue Warrants and Telecommunications line of credit of \$153,969,595.

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

Maximum general obligation debt that cities can issue (with certain exclusions for debt issued for schools, sewers and storm sewers) is 20% of the assessed value of real and personal property. As of September 30, 2012, the City had approximately \$27,629,730 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 was composed of the following items:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	83,291,432	28,363,700	9,425,000	9,625,000	92,716,432	37,988,700
Other long-term debt	-	-	29,311,667	28,598,311	29,311,667	28,598,311
Capital leases	26,610,000	27,159,966	-	-	26,610,000	27,159,966
Deferred amounts of refunding	(294,224)	(212,516)	(265,682)	(43,189)	(559,906)	(255,705)
Unamortized premiums/discounts	2,646,904	329,997	(93,358)	(186,412)	2,553,546	143,585
Compensated absences	2,509,237	2,453,272	413,674	388,809	2,922,911	2,842,081
Claims and judgements	414,945	466,220	-	-	414,945	466,220
Total	115,178,294	58,560,639	38,791,301	38,382,519	153,969,595	96,943,158

ECONOMIC FACTORS

The unemployment rate for Lee County continues to decline. It is currently at 5.6% which is significantly lower than the state overall unemployment rate of 7.5%.

Opelika continues to see growth on the industrial front. In 2012, 122 new jobs from existing industry expansions were announced along with \$59.5 million of additional capital investment. Existing companies announcing expansions include Hanwha, Daewon, Mando and Jo-Ann Stores Distribution Center. During existing industry visits to Wal-Mart Distribution Center and PCA, it was reported that business is good and managers are very satisfied with their workforce.

Since 2005, Opelika has announced 2,023 new industrial jobs and an investment of over \$545 million. The future also looks bright with the new Pharmavite facility scheduled to begin production in January 2013. At start-up, there will be 200 new jobs and the investment is \$76 million. Economic development activity on the industrial side is at an all-time high.

Retail is also growing in Opelika. A new 13-Screen Carmike theater is set for construction off I-85 in the Capps Landing Development. A new Gander Mountain store was constructed and is already open for business. Tiger Town continues to grow with the construction and opening of a new Shoe Station, American Family Practice, Dental office, Men's Warehouse and a new bank. Existing business Kinnucan's has expanded and taken more space and the vacated space was quickly filled with an AU Fan Store.

Older retail developments are also getting new life. Mid-way Plaza has a new owner and improvements are being made to update and upgrade the center with plans for attracting new tenants.

Downtown Opelika is alive with new businesses and restaurants including a new Niffer's location and Las Margaritas.

FINANCIAL CONTACT

This financial report is designed to provide our citizens, taxpayers, customers, 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, 2012

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and cash equivalents	\$ 19,388,284	\$ 6,629,057	\$ 26,017,341
Certificates of deposit	17,495,000	12,924,213	30,419,213
Receivables:			
Accounts and unbilled service receivable, net	-	3,993,408	3,993,408
Sales and use tax	2,285,819	-	2,285,819
Occupational license tax	2,160,040	-	2,160,040
Property taxes	2,689,804	-	2,689,804
Fines and forfeitures	517,717	-	517,717
Other	2,499,347	18,421	2,517,768
Due from other governments	1,195,132	812,521	2,007,653
Inventory of supplies, at cost	165,180	2,084,965	2,250,145
Restricted assets:			
Temporarily restricted:			
Cash with fiscal agent	1,569,105	12,524,915	14,094,020
Receivable for property taxes, restricted for school purposes	5,472,368	-	5,472,368
Investments	54,906,943	-	54,906,943
Permanently restricted:			
Investments	732,530	-	732,530
Deferred charges and debt issue costs	1,641,283	737,872	2,379,155
Other	88,274	12,431	100,705
Capital assets:			
Land	9,656,496	874,722	10,531,218
Building	42,609,151	264,695	42,873,846
System improvements other than buildings	5,049,018	86,792,249	91,841,267
Equipment	15,820,001	6,554,500	22,374,501
Infrastructure	66,964,840	-	66,964,840
Construction work in progress	2,535,266	24,225,212	26,760,478
Total original cost	142,634,772	118,711,378	261,346,150
Less: accumulated depreciation	(36,614,357)	(45,345,151)	(81,959,508)
Capital assets, net	106,020,415	73,366,227	179,386,642
Total assets	\$ 218,827,241	\$ 113,104,030	\$ 331,931,271

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<i>LIABILITIES</i>			
Accounts payable	\$ 4,516,379	\$ 9,001,947	\$ 13,518,326
Accrued payroll and benefits	443,770	64,527	508,297
Retainage payable	38,483	429,907	468,390
Accrued interest payable	1,818,026	244,078	2,062,104
Due to other funds	869,422	(869,422)	-
Due to other governments	309,604	-	309,604
Deferred revenue	8,297,170	137,045	8,434,215
Long-term liabilities:			
Due within one year	5,332,497	545,000	5,877,497
Due in more than one year	109,845,797	38,246,301	148,092,098
Customer deposits	-	2,187,161	2,187,161
Total liabilities	<u>131,471,148</u>	<u>49,986,544</u>	<u>181,457,692</u>
<i>NET ASSETS</i>			
Invested in capital assets, net of related debt	73,195,081	45,543,601	118,738,682
Restricted net assets	47,480,629	2,687,268	50,167,897
Unrestricted	(33,319,617)	14,886,617	(18,433,000)
Total net assets	<u>\$ 87,356,093</u>	<u>\$ 63,117,486</u>	<u>\$ 150,473,579</u>

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

CITY OF OPELIKA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012

FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary government:							
Governmental activities:							
General government	\$ 5,005,444	\$ 25,082	\$ 46,273	\$ 171,980	\$ (4,762,109)	\$ -	\$ (4,762,109)
Public safety	13,736,199	944,491	71,756	-	(12,719,952)	-	(12,719,952)
Public works	5,472,301	196,895	-	994,288	(4,281,118)	-	(4,281,118)
Health	285,025	-	-	-	(285,025)	-	(285,025)
Welfare	120,000	-	-	-	(120,000)	-	(120,000)
Culture and recreation	6,583,376	1,332,553	19,868	-	(5,230,955)	-	(5,230,955)
Education	12,995,088	-	-	-	(12,995,088)	-	(12,995,088)
Economic development and urban rehabilitation	1,411,559	-	211,974	-	(1,199,585)	-	(1,199,585)
Interest on long-term debt	3,864,329	-	-	-	(3,864,329)	-	(3,864,329)
Total governmental activities	<u>49,473,321</u>	<u>2,499,021</u>	<u>349,871</u>	<u>1,166,268</u>	<u>(45,458,161)</u>	<u>-</u>	<u>(45,458,161)</u>
Business-type activities:							
Electric	30,990,802	35,271,849	-	504,287	-	4,785,334	4,785,334
Sewer	3,310,900	3,698,438	-	83,753	-	471,291	471,291
Solid waste	2,380,230	2,033,489	-	-	-	(346,741)	(346,741)
Cable	44,766	-	-	-	-	(44,766)	(44,766)
Total business-type activities	<u>36,726,698</u>	<u>41,003,776</u>	<u>-</u>	<u>588,040</u>	<u>-</u>	<u>4,865,118</u>	<u>4,865,118</u>
Total primary government	<u>\$ 86,200,019</u>	<u>\$ 43,502,797</u>	<u>\$ 349,871</u>	<u>\$ 1,754,308</u>	<u>(45,458,161)</u>	<u>4,865,118</u>	<u>(40,593,043)</u>
General revenues:							
Taxes:							
Property					8,884,289	-	8,884,289
Sales					23,291,122	-	23,291,122
Other					2,086,425	-	2,086,425
Licenses and permits					12,386,893	-	12,386,893
Grants and contributions not restricted to specific programs					30,293	-	30,293
Investment earnings					350,496	116,037	466,533
(Loss)/gain on sale of capital assets					73,731	82,259	155,990
Miscellaneous income					273,498	400,368	673,866
Transfers					3,192,849	(3,192,849)	-
Total general revenues and transfers					<u>50,569,596</u>	<u>(2,594,185)</u>	<u>47,975,411</u>
Change in net assets					<u>5,111,435</u>	<u>2,270,933</u>	<u>7,382,368</u>
Net assets - beginning of year					<u>82,244,658</u>	<u>60,846,553</u>	<u>143,091,211</u>
Net assets - end of year					<u>\$ 87,356,093</u>	<u>\$ 63,117,486</u>	<u>\$ 150,473,579</u>

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

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CITY OF OPELIKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<i>GENERAL FUND</i>	<i>SCHOOL TAX SPECIAL REVENUE FUND</i>	<i>2011 SCHOOL CONSTRUCTION FUND</i>	<i>2011 ROAD CONSTRUCTION FUND</i>	<i>OTHER GOVERNMENTAL FUNDS</i>	<i>TOTAL GOVERNMENTAL FUNDS</i>
ASSETS						
Cash and cash equivalents	\$ 11,589,648	\$ 227,174	\$ -	\$ -	\$ 4,458,367	\$ 16,275,189
Certificates of deposit	13,487,000	-	-	-	4,008,000	17,495,000
Receivables:						
Occupation license taxes	2,160,040	-	-	-	-	2,160,040
Sales and use tax	2,257,371	-	-	-	28,448	2,285,819
Property taxes	2,689,804	5,472,368	-	-	-	8,162,172
Fines and forfeitures	386,043	-	-	-	131,674	517,717
Assessments	47,896	-	-	-	-	47,896
Accrued interest	1,049	-	3,272	1,496	1,322	7,139
Other	282,644	-	-	-	2,065,750	2,348,394
Due from other funds	949,664	-	-	-	64,531	1,014,195
Due from other governments	74,490	-	-	-	1,120,642	1,195,132
Inventories of supplies, at cost	165,180	-	-	-	-	165,180
Investments	-	-	39,699,165	15,200,317	2,309,096	57,208,578
Total current assets	<u>34,090,829</u>	<u>5,699,542</u>	<u>39,702,437</u>	<u>15,201,813</u>	<u>14,187,830</u>	<u>108,882,451</u>
Other assets:						
Deposits	-	-	-	-	69,045	69,045
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,045</u>	<u>69,045</u>
Total assets	<u>\$ 34,090,829</u>	<u>\$ 5,699,542</u>	<u>\$ 39,702,437</u>	<u>\$ 15,201,813</u>	<u>\$ 14,256,875</u>	<u>\$ 108,951,496</u>

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

CITY OF OPELIKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>2011 SCHOOL CONSTRUCTION FUND</u>	<u>2011 ROAD CONSTRUCTION FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,115,791	\$ -	\$ 2,166,749	\$ 130,264	\$ 20,517	\$ 4,433,321
Retainage payable	-	-	-	-	38,483	38,483
Accrued payroll and benefits	411,142	-	-	-	772	411,914
Due to other funds	269,932	-	-	18,195	1,378,669	1,666,796
Due to other governments	7,221	287,410	-	-	14,973	309,604
Deferred revenue	3,165,790	5,412,132	-	-	3,247,169	11,825,091
Matured bonds and interest payable	-	-	-	-	477,022	477,022
Total liabilities	5,969,876	5,699,542	2,166,749	148,459	5,177,605	19,162,231
Fund balances:						
Nonspendable:						
Inventories	165,180	-	-	-	-	165,180
Other noncurrent assets	-	-	-	-	69,045	69,045
Permanent funds - nonexpendable	-	-	-	-	738,633	738,633
Restricted to:						
Special revenue	-	-	-	-	2,060,991	2,060,991
Debt service	-	-	-	-	1,025,380	1,025,380
Capital projects	-	-	-	-	1,100,866	1,100,866
Public safety	16,291	-	-	-	-	16,291
Committed:						
Special projects	348,493	-	-	-	-	348,493
Assigned to:						
Road improvement and maintenance	2,070,702	-	-	-	-	2,070,702
Sportsplex	-	-	-	-	2,670,273	2,670,273
Economic development	-	-	-	-	692,186	692,186
Cooper library	-	-	-	-	7,461	7,461
Capital projects	4,670,194	-	37,535,688	15,053,354	1,566,395	58,825,631
Unassigned:	20,850,093	-	-	-	(851,960)	19,998,133
Total fund balances	28,120,953	-	37,535,688	15,053,354	9,079,270	89,789,265
Total liabilities and fund balances	\$ 34,090,829	\$ 5,699,542	\$ 39,702,437	\$ 15,201,813	\$ 14,256,875	\$ 108,951,496

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, 2012*

Total fund balances - governmental funds		\$ 89,789,265
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.		106,020,415
Internal service funds are used by management to charge the costs of workmen's compensation insurance and employee's health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		2,123,867
Receivables and other long-term assets, including receivables from other governments, are not available to pay for current-period expenditures and therefore are deferred in the funds.		3,784,072
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	\$ (109,901,432)
	Premiums, debt issuance and refunding costs	(711,397)
	Accrued interest payable	(1,341,004)
	Compensated absences	(2,407,693)
		<u>(114,361,526)</u>
Net assets of governmental activities		<u>\$ 87,356,093</u>

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

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CITY OF OPELIKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>2011 SCHOOL CONSTRUCTION FUND</u>	<u>2011 ROAD CONSTRUCTION FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:						
Taxes:						
Property	\$ 3,022,010	\$ 5,862,279	\$ -	\$ -	\$ -	\$ 8,884,289
Sales	23,206,110	-	-	-	-	23,206,110
Other	1,329,122	-	-	-	-	1,329,122
Occupational license fees	8,317,240	-	-	-	-	8,317,240
Business licenses and permits	3,789,775	-	-	-	279,878	4,069,653
Intergovernmental	454,209	-	-	-	993,181	1,447,390
Charges for services	1,722,829	-	-	-	-	1,722,829
Fines and forfeitures	457,777	-	-	-	-	457,777
Investment income	85,361	7,471	28,526	20,197	114,350	255,905
Grant income	30,293	-	-	-	504,194	534,487
Contributions	28,010	-	-	-	196,000	224,010
Miscellaneous	252,843	-	-	-	-	252,843
Total revenues	<u>42,695,579</u>	<u>5,869,750</u>	<u>28,526</u>	<u>20,197</u>	<u>2,087,603</u>	<u>50,701,655</u>
Expenditures:						
Current:						
General government	4,349,496	-	-	-	216,542	4,566,038
Public safety	12,659,844	-	-	-	441,149	13,100,993
Public works	3,402,392	-	-	-	-	3,402,392
Health	285,025	-	-	-	-	285,025
Welfare	120,000	-	-	-	-	120,000
Culture and recreation	5,642,008	-	-	-	47,821	5,689,829
Education	3,015,750	4,876,279	5,097,040	-	-	12,989,069
Economic development and urban rehabilitation	1,155,123	-	-	-	249,200	1,404,323
Capital outlay	3,782,360	-	-	340,028	3,168,442	7,290,830
Debt service:						
Principal retirement	490,124	-	-	-	3,425,000	3,915,124
Interest and fiscal charges	263,897	-	-	-	2,744,055	3,007,952
Bond issue costs	-	-	438,553	219,136	46,750	704,439
Total expenditures	<u>35,166,019</u>	<u>4,876,279</u>	<u>5,535,593</u>	<u>559,164</u>	<u>10,338,959</u>	<u>56,476,014</u>
Excess of revenues over (under) expenditures	<u>\$ 7,529,560</u>	<u>\$ 993,471</u>	<u>\$ (5,507,067)</u>	<u>\$ (538,967)</u>	<u>\$ (8,251,356)</u>	<u>\$ (5,774,359)</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, 2012

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>2011 SCHOOL CONSTRUCTION FUND</u>	<u>2011 ROAD CONSTRUCTION FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Other financing sources (uses):						
Proceeds from debt issuance	\$ -	\$ -	\$ 38,925,000	\$ 19,450,000	\$ 4,418,985	\$ 62,793,985
Proceeds used to refund bonds	-	-	-	-	(4,371,253)	(4,371,253)
Net premium (discounts) on issuance of general long term debt	-	-	1,518,190	769,618	-	2,287,808
Sale of capital assets	86,965	-	-	-	-	86,965
Transfers from governmental funds	2,102,615	-	2,600,401	1,418	8,766,112	13,470,546
Transfers from proprietary funds	2,970,726	-	-	-	222,123	3,192,849
Transfers to governmental funds	(5,998,890)	(993,471)	(836)	(4,628,715)	(1,848,634)	(13,470,546)
Total other financing sources (uses)	<u>(838,584)</u>	<u>(993,471)</u>	<u>43,042,755</u>	<u>15,592,321</u>	<u>7,187,333</u>	<u>63,990,354</u>
Net change in fund balances	6,690,976	-	37,535,688	15,053,354	(1,064,023)	58,215,995
Fund balances, beginning of year	<u>21,429,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,143,293</u>	<u>31,573,270</u>
Fund balances, end of year	<u>\$ 28,120,953</u>	<u>\$ -</u>	<u>\$ 37,535,688</u>	<u>\$ 15,053,354</u>	<u>\$ 9,079,270</u>	<u>\$ 89,789,265</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, 2012

Net change in fund balances - all governmental funds		\$ 58,215,995
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	\$ 7,290,830
	Less: current year depreciation	<u>(3,723,036)</u>
		3,567,794
Net effect of other transactions involving capital assets (i.e. disposals, transfers, and capital contributions) that are not recorded in the governmental funds.		
	Capital contributions/transfers	\$ 102,165
	Disposals at net book value	<u>(111,429)</u>
		(9,264)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		585,017
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	\$ (65,081,793)
	Debt issuance and refunding costs	5,075,692
	Principal payments on outstanding debt	<u>3,915,124</u>
		(56,090,977)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(920,026)
Internal service funds are used by management to charge the costs of workmen's compensation and employee's health insurance to individual funds. The excess of revenues over expenditures and reversal of charges to enterprise funds are reported with governmental activities.		
		<u>(237,104)</u>
Change in net assets of governmental activities		<u>\$ 5,111,435</u>

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

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CITY OF OPELIKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

ASSETS	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>OTHER PROPRIETARY FUNDS</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i>
Current assets:					
Cash	\$ 5,030,306	\$ 1,444,106	\$ 154,645	\$ 6,629,057	\$ 3,113,095
Certificates of deposit	12,924,213	-	-	12,924,213	-
Accounts and unbilled service receivable, net	3,633,367	260,251	99,790	3,993,408	-
Accrued interest	13,121	-	-	13,121	-
Due from other funds	499,538	276,255	-	775,793	52,980
Due from other governments	17,820	757,437	37,264	812,521	-
Prepaid insurance	5,300	-	-	5,300	-
Inventory of supplies, at cost	2,084,965	-	-	2,084,965	-
Total current assets	<u>24,208,630</u>	<u>2,738,049</u>	<u>291,699</u>	<u>27,238,378</u>	<u>3,166,075</u>
Restricted assets:					
Cash and investments with fiscal agent	12,472,393	52,522	-	12,524,915	-
Total restricted assets	<u>12,472,393</u>	<u>52,522</u>	<u>-</u>	<u>12,524,915</u>	<u>-</u>
Deferred charges:					
Unamortized bond issue costs	556,622	160,729	20,521	737,872	-
Capital assets:					
Land	495,805	149,370	229,547	874,722	-
Building	199,066	21,823	43,806	264,695	-
System	42,272,499	44,502,210	17,540	86,792,249	-
Equipment	3,040,178	1,431,280	2,083,042	6,554,500	-
Construction work in progress	19,762,057	266,074	4,197,081	24,225,212	-
Total original cost	<u>65,769,605</u>	<u>46,370,757</u>	<u>6,571,016</u>	<u>118,711,378</u>	<u>-</u>
Less: accumulated depreciation	<u>(28,660,066)</u>	<u>(15,406,869)</u>	<u>(1,278,216)</u>	<u>(45,345,151)</u>	<u>-</u>
Capital assets, net	<u>37,109,539</u>	<u>30,963,888</u>	<u>5,292,800</u>	<u>73,366,227</u>	<u>-</u>
Other assets:					
Deposits	-	2,431	10,000	12,431	19,229
Total other assets	<u>-</u>	<u>2,431</u>	<u>10,000</u>	<u>12,431</u>	<u>19,229</u>
Total assets	<u>\$ 74,347,184</u>	<u>\$ 33,917,619</u>	<u>\$ 5,615,020</u>	<u>\$ 113,879,823</u>	<u>\$ 3,185,304</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, 2012

LIABILITIES	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>OTHER PROPRIETARY FUNDS</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i>
Current liabilities:					
Accounts payable	\$ 5,771,266	\$ 43,099	\$ 3,187,582	\$ 9,001,947	\$ 83,058
Retainage payable	418,436	11,471	-	429,907	-
Current portion of bonds payable	-	545,000	-	545,000	-
Accrued payroll and benefits	185,187	-	84,500	269,687	-
Due to other funds	2,066	-	174,105	176,171	-
Interest payable	118,778	106,839	18,461	244,078	-
Liability for unpaid claims	-	-	-	-	232,827
Deferred revenue	23,256	-	113,789	137,045	160,234
Total current liabilities	<u>6,518,989</u>	<u>706,409</u>	<u>3,578,437</u>	<u>10,803,835</u>	<u>476,119</u>
Noncurrent liabilities:					
Bonds payable, net of current portion and discount	28,122,666	8,693,291	1,016,667	37,832,624	-
Accrued employee benefits	145,059	-	63,458	208,517	-
Liability for unpaid claims	-	-	-	-	315,518
Customer deposits	2,038,786	-	148,375	2,187,161	-
Total noncurrent liabilities	<u>30,306,511</u>	<u>8,693,291</u>	<u>1,228,500</u>	<u>40,228,302</u>	<u>315,518</u>
Total liabilities	<u>36,825,500</u>	<u>9,399,700</u>	<u>4,806,937</u>	<u>51,032,137</u>	<u>791,637</u>
NET ASSETS					
Invested in capital assets, net of related debt	19,381,142	21,886,326	4,276,133	45,543,601	-
Restricted	2,634,746	52,522	-	2,687,268	414,945
Unrestricted	15,505,796	2,579,071	(3,468,050)	14,616,817	1,978,722
Total net assets	<u>\$ 37,521,684</u>	<u>\$ 24,517,919</u>	<u>\$ 808,083</u>	<u>\$ 62,847,686</u>	<u>\$ 2,393,667</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, 2012

	<u><i>ELECTRIC UTILITY</i></u>	<u><i>SEWER SYSTEM</i></u>	<u><i>OTHER PROPRIETARY FUNDS</i></u>	<u><i>TOTALS</i></u>	<u><i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i></u>
Operating revenues:					
Charges for services, net	\$ 35,271,849	\$ 3,698,438	\$ 2,033,489	\$ 41,003,776	\$ 2,453,459
Operating expenses:					
Power purchased	25,298,292	-	-	25,298,292	-
Personnel services	2,299,539	3,744	1,177,553	3,480,836	-
Insurance claims and expenses	69,968	14,037	31,918	115,923	2,745,645
Other	1,620,000	1,998,050	955,211	4,573,261	-
Depreciation	1,662,870	952,555	274,836	2,890,261	-
Total operating expenses	<u>30,950,669</u>	<u>2,968,386</u>	<u>2,439,518</u>	<u>36,358,573</u>	<u>2,745,645</u>
Operating income	<u>4,321,180</u>	<u>730,052</u>	<u>(406,029)</u>	<u>4,645,203</u>	<u>(292,186)</u>
Nonoperating revenues (expenses):					
Investment revenue	109,905	4,550	1,582	116,037	27,635
Miscellaneous revenue	382,651	725	16,992	400,368	-
Interest expense and fiscal charges	-	(340,678)	-	(340,678)	-
Gain on sale of capital assets	23,013	-	59,246	82,259	-
Total nonoperating revenues (expenses)	<u>515,569</u>	<u>(335,403)</u>	<u>77,820</u>	<u>257,986</u>	<u>27,635</u>
Income (loss) before other revenues and transfers	<u>4,836,749</u>	<u>394,649</u>	<u>(328,209)</u>	<u>4,903,189</u>	<u>(264,551)</u>
Other revenues and transfers in (out):					
Capital contributions from developers and others	504,287	83,753	-	588,040	-
Operating transfers (out)	(3,013,449)	(179,400)	-	(3,192,849)	-
Total other revenues and transfers	<u>(2,509,162)</u>	<u>(95,647)</u>	<u>-</u>	<u>(2,604,809)</u>	<u>-</u>
Changes in net assets	2,327,587	299,002	(328,209)	2,298,380	(264,551)
Net assets, beginning of year	<u>35,194,097</u>	<u>24,218,917</u>	<u>1,136,292</u>		<u>2,658,218</u>
Net assets, end of year	<u>\$ 37,521,684</u>	<u>\$ 24,517,919</u>	<u>\$ 808,083</u>		<u>\$ 2,393,667</u>
				(27,447)	
				<u>\$ 2,270,933</u>	

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

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CITY OF OPELIKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>OTHER PROPRIETARY FUNDS</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i>
Cash flows from operating activities:					
Receipts from customers	\$ 34,799,998	\$ 3,664,658	\$ 2,033,295	\$ 40,497,951	\$ -
Receipts from other funds for premiums	-	-	-	-	2,472,029
Customer deposits	186,238	-	7,175	193,413	-
Payments to suppliers for goods and services	(24,617,338)	(2,128,598)	(961,968)	(27,707,904)	(457,133)
Payments to employees for services	(2,280,429)	(3,744)	(1,170,992)	(3,455,165)	-
Claims paid	(69,968)	(14,037)	(31,918)	(115,923)	(2,277,543)
Internal activity - payments (to) from other funds	(547,599)	(31,601)	200,817	(378,383)	-
Net cash provided by (used in) operating activities	<u>7,470,902</u>	<u>1,486,678</u>	<u>76,409</u>	<u>9,033,989</u>	<u>(262,647)</u>
Cash flows from noncapital financing activities:					
Other receipts	382,651	725	16,992	400,368	-
Operating transfers to other funds	(3,013,449)	(179,400)	-	(3,192,849)	-
Net cash provided by (used in) noncapital financing activities	<u>(2,630,798)</u>	<u>(178,675)</u>	<u>16,992</u>	<u>(2,792,481)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(18,877,357)	(1,466,393)	(1,112,401)	(21,456,151)	-
Principal paid on debt maturities	-	(415,000)	-	(415,000)	-
Interest and fiscal fees paid on debt maturities	-	(376,106)	-	(376,106)	-
Proceeds received from issuance of debt	-	5,690,000	730,884	6,420,884	-
Proceeds paid on bond issuance costs	-	(113,209)	-	(113,209)	-
Proceeds used in advance refunding of debt	-	(5,475,000)	-	(5,475,000)	-
Proceeds from sale of assets	26,528	-	59,246	85,774	-
Net cash used in capital and related financing activities	<u>(18,850,829)</u>	<u>(2,155,708)</u>	<u>(322,271)</u>	<u>(21,328,808)</u>	<u>-</u>
Cash flows from investing activities:					
Proceeds invested in certificates of deposit	(8,611)	-	-	(8,611)	-
Restricted cash used	14,887,548	1,577,250	-	16,464,798	-
Interest on investments	111,377	4,550	1,582	117,509	27,635
Net cash provided by investing activities	<u>14,990,314</u>	<u>1,581,800</u>	<u>1,582</u>	<u>16,573,696</u>	<u>27,635</u>
Net increase (decrease) in cash and cash equivalents	979,589	734,095	(227,288)	1,486,396	(235,012)
Cash and cash equivalents at beginning of year	<u>4,050,717</u>	<u>710,011</u>	<u>381,933</u>	<u>5,142,661</u>	<u>3,348,107</u>
Cash and cash equivalents at end of year	<u>\$ 5,030,306</u>	<u>\$ 1,444,106</u>	<u>\$ 154,645</u>	<u>\$ 6,629,057</u>	<u>\$ 3,113,095</u>

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

CITY OF OPELIKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<u><i>ELECTRIC UTILITY</i></u>	<u><i>SEWER SYSTEM</i></u>	<u><i>OTHER PROPRIETARY FUNDS</i></u>	<u><i>TOTALS</i></u>	<u><i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 4,321,180	\$ 730,052	\$ (406,029)	\$ 4,645,203	\$ (292,186)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,662,870	952,555	274,836	2,890,261	-
Amortization	-	-	6,006	6,006	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable and unbilled service receivable	(493,699)	(22,123)	(20,659)	(536,481)	-
(Increase) decrease in due from other funds	(440,241)	(31,601)	107,874	(363,968)	10,096
(Increase) decrease in due from other assets	(5,300)	-	(10,000)	(15,300)	-
(Increase) decrease in due from other governments	14,256	(11,657)	(18,323)	(15,724)	-
(Increase) decrease in inventories	246,095	-	-	246,095	-
Increase (decrease) in accounts payable	2,060,159	(130,548)	(2,763)	1,926,848	42,544
Increase (decrease) in accrued payroll and benefits	19,110	-	6,561	25,671	-
Increase (decrease) in liability for unpaid claims	-	-	-	-	(31,575)
Increase (decrease) in due to other funds	(107,358)	-	92,943	(14,415)	-
Increase (decrease) in deferred revenue	7,592	-	38,788	46,380	8,474
Increase (decrease) in customer deposits	186,238	-	7,175	193,413	-
Net cash provided by (used in) operating activities	<u>\$ 7,470,902</u>	<u>\$ 1,486,678</u>	<u>\$ 76,409</u>	<u>\$ 9,033,989</u>	<u>\$ (262,647)</u>
Non cash investing, capital and financing activities:					
Capital assets contributed by developers and others	<u>\$ 504,287</u>	<u>\$ 83,753</u>	<u>\$ -</u>	<u>\$ 588,040</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the combining balance sheet:					
Total cash and certificates of deposit	\$ 17,954,519	\$ 1,444,106	\$ 154,645	\$ 19,553,270	\$ 3,113,095
Less: deposits not meeting the definition of cash equivalents	12,924,213	-	-	12,924,213	-
Cash and cash equivalents at end of year	<u>\$ 5,030,306</u>	<u>\$ 1,444,106</u>	<u>\$ 154,645</u>	<u>\$ 6,629,057</u>	<u>\$ 3,113,095</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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 \$50,005,000 at September 30, 2012 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 2012, the City collected \$5,862,279 of ad valorem taxes of which \$993,471 was used for debt service and \$4,868,808 was remitted to the Board. At September 30, 2012, \$287,410 in collections had not been remitted and is included in amounts due to other governments. During the year ended September 30, 2012, the Board did not make any contributions to the City. In addition, the City made an appropriation to the Board of \$3,000,000 for the year ended September 30, 2012. The Board issues separate financial statements which may be obtained from the administrative offices at 300 Simmons Street, Opelika, Alabama 36801.

The City of Opelika Industrial Development Authority recruits industry and promotes economic development for the City of Opelika. The City Council appoints the members to the Authority's Board. The City and the Authority have a funding agreement that obligates the City to make payments satisfying the Opelika Industrial Development Authority's General Obligation Bonds, Series 2010. These bonds constitute a general obligation of the City. These bonds were used to fully pay the Authority's 1998 Series A and B bonds. During the year ended September 30, 2012, the City paid \$745,417 in debt service payments for the Authority and appropriated an additional \$125,000 to the Authority. The Authority issues separate financial statements which may be obtained from the administrative offices at 204 South 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 the Sportsplex recreational facilities. The City Council appoints the members of the Board's Board. In connection with the construction of the Sportsplex recreational facilities, the Board issued the Revenue Bonds, Series 2007 on November 1, 2007 for \$28,650,000. The Board and the City signed a lease agreement whereby the

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

City leases the Sportsplex recreational facilities. The lease payments are equal to the Board's annual debt service payments related to the Revenue Bonds, which totaled \$1,763,169 during the year ended September 30, 2012. The City has recorded the bond obligation as a capital lease. During the year ended September 30, 2009, the City completed construction of the Sportsplex recreational facilities. The City recorded these assets as capital assets. The total costs related to this project approximated \$32,000,000.

Related Organizations. The City's officials are also responsible for appointing board members of other organizations. However, the City's accountability for the organizations does not extend beyond making the appointments. These organizations are the Utilities Board of the City of Opelika, Medical Clinic Board of the City of Opelika, Housing Authority of the City of Opelika and the Opelika Downtown Redevelopment Authority of the City of Opelika. For the year ended September 30, 2012, the City received \$8,904 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., (the "Authority") a jointly governed organization. The Authority operates the golf course on a month-to-month basis with the lease terms continuing in force from the original lease which expired in 1979. The Indian Pines Golf Course Joint Venture had no debts outstanding at September 30, 2012 and no net income or loss for the fiscal year then ended. Because the joint venture has no operations, no financial statements are prepared. Complete financial statements of the Authority can be obtained from the Authority at 900 Country Club Lane, Auburn, AL 36830.

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

The Lee-Russell Council of Governments is a regional planning and development commission organized to provide services to Lee and Russell Counties. The Council is governed by a ten-member board composed of two appointees each from Opelika, Auburn, Lee County, Phenix City and Russell County. The cities and counties are assessed fees based on their respective populations. The Council also receives income from administration of federal grants and other programs. The City appropriated \$108,400 to the Lee-Russell Council of Governments for the year ended September 30, 2012.

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

East Alabama Mental Health and Mental Retardation Board, Inc. (the "Corporation") is a corporation created to provide mental health services to the East Alabama area. The Corporation has thirty-three directors, three of whom are appointed by the City. The remainder are appointed by the various cities and counties in the area. The City appropriated \$47,500 to the Corporation for the year ended September 30, 2012.

Lee County Youth Development Center (the "Center") is a corporation created to provide youth services in Lee County. The board of the Center is composed of twelve members. The City, City of Auburn, and Lee County each appoint four members. The City appropriated \$32,000 to the Center for the year ended September 30, 2012.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

East Alabama Medical Center (EAMC) is a corporation created to provide healthcare to the East Alabama area. The EAMC Board is composed of nine members. The City, City of Auburn and Lee County each appoint three members. The City appropriated \$289,476 to EAMC for emergency medical services for the year ended September 30, 2012.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City has the following fund types:

Governmental Funds:

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

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

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

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

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

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 principal ongoing operations. Operating expenses include the cost of sales and services, administrative and personnel expenses, repairs and supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds include the following fund types:

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

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

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

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.

Cable Fund accounts for providing cable distribution services to residential and commercial users. Construction of the system began during the fiscal year ended September 30, 2011. The City expects cable services to be available to customers during the fiscal year ended September 30, 2013. Activities will include administration, construction, operations and maintenance of the system, and system improvements. All costs will be financed through charges to customers.

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

All ad valorem taxes levied by the state, county and any municipality in Lee County are assessed and collected by the Revenue Commissioner of Lee County. Taxes are levied in June, due on October 1, and delinquent after January 1. Taxes collected by the Revenue Commissioner within the fiscal year but remitted to the City after the fiscal year-end are accrued. Ad valorem taxes not due until October 1 of the following fiscal year are recorded as a receivable and deferred revenue as of the fiscal year end in which the taxes are levied. For the fiscal year ended September 30, 2012, 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 of the revenue recognition criteria are met and City has a legal claim to the resources, the revenue is recognized.

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

D. CASH AND INVESTMENTS

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

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

E. RECEIVABLES

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounts and provides an allowance for doubtful accounts for the accounts deemed uncollectible. Accounts receivable are reported net of the allowances of \$823,907 in the Electric Utility Fund, \$241,348 in the Sewer System Fund and \$144,503 in the Solid Waste Collection Fund.

F. INVENTORIES

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

G. RESTRICTED ASSETS

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

H. ADVANCES TO OTHER GOVERNMENTS

Noncurrent portions of other governments' loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of other governments' loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources." The City did not have any advances to other governments during the year ended September 30, 2012.

I. COMPENSATED ABSENCES

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

J. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. Renewals and betterments are capitalized if they significantly extend the useful life of the asset. Repairs and maintenance are recorded as expenses. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended September 30, 2012, the City capitalized \$1,502,528 in interest.

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalization thresholds and estimated useful lives are as follows:

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

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

K. LONG -TERM LIABILITIES

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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 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 increased by 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.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

M. USE OF ESTIMATES

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

N. SUBSEQUENT EVENTS

The City has evaluated events subsequent to the date of the Statement of Net Assets through March 1, 2013, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Assets date through March 1, 2013 that would require adjustment or additional disclosure in the financial statements.

NOTE 2 - BUDGETING AND ACCOUNTABILITY

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

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.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 2 - BUDGETING AND ACCOUNTABILITY (CONTINUED)

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds.

Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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

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

NOTE 4 - POWER SALES CONTRACT

The City is a member of the Alabama Municipal Electric Authority (the “Authority”). Pursuant to a contract dated May 1, 1986 and amended July 1, 1996, the City has agreed to purchase all of its electric requirements for resale through December 31, 2035 from the Authority except for the City’s allocation of electricity from the Southeastern Power Administration. The Electric Utility Fund purchased \$23,017,728 under this contract during the year ended September 30, 2012. The City has committed to maintain electric rates at amounts which will produce revenues sufficient to pay all amounts due under the contract and has pledged the electric revenues and any other revenues of the City which may be lawfully pledged to secure its obligation. Further, the City has entered into a “Guaranty and Indemnity Agreement” with Alabama Power Company which requires the City to pay its proportionate share of any shortfall by the Authority of funds to pay any obligations due under contracts with Alabama Power Company.

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2012, the carrying amount of the City’s deposits in financial institutions was \$111,336,036 and the bank balance was \$112,054,528. Of these amounts, \$85,318,695 of the carrying amount and bank balance were held as certificates of deposit and have been classified in the City’s financial statements as certificates of deposit (\$30,419,213) and as investments (\$54,899,482). 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, 2012, 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, 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Cost	Fair Value	Percent of Total	Maturity	Rating	Rating Agency
Cash	\$ 34,371,875	\$ 34,371,875	49.3%	n/a	n/a	n/a
GE Money Bank Certificate of Deposit	25,000	25,568	<1%	9/30/2016	n/a	n/a
Compass Bank Certificate of Deposit	33,000,000	33,000,000	47.3%	1/3/2013	n/a	n/a
Banktrust Bank Certificate of Deposit	50,000	50,000	<1%	6/12/2013	n/a	n/a
Goldman Sachs Group Notes	15,000	15,604	<1%	11/15/2017	A3	Moody's
U.S. Treasury	1,625,468	1,625,468	2.3%	n/a	n/a	n/a
Fidelity Advisor Equity Income I Share	65,500	66,997	<1%	n/a	***	Morningstar
First Eagle Global I Shares	50,000	53,803	<1%	n/a	*****	Morningstar
Fidelity Advisor Small Cap Fd Class I	32,099	30,830	<1%	n/a	****	Morningstar
Alabama ST Revolving Loan Fund						
Authority Spl Oblig Ref Taxable	25,000	25,851	<1%	3/1/2015	AA	S&P
Huntsville Ala G/O Cap						
Impt Wts - Taxable Ser 2010-B	30,000	32,109	<1%	9/1/2022	AAA	S&P
City of Madison, AL Go Taxable Wts						
Series 2011	24,852	27,629	<1%	3/1/2017	AA	S&P
City of Alabaster, AL Go Wts Series 2012 C	19,825	19,891	<1%	4/1/2016	AA-	S&P
City of Andalusia, AL GO Wts						
Taxable Series 2011 B	20,000	20,757	<1%	10/1/2017	AA-	S&P
Investment Co of America Fd A	4,855	7,461	<1%	n/a	***	Morningstar
ST Clair County Ala Board of Ed						
Spl Sch Wts Taxable Series 2012-A-1	25,000	24,943	<1%	2/1/2016	Aa3	Moody's
ST Clair County Ala Board of Ed						
Spl Sch Wts Taxable Series 2012-A-1	25,000	24,866	<1%	2/1/2017	Aa3	Moody's
FNMA 1.250%	25,000	25,109	<1%	6/28/2027	AA+	Moody's
FNMA 1.000%	40,000	40,039	<1%	12/28/2026	AA+	Moody's
FNMA 1.000%	25,000	25,077	<1%	5/28/2027	AA+	Moody's
Other common stock	178,696	219,616	<1%	n/a	Various	Various
Total investments	<u>\$ 69,678,170</u>	<u>\$ 69,733,493</u>				

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

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

Custodial Credit Risk: For an investment, the custodial risk is the risk that in event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are registered in the name of the City of Opelika Garden Hills Cemetery Trust Fund and the Cooper Memorial Library and held by the counterparties. The 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 relative to the total investments is shown in the table above.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,683,496	\$ -	\$ 27,000	\$ 9,656,496
Construction in process	1,766,323	1,682,047	913,104	2,535,266
Total capital assets not being depreciated	11,449,819	1,682,047	940,104	12,191,762
Capital assets being depreciated:				
Buildings and improvements	40,901,147	1,756,004	48,000	42,609,151
Improvements other than buildings	4,921,789	127,229	-	5,049,018
Equipment	15,041,252	1,323,783	545,034	15,820,001
Infrastructure	63,547,802	3,417,038	-	66,964,840
Total capital assets being depreciated	124,411,990	6,624,054	593,034	130,443,010
Less accumulated depreciation for:				
Buildings and improvements	7,629,578	869,360	19,199	8,479,739
Improvements other than buildings	2,051,719	165,339	-	2,217,058
Equipment	9,994,381	915,816	489,404	10,420,793
Infrastructure	13,724,246	1,772,521	-	15,496,767
Total accumulated depreciation	33,399,924	3,723,036	508,603	36,614,357
Total capital assets being depreciated, net	91,012,066	2,901,018	84,431	93,828,653
Governmental activities capital assets, net	\$ 102,461,885	\$ 4,583,065	\$ 1,024,535	\$ 106,020,415
	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 450,950	\$ 423,772	\$ -	\$ 874,722
Construction in process	4,192,865	22,091,573	2,059,226	24,225,212
Total capital assets not being depreciated	4,643,815	22,515,345	2,059,226	25,099,934
Capital assets being depreciated:				
Buildings and improvements	264,695	-	-	264,695
Systems	82,709,778	4,146,261	63,790	86,792,249
Equipment	6,342,258	669,339	457,097	6,554,500
Total capital assets being depreciated	89,316,731	4,815,600	520,887	93,611,444
Less accumulated depreciation for:				
Buildings and improvements	206,943	3,170	-	210,113
Systems	39,414,148	2,214,823	63,791	41,565,180
Equipment	3,352,187	672,268	454,597	3,569,858
Total accumulated depreciation	42,973,278	2,890,261	518,388	45,345,151
Total capital assets being depreciated, net	46,343,453	1,925,339	2,499	48,266,293
Business-type activities capital assets, net	\$ 50,987,268	\$ 24,440,684	\$ 2,061,725	\$ 73,366,227

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 355,663
Public safety	453,644
Public works, including infrastructure	2,044,966
Culture and recreation	868,763
Total depreciation	\$ 3,723,036
Business-type activities:	
Electric	\$ 1,662,870
Cable	-
Sewer	952,555
Solid waste	274,836
Total depreciation	\$ 2,890,261

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2012 consisted of the following:

		<i>DUE FROM</i>							
<i>DUE TO</i>	<i>General</i>	<i>2011 Road Construction</i>	<i>Non-major Governmental</i>	<i>Electric</i>	<i>Non-major Proprietary</i>			<i>Total</i>	
General	\$ -	\$ 18,195	\$ 836,448	\$ 1,057	\$ 93,964			\$ 949,664	
Non-major Governmental	64,531	-	-	-	-			64,531	
Internal Service	49,908	-	2	1,009	2,061			52,980	
Electric Utility	-	-	421,458	-	78,080			499,538	
Sewer	155,494	-	120,761	-	-			276,255	
Total	\$ 269,933	\$ 18,195	\$ 1,378,669	\$ 2,066	\$ 174,105			\$ 1,842,968	

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

		<i>TRANSFER FROM</i>							
<i>TRANSFER TO</i>	<i>General</i>	<i>School Tax Special Revenue</i>	<i>2011 School Construction</i>	<i>2011 Road Construction</i>	<i>Non-major Governmental</i>	<i>Electric Utility</i>	<i>Sewer</i>		
General	\$ -	\$ -	\$ -	\$ 2,028,715	\$ 73,900	\$ 2,970,726	\$ -		
Non-major Governmental	5,998,890	993,471	-	-	1,773,751	42,723	179,400		
2011 School Construction	-	-	-	2,600,000	401	-	-		
2011 Road Construction	-	-	836	-	582	-	-		
Total	\$ 5,998,890	\$ 993,471	\$ 836	\$ 4,628,715	\$ 1,848,634	\$ 3,013,449	\$ 179,400	\$ 16,663,395	

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, 2012

NOTE 8 - LONG-TERM LIABILITIES

Long-term liabilities at September 30, 2012 consisted of the following issues:

	<i>Governmental</i>	<i>Business-type</i>
Bonds:		
General Obligation Warrants, Series 2003, due in annual installments of \$1,710,000 to \$2,290,000 through April 1, 2023, bearing interest rates of 2.00% to 5.25%	\$ 1,289,176	\$ 444,769
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%	5,558,749	-
Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007, due in annual installments of \$480,000 to \$1,725,000 through January 1, 2038, bearing interest rates of 3.25% to 5.00%	26,633,441	-
Opelika Industrial Development Authority's General Obligation Revenue Bonds, Series 2010, principal and interest are due in monthly installments of \$62,118 through September 22, 2020, bearing interest rates of 2.75% to 4.93%	4,886,432	-
General Obligation School Warrants, Series 2010-A due in annual installments of \$350,000 to \$515,000 through October 1, 2026, bearing interest rates of 2.00% to 4.00%	5,407,176	-
General Obligation Recovery Zone Economic Development Warrants, Series 2010-B due in annual installments of \$225,000 to \$255,000 through July 1, 2028, bearing interest rates of 4.35% to 5.50%	1,190,072	3,250,830
General Obligation Warrants, Series 2010-C due in annual installments of \$1,105,000 to \$1,170,000 through July 1, 2014, bearing interest rates of 2.00% to 4.00%	2,393,421	-
Electric System Revenue Warrants, Series 2011 due in annual installments of \$1,105,000 to \$2,445,000 through March 1, 2036, bearing interest rates of 3.85% to 5.50%	-	28,122,666
General Obligation Warrants, Series 2011 due in annual installments of \$1,635,000 to \$3,635,000 through November 1, 2036, bearing interest rates of 2.00% to 5.00%	64,895,645	
General Obligation Warrants, Series 2012 due in annual installments of \$100,000 to \$615,000 through April 1, 2023, bearing interest rates of 0.60 % to 4.00%	-	5,542,695
Taxable Telecommunications System Revenue Warrant, Series 2011 allows the City to borrow up to \$13,500,000. Interest payments are due monthly. The Warrants mature on February 1, 2016 and bear interest at a rate of 2.73%	-	1,016,667
Other Liabilities:		
Compensated absences	2,509,237	413,674
Claims and judgments	414,945	-
Total long-term liabilities	\$ 115,178,294	\$ 38,791,301

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Debt:					
General obligation bonds	\$ 28,363,700	\$ 62,560,000	\$ 7,632,268	\$ 83,291,432	\$ 4,772,497
Capital leases	27,159,966	-	549,966	26,610,000	560,000
	<u>55,523,666</u>	<u>62,560,000</u>	<u>8,182,234</u>	<u>109,901,432</u>	<u>5,332,497</u>
Deferred amounts on refunding	(212,516)	(106,253)	(24,545)	(294,224)	-
Unamortized premiums	329,997	2,521,793	204,886	2,646,904	-
Total debt	<u>55,641,147</u>			<u>112,254,112</u>	<u>5,332,497</u>
Other liabilities:					
Compensated absences	2,453,272			2,509,237	-
Claims and judgments	466,220			414,945	101,544
Total other liabilities	<u>2,919,492</u>			<u>2,924,182</u>	<u>101,544</u>
Total governmental activities	<u>\$ 58,560,639</u>			<u>\$ 115,178,294</u>	<u>\$ 5,434,041</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities					
Debt:					
General obligation bonds	\$ 9,625,000	\$ 5,690,000	\$ 5,890,000	\$ 9,425,000	\$ 545,000
Other long-term debt	28,598,311	713,356	-	29,311,667	-
Deferred amounts on refunding	(43,189)	(276,225)	(53,732)	(265,682)	-
Unamortized premiums and discounts	(186,412)	123,072	30,018	(93,358)	-
	<u>37,993,710</u>			<u>38,377,627</u>	<u>\$ 545,000</u>
Compensated absences	388,809			413,674	
Total business-type activities	<u>\$ 38,382,519</u>			<u>\$ 38,791,301</u>	

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

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

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

The City issued \$6,245,000 General Obligation School Warrants, Series 2010-A dated July 1, 2010. The Warrants were issued to defease the General Obligation School Warrants, Series 2000. At September 30, 2010, the proceeds from the bonds, totaling \$5,891,343, were held in escrow to defease the 2000 Warrants. The Warrants were fully defeased during the year ended September 30, 2011.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

The City issued \$4,490,000 General Obligation Recovery Zone Economic Development Warrants, Series 2010-B dated July 1, 2010. The City issued \$1,200,000 of the Warrants to construct a new fire station. This portion of the Warrants is considered a general obligation of the City and is chargeable against the constitutional debt limit of the City. The City issued \$3,290,000 of the Warrants to fund sewer improvement projects. This portion of the Warrants has been recorded in the Sewer System Fund. Under Section 6431 of the Internal Revenue Code, an issuer of a Recovery Zone Warrant may apply to receive interest subsidy payments directly from the United States Treasury. The City applied for the interest subsidy payments and expects to receive the interest subsidy payments totaling 45% of the interest due on the Warrants. The City expects to receive the interest subsidy payments annually around the same time the interest payments on the Warrants are due. During the year ended September 30, 2012, the City received \$28,872 in interest subsidy rebates.

The City issued \$4,535,000 General Obligation Warrants, Series 2010-C dated July 1, 2010. The warrants were issued to refund the General Obligation Warrants, Series 1998. General obligation warrants constitute general obligations of the City for the payment of which the full faith, credit and taxing power of the City are irrevocably pledged. There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2012, the City is in compliance with all significant limitations and restrictions.

The City issued \$62,560,000 General Obligation Warrants, Series 2011 dated December 1, 2011. The Warrants were issued to fund renovations to the high school, several road construction and expansion projects, and to refund \$4,185,000 of the Series 2002 Warrants. The Series 2002 Warrants were called on February 1, 2012. The Warrants mature annually on November 1 from 2012 through 2036. Interest is payable on each May 1 and November 1, beginning May 1, 2012. Additional costs incurred to advance refund the aforementioned bonds totaled \$106,253. These costs have been recorded as deferred refunding costs and will be amortized over the life of the old bonds. The net deferred costs totaled \$101,807 at September 30, 2012.

The City issued \$5,690,000 General Obligation Warrants, Series 2012 dated May 1, 2012. The Warrants were issued to refund a portion (\$5,475,000) of the General Obligation School Warrants, Series 2003-A. The Warrants mature annually on April 1 from 2013 through 2023. Interest is payable on each April 1 and October 1, beginning October 1, 2012. Additional costs incurred to advance refund the aforementioned bonds totaled \$276,225. These costs have been recorded as deferred refunding costs and will be amortized over the life of the new bonds. The net deferred costs totaled \$265,682 at September 30, 2012.

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

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

During the year ended September 30, 2011, the City authorized and approved the issuance of \$28,295,000 of revenue bonds (the Electric System Revenue Warrants, Series 2011) dated March 1, 2011 for the purpose of constructing a new Electric office building and construction of the Electric System’s SmartGrid fiber system. The

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

bonds mature annually on March 1, beginning March 1, 2020 through March 1, 2036. Interest on the bonds is due semi-annually on March 1 and September 1, beginning September 2, 2011 through March 1, 2036.

During the year ended September 30, 2011, the City authorized and approved the issuance of \$13,500,000 of Taxable Telecommunications System Revenue Warrants (the "Telecommunications Warrants"). In connection with the Telecommunications Warrants, the City also authorized a funding agreement with Regions Bank. The funding agreement allows the City to draw the bonds as needed. The Telecommunications Warrants bear interest at rates ranging from 2.73% to 4.57% based on the City's Moody's rating. At September 30, 2012, the interest rate on the Telecommunications Warrants totaled 2.73%. Interest is due monthly and the entire balance of the borrowing matures on February 1, 2016. The Telecommunications Warrants were issued to fund the City's cable project. At September 30, 2012, the outstanding balance of the Telecommunications Warrants totaled \$1,016,667.

The Electric System Revenue Warrants, Series 2011 trust indenture requires debt coverage of 1.20 of annual net income for the maximum outstanding annual debt service related to the Electric System Revenue Warrants, Series 2011 and the Telecommunications Warrants. For the year ended September 30, 2012, the City was in compliance with this debt service requirement. The City is in compliance with all other debt covenants at September 30, 2012. The debt coverage calculation is as follows:

Net operating revenues	\$	35,271,849
Net investment income		
Interest income earned in the Construction Fund		(34,619)
		35,237,230
Operating expenses		(30,950,669)
Depreciation		1,662,870
		1,662,870
Net operating income available for debt service	\$	5,949,431
Maximum annual net debt service requirement	\$	2,513,888
Debt service ratio coverage		2.37
Debt service ratio required		1.20

Subsequent to year end, the City issued the General Obligation School Warrants, Series 2012-B for \$6,375,000. The proceeds were used to refund \$5,540,000 of existing City debt related to the General Obligation School Warrants, Series 2004.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

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

<u>Year</u>	<i>Governmental Activities</i>			
	<u>General Obligations</u>		<u>Other Long-term Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 4,772,497	\$ 3,155,173	\$ 560,000	\$ 1,205,294
2014	3,974,046	3,020,312	580,000	1,184,594
2015	2,886,984	2,885,766	600,000	1,161,744
2016	2,976,393	2,796,766	625,000	1,137,994
2017	3,082,321	2,701,661	650,000	1,112,494
2018-2022	15,594,191	11,793,663	3,725,000	5,091,867
2023-2027	17,095,000	8,414,508	4,715,000	4,108,307
2028-2032	16,135,000	5,109,924	5,915,000	2,903,844
2033-2037	16,775,000	1,784,711	7,515,000	1,302,531
2038	-	-	1,725,000	39,890
Total	<u>\$ 83,291,432</u>	<u>\$ 41,662,484</u>	<u>\$ 26,610,000</u>	<u>\$ 19,248,559</u>

<u>Year</u>	<i>Business-type Activities</i>	
	<u>General Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 545,000	\$ 2,096,280
2014	510,000	2,274,662
2015	575,000	2,269,461
2016	1,601,667	2,245,735
2017	600,000	2,235,686
2018-2022	6,700,000	10,938,299
2023-2027	7,930,000	7,048,707
2028-2032	9,365,000	4,313,960
2033-2037	10,910,000	1,503,956
Total	<u>\$ 38,736,667</u>	<u>\$ 34,926,746</u>

NOTE 9 - RISK MANAGEMENT

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

The City has a Workmen's Compensation Insurance Fund (an internal service fund) to account for and finance its insured and uninsured risks of loss for worker's compensation claims. Under this program, the Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim. The City purchases insurance, which is included in an administrative fee paid to the Municipal Workers Compensation Fund, Inc., for claims in excess of \$250,000. The City's aggregate retention for the accident year 2-1-11 to 1-31-12 is \$614,197, 2-1-10 to 1-31-11 is \$623,835, 2-1-09 to 1-31-10 is \$507,710, 2-1-08 to 1-31-09 is \$414,130, and 2-1-07 to 1-31-08 is \$483,799.

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 9 - RISK MANAGEMENT (CONTINUED)

reserve for catastrophic losses. Accordingly, these payments are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and enterprise Funds.

The claims liability is \$414,945 at September 30, 2012. 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 0.8% and includes 1) known claims, 2) claims that have been incurred but not reported, 3) previously closed claims which may reopen, and 4) allocated loss adjustment expenses. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

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

	<i>Beginning Balance</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Ending Balance</i>
2009-2010	\$ 431,698	\$155,114	\$ 207,114	\$ 379,698
2010-2011	\$ 379,698	\$343,876	\$ 257,354	\$ 466,220
2011-2012	\$ 466,220	\$68,400	\$ 119,675	\$ 414,945

The City has a Worker's Health Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss related to its self-insured employee health insurance plan. A residual equity transfer of \$732,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was authorized to provide the initial funding for the Worker's Health Insurance Fund. During the year ended September 30, 2007, an additional transfer of \$481,237 from the Worker's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. During the year ended September 30, 2012, an additional transfer of \$200,000 from the Worker's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. The Fund provides coverage for up to \$110,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$110,000 in any one year. Settled claims exceeded premium payments received during the year. Assets exceeded liabilities as of September 30, 2012, resulting in a fund balance of \$190,977.

The claims liability of \$133,400 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability includes an amount calculated for claims that have been incurred but not reported at the balance sheet date. Because actual liabilities for claims depend on such complex factors as inflation, changes in the legal doctrines and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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

		<i>Current Year Claims</i>			
	<i>Beginning</i>	<i>and Changes in</i>	<i>Claim</i>	<i>Ending</i>	
	<i>Balance</i>	<i>Estimates</i>	<i>Payments</i>	<i>Balance</i>	
<i>2009-2010</i>	\$ 164,200	\$1,529,362	\$ 1,469,462	\$ 224,100	
<i>2010-2011</i>	\$ 224,100	\$1,300,685	\$ 1,411,085	\$ 113,700	
<i>2011-2012</i>	\$ 113,700	\$2,177,568	\$ 2,157,868	\$ 133,400	

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

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

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

Funding Policy. Plan members are required to contribute 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, 2012 was 15.39% of annual covered payroll. The contribution requirements of plan members and the City are established by state statute.

Annual Pension Cost. For 2012, the City's annual pension cost of \$1,682,103 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 7.25% per year, and (c) 0.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

component of 3.00%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City's unfunded actuarial accrued liability, if any, is being amortized as a level percentage of projected payrolls. The remaining amortization period is 30 years.

Trend Information

<i>Fiscal Year Ending</i>	<i>Annual Pension Contribution (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation (NPO)</i>
9/30/2009	\$ 1,698,848	100%	\$ -
9/30/2010	\$ 1,822,132	100%	\$ -
9/30/2011	\$ 1,891,679	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)¹</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>
9/30/2006 ²	\$ 41,297,513	\$ 53,255,078	\$ 11,957,565	77.5%	\$ 12,920,440	92.5%
9/30/2007	\$ 42,745,963	\$ 55,643,407	\$ 12,897,444	76.8%	\$ 12,245,153	105.3%
9/30/2008	\$ 42,710,878	\$ 59,693,661	\$ 16,982,783	71.6%	\$ 12,768,755	133.0%
9/30/2009	\$ 41,929,586	\$ 63,143,780	\$ 21,214,194	66.4%	\$ 13,879,316	152.8%
9/30/2010 ³	\$ 40,901,544	\$ 66,479,155	\$ 25,577,611	61.5%	\$ 14,162,857	180.6%
9/30/2010 ^{3,4}	\$ 40,901,544	\$ 66,645,790	\$ 25,744,246	61.4%	\$ 14,162,857	181.8%
9/30/2011 ⁵	\$ 39,108,103	\$ 66,490,037	\$ 27,381,934	58.8%	\$ 14,061,823	194.7%
9/30/2011 ^{4,5}	\$ 39,108,103	\$ 66,618,674	\$ 27,510,571	58.7%	\$ 14,061,823	195.6%

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

² Reflects changes in actuarial assumptions.

³ Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.

⁴ Reflects the impact of Act 2011-676, which increases the member contribution rates by 2.25% beginning October 1, 2011 and by an additional 0.25% beginning October 1, 2012.

⁵ Reflects changes in actuarial assumptions.

* Market Value of Assets as of September 30, 2011: \$33,131,547

POST-EMPLOYMENT BENEFITS

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

Fund Policy. Until 2008, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2012 and 2011, the City's portion of health care funding cost for retired employees totaled \$260,496 and \$241,200, respectively.

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

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

	<i>2012</i>	<i>2011</i>
Normal Cost	\$ 164,716	\$ 158,381
30-year UAL amortization amount	251,436	241,765
Annual required contribution (ARC)	\$ 416,152	\$ 400,146

Net Post-employment Benefit Obligation (Asset). The table below shows the City's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending September 30, 2012 and 2011:

	<i>2012</i>	<i>2011</i>
Beginning net OPEB Obligation	\$ 314,497	\$ 158,375
Annual required contribution	416,152	400,146
Interest on Net OPEB Obligation	12,580	6,335
ARC Adjustment	(18,187)	(9,159)
OPEB Cost	410,545	397,322
Contribution	-	-
Current year retiree premium	(260,496)	(241,200)
Change in Net OPEB Obligation	150,049	156,122
Ending Net OPEB Obligation	\$ 464,546	\$ 314,497

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

<i>Fiscal Year Ended</i>	<i>Annual OPEB Cost</i>	<i>Percentage of Annual Cost Contributed</i>	<i>Net OPEB Liability/ (Asset)</i>
September 30, 2012	\$ 410,544	63.45%	\$ 464,546
September 30, 2011	\$ 397,322	60.71%	\$ 314,497

Funded Status and Funding Progress. In 2012 and 2011, the City of Opelika made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. As of October 1, 2010, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2012 was \$4,348,084, which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<u>2012</u>
Actuarial Accrued Liability (AAL)	\$ 4,348,084
Actuarial value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	\$ 4,348,084
Funded Ratio	0.00%
Covered Payroll (active plan members)	\$ 13,975,611
UAAL as a percentage of covered payroll	31.11%

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

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Post-employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence six years after retirement eligibility (three years for those first eligible at or above age 60). Medical benefits are provided to employees upon actual retirement. The employees are covered by the State of Alabama Retirement System whose retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service.

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

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

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

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

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

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	<i>OPEB Costs and Contributions</i>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPEB Cost	\$ 410,545	\$ 397,322	\$ 404,811
Contribution	-	-	-
Retiree premium	260,496	241,200	318,456
Total contribution and premium	<u>260,496</u>	<u>241,200</u>	<u>318,456</u>
Change in net OPEB obligation	<u>\$ 150,049</u>	<u>\$ 156,122</u>	<u>\$ 86,355</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	63.45%	60.71%	78.67%

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

The City is a party to other 80/20 cost sharing agreements with the State in which the City will pay 100% of the costs over a fixed amount. The liability, if any, is not determinable as of September 30, 2012.

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

The City entered an agreement with ESG Operations, Inc. ("ESG") effective November 1, 2005, to operate, manage and provide services that the following divisions of the City were previously providing: 1) streets division, grounds maintenance division, building maintenance division, auto shop division, and cemeteries division of the Public Works Department; 2) wastewater treatment division and wastewater collection division of the Engineering Department, and effective January 2, 2006, the building maintenance division and grounds division of the Parks and Recreation Department. The City will provide for all capital expenditures and electric service. The base fee for provision of these services is \$3,559,863 per year payable in monthly installments. The base fee will increase each year in accordance with the consumer price index. The ESG budget for the year ended September 30, 2012 totals \$4,950,012. 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, \$147,956 remained in the repair and maintenance budget and was reimbursed to the City. At September 30, 2012, 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 between \$140,000 and \$408,750 for ten years if certain

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

employment benchmarks are met. Employment measurement points and payment times vary based on the industries' start dates.

On November 21, 2007, the City entered into a project development agreement to encourage the development of a major retail project expected to consist of retail space, restaurants and a hotel located at the Tiger Town Shopping Center. The City has agreed to pay the developer 50% of the future sales taxes generated from this project in annual installments beginning the November 17th that immediately follows the commencement date. The City made its first payment related to this obligation in November of 2009. The total amount due related to this agreement as of September 30, 2012 totaled \$502,306. These payments will be made on an annual basis through November 17, 2023 or until the payments reach \$6,000,000, whichever occurs first. At September 30, 2012, the City had made payments totaling \$1,022,707 related to this obligation.

In December 2007, the City authorized an ordinance to approve an agreement with Opelika Investment Properties, LLC (the "Developers") to develop a retail and entertainment center (Celebrate Alabama) on the east side of Interstate 85 in the corporate limits of the City of Opelika. The City has agreed to provide financial incentives to the Developers which include sharing of the following revenue sources generated from Celebrate Alabama; non-educational ad valorem taxes, non-educational sales taxes, lodging taxes, rental or leasing taxes, taxes on alcohol and tobacco, and business license fees for a period of twenty-five years following the beginning of Celebrate Alabama's operations. For the first fifteen years of the twenty-five year period, the City is obligated to pay the Developers 75% of the revenues collected from the aforementioned sources and during the final ten years of the twenty-five year period, the City is obligated to pay the Developers 50% of the aforementioned revenue sources. In addition, the City agreed to pay up to \$15,000,000 for the acquisition and construction of an exposition center. As of September 30, 2012, this project was not yet complete.

On September 8, 2010, the City entered into a project development agreement to encourage the acquisition and renovation of an existing building in Opelika. The City is obligated to pay the developers 50% of the revenues collected from City sales tax proceeds generated from the operation of the businesses related to this development beginning the first month after the project has been completed. The City's total commitment to share sales tax is equal to \$1,000,000. The agreement expires once the City pays the \$1,000,000 or after a ten year period beginning when the project is complete. As of September 30, 2012, the developers had not met the requirements of the agreement.

On December 8, 2010, the City and a developer entered into a development agreement to which the City agreed to construct a new fire station and entrance road. The fire station was required to be located in close proximity to the developer's project. The City completed its construction of the fire station and entrance road during the year ended September 30, 2012. The entrance road was completed in December of 2012.

On February 1, 2012, the City entered into a project development agreement to encourage the improvement of an existing automobile dealership within the City limits of Opelika. The City is obligated to pay the developers an amount equal to 50% of the aggregate sales tax revenues collected by the City from the sale of automobiles, trucks and other vehicles but not to exceed the lesser of \$640,000 or 32% of the actual cost of acquiring, constructing and improving the site. The agreement expires on January 15, 2033 or on the payment date when the City pays the developers \$640,000. The City received the Project Completion Certificate in December of 2012. The first payment is due on January 15 of the year that immediately follows the date on which the Company delivers to the City a Project Completion Certificate.

On May 1, 2012, the City entered into a project development agreement to encourage the development of a new retail store in Opelika east of the Tiger Town Shopping Center. The City is obligated to reimburse the developers the sum of \$226,270 for costs of the design and construction of an entrance road to the store and related infrastructure upon completion of the road and acceptance by the City. The road was completed and accepted by the City subsequent to year end and the City expects to remit payment of \$226,270 during the year ended September 30, 2013.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

On December 1, 2012, the City entered into a project development agreement with two corporations to encourage the development of a movie theater in the Opelika city limits. The two corporations agreed to construct a movie theater complex on or before October 31, 2014. The City is obligated to remit to one of the developers 25% of the revenues collected from City sales tax proceeds generated from the operation of the businesses related to this development beginning with the first quarter after the project has been completed. Similar payments will be due on a quarterly basis until the agreement terminates. The City's total commitment to share sales tax is equal to \$700,000. The agreement expires once the City pays the \$700,000 or on October 31, 2029.

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, 2012.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for the expenditures disallowed under terms of the grant. City management believes such disallowance, if any, will be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<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	\$ 22,500,000	\$ 22,500,000	\$ 23,206,110	\$ 706,110
Property:				
Property:	3,050,000	3,050,000	3,013,106	(36,894)
Payments in lieu of taxes	8,000	8,000	8,904	904
	<u>3,058,000</u>	<u>3,058,000</u>	<u>3,022,010</u>	<u>(35,990)</u>
Other:				
Gasoline	733,000	733,000	807,269	74,269
Cigarette	93,000	93,000	97,852	4,852
Rental	601,000	601,000	399,286	(201,714)
Wine	25,000	25,000	24,715	(285)
	<u>1,452,000</u>	<u>1,452,000</u>	<u>1,329,122</u>	<u>(122,878)</u>
Total taxes	<u>27,010,000</u>	<u>27,010,000</u>	<u>27,557,242</u>	<u>547,242</u>
Special assessments	<u>13,000</u>	<u>13,000</u>	<u>42,456</u>	<u>29,456</u>
Licenses and permits:				
Occupational	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,317,240</u>	<u>317,240</u>
Business:				
General	2,571,000	2,571,000	2,715,997	144,997
Lodging	490,000	490,000	561,287	71,287
Franchise fee	94,000	94,000	78,444	(15,556)
	<u>3,155,000</u>	<u>3,155,000</u>	<u>3,355,728</u>	<u>200,728</u>
Telecommunications fees	-	-	22,000	22,000
Permits and inspections	<u>250,000</u>	<u>250,000</u>	<u>412,047</u>	<u>162,047</u>
Total licenses and permits	<u>11,405,000</u>	<u>11,405,000</u>	<u>12,107,015</u>	<u>702,015</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<i>DESCRIPTION</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Intergovernmental revenue:				
Shared county revenue:				
Motor vehicle license	95,000	95,000	97,666	2,666
Shared state revenue:				
Bank excise tax	8,000	8,000	86,057	78,057
Business privilege tax	69,000	69,000	70,736	1,736
Share of liquor tax profits	83,000	83,000	105,960	22,960
State asset forfeiture	-	10,304	12,418	2,114
	<u>160,000</u>	<u>170,304</u>	<u>275,171</u>	<u>104,867</u>
Shared federal revenue:				
Federal asset forfeiture	-	1,434	-	(1,434)
	<u>-</u>	<u>1,434</u>	<u>-</u>	<u>(1,434)</u>
Other:				
Grants:				
Federal	-	-	28,872	28,872
State	-	11,175	30,293	19,118
Lee County	29,000	35,000	52,500	17,500
	<u>29,000</u>	<u>46,175</u>	<u>111,665</u>	<u>65,490</u>
Total intergovernmental revenue	<u>284,000</u>	<u>312,913</u>	<u>484,502</u>	<u>171,589</u>
Charges for services:				
Administration				
Other governments	14,000	14,000	25,082	11,082
	<u>14,000</u>	<u>14,000</u>	<u>25,082</u>	<u>11,082</u>
Public safety:				
Board of Education	12,000	12,000	12,855	855
Housing Authority	70,000	70,000	70,000	-
Water Works Board	22,000	22,000	21,991	(9)
Other	52,000	53,041	62,557	9,516
Towing, fire calls, and fire training	-	-	897	897
	<u>156,000</u>	<u>157,041</u>	<u>168,300</u>	<u>11,259</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<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	-	-	58,461	58,461
Other	-	-	19,236	19,236
	<u>-</u>	<u>-</u>	<u>77,697</u>	<u>77,697</u>
Health:				
Graves and monuments	103,000	103,000	118,698	15,698
Evergreen cemetery	-	-	500	500
	<u>103,000</u>	<u>103,000</u>	<u>119,198</u>	<u>16,198</u>
Culture and recreation:				
Entry fees and concessions	1,379,000	1,381,000	1,332,552	(48,448)
Total charges for services	<u>1,652,000</u>	<u>1,655,041</u>	<u>1,722,829</u>	<u>67,788</u>
Fines and forfeitures:				
Public safety:				
Fines and costs	498,000	498,000	421,068	(76,932)
Culture and recreation:				
Fines	-	-	36,709	36,709
Total fines and forfeits	<u>498,000</u>	<u>498,000</u>	<u>457,777</u>	<u>(40,223)</u>
Miscellaneous revenues:				
Interest earnings	179,000	179,000	85,361	(93,639)
Other:				
Rental income	66,000	66,000	41,827	(24,173)
Contributions	-	33,426	28,010	(5,416)
Cemetery lots	100,000	100,000	82,250	(17,750)
Miscellaneous	32,000	25,130	86,310	61,180
Total other	<u>198,000</u>	<u>224,556</u>	<u>238,397</u>	<u>13,841</u>
Total miscellaneous revenues	<u>377,000</u>	<u>403,556</u>	<u>323,758</u>	<u>(79,798)</u>
Total revenues	<u>41,239,000</u>	<u>41,297,510</u>	<u>42,695,579</u>	<u>1,398,069</u>

UNAUDITED

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	123,279	123,279	125,866	2,587
Other	368,010	206,230	37,250	(168,980)
Total mayor	<u>491,289</u>	<u>329,509</u>	<u>163,116</u>	<u>(166,393)</u>
Administration:				
Personal services	224,611	224,611	225,080	469
Services provided to other funds	(1,200)	(1,200)	(1,200)	-
Other	257,520	267,820	208,561	(59,259)
Total administration	<u>480,931</u>	<u>491,231</u>	<u>432,441</u>	<u>(58,790)</u>
Legislative - City Clerk:				
Personal services	177,968	177,968	176,944	(1,024)
Other	281,680	236,149	185,251	(50,898)
Total legislative	<u>459,648</u>	<u>414,117</u>	<u>362,195</u>	<u>(51,922)</u>
Other:				
Revenue:				
Personal services	245,293	245,293	233,347	(11,946)
Services provided other funds	-	-	-	-
Other	47,218	58,796	41,498	(17,298)
	<u>292,511</u>	<u>304,089</u>	<u>274,845</u>	<u>(29,244)</u>
Accounting:				
Personal services	354,478	354,478	354,334	(144)
Services provided other funds	(99,658)	(99,658)	(99,658)	-
Other	80,900	87,732	61,398	(26,334)
	<u>335,720</u>	<u>342,552</u>	<u>316,074</u>	<u>(26,478)</u>
Community relations:				
Personal services	67,679	67,679	67,387	(292)
Other	67,225	71,658	45,904	(25,754)
	<u>134,904</u>	<u>139,337</u>	<u>113,291</u>	<u>(26,046)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Information technology:				
Personal services	527,008	527,008	490,519	(36,489)
Services provided other funds	(167,852)	(167,852)	(167,852)	-
Other	<u>621,581</u>	<u>698,859</u>	<u>611,131</u>	<u>(87,728)</u>
	<u>980,737</u>	<u>1,058,015</u>	<u>933,798</u>	<u>(124,217)</u>
Judicial:				
Personal services	231,105	231,105	235,146	4,041
Other	<u>153,385</u>	<u>156,678</u>	<u>136,083</u>	<u>(20,595)</u>
	<u>384,490</u>	<u>387,783</u>	<u>371,229</u>	<u>(16,554)</u>
Human resources administration:				
Personal services	207,178	207,178	194,744	(12,434)
Other	<u>114,260</u>	<u>140,521</u>	<u>95,592</u>	<u>(44,929)</u>
	<u>321,438</u>	<u>347,699</u>	<u>290,336</u>	<u>(57,363)</u>
Planning:				
Personal services	279,688	279,688	323,425	43,737
Other	<u>47,538</u>	<u>95,987</u>	<u>75,716</u>	<u>(20,271)</u>
	<u>327,226</u>	<u>375,675</u>	<u>399,141</u>	<u>23,466</u>
Purchasing:				
Personal services	256,271	256,271	240,521	(15,750)
Services provided other funds	(63,168)	(63,168)	(63,168)	-
Other	<u>14,290</u>	<u>14,290</u>	<u>7,926</u>	<u>(6,364)</u>
	<u>207,393</u>	<u>207,393</u>	<u>185,279</u>	<u>(22,114)</u>
Nondepartmental:				
Auburn-Opelika Airport	121,647	121,647	140,851	19,204
Lee-Russell Council of Governments	108,400	108,400	108,400	-
Opelika Chamber of Commerce	70,000	71,250	80,000	8,750
Opelika Industrial Development Authority	125,000	125,000	125,000	-
Lee County Extension Service	10,000	10,000	10,000	-
Envision Opelika	2,500	7,500	15,000	7,500
Downtown Development Authority	4,500	4,500	-	(4,500)
Main Street, Inc.	15,000	16,500	16,500	-
J W Darden Foundation	10,000	10,000	10,000	-
Other	-	-	2,000	2,000
	<u>467,047</u>	<u>474,797</u>	<u>507,751</u>	<u>32,954</u>
Total other	<u>3,451,466</u>	<u>3,637,340</u>	<u>3,391,744</u>	<u>(245,596)</u>
Total general government	<u>4,883,334</u>	<u>4,872,197</u>	<u>4,349,496</u>	<u>(522,701)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Public safety:				
Police:				
Personal services	6,344,559	6,459,947	6,044,086	(415,861)
Other	1,732,379	1,784,083	1,603,192	(180,891)
Total police	<u>8,076,938</u>	<u>8,244,030</u>	<u>7,647,278</u>	<u>(596,752)</u>
Fire:				
Personal services	4,281,812	4,298,773	4,201,532	(97,241)
Other	457,345	503,078	459,558	(43,520)
Total fire	<u>4,739,157</u>	<u>4,801,851</u>	<u>4,661,090</u>	<u>(140,761)</u>
Other:				
Nondepartmental:				
National Guard	1,000	1,000	1,000	-
Juvenile Court	15,000	15,000	15,000	-
Lee County Emergency Management	46,000	46,000	46,000	-
Emergency Medical Service	289,476	289,476	289,476	-
Other	-	-	-	-
Total other	<u>351,476</u>	<u>351,476</u>	<u>351,476</u>	<u>-</u>
Total public safety	<u>13,167,571</u>	<u>13,397,357</u>	<u>12,659,844</u>	<u>(737,513)</u>
Public works:				
Highways and streets				
Personal services	9,035	9,035	5,296	(3,739)
Other	992,498	992,398	994,039	1,641
Total highways and streets	<u>1,001,533</u>	<u>1,001,433</u>	<u>999,335</u>	<u>(2,098)</u>
Engineering:				
Personal services	348,917	348,917	342,664	(6,253)
Other	70,840	96,620	51,861	(44,759)
Total engineering	<u>419,757</u>	<u>445,537</u>	<u>394,525</u>	<u>(51,012)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Other:				
Administration:				
Personal services	-	-	-	-
Services provided other funds	-	-	-	-
Other	336,532	336,532	314,966	(21,566)
	<u>336,532</u>	<u>336,532</u>	<u>314,966</u>	<u>(21,566)</u>
Cemetery:				
Personal services	-	-	-	-
Other	180,810	180,810	190,000	9,190
	<u>180,810</u>	<u>180,810</u>	<u>190,000</u>	<u>9,190</u>
Automotive shop:				
Personal services	-	-	-	-
Other	325,386	334,357	318,853	(15,504)
	<u>325,386</u>	<u>334,357</u>	<u>318,853</u>	<u>(15,504)</u>
Building maintenance:				
Personal services	3,744	3,744	3,744	-
Other	299,299	301,587	292,665	(8,922)
	<u>303,043</u>	<u>305,331</u>	<u>296,409</u>	<u>(8,922)</u>
Inspection:				
Personal services	409,982	410,820	343,564	(67,256)
Other	57,310	57,184	38,506	(18,678)
	<u>467,292</u>	<u>468,004</u>	<u>382,070</u>	<u>(85,934)</u>
Ground maintenance:				
Personal services	-	-	-	-
Other	496,484	512,709	506,234	(6,475)
	<u>496,484</u>	<u>512,709</u>	<u>506,234</u>	<u>(6,475)</u>
Total other	<u>2,109,547</u>	<u>2,137,743</u>	<u>2,008,532</u>	<u>(129,211)</u>
Total public works	<u>3,530,837</u>	<u>3,584,713</u>	<u>3,402,392</u>	<u>(182,321)</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Health:				
Animal control:				
Personal services	50,078	50,078	50,122	44
Other	6,150	6,176	5,677	(499)
	<u>56,228</u>	<u>56,254</u>	<u>55,799</u>	<u>(455)</u>
Other:				
Nondepartmental:				
Lee County Health Department	46,800	46,800	46,800	-
East Alabama Mental Health	47,500	47,500	47,500	-
Valley Haven School	2,000	2,000	2,000	-
Lee County Humane Society	67,126	67,126	67,126	-
Sickle Cell Association	1,500	1,500	1,500	-
Substance Abuse	47,500	47,500	47,500	-
Child Care Alliance	1,800	1,800	1,800	-
Red Cross	10,000	10,000	10,000	-
Other	-	5,000	5,000	-
Total other	<u>224,226</u>	<u>229,226</u>	<u>229,226</u>	<u>-</u>
Total health	<u>280,454</u>	<u>285,480</u>	<u>285,025</u>	<u>(455)</u>
Welfare:				
Other:				
Nondepartmental:				
East Alabama Services for the Elderly	10,000	10,000	10,000	-
Lee County Youth Development Center	32,000	32,000	32,000	-
Boys and Girls Clubs	35,000	40,000	40,000	-
Council on Human Relations	20,000	20,000	20,000	-
Storybook Farms	8,000	8,000	8,000	-
Other	-	10,000	10,000	-
Total welfare	<u>105,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<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	1,378,611	1,393,563	1,397,896	4,333
Other	3,580,676	3,712,391	3,456,285	(256,106)
Total parks and recreation	<u>4,959,287</u>	<u>5,105,954</u>	<u>4,854,181</u>	<u>(251,773)</u>
Library:				
Personal services	500,533	511,708	492,310	(19,398)
Other	191,630	308,071	195,457	(112,614)
Total library	<u>692,163</u>	<u>819,779</u>	<u>687,767</u>	<u>(132,012)</u>
Other:				
Nondepartmental:				
Opelika Tree Commission	7,000	7,000	60	(6,940)
Keep Opelika Beautiful	35,000	36,250	36,250	-
Museum of East Alabama	22,500	22,500	22,500	-
Opelika Arts Association	35,000	36,250	36,250	-
Museum of Art	5,000	5,000	5,000	-
Other	-	-	-	-
Total other	<u>104,500</u>	<u>107,000</u>	<u>100,060</u>	<u>(6,940)</u>
Total culture and recreation	<u>5,755,950</u>	<u>6,032,733</u>	<u>5,642,008</u>	<u>(390,725)</u>
Economic development:				
Personal services	279,344	283,775	248,694	(35,081)
Other	213,198	223,183	126,630	(96,553)
Total	<u>492,542</u>	<u>506,958</u>	<u>375,324</u>	<u>(131,634)</u>
Nondepartmental:				
Industrial incentives	243,750	243,750	236,284	(7,466)
Commercial incentives	275,000	275,000	543,515	268,515
Total	<u>518,750</u>	<u>518,750</u>	<u>779,799</u>	<u>261,049</u>
Total economic development	<u>1,011,292</u>	<u>1,025,708</u>	<u>1,155,123</u>	<u>129,415</u>
Education	<u>3,003,000</u>	<u>3,015,750</u>	<u>3,015,750</u>	<u>-</u>
Capital outlay	<u>975,256</u>	<u>3,489,304</u>	<u>3,782,360</u>	<u>293,056</u>

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Debt service:				
Principal	482,268	482,268	490,124	7,856
Interest	263,150	263,150	263,897	747
Trustee fees	14,000	14,000	-	(14,000)
Total debt service	<u>759,418</u>	<u>759,418</u>	<u>754,021</u>	<u>(5,397)</u>
Total expenditures	<u>33,472,112</u>	<u>36,582,660</u>	<u>35,166,019</u>	<u>(1,416,641)</u>
Excess of revenues over (under) expenditures	<u>7,766,888</u>	<u>4,714,850</u>	<u>7,529,560</u>	<u>2,814,710</u>
Other financing sources (uses):				
Capital lease	-	-	-	-
Sale of capital assets	-	31,841	86,965	55,124
Transfers from 2011 Road Construction Fund	-	-	2,028,715	
Transfers from Electric Utility Fund	3,003,666	2,970,725	2,970,726	1
Transfers from Nonmajor Special Revenue Funds	105,684	105,684	63,796	(41,888)
Transfers from Garden Hills Cemetery Trust Fund	20,000	20,000	10,067	(9,933)
Transfers from General Obligation Debt Service Fund	-	-	37	37
Transfer to Sewer Fund	-	-	-	-
Transfer to Nonmajor Debt Service Funds	-	-	(1,241,827)	(1,241,827)
Transfers to General Obligation Debt Service Funds	(7,277,665)	(7,277,665)	(1,289,233)	5,988,432
Transfers to 2003A General Obligation Warrants Debt Service Fund	(1,260,532)	(1,260,532)	(1,260,317)	215
Transfers to Sportsplex Fund	(2,033,333)	(2,033,333)	(1,987,358)	45,975
Transfers to Garden Hills Cemetery Perpetual Care Trust Fund	(12,000)	(12,000)	(20,563)	(8,563)
Transfers to Community Development Funds	-	-	(5,979)	(5,979)
Transfers to Nonmajor Capital Projects Funds	-	(416,919)	(193,613)	223,306
Transfers to Health Insurance Fund	-	-	-	-
Transfer to Solid Waste Collection Fund	(186,708)	(200,764)	-	200,764
Total other financing sources (uses)	<u>(7,640,888)</u>	<u>(8,072,963)</u>	<u>(838,584)</u>	<u>5,205,664</u>
Excess of revenues and other sources over (under) expenditures and other uses	126,000	(3,358,113)	6,690,976	10,049,089
Fund balance, beginning of year	<u>20,240,063</u>	<u>20,240,063</u>	<u>21,429,977</u>	<u>1,189,914</u>
Fund balance, end of year	<u>\$ 20,366,063</u>	<u>\$ 16,881,950</u>	<u>\$ 28,120,953</u>	<u>\$ 11,239,003</u>

UNAUDITED

CITY OF OPELIKA
SCHOOL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
Revenues:				
Taxes:				
Property	\$ 6,275,000	\$ 6,275,000	\$ 5,862,279	\$ (412,721)
Investment income	-	-	7,471	7,471
Contributions	-	-	-	-
Total revenues	<u>6,275,000</u>	<u>6,275,000</u>	<u>5,869,750</u>	<u>(405,250)</u>
Expenditures:				
Current:				
Education	<u>5,281,603</u>	<u>5,281,603</u>	<u>4,876,279</u>	<u>(405,324)</u>
Total expenditures	<u>5,281,603</u>	<u>5,281,603</u>	<u>4,876,279</u>	<u>(405,324)</u>
Excess of revenues over (under) expenditures	<u>993,397</u>	<u>993,397</u>	<u>993,471</u>	<u>74</u>
Other financing sources (uses):				
Transfers to other funds	<u>(993,397)</u>	<u>(993,397)</u>	<u>(993,471)</u>	<u>(74)</u>
Total other financing sources (uses)	<u>(993,397)</u>	<u>(993,397)</u>	<u>(993,471)</u>	<u>(74)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNAUDITED

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL NONMAJOR FUNDS STATEMENTS

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

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

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

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

CITY OF OPELIKA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<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	\$ 3,225,632	\$ 46,058	\$ 1,186,677	\$ -	\$ 4,458,367
Certificates of deposit	4,000,000	8,000	-	-	4,008,000
Investments	7,461	1,569,105	-	732,530	2,309,096
Receivables	2,094,198	-	131,674	1,322	2,227,194
Due from other funds	58,343	-	-	6,188	64,531
Due from other governments	923,902	-	196,740	-	1,120,642
Total current assets	<u>10,309,536</u>	<u>1,623,163</u>	<u>1,515,091</u>	<u>740,040</u>	<u>14,187,830</u>
Other assets:					
Deposits	69,045	-	-	-	69,045
Total other assets	<u>69,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,045</u>
Total assets	<u>\$ 10,378,581</u>	<u>\$ 1,623,163</u>	<u>\$ 1,515,091</u>	<u>\$ 740,040</u>	<u>\$ 14,256,875</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 11,256	\$ -	\$ 8,864	\$ 397	\$ 20,517
Retainage payable	-	-	38,483	-	38,483
Accrued payroll and benefits	772	-	-	-	772
Due to other funds	1,064,516	120,761	192,382	1,010	1,378,669
Due to other governments	14,973	-	-	-	14,973
Deferred revenues	2,979,692	-	267,477	-	3,247,169
Matured bonds and interest payable	-	477,022	-	-	477,022
Total liabilities	<u>4,071,209</u>	<u>597,783</u>	<u>507,206</u>	<u>1,407</u>	<u>5,177,605</u>
Fund Balances:					
Nonspendable	69,045	-	-	738,633	807,678
Restricted	2,060,991	1,025,380	1,100,866	-	4,187,237
Assigned	4,936,315	-	-	-	4,936,315
Unassigned	(758,979)	-	(92,981)	-	(851,960)
Total fund balance	<u>6,307,372</u>	<u>1,025,380</u>	<u>1,007,885</u>	<u>738,633</u>	<u>9,079,270</u>
Total liabilities and fund balances	<u>\$ 10,378,581</u>	<u>\$ 1,623,163</u>	<u>\$ 1,515,091</u>	<u>\$ 740,040</u>	<u>\$ 14,256,875</u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<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>
Revenues:					
Intergovernmental	\$ 844,030	\$ -	\$ 149,151	\$ -	\$ 993,181
Investment income	27,103	322	4,754	82,171	114,350
Grant income	-	-	504,194	-	504,194
Contributions	196,000	-	-	-	196,000
Other	279,878	-	-	-	279,878
Total revenues	<u>1,347,011</u>	<u>322</u>	<u>658,099</u>	<u>82,171</u>	<u>2,087,603</u>
Expenditures:					
Current:					
General government	211,974	-	-	4,568	216,542
Public safety	441,149	-	-	-	441,149
Public works	-	-	-	-	-
Culture and recreation	47,821	-	-	-	47,821
Economic development and urban rehabilitation	249,200	-	-	-	249,200
Capital outlay	1,699,070	-	1,469,372	-	3,168,442
Debt service:					
Principal retirement	-	3,425,000	-	-	3,425,000
Interest and fiscal charges	-	2,790,805	-	-	2,790,805
Total expenditures	<u>2,649,214</u>	<u>6,215,805</u>	<u>1,469,372</u>	<u>4,568</u>	<u>10,338,959</u>
Excess of revenues over (under) expenditures	<u>(1,302,203)</u>	<u>(6,215,483)</u>	<u>(811,273)</u>	<u>77,603</u>	<u>(8,251,356)</u>
Other financing sources (uses):					
Proceeds of general long term debt	-	4,418,985	-	-	4,418,985
Proceeds used to refund bonds	-	(4,371,253)	-	-	(4,371,253)
Net premium (discounts) on issuance of general long term debt	-	-	-	-	-
Appropriations	-	-	-	-	-
Transfers from governmental funds	2,138,652	6,175,821	431,076	20,563	8,766,112
Transfers from proprietary funds	-	-	222,123	-	222,123
Transfers to governmental funds	(1,837,547)	(1,020)	-	(10,067)	(1,848,634)
Total other financing sources	<u>301,105</u>	<u>6,222,533</u>	<u>653,199</u>	<u>10,496</u>	<u>7,187,333</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(1,001,098)</u>	<u>7,050</u>	<u>(158,074)</u>	<u>88,099</u>	<u>(1,064,023)</u>
Fund balances, beginning of year	7,308,470	1,018,330	1,165,959	650,534	10,143,293
Fund balances, end of year	<u>\$ 6,307,372</u>	<u>\$ 1,025,380</u>	<u>\$ 1,007,885</u>	<u>\$ 738,633</u>	<u>\$ 9,079,270</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

CITY OF OPELIKA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2012

	<i>\$0.07 STATE GASOLINE TAX FUND</i>	<i>\$0.04 & \$0.05 STATE GASOLINE TAX FUND</i>	<i>CAPITAL IMPROVEMENT FUND</i>	<i>COMMUNITY DEVELOPMENT FUNDS</i>	<i>ROAD MAINTENANCE FUND</i>	<i>SPORTSPLEX FUND</i>	<i>ROSEMERE CEMENTERY FUND</i>	<i>LODGING TAX FUND</i>	<i>COOPER LIBRARY EXPENDABLE TRUST FUND</i>	<i>COMBINED TOTALS</i>
ASSETS										
Cash and cash equivalents	\$ 120,166	\$ 26,459	\$ 188,070	\$ 35,180	\$ 1,623,659	\$ 564,192	\$ -	\$ 667,906	\$ -	\$ 3,225,632
Certificates of deposit	-	-	-	-	-	4,000,000	-	-	-	4,000,000
Investments	-	-	-	-	-	-	-	-	7,461	7,461
Other receivables	-	-	-	-	-	2,065,750	-	28,448	-	2,094,198
Due from other funds	-	-	58,343	-	-	-	-	-	-	58,343
Due from other governments	11,899	9,247	879,523	23,233	-	-	-	-	-	923,902
Total current assets	<u>132,065</u>	<u>35,706</u>	<u>1,125,936</u>	<u>58,413</u>	<u>1,623,659</u>	<u>6,629,942</u>	<u>-</u>	<u>696,354</u>	<u>7,461</u>	<u>10,309,536</u>
Other assets:										
Deposits	-	-	-	-	-	-	-	69,045	-	69,045
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,045</u>	<u>-</u>	<u>69,045</u>
Total assets	<u>\$ 132,065</u>	<u>\$ 35,706</u>	<u>\$ 1,125,936</u>	<u>\$ 58,413</u>	<u>\$ 1,623,659</u>	<u>\$ 6,629,942</u>	<u>\$ -</u>	<u>\$ 765,399</u>	<u>\$ 7,461</u>	<u>\$ 10,378,581</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 1,389	\$ -	\$ -	\$ 5,699	\$ -	\$ 4,168	\$ -	\$ 11,256
Accrued payroll and benefits	-	-	-	772	-	-	-	-	-	772
Due to other funds	-	-	990,530	7,439	57,264	-	9,283	-	-	1,064,516
Due to other governments	-	-	-	14,973	-	-	-	-	-	14,973
Deferred revenues	-	-	879,523	39,419	-	2,060,750	-	-	-	2,979,692
Total liabilities	<u>-</u>	<u>-</u>	<u>1,871,442</u>	<u>62,603</u>	<u>57,264</u>	<u>2,066,449</u>	<u>9,283</u>	<u>4,168</u>	<u>-</u>	<u>4,071,209</u>
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	69,045	-	69,045
Restricted	132,065	35,706	-	-	-	1,893,220	-	-	-	2,060,991
Assigned	-	-	-	-	1,566,395	2,670,273	-	692,186	7,461	4,936,315
Unrestricted	-	-	(745,506)	(4,190)	-	-	(9,283)	-	-	(758,979)
Total fund balance	<u>132,065</u>	<u>35,706</u>	<u>(745,506)</u>	<u>(4,190)</u>	<u>1,566,395</u>	<u>4,563,493</u>	<u>(9,283)</u>	<u>761,231</u>	<u>7,461</u>	<u>6,307,372</u>
Total liabilities and fund balances	<u>\$ 132,065</u>	<u>\$ 35,706</u>	<u>\$ 1,125,936</u>	<u>\$ 58,413</u>	<u>\$ 1,623,659</u>	<u>\$ 6,629,942</u>	<u>\$ -</u>	<u>\$ 765,399</u>	<u>\$ 7,461</u>	<u>\$ 10,378,581</u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<i>\$0.07 STATE GASOLINE TAX FUND</i>	<i>\$0.04 & \$0.05 STATE GASOLINE TAX FUND</i>	<i>CAPITAL IMPROVEMENT FUND</i>	<i>COMMUNITY DEVELOPMENT FUNDS</i>	<i>ROAD MAINTENANCE FUND</i>	<i>SPORTSPLEX FUND</i>	<i>ROSEMERE CEMETERY FUND</i>	<i>LODGING TAX FUND</i>	<i>COOPER LIBRARY EXPENDABLE TRUST FUND</i>	<i>COMBINED TOTALS</i>
Revenues:										
Intergovernmental:										
Shared state gasoline tax	\$ 73,144	\$ 57,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,147
Alabama trust fund	-	-	224,236	-	-	-	-	-	-	224,236
Federal grants	-	-	-	489,647	-	-	-	-	-	489,647
Total intergovernmental	73,144	57,003	224,236	489,647	-	-	-	-	-	844,030
Business licenses and permits	-	-	-	-	-	-	-	279,878	-	279,878
Miscellaneous:										
Investment income	66	49	851	34	10,093	14,439	1	-	1,570	27,103
Contributions	-	-	-	-	-	196,000	-	-	-	196,000
Total miscellaneous	66	49	851	34	10,093	210,439	1	-	1,570	223,103
Total revenues	73,210	57,052	225,087	489,681	10,093	210,439	1	279,878	1,570	1,347,011
Expenditures:										
Current:										
General government	-	-	-	211,974	-	-	-	-	-	211,974
Public safety	-	-	-	81,329	-	359,820	-	-	-	441,149
Public works	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	47,821	-	-	-	47,821
Economic development and urban rehabilitation	-	-	-	-	-	-	-	249,200	-	249,200
Total current expenditures	-	-	-	293,303	-	407,641	-	249,200	-	950,144
Capital outlay	71,000	53,000	1,294,662	168,280	76,000	25,805	10,323	-	-	1,699,070
Total expenditures	71,000	53,000	1,294,662	461,583	76,000	433,446	10,323	249,200	-	2,649,214
Excess revenues over (under) expenditures	2,210	4,052	(1,069,575)	28,098	(65,907)	(223,007)	(10,322)	30,678	1,570	(1,302,203)
Other financing resources (uses):										
Transfers from governmental funds	-	-	145,315	5,979	-	1,987,358	-	-	-	2,138,652
Transfers from proprietary funds	-	-	-	-	-	-	-	-	-	-
Transfers to governmental funds	-	-	-	(63,797)	-	(1,773,750)	-	-	-	(1,837,547)
Total other financing sources (uses)	-	-	145,315	(57,818)	-	213,608	-	-	-	301,105
Excess of revenues and other sources over (under) expenditures and other uses	2,210	4,052	(924,260)	(29,720)	(65,907)	(9,399)	(10,322)	30,678	1,570	(1,001,098)
Fund balances, beginning of year	129,855	31,654	178,754	25,530	1,632,302	4,572,892	1,039	730,553	5,891	7,308,470
Fund balances, end of year	\$ 132,065	\$ 35,706	\$ (745,506)	\$ (4,190)	\$ 1,566,395	\$ 4,563,493	\$ (9,283)	\$ 761,231	\$ 7,461	\$ 6,307,372

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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, 2012

	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION SCHOOL WARRANTS	COMBINED TOTALS
ASSETS			
Cash and cash equivalents	\$ 44,577	\$ 1,481	\$ 46,058
Certificates of deposit	8,000	-	8,000
Investments	1,122,046	447,059	1,569,105
Total assets	<u>\$ 1,174,623</u>	<u>\$ 448,540</u>	<u>\$ 1,623,163</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 120,761	\$ -	\$ 120,761
Matured bonds and interest payable	29,963	447,059	477,022
Total liabilities	<u>150,724</u>	<u>447,059</u>	<u>597,783</u>
Fund balances:			
Restricted for debt service	1,023,899	1,481	1,025,380
Total fund balance	<u>1,023,899</u>	<u>1,481</u>	<u>1,025,380</u>
Total liabilities and fund balances	<u>\$ 1,174,623</u>	<u>\$ 448,540</u>	<u>\$ 1,623,163</u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
SEPTEMBER 30, 2012

	GENERAL OBLIGATION WARRANTS	GENERAL OBLIGATION SCHOOL WARRANTS	COMBINED TOTALS
Revenues:			
Miscellaneous:			
Investment income	\$ 315	\$ 7	\$ 322
Total revenues	<u>315</u>	<u>7</u>	<u>322</u>
Expenditures:			
Debt service:			
Principal retirement	2,845,000	580,000	3,425,000
Interest and fiscal charges	2,377,334	413,471	2,790,805
Total expenditures	<u>5,222,334</u>	<u>993,471</u>	<u>6,215,805</u>
Excess of revenues over (under) expenditures	<u>(5,222,019)</u>	<u>(993,464)</u>	<u>(6,215,483)</u>
Other financing sources (uses):			
Proceeds from debt issuance	4,418,985	-	4,418,985
Proceeds used to refund bonds	(4,371,253)	-	(4,371,253)
Transfers from governmental funds	5,182,350	993,471	6,175,821
Transfers to governmental funds	(1,020)	-	(1,020)
Total other financing sources	<u>5,229,062</u>	<u>993,471</u>	<u>6,222,533</u>
Excess of revenue and other sources over expenditures and other uses	7,043	7	7,050
Fund balances, beginning of year	1,016,856	1,474	1,018,330
Fund balances, end of year	<u>\$ 1,023,899</u>	<u>\$ 1,481</u>	<u>\$ 1,025,380</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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.

Fire Station Fund – This fund is used to account for the construction of a fire station. Proceeds of the 2010-B GO Recovery Zone Economic Development Warrants are being used to finance this project.

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, 2012

<i>ASSETS</i>	<i>MUNICIPAL COMPLEXES</i>	<i>ROAD CONSTRUCTION</i>	<i>FIRE STATION</i>	<i>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</i>	<i>TOTALS</i>
Cash and cash equivalents	\$ 457,466	\$ 587,753	\$ 87,003	\$ 54,455	\$ 1,186,677
Investments	-	-	-	-	-
Receivables	131,674	-	-	-	131,674
Due from other governments	-	-	-	196,740	196,740
Total assets	\$ 589,140	\$ 587,753	\$ 87,003	\$ 251,195	\$ 1,515,091
 <i>LIABILITIES AND FUND BALANCES</i>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 3,676	\$ 5,188	\$ 8,864
Retainage payable	-	-	38,483	-	38,483
Due to other funds	-	-	4,545	187,837	192,382
Deferred revenue	116,326	-	-	151,151	267,477
Total liabilities	116,326	-	46,704	344,176	507,206
Fund balances:					
Restricted	472,814	587,753	40,299	-	1,100,866
Unassigned	-	-	-	(92,981)	(92,981)
Total fund balance	472,814	587,753	40,299	(92,981)	1,007,885
Total liabilities and fund balances	\$ 589,140	\$ 587,753	\$ 87,003	\$ 251,195	\$ 1,515,091

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<i>MUNICIPAL COMPLEXES</i>	<i>ROAD CONSTRUCTION</i>	<i>FIRE STATION</i>	<i>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</i>	<i>TOTALS</i>
Revenues:					
Intergovernmental	\$ 140,648	\$ -	\$ -	\$ 8,503	\$ 149,151
Investment income	-	4,754	-	-	4,754
Grant income	-	-	-	504,194	504,194
Total revenues	<u>140,648</u>	<u>4,754</u>	<u>-</u>	<u>512,697</u>	<u>658,099</u>
Expenditures					
Capital outlay	-	-	1,278,716	190,656	1,469,372
Total expenditures	-	-	1,278,716	190,656	1,469,372
Excess of revenue over (under) expenditures	<u>140,648</u>	<u>4,754</u>	<u>(1,278,716)</u>	<u>322,041</u>	<u>(811,273)</u>
Other financing sources:					
Transfers from governmental funds	-	-	382,778	48,298	431,076
Transfers from proprietary funds	-	-	222,123	-	222,123
Transfers to governmental funds	-	-	-	-	-
Total other financing sources	-	-	604,901	48,298	653,199
Excess of revenues and other sources over (under) expenditures and other uses	140,648	4,754	(673,815)	370,339	(158,074)
Fund balances, beginning of year	<u>332,166</u>	<u>582,999</u>	<u>714,114</u>	<u>(463,320)</u>	<u>1,165,959</u>
Fund balances, end of year	<u>\$ 472,814</u>	<u>\$ 587,753</u>	<u>\$ 40,299</u>	<u>\$ (92,981)</u>	<u>\$ 1,007,885</u>

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NONMAJOR PROPRIETARY FUNDS

Nonmajor Proprietary Funds are used to account for the business-type funds of the City that operate based upon charges for services provided to residential, commercial, and other governmental departments and entities on a for-profit basis.

Solid Waste Fund – This fund is used to account for the operations of providing solid waste collection and disposal services to residential and commercial customers.

Cable Fund – This fund is used to account for the operations of providing cable distribution services to residential and commercial users, and the construction of the distribution system required to provide those services.

CITY OF OPELIKA
STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2012

<i>ASSETS</i>	<i>CABLE</i>	<i>SOLID WASTE COLLECTION</i>	<i>COMBINED TOTALS</i>
Current assets:			
Cash	\$ -	\$ 154,645	\$ 154,645
Accounts and unbilled service receivable, net	-	99,790	99,790
Due from other governments	-	37,264	37,264
Total current assets	<u>-</u>	<u>291,699</u>	<u>291,699</u>
Deferred charges:			
Unamortized bond issue costs	<u>20,521</u>	<u>-</u>	<u>20,521</u>
Capital assets:			
Land	-	229,547	229,547
Building	-	43,806	43,806
System	-	17,540	17,540
Equipment	-	2,083,042	2,083,042
Construction work in progress	4,197,081	-	4,197,081
Total original cost	<u>4,197,081</u>	<u>2,373,935</u>	<u>6,571,016</u>
Less: accumulated depreciation	<u>-</u>	<u>(1,278,216)</u>	<u>(1,278,216)</u>
Capital assets, net	<u>4,197,081</u>	<u>1,095,719</u>	<u>5,292,800</u>
Other assets:			
Deposits	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total other assets	<u>10,000</u>	<u>-</u>	<u>10,000</u>
 Total assets	 <u>\$ 4,227,602</u>	 <u>\$ 1,387,418</u>	 <u>\$ 5,615,020</u>

CITY OF OPELIKA
STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2012

LIABILITIES	CABLE	SOLID WASTE COLLECTION	COMBINED TOTALS
Current liabilities:			
Accounts payable	\$ 3,158,648	\$ 28,934	\$ 3,187,582
Accrued payroll and benefits	481	84,019	84,500
Due to other funds	78,080	96,025	174,105
Interest payable	18,461	-	18,461
Deferred revenue	-	113,789	113,789
Total current liabilities	<u>3,255,670</u>	<u>322,767</u>	<u>3,578,437</u>
Noncurrent liabilities:			
Bonds payable, net of current portion and discount	1,016,667	-	1,016,667
Accrued employee benefits	-	63,458	63,458
Customer deposits	-	148,375	148,375
Total noncurrent liabilities	<u>1,016,667</u>	<u>211,833</u>	<u>1,228,500</u>
Total liabilities	<u>4,272,337</u>	<u>534,600</u>	<u>4,806,937</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,180,414	1,095,719	4,276,133
Restricted	-	-	-
Unrestricted	<u>(3,225,149)</u>	<u>(242,901)</u>	<u>(3,468,050)</u>
Total net assets	<u>\$ (44,735)</u>	<u>\$ 852,818</u>	<u>\$ 808,083</u>

CITY OF OPELIKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<u>CABLE</u>	<u>SOLID WASTE COLLECTION</u>	<u>COMBINED TOTALS</u>
Operating revenues:			
Charges for services, net	\$ -	\$ 2,033,489	\$ 2,033,489
Operating expenses:			
Personnel services	481	1,177,072	1,177,553
Insurance claims and expenses	-	31,918	31,918
Other	43,450	911,761	955,211
Depreciation	-	274,836	274,836
Total operating expenses	<u>43,931</u>	<u>2,395,587</u>	<u>2,439,518</u>
Operating loss	<u>(43,931)</u>	<u>(362,098)</u>	<u>(406,029)</u>
Nonoperating revenues:			
Investment revenue	-	1,582	1,582
Miscellaneous revenue	-	16,992	16,992
Gain on sale of capital assets	-	59,246	59,246
Total nonoperating revenues	<u>-</u>	<u>77,820</u>	<u>77,820</u>
Changes in net assets	(43,931)	(284,278)	(328,209)
Net assets, beginning of year	<u>(804)</u>	<u>1,137,096</u>	<u>1,136,292</u>
Net assets, end of year	<u>\$ (44,735)</u>	<u>\$ 852,818</u>	<u>\$ 808,083</u>

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CITY OF OPELIKA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	CABLE	SOLID WASTE COLLECTION	COMBINED TOTALS
Cash flows from operating activities:			
Receipts from customers	\$ -	\$ 2,033,295	\$ 2,033,295
Receipts from other funds for premiums	-	-	-
Customer deposits	-	7,175	7,175
Payments to suppliers for goods and services	(47,444)	(914,524)	(961,968)
Payments to employees for services	-	(1,170,992)	(1,170,992)
Claims paid	-	(31,918)	(31,918)
Internal activity - payments from other funds	126,657	74,160	200,817
Net cash provided by (used in) operating activities	<u>79,213</u>	<u>(2,804)</u>	<u>76,409</u>
Cash flows from noncapital financing activities:			
Other receipts	-	16,992	16,992
Net cash provided by noncapital financing activities	<u>-</u>	<u>16,992</u>	<u>16,992</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(1,002,422)	(109,979)	(1,112,401)
Proceeds received from issuance of debt	730,884	-	730,884
Proceeds from sale of assets	-	59,246	59,246
Net cash (used in) capital and related financing activities	<u>(271,538)</u>	<u>(50,733)</u>	<u>(322,271)</u>
Cash flows from investing activities:			
Interest on investments	-	1,582	1,582
Net cash provided by investing activities	<u>-</u>	<u>1,582</u>	<u>1,582</u>
Net decrease in cash and cash equivalents	(192,325)	(34,963)	(227,288)
Cash and cash equivalents at beginning of year	<u>192,325</u>	<u>189,608</u>	<u>381,933</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 154,645</u>	<u>\$ 154,645</u>

CITY OF OPELIKA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	<u>CABLE</u>	<u>SOLID WASTE COLLECTION</u>	<u>COMBINED TOTALS</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (43,931)	\$ (362,098)	\$ (406,029)
Adjustment to reconcile operating loss to net cash provided by operating activities:			
Depreciation	-	274,836	274,836
Amortization	6,006	-	6,006
Change in assets and liabilities:			
(Increase) decrease in accounts receivable and unbilled service receivable	-	(20,659)	(20,659)
(Increase) decrease in due from other funds	107,874	-	107,874
(Increase) decrease in other assets	(10,000)	-	(10,000)
(Increase) decrease in due from other governments	-	(18,323)	(18,323)
Increase (decrease) in accounts payable	-	(2,763)	(2,763)
Increase (decrease) in accrued payroll and benefits	481	6,080	6,561
Increase (decrease) in due to other funds	18,783	74,160	92,943
Increase (decrease) in deferred revenue	-	38,788	38,788
Increase (decrease) in customer deposits	-	7,175	7,175
Net cash provided by (used in) operating activities	<u>\$ 79,213</u>	<u>\$ (2,804)</u>	<u>\$ 76,409</u>
Reconciliation of cash and cash equivalents to the combining balance sheet:			
Total cash and certificates of deposit	\$ -	\$ 154,645	\$ 154,645
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 154,645</u>	<u>\$ 154,645</u>

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INTERNAL SERVICE FUNDS

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

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

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

CITY OF OPELIKA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2012

	WORKMEN'S COMPENSATION INSURANCE FUND	WORKER'S HEALTH INSURANCE FUND	COMBINED TOTALS
ASSETS			
Current assets:			
Cash	\$ 2,586,622	\$ 526,473	\$ 3,113,095
Due from other funds	11,784	41,196	52,980
Total current assets	<u>2,598,406</u>	<u>567,669</u>	<u>3,166,075</u>
Other assets:			
Deposits	19,229	-	19,229
Total assets	<u><u>\$ 2,617,635</u></u>	<u><u>\$ 567,669</u></u>	<u><u>\$ 3,185,304</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ -	\$ 83,058	\$ 83,058
Liability for unpaid claims	99,427	133,400	232,827
Deferred revenues	-	160,234	160,234
Total current liabilities	<u>99,427</u>	<u>376,692</u>	<u>476,119</u>
Long-term liabilities:			
Liability for unpaid claims	315,518	-	315,518
Total liabilities	<u>414,945</u>	<u>376,692</u>	<u>791,637</u>
NET ASSETS			
Restricted	414,945	-	414,945
Unrestricted	1,787,745	190,977	1,978,722
Total net assets	<u><u>\$ 2,202,690</u></u>	<u><u>\$ 190,977</u></u>	<u><u>\$ 2,393,667</u></u>

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	WORKMEN'S COMPENSATION INSURANCE FUND	WORKER'S HEALTH INSURANCE FUND	COMBINED TOTALS
Operating revenues:			
Charges for insurance	\$ 582,235	\$ 1,871,224	\$ 2,453,459
Operating expenses:			
Insurance claims and expenses	<u>205,936</u>	<u>2,539,709</u>	<u>2,745,645</u>
Operating income (loss)	376,299	(668,485)	(292,186)
Nonoperating revenues and (expenses):			
Interest revenue	23,735	3,900	27,635
Operating transfer in (out)	<u>(200,000)</u>	<u>200,000</u>	<u>-</u>
Change in net assets	200,034	(464,585)	(264,551)
Net assets, beginning of year	<u>2,002,656</u>	<u>655,562</u>	<u>2,658,218</u>
Net assets, end of year	<u><u>\$ 2,202,690</u></u>	<u><u>\$ 190,977</u></u>	<u><u>\$ 2,393,667</u></u>

CITY OF OPELIKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2012

	WORKMEN'S COMPENSATION INSURANCE FUND	WORKER'S HEALTH INSURANCE FUND	COMBINED TOTALS
Cash flows from operating activities:			
Receipts from other funds for premiums	\$ 581,099	\$ 1,890,930	\$ 2,472,029
Payments to suppliers and others	(162,108)	(295,025)	(457,133)
Claims paid	(119,675)	(2,157,868)	(2,277,543)
Net cash provided by/(used in) operating activities	<u>299,316</u>	<u>(561,963)</u>	<u>(262,647)</u>
Cash flows from noncapital financing activities:			
Operating transfers (to)/from other funds	(200,000)	200,000	-
Net cash (used in)/provided by noncapital investing activities	<u>(200,000)</u>	<u>200,000</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	23,735	3,900	27,635
Net cash provided by investing activities	<u>23,735</u>	<u>3,900</u>	<u>27,635</u>
Net increase/(decrease) in cash and cash equivalents	123,051	(358,063)	(235,012)
Cash and cash equivalents - beginning of year	2,463,571	884,536	3,348,107
Cash and cash equivalents - end of year	<u>\$ 2,586,622</u>	<u>\$ 526,473</u>	<u>\$ 3,113,095</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:			
Operating income (loss)	\$ 376,299	\$ (668,485)	\$ (292,186)
Change in assets and liabilities:			
Due from other funds	(1,136)	11,232	10,096
Accounts payable	(24,572)	67,116	42,544
Liability for unpaid claims	(51,275)	19,700	(31,575)
Deferred revenue	-	8,474	8,474
Net cash provided by/(used in) operating activities	<u>\$ 299,316</u>	<u>\$ (561,963)</u>	<u>\$ (262,647)</u>

SUPPLEMENTAL SCHEDULES

CITY OF OPELIKA
SCHEDULE OF DEBT
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

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

General obligation debt:

Amount available in debt service funds	\$ -
Amount to be provided (for principal)	86,114,070

Other long-term debt:

Amount available in debt service funds	60
Amount to be provided (for principal)	26,609,940
Total available and to be provided	<u><u>\$ 112,724,070</u></u>

Long-term debt outstanding:

General obligation debt:

Serial bonds and warrants:

Warrants issued 2003, due in installments to April 1, 2013	\$ 1,255,000
Warrants issued 2004, due in installments to March 1, 2029	5,540,000
Warrants issued 2010, due in installments to September 22, 2020	4,886,432
Warrants issued 2010, due in installments to September 25, 2026	5,540,000
Warrants issued 2010, due in installments to July 1, 2028	1,200,000
Warrants issued 2010, due in installments to June 25, 2014	2,310,000
Warrants issued 2011, due in installments to November 1, 2036	62,560,000
Total general obligation serial bonds and warrants	<u>83,291,432</u>

Other:

Vacation, sick leave, workmen's compensation claims and other	2,822,638
Total general obligation other	<u>2,822,638</u>
Total general obligation debt	86,114,070

Other long-term debt

Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007	26,610,000
Total other long-term debt	<u>26,610,000</u>
Total long-term debt	<u><u>\$ 112,724,070</u></u>

CITY OF OPELIKA
SCHEDULE OF DEBT SERVICE
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<i>General Obligation Bonds and Warrants</i>		<i>Other Long-term Debt</i>		<i>Total General Long-term Debt</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 4,772,497	\$ 3,155,173	\$ 560,000	\$ 1,205,294	\$ 5,332,497	\$ 4,360,467	\$ 9,692,964
2014	3,974,046	3,020,312	580,000	1,184,594	4,554,046	4,204,906	8,758,952
2015	2,886,984	2,885,766	600,000	1,161,744	3,486,984	4,047,510	7,534,494
2016	2,976,393	2,796,766	625,000	1,137,994	3,601,393	3,934,760	7,536,153
2017	3,082,321	2,701,661	650,000	1,112,494	3,732,321	3,814,155	7,546,476
2018	3,169,877	2,602,007	680,000	1,082,494	3,849,877	3,684,501	7,534,378
2019	3,279,128	2,497,928	715,000	1,051,194	3,994,128	3,549,122	7,543,250
2020	3,415,186	2,364,591	740,000	1,022,093	4,155,186	3,386,684	7,541,870
2021	2,795,000	2,228,240	775,000	987,918	3,570,000	3,216,158	6,786,158
2022	2,935,000	2,100,897	815,000	948,168	3,750,000	3,049,065	6,799,065
2023	3,075,000	1,960,198	860,000	906,294	3,935,000	2,866,492	6,801,492
2024	3,440,000	1,812,109	900,000	864,544	4,340,000	2,676,653	7,016,653
2025	3,580,000	1,674,446	940,000	823,144	4,520,000	2,497,590	7,017,590
2026	3,695,000	1,553,892	985,000	779,831	4,680,000	2,333,723	7,013,723
2027	3,305,000	1,413,863	1,030,000	734,494	4,335,000	2,148,357	6,483,357
2028	3,455,000	1,275,611	1,075,000	687,131	4,530,000	1,962,742	6,492,742
2029	3,315,000	1,152,375	1,125,000	637,631	4,440,000	1,790,006	6,230,006
2030	2,990,000	1,027,938	1,180,000	585,769	4,170,000	1,613,707	5,783,707
2031	3,120,000	895,762	1,235,000	528,344	4,355,000	1,424,106	5,779,106
2032	3,255,000	758,238	1,300,000	464,969	4,555,000	1,223,207	5,778,207
2033	3,085,000	626,412	1,365,000	398,344	4,450,000	1,024,756	5,474,756
2034	3,215,000	498,403	1,435,000	331,034	4,650,000	829,437	5,479,437
2035	3,350,000	363,000	1,500,000	263,162	4,850,000	626,162	5,476,162
2036	3,490,000	221,925	1,570,000	192,169	5,060,000	414,094	5,474,094
2037	3,635,000	74,971	1,645,000	117,822	5,280,000	192,793	5,472,793
2038	-	-	1,725,000	39,890	1,725,000	39,890	1,764,890
Vacation, sick, other:	-	-	2,822,638	-	2,822,638	-	2,822,638
	<u>\$ 83,291,432</u>	<u>\$ 41,662,484</u>	<u>\$ 29,432,638</u>	<u>\$ 19,248,559</u>	<u>\$ 112,724,070</u>	<u>\$ 60,911,043</u>	<u>\$ 173,635,113</u>

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2012

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2003-A

<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>
\$ 1,255,000	2013	3.50%	\$ 1,255,000	\$ 21,962	\$ 1,276,962
			<u>\$ 1,255,000</u>	<u>\$ 21,962</u>	<u>\$ 1,276,962</u>

Note: Warrants mature on April 1, each year as indicated. Interest is paid semi-annually on April 1 and October 1 as indicated. Bonds issued for current refunding of Series 1993A&B and to provide funding for the public portion of a new commercial development.

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2012

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2004

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 5,540,000	2013	5.00%	\$ 235,000	\$ 217,434	\$ 452,434
5,305,000	2014	5.00%	245,000	205,434	450,434
5,060,000	2015	3.30%	255,000	195,101	450,101
4,805,000	2016	3.40%	265,000	186,389	451,389
4,540,000	2017	3.50%	275,000	177,071	452,071
4,265,000	2018	3.60%	285,000	167,129	452,129
3,980,000	2019	3.70%	295,000	156,541	451,541
3,685,000	2020	3.63%	305,000	145,556	450,556
3,380,000	2021	3.75%	315,000	134,121	449,121
3,065,000	2022	4.00%	330,000	121,615	451,615
2,735,000	2023	4.05%	345,000	108,029	453,029
2,390,000	2024	4.10%	355,000	93,765	448,765
2,035,000	2025	4.25%	375,000	78,519	453,519
1,660,000	2026	4.25%	390,000	62,263	452,263
1,270,000	2027	4.25%	405,000	45,369	450,369
865,000	2028	4.25%	425,000	27,731	452,731
440,000	2029	4.25%	440,000	9,350	449,350
			<u>\$ 5,540,000</u>	<u>\$ 2,131,417</u>	<u>\$ 7,671,417</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, 2012

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

	TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$	26,610,000	2013	3.25%-4.00%	\$ 560,000	\$ 1,205,294	\$ 1,765,294
	26,050,000	2014	3.75%-4.00%	580,000	1,184,594	1,764,594
	25,470,000	2015	3.75%-4.00%	600,000	1,161,744	1,761,744
	24,870,000	2016	4.00%	625,000	1,137,994	1,762,994
	24,245,000	2017	5.00%-4.00%	650,000	1,112,494	1,762,494
	23,595,000	2018	5.00%-4.00%	680,000	1,082,494	1,762,494
	22,915,000	2019	4.00%	715,000	1,051,194	1,766,194
	22,200,000	2020	4.00%-5.00%	740,000	1,022,093	1,762,093
	21,460,000	2021	5.00%	775,000	987,918	1,762,918
	20,685,000	2022	5.00%	815,000	948,168	1,763,168
	19,870,000	2023	4.50%-5.50%	860,000	906,294	1,766,294
	19,010,000	2024	4.50%	900,000	864,544	1,764,544
	18,110,000	2025	4.50%	940,000	823,144	1,763,144
	17,170,000	2026	4.50%	985,000	779,831	1,764,831
	16,185,000	2027	4.50%	1,030,000	734,494	1,764,494
	15,155,000	2028	4.50%	1,075,000	687,131	1,762,131
	14,080,000	2029	4.50%	1,125,000	637,631	1,762,631
	12,955,000	2030	4.50%-5.00%	1,180,000	585,769	1,765,769
	11,775,000	2031	5.00%	1,235,000	528,344	1,763,344
	10,540,000	2032	5.00%	1,300,000	464,969	1,764,969
	9,240,000	2033	4.63%-5.00%	1,365,000	398,344	1,763,344
	7,875,000	2034	4.00%-5.00%	1,435,000	331,034	1,766,034
	6,440,000	2035	4.63%	1,500,000	263,162	1,763,162
	4,940,000	2036	4.63%	1,570,000	192,169	1,762,169
	3,370,000	2037	4.63%	1,645,000	117,822	1,762,822
	1,725,000	2038	4.63%	1,725,000	39,890	1,764,890
				<u>\$ 26,610,000</u>	<u>\$ 19,248,559</u>	<u>\$ 45,858,559</u>

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2012

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

	TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$	4,886,432	2013	4.87%	\$ 507,497	\$ 237,920	\$ 745,417
	4,378,935	2014	4.83%	534,046	211,371	745,417
	3,844,889	2015	4.77%	561,984	183,433	745,417
	3,282,905	2016	4.69%	591,393	154,033	745,426
	2,691,512	2017	4.57%	622,321	123,096	745,417
	2,069,191	2018	4.38%	654,877	90,540	745,417
	1,414,314	2019	3.98%	689,128	56,280	745,408
	725,186	2020	2.79%	725,186	20,229	745,415
				<u>\$ 4,886,432</u>	<u>\$ 1,076,902</u>	<u>\$ 5,963,334</u>

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2012

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2010-A

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 5,540,000	2013	2.000%	\$ -	\$ 180,569	\$ 180,569
5,540,000	2014	2.000%	360,000	173,419	533,419
5,180,000	2015	2.250%	365,000	166,169	531,169
4,815,000	2016	2.500%-3.500%	370,000	158,356	528,356
4,445,000	2017	2.750%-3.500%	385,000	148,006	533,006
4,060,000	2018	3.000%-4.000%	395,000	136,200	531,200
3,665,000	2019	3.250%	410,000	123,281	533,281
3,255,000	2020	3.500%	420,000	109,156	529,156
2,835,000	2021	3.250%	430,000	94,806	524,806
2,405,000	2022	4.000%	450,000	79,969	529,969
1,955,000	2023	3.500%	465,000	63,356	528,356
1,490,000	2024	3.625%	480,000	45,656	525,656
1,010,000	2025	3.750%	495,000	28,284	523,284
515,000	2026	3.750%	515,000	9,656	524,656
			\$ 5,540,000	\$ 1,516,883	\$ 7,056,883

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2012

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

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST	INTEREST SUBSIDY	NET PRINCIPAL & INTEREST DUE
\$ 1,200,000	2013	4.35%	\$ -	\$ 64,160	\$ 64,160	\$ 28,872	\$ 35,288
1,200,000	2014	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2015	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2016	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2017	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2018	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2019	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2020	4.35%	-	64,160	64,160	28,872	35,288
1,200,000	2021	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2022	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2023	5.10%	-	64,160	64,160	28,872	35,288
1,200,000	2024	5.10%	225,000	64,160	289,160	28,872	260,288
975,000	2025	5.10%	235,000	52,685	287,685	23,708	263,977
740,000	2026	5.50%	240,000	40,700	280,700	18,315	262,385
500,000	2027	5.50%	245,000	27,500	272,500	12,375	260,125
255,000	2028	5.50%	255,000	14,025	269,025	6,311	262,714
			\$ 1,200,000	\$ 904,830	\$ 2,104,830	\$ 407,173	\$ 1,697,657

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

Proceeds of the warrants are to fund the construction of a fire station.

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2012

GENERAL OBLIGATION WARRANTS, SERIES 2010-C

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 2,310,000	2013	3.00%	\$ 1,140,000	\$ 81,000	\$ 1,221,000
1,170,000	2014	4.00%	1,170,000	46,800	1,216,800
			<u>\$ 2,310,000</u>	<u>\$ 127,800</u>	<u>\$ 2,437,800</u>

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

CITY OF OPELIKA
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2012

GENERAL OBLIGATION WARRANTS, SERIES 2011

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 60,925,000	2013	2.000%	\$ 1,635,000	\$ 2,381,000	\$ 4,016,000
59,260,000	2014	3.000%	1,665,000	2,348,000	4,013,000
57,555,000	2015	2.000%	1,705,000	2,305,775	4,010,775
55,805,000	2016	3.000%	1,750,000	2,262,700	4,012,700
54,005,000	2017	2.000%	1,800,000	2,218,200	4,018,200
52,170,000	2018	2.500-3.000%	1,835,000	2,172,850	4,007,850
50,285,000	2019	4.500%	1,885,000	2,126,538	4,011,538
48,320,000	2020	4.500%	1,965,000	2,054,362	4,019,362
46,270,000	2021	5.000%	2,050,000	1,964,025	4,014,025
44,115,000	2022	5.000%	2,155,000	1,864,025	4,019,025
41,850,000	2023	5.000%	2,265,000	1,753,525	4,018,525
39,470,000	2024	4.250%	2,380,000	1,637,400	4,017,400
36,995,000	2025	4.250%	2,475,000	1,538,666	4,013,666
34,445,000	2026	5.000%	2,550,000	1,459,588	4,009,588
31,790,000	2027	3.375%	2,655,000	1,353,369	4,008,369
29,015,000	2028	3.500%	2,775,000	1,240,166	4,015,166
26,140,000	2029	3.5% - 5.0%	2,875,000	1,143,025	4,018,025
23,150,000	2030	4.0%-5.0%	2,990,000	1,027,938	4,017,938
20,030,000	2031	4.0%-5.0%	3,120,000	895,762	4,015,762
16,775,000	2032	4.0%-5.0%	3,255,000	758,238	4,013,238
13,690,000	2033	4.0%-4.125%	3,085,000	626,412	3,711,412
10,475,000	2034	4.125%	3,215,000	498,403	3,713,403
7,125,000	2035	4.125%	3,350,000	363,000	3,713,000
3,635,000	2036	4.125%	3,490,000	221,925	3,711,925
-	2037	4.125%	3,635,000	74,971	3,709,971
			<u>\$ 62,560,000</u>	<u>\$ 36,289,863</u>	<u>\$ 98,849,863</u>

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

CITY OF OPELIKA
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2012

ELECTRIC SYSTEM WARRANTS, SERIES 2011

	TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$	28,295,000	2013	3.850-5.500%	\$ -	\$ 1,425,336	\$ 1,425,336
	28,295,000	2014	3.850-5.500%	-	1,425,336	1,425,336
	28,295,000	2015	3.850-5.500%	-	1,425,336	1,425,336
	28,295,000	2016	3.850-5.500%	-	1,425,336	1,425,336
	28,295,000	2017	3.850-5.500%	-	1,425,336	1,425,336
	28,295,000	2018	3.850-5.500%	-	1,425,336	1,425,336
	28,295,000	2019	3.850-5.500%	-	1,425,336	1,425,336
	28,295,000	2020	3.850%	1,105,000	1,404,065	2,509,065
	27,190,000	2021	4.000%	1,150,000	1,359,794	2,509,794
	26,040,000	2022	4.200%	1,200,000	1,311,594	2,511,594
	24,840,000	2023	4.500%	1,255,000	1,258,156	2,513,156
	23,585,000	2024	4.500%	1,310,000	1,200,444	2,510,444
	22,275,000	2025	5.000%	1,375,000	1,136,594	2,511,594
	20,900,000	2026	5.000%	1,445,000	1,066,094	2,511,094
	19,455,000	2027	5.000%	1,520,000	991,969	2,511,969
	17,935,000	2028	5.125%	1,600,000	912,969	2,512,969
	16,335,000	2029	5.125%	1,685,000	828,791	2,513,791
	14,650,000	2030	5.250%	1,770,000	739,150	2,509,150
	12,880,000	2031	5.250%	1,870,000	643,600	2,513,600
	11,010,000	2032	5.250%	1,970,000	542,800	2,512,800
	9,040,000	2033	5.500%	2,080,000	433,888	2,513,888
	6,960,000	2034	5.500%	2,195,000	316,325	2,511,325
	4,765,000	2035	5.500%	2,320,000	192,163	2,512,163
	2,445,000	2036	5.250%	2,445,000	64,181	2,509,181
				<u>\$ 28,295,000</u>	<u>\$ 24,379,929</u>	<u>\$ 52,674,929</u>

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2012

GENERAL OBLIGATION WARRANTS, SERIES 2012

TOTAL PRINCIPAL OUTSTANDING	YEAR	INTEREST RATE	ANNUAL PRINCIPAL PAYMENTS	ANNUAL INTEREST PAYMENTS	TOTAL PRINCIPAL & INTEREST
\$ 5,690,000	2013	0.60%	\$ 100,000	\$ 115,548	\$ 215,548
5,590,000	2014	2.00%	510,000	125,453	635,453
5,080,000	2015	2.00%	515,000	115,253	630,253
4,565,000	2016	2.00%	525,000	104,952	629,952
4,040,000	2017	2.00%	535,000	94,453	629,453
3,505,000	2018	4.00%	545,000	83,752	628,752
2,960,000	2019	2.00%	570,000	61,953	631,953
2,390,000	2020	2.00%	580,000	50,552	630,552
1,810,000	2021	2.00%	590,000	38,953	628,953
1,220,000	2022	2.15%	605,000	27,152	632,152
615,000	2023	2.30%	615,000	14,145	629,145
			<u>\$ 5,690,000</u>	<u>\$ 832,166</u>	<u>\$ 6,522,166</u>

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

STATISTICAL TABLES

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

<i>FISCAL YEAR</i>	<i>TAXES</i>	<i>LICENSES AND PERMITS</i>	<i>INTERGOVERN- MENTAL</i>	<i>CHARGES FOR SERVICES</i>	<i>FINES AND FORFEITS</i>	<i>MISCELLANEOUS</i>	<i>TOTAL</i>
2003	\$ 14,970,194	\$ 8,772,293	\$ 1,523,655	\$ 481,568	\$ 360,832	\$ 489,509	\$ 26,598,051
2004	18,580,579	9,188,628	2,123,240	497,290	404,734	533,335	31,327,806
2005	20,704,066	10,395,227	2,193,638	611,337	390,888	755,931	35,051,087
2006	23,440,238	11,544,219	3,873,864	578,195	470,775	1,079,856	40,987,147
2007	25,282,961	11,743,004	3,136,030	536,735	452,430	2,915,544	44,066,704
2008	27,463,959	12,754,269	1,448,896	698,547	500,730	4,195,306	47,061,707
2009	26,416,881	11,993,912	1,239,726	758,595	620,247	1,642,307	42,671,668
2010	27,837,316	11,555,321	1,603,470	1,739,543	500,390	2,217,229	45,453,269
2011	28,182,929	11,732,765	1,502,732	1,708,701	484,069	985,823	44,597,019
2012	33,419,521	12,386,893	1,447,390	1,722,829	457,777	1,267,245	50,701,655

Notes:

Unaudited

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

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

<i>FISCAL YEAR</i>	<i>GENERAL GOVERNMENT</i>	<i>PUBLIC SAFETY</i>	<i>PUBLIC WORKS</i>	<i>HEALTH</i>	<i>WELFARE</i>	<i>CULTURE AND RECREATION</i>	<i>EDUCATION</i>	<i>ECONOMIC DEVELOPMENT AND URBAN REHABILITATION</i>	<i>DEBT SERVICE</i>	<i>TOTAL</i>
2003	\$ 3,324,811	\$ 9,194,903	\$ 2,927,147	\$ 248,759	\$ 277,799	\$ 2,457,171	\$ 2,825,794	\$ 403,121	\$ 5,810,133	\$ 27,469,638
2004	3,443,635	9,784,324	3,070,000	268,529	146,004	2,595,527	11,042,776	2,789,186	5,706,286	38,846,267
2005	3,700,285	10,211,192	3,200,790	262,817	146,142	2,751,053	3,866,675	2,113,514	5,386,076	31,638,544
2006	3,962,046	10,279,790	3,223,622	256,582	131,925	3,222,800	4,403,109	755,764	6,716,348	32,951,986
2007	5,649,731	10,844,422	2,966,328	254,860	101,000	3,124,537	4,822,675	1,059,285	6,745,553	35,568,391
2008	4,336,128	11,857,510	3,197,089	278,494	102,500	3,386,155	5,684,739	898,035	9,606,471	39,347,121
2009	5,113,020	11,997,476	3,399,086	263,078	109,000	4,406,962	7,048,135	1,132,062	7,328,375	40,797,194
2010	4,625,898	12,312,557	3,463,506	277,450	119,000	5,558,158	8,370,763	1,323,457	7,289,665	43,340,454
2011	4,633,278	12,988,039	3,471,735	285,290	115,750	5,663,092	7,543,396	1,171,534	6,992,751	42,864,865
2012	4,566,038	13,100,993	3,402,392	285,025	120,000	5,689,829	12,989,069	1,404,323	7,627,515	49,185,184

Notes:

Unaudited

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

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

<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>
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	20.4
2007	4,453,841	2,291,712	6,745,553	35,568,391	19.0
2008	6,179,992	3,426,479	9,606,471	39,347,121	24.4
2009	4,406,735	2,921,640	7,328,375	40,797,194	18.0
2010	4,403,750	2,885,915	7,289,665	43,340,454	16.8
2011	4,489,738	2,503,013	6,992,751	42,864,865	16.3
2012	3,915,124	3,712,391	7,627,515	49,185,184	15.5

Notes:

Unaudited

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

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

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>
2003	\$ 37,275,288 (1)
2004	45,758,571 (1)
2005	47,873,371 (1)
2006	51,107,068 (1)
2007	58,407,258 (1)
2008	65,725,115 (1)
2009	75,476,968 (1)
2010	81,700,649 (1)
2011	78,586,915 (1)
2012	78,525,166 (1)

Notes:

Unaudited

(1) Source: Lee County Revenue Commissioner

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	
2003	\$ 151,285,640	\$ 965,124,566	\$ 47,091,260	\$ 235,456,300	\$ 198,376,900	\$ 1,200,580,866	16.5
2004	173,696,900	1,130,985,700	57,375,080	275,110,033	231,071,980	1,406,095,733	16.4
2005	184,368,960	1,210,213,500	59,132,740	283,768,967	243,501,700	1,493,982,467	16.3
2006	201,967,180	1,317,886,300	59,886,928	287,420,507	261,854,108	1,605,306,807	16.3
2007	233,821,420	1,522,260,000	62,839,600	301,995,700	296,661,020	1,824,255,700	16.3
2008	265,880,600	1,724,928,000	79,012,000	383,372,867	344,892,600	2,108,300,867	16.4
2009	282,606,360	1,852,837,800	92,297,540	449,735,067	374,903,900	2,302,572,867	16.3
2010	316,470,000	2,096,427,800	102,086,640	498,511,233	418,556,640	2,594,939,033	16.1
2011	302,193,720	1,987,986,600	113,892,540	550,500,100	416,086,260	2,538,486,700	16.4
2012	298,054,120	1,969,037,700	90,194,480	439,054,333	388,248,600	2,408,092,033	16.1

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

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

Notes:

Unaudited

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

Source - Lee County Revenue Commissioner

(1) Excludes value of motor vehicles

CITY OF OPELIKA
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS

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

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

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Taxes due - October 1

Taxes delinquent - January 1

Penalties for delinquency - \$2.50 plus 6% interest

Tax sale date - Usually May or June

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

FISCAL YEAR ENDED	POPULATION		ASSESSED VALUE	GROSS BONDED DEBT	GENERAL DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
	CENSUS	NUMBER						
2003	2000	23,498	\$ 198,376,900	\$ 46,883,065 (1)	\$ 304,989	\$ 46,578,076	23.48	\$ 1,982
2004	2000	23,498	231,071,980	51,159,015 (1)	310,621	50,848,394	22.01	2,164
2005	2000	23,498	243,501,700	48,586,499 (1)	337,819	48,248,680	19.81	2,053
2006	2000	23,498	261,854,108	44,547,844 (1)	369,598	44,178,246	16.87	1,880
2007	2000	23,498	296,661,020	41,217,136 (1)	399,309	40,817,827	13.76	1,737
2008	2000	23,498	344,892,600	35,738,542 (1)	313,580	35,424,962	10.27	1,508
2009	2000	23,498	374,903,900	32,476,396 (1)	325,295	32,151,101	8.60	1,368
2010	2000	23,498	418,556,640	34,828,751 (1)	117,128	34,711,623	8.29	1,477
2011	2010	26,477	416,086,260	31,174,065 (1)	-	31,174,065	7.49	1,177
2012	2010	26,477	388,248,600	83,291,432 (1)	-	83,291,432	21.45	3,146

Notes:

Unaudited

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

CITY OF OPELIKA
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2012

Assessed value of real and personal taxable property as of 9-30-12 (including motor vehicles and excluding exempt property) (2)		<u>\$ 312,419,000</u>
Debt limit, twenty percent of assessed value (constitutional limitation) (1)		\$ 62,483,800
Outstanding General Obligation Debt:		
Debt in governmental activities	\$ 83,291,432	
Debt in business-type activities	9,425,000	
Other long-term liabilities	<u>2,822,638</u>	
Total general obligation debt for computation		\$ 95,539,070
Less: Bonds exempted from legal debt limit (1):		
Bonds issued for schools:		
2011 General Obligation Warrants	38,925,000	
2010-A General Obligation Refunding School Warrants	5,540,000	
2004 General Obligation School Warrants	<u>5,540,000</u>	
Total		\$ 50,005,000
Bonds issued for sewers:		
2003 General Obligation Warrants, Series 2003A (portion issued for treatment plant construction)	445,000	
2003 General Obligation Warrants, Series 2003A (portion issued for Tiger Town sewer construction)	1,255,000	
2010-B General Obligation Warrants, Series 2010-B	3,290,000	
2012 General Obligation Sewer Improvement Refunding Warrants	<u>5,690,000</u>	
Total		<u>10,680,000</u>
Total exempt bonds		<u>60,685,000</u>
 NET BONDED INDEBTEDNESS		 <u>34,854,070</u>
 LEGAL DEBT MARGIN		 <u>\$ 27,629,730</u>

Notes:

Unaudited

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

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

(2) Source: Lee County Revenue Commissioner

CITY OF OPELIKA
COMPUTATION OF OVERLAPPING DEBT
SEPTEMBER 30, 2012

	<u>GROSS DEBT LESS DEBT SERVICE ASSETS</u>	<u>PERCENTAGE OF DEBT APPLICABLE CITY OF OPELIKA</u>	<u>CITY OF OPELIKA DEBT BURDEN</u>
City of Opelika			
Gross bonded debt (1)	\$ 83,291,432		
Other long-term debt	<u>29,432,638</u>		
Total long-term debt	112,724,070		
Less: amounts available for debt service	<u>60</u>		
Direct net debt	<u><u>\$ 112,724,010</u></u>	100%	\$ 112,724,010
Overlapping Debt			
Lee County, Alabama (fiscal year ending September 30, 2011)			
Net overlapping debt	<u><u>\$ 23,006,457</u></u> (2)	19.7%	<u>4,532,272</u>
Total direct and overlapping debt			<u><u>\$ 117,256,282</u></u>

Notes:

Unaudited

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

(2) 2011 figure used as the 2012 figure was not yet available

CITY OF OPELIKA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	PER CAPITA INCOME	MEDIAN AGE	PERCENT OF HIGH SCHOOL GRADUATES AMONG PERSONS OVER 25	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
2003	24,232 (1)	\$ 19,091	34.0	76.2	8,226	3.9%
2004	23,269 (1)	18,023	35.2	76.4	8,495	3.8%
2005	23,804 (1)	20,254	35.2	78.2	7,800	3.6%
2006	24,621 (1)	22,615	36.2	78.2	8,050	2.6%
2007	24,621 (1)	22,615	35.0	78.2	7,930	3.5%
2008	25,836 (1)	21,928	35.8	78.9	8,253	4.5%
2009	26,808 (1)	22,368	35.1	78.8	8,410	8.6%
2010	27,454 (1)	22,368	35.1	79.0	8,218	7.6%
2011	26,477 (2)	22,368	35.1	79.0	8,213	7.9%
2012	27,092 (1)	20,937 (3)	35.0 (3)	80.3 (3)	8,201 (4)	6.4% (5)

Notes:

Unaudited

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

(2) Source: 2010 Federal Census

(3) Source: Opelika Industrial Development Authority

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

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

CITY OF OPELIKA
CONSTRUCTION
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>COMMERCIAL CONSTRUCTION (1)</u>		<u>RESIDENTIAL CONSTRUCTION (1)</u>	
	<u>NUMBER OF UNITS</u>	<u>VALUE</u>	<u>NUMBER OF UNITS</u>	<u>VALUE</u>
2003	28	\$ 22,130,394	109	\$ 14,307,453
2004	50	48,966,739	150	18,702,963
2005	40	109,523,664	160	25,321,272
2006	53	76,002,929	245	39,559,464
2007	61	38,959,089	290	53,919,771
2008	52	50,652,576	270	47,084,339
2009	37	25,426,751	124	22,321,561
2010	26	34,816,614	127	24,213,179
2011	22	6,148,564	92	18,540,830
2012	30	58,590,827	146	31,579,110

Notes:

Unaudited

(1) Amounts shown are new construction only.

CITY OF OPELIKA
PRINCIPAL TAXPAYERS
 SEPTEMBER 30, 2012

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>TAX COLLECTED</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
Wal-Mart	Wholesale Product Distribution	\$ 11,548,640	\$ 637,635	3.0%
Gambro Renal Products, Inc.	Industry/Manufacturer	26,199,240	545,531	6.7%
THF Tiger Town, LLC	Commercial Real Estate	8,847,000	477,738	2.3%
Mando America Corporation	Industry/Manufacturer	16,459,080	444,758	4.2%
Jo-Ann Stores Supply	Distribution	8,583,540	238,128	2.2%
Bentleler Automotive Alabama, Inc.	Industry/Manufacturer	7,829,680	237,106	2.0%
Daewon America, Inc.	Industry/Manufacturer	8,574,860	231,532	2.2%
WBC Alabama, Inc.	Industry/Manufacturer	3,271,540	176,663	<1%
Hanwha L&C Alabama	Industry/Manufacturer	4,879,780	157,311	1.3%
BellSouth Telecommunications, Inc.	Public Utility	<u>2,879,300</u>	<u>150,622</u>	<u><1%</u>
Total assessed value and tax collected for ten largest taxpayers		99,072,660	3,297,024	25.5%
Total assessed value of other taxpayers		<u>289,175,940</u>		<u>74.5%</u>
Total assessed value of all taxpayers		<u><u>\$ 388,248,600</u></u>		<u><u>100.0%</u></u>

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Amounts shown are assessed at 10-1-11 and collected during fiscal year ended 9-30-12

CITY OF OPELIKA
MISCELLANEOUS STATISTICS (1)
SEPTEMBER 30, 2012

Date of Incorporation	1854
Form of Government	Mayor-Council
Area	57 square miles
Miles of Streets:	
Paved	245
Unpaved	6
Fire Protection:	
Number of stations	4
Number of firefighters, paramedics and other personnel	67
Police Protection:	
Number of stations	1
Number of police officers and other personnel	106
Education:	
Attendance centers:	
Primary, intermediate and middle schools	7
Secondary schools	1
State colleges	1
Number of students	8,201
Auburn University, in adjoining Auburn, Alabama	25,134 enrollment
Sewers:	
Sanitary sewers	281 miles
Building Permits:	
Number of permits	1,436
Estimated value of new construction and improvements	\$ 178,221,004
Recreation and Culture:	
Number of parks and playgrounds	12 with 488 acres
Number of community centers	3
Number of golf courses (public and private)	3
Number of tennis courts	12
Number of libraries	1
Number of volumes	91,533
City Employees	336

Note:

(1) Unaudited