

**CITY OF OPELIKA, ALABAMA  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2013**

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

**CITY OF OPELIKA, ALABAMA**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**  
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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

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

The financial statements referred to above 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. Accounting principles generally accepted in the United States of America require financial data for the City's legally separate component units to be reported with the financial data of the City's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Opinion on the Reporting Entity" paragraph, the financial statements referred to above do not present fairly the financial position of the reporting entity of the City of Opelika, Alabama, as of September 30, 2013, or the changes in financial position or cash flows thereof for the year then ended. In accordance with accounting principles generally accepted in the United States of America, the City of Opelika, Alabama, has issued separate reporting entity financial statements for which we have issued our report dated March 4, 2014.

### **Basis for Qualified Opinion**

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

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages VI–XIV and 42–52 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 operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Opelika, Alabama's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, on our consideration of the City of Opelika, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Opelika, Alabama's internal control over financial reporting and compliance.



Opelika, Alabama  
March 4, 2014

City of Opelika, Alabama

Management's Discussion and Analysis  
For the Year Ended September 30, 2013  
(Unaudited)

As management of the City of Opelika, Alabama (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, 2013.

## FINANCIAL HIGHLIGHTS

- During the fiscal year ending September 30, 2013, the City of Opelika upgraded and repaired its 800 MHz communication system by entering into a lease purchase agreement to replace equipment and to replace a 340-foot tower. The project cost was \$2,505,018.
- During the fiscal year ending September 30, 2012, the City of Opelika issued \$62,560,000 General Obligation Warrants, Series 2011, dated December 1, 2011. On August 1, 2011, the City increased the sales tax rate by 1% and pledged so much as may be necessary of the proceeds of the tax increase to the payment of the Warrants. The Warrants were issued for three purposes: (1) construction of school improvements for Opelika High School, (2) construction of various road construction projects and (3) refunding and redemption of the Series 2002 Warrants. The principal amount of the Warrants allocated to the School Improvements is \$38,925,000, to roads is \$19,450,000, and to refunding the 2002 Warrant of \$4,185,000. The construction projects are on schedule.
- The City of Opelika 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 were available beginning in October 2013.
- The General Fund is the main fund of the City of Opelika. It provides funding for Police, Fire, Public Works, Parks and Recreation, Economic Development, the Library, Administrative departments, and debt payments. The funding for these activities are provided by Taxes, Licenses and Permits, Shared State and County Revenues, Charges for Services, and other miscellaneous revenues.
- City-wide revenues for the fiscal year ending September 30, 2013 were \$94,520,698. This amount includes the Governmental Funds, Sewer, Solid Waste, Telecommunications and Electric Utility Services. City-wide expenditures for the year were \$116,677,057. These expenditures included an appropriation of \$25 million of the 2011 GO Warrants to Opelika City Schools for construction of the new high school.
- Overall General Fund revenues of \$44,873,716 for the fiscal year ending September 30, 2013 were 5% more than last year. Sales Tax collections of \$24,454,096 were 5% more

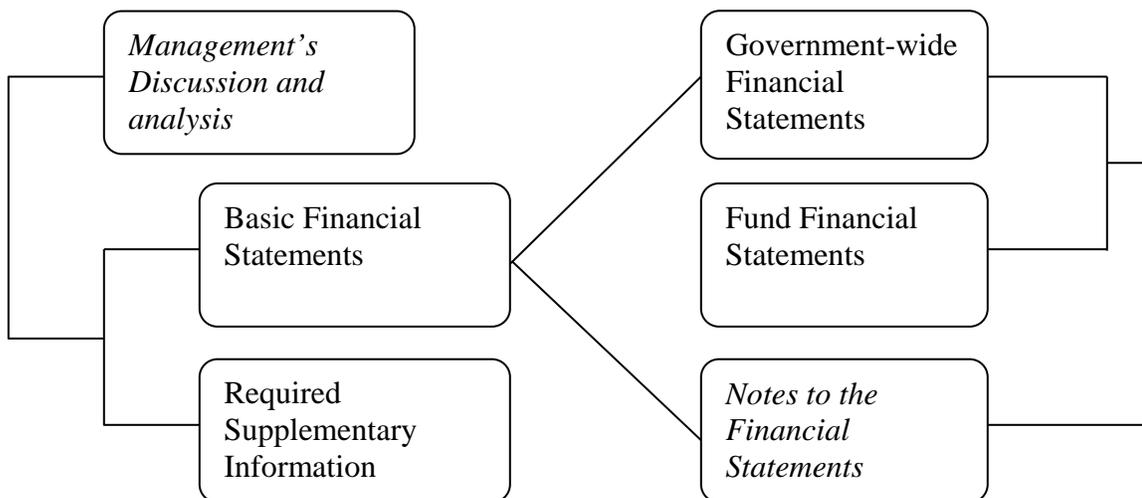
than last year. Property Tax collections of \$3,037,777 were 1% more last year. Gasoline Taxes of \$818,099 were 1% more than last year. Occupational License Fees of \$8,872,885 were 7% more than last year.

The General Fund revenues of \$44,873,716 were 5% over the budget of \$42,616,039 for the year. General Fund expenditures of \$38,674,013 were 10% more than last year.

- The City provides significant funding for capital assets. This includes funding for equipment replacement in order to keep our work force efficient and safe. In addition, infrastructure is a priority for the City as we explain later in the capital assets section. The City continues to provide funding for resurfacing of roads and streets. This year, resurfacing expenditures totaled \$1,112,398 which is an 11% 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 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 Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this

question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

Our analysis of the City's major funds begins on page 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 Position and the Statement of Activities) and governmental funds in the reconciliation at the bottom of the fund financial statements.
- ***Proprietary funds*** – When the City charges customers for the services it provides- whether to outside customers or to other units of the City – these services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type

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

## THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Opelika, assets exceeded liabilities by \$128,317,220 as of September 30, 2013. This is a decrease from last year and is due primarily to appropriations to Opelika City Schools of cash from the General Obligation Warrants, series 2011, for construction of a new high school.

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

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

## CITY OF OPELIKA NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
	Current and other assets	85,412,803	112,806,826	28,944,325	39,737,803	114,357,128
Capital assets	110,244,726	106,020,415	88,290,784	73,366,227	198,535,510	179,386,642
Total assets	195,657,529	218,827,241	117,235,109	113,104,030	312,892,638	331,931,271
Long term debt	111,041,353	115,178,294	45,427,950	38,791,301	156,469,303	153,969,595
Other liabilities	19,506,076	16,292,854	8,600,039	11,195,243	28,106,115	27,488,097
Total liabilities	130,547,429	131,471,148	54,027,989	49,986,544	184,575,418	181,457,692
Net position:						
Invested in capital assets, net of related debt	82,089,357	73,195,081	52,132,529	45,543,601	134,221,886	118,738,682
Restricted	8,151,408	47,480,629	2,697,851	2,687,268	10,849,259	50,167,897
Unassigned	(25,130,665)	(33,319,617)	8,376,740	14,886,617	(16,753,925)	(18,433,000)
Total net position	65,110,100	87,356,093	63,207,120	63,117,486	128,317,220	150,473,579

The government issued \$62,560,000 of General Obligation Warrants Series 2011 last 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 last year due to the receipt of the proceeds from the Series 2011 Warrants. But, this year as the construction progressed on the new high school and funding of approximately \$25 million for construction was appropriated to Opelika City Schools, net position of the governmental funds decreased. The decrease was a little less than this year's appropriation to Opelika City Schools for the construction of the new high school.

Net Position in Business–Type Activities increased somewhat in 2013. Current assets decreased due to the purchase of fiber project related materials and expenses from cash on hand. Capital assets for business type activities increased as these fiber project materials and expenses were capitalized. 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 Position shown in the governmental activities as Invested in Capital Assets, Net of Related Debt, is \$82,089,357. This amount consists of \$110,244,726 capital assets that are reduced by \$28,155,369 of related debt that was issued to finance acquisition of infrastructure assets. The \$28,155,369 that was issued to finance acquisition of infrastructure assets consists of 2010B Warrants \$1,191,656, 2010C Warrants \$1,211,710 and Parks and Recreation Sportsplex Warrants \$26,072,541, \$1,252,509 lease purchase and less deferred charges and debt issue costs of \$1,573,047.

### CITY OF OPELIKA CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Primary Government	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	2,479,671	2,499,021	40,147,456	41,003,776	42,627,127	43,502,797
Operating grants and contributions	219,731	349,871	-	-	219,731	349,871
Capital grants and contributions	1,259,529	1,166,268	329,376	588,040	1,588,905	1,754,308
General revenues:						
Taxes:						
Property	8,980,559	8,884,289	-	-	8,980,559	8,884,289
Sales	24,454,096	23,291,122	-	-	24,454,096	23,291,122
Other	2,519,727	2,086,425	-	-	2,519,727	2,086,425
Licenses and permits	13,106,003	12,386,893	-	-	13,106,003	12,386,893
Grants and contributions not restricted to specific programs	30,958	30,293	-	-	30,958	30,293
Unrestricted investment earnings	324,567	350,496	90,628	116,037	415,195	466,533
Gain/(Loss) on sale of capital assets	(101,467)	73,731	(782)	82,259	(102,249)	155,990
Miscellaneous	251,003	273,498	429,643	400,368	680,646	673,866
<b>Total revenues</b>	<b>53,524,377</b>	<b>51,391,907</b>	<b>40,996,321</b>	<b>42,190,480</b>	<b>94,520,698</b>	<b>93,582,387</b>
<b>Expenses:</b>						
General government	5,029,413	5,005,444	-	-	5,029,413	5,005,444
Public safety	15,377,417	13,736,199	-	-	15,377,417	13,736,199
Public works	5,994,968	5,472,301	-	-	5,994,968	5,472,301
Health	295,393	285,025	-	-	295,393	285,025
Welfare	115,000	120,000	-	-	115,000	120,000
Culture and recreation	6,828,683	6,583,376	-	-	6,828,683	6,583,376
Education	38,471,147	12,995,088	-	-	38,471,147	12,995,088
Economic development and urban rehabilitation	1,888,163	1,411,559	-	-	1,888,163	1,411,559
Interest on long-term debt	4,254,884	3,864,329	-	-	4,254,884	3,864,329
Electric	-	-	31,940,211	30,990,802	31,940,211	30,990,802
Sewer	-	-	3,337,651	3,310,900	3,337,651	3,310,900
Solid waste	-	-	2,389,008	2,380,230	2,389,008	2,380,230
Telecommunications	-	-	755,119	44,766	755,119	44,766
<b>Total expenses</b>	<b>78,255,068</b>	<b>49,473,321</b>	<b>38,421,989</b>	<b>36,726,698</b>	<b>116,677,057</b>	<b>86,200,019</b>
Increase in net position before transfers	(24,730,691)	1,918,586	2,574,332	5,463,782	(22,156,359)	7,382,368
Transfers	2,484,698	3,192,849	(2,484,698)	(3,192,849)	-	-
<b>Increase in net position</b>	<b>(22,245,993)</b>	<b>5,111,435</b>	<b>89,634</b>	<b>2,270,933</b>	<b>(22,156,359)</b>	<b>7,382,368</b>

The City of Opelika Sales Tax collections increased 5% from last year. Property Tax collections increased 1% from last year. Occupational Tax Collections increased 7% from last year. Investment revenues continued to decrease due to the decrease in interest rates which resulted from the economic downturn. Overall governmental revenue increased 4% from the prior year.

Business Type revenues decreased 3% from the previous year. This decrease resulted from a decline in Electric Utility revenues. The decline in Electric Utility revenues resulted from milder temperatures over the summer which resulted in reduced electricity purchases from Opelika customers.

Government-wide revenues increased 1%, while Government-wide expenses increased 35%. The 35% increase in expenses is attributable to the \$25 million appropriation to the Opelika City Schools for the ongoing construction of the new high school. In addition, the City has several ongoing road projects that are paid from proceeds 2011 Warrants.

## **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 \$59,983,980. The decrease in the combined fund balance is a result of decreases in the 2011 School Warrants Fund and the 2011 Road Construction Fund. The General Fund's total fund balance increased to \$30,144,535. The General Fund's Unassigned Fund Balance increased to \$21,322,856.

### **Proprietary Funds**

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

The net position of the Electric, Sewer, Telecommunications, and Solid Waste Collection Funds increased to \$63,068,903.

### **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, 2013. The most significant adjustments are itemized below:

- |                |   |
|----------------|---|
| 1) \$1,252,509 | Principal payment on lease purchase of 800MHz system and tower. |
| 2) \$ 393,509  | Purchase of Fire Department pumper truck.                       |

3) \$	226,270	Payment to developer of Gander Mountain property.
4) \$	145,702	Evergreen Cemetery – new section.
5) \$	134,667	Purchase of notebook computers by IT for the Police Department.
6) \$	100,000	Addition to Sick Pay account for retirees.
7) \$	54,188	Southern Software: licenses, training, installation, & support.
8) \$	50,000	Storm Water Mapping.
9) \$	49,327	Final payments on Fire Station.
10) \$	35,616	Repair of ladder truck #317.
11) \$	28,000	Van, 15 passenger.
12) \$	26,250	FAA Grant Match.
13) \$	20,843	Repayment of CDBG funds.
14) \$	17,940	Dale Carnegie Training.
15) \$	17,086	Carryover tourism funds.
16) \$	17,085	2013 pickup truck for Solid Waste Animal Control.
17) \$	16,618	Fire pumper #318 repair.
18) \$	15,400	Management consulting services for Police and Fire promotion testing.

In addition to these adjustments, the Library Board contract authorizes budget carry-forwards. The Library carry-forward was \$193,000 and the City Wide budget resolution encumbrance carry-forward was \$18,003,402. 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, 2013, amounted to \$198,535,510 (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.	\$3,541,535
2) Motorola 800MHz project	1,668,833
3) General Fixed Asset vehicles and equipment	1,149,059
4) Fire Station	93,826
5) Garden Hills and Evergreen Cemeteries	98,533
6) West Ridge Parking Lot	41,843
7) Opelika Power System buildings	8,208,576
8) Opelika Power system additions (including Fiber Project)	4,687,621
9) Opelika Power vehicles and equipment	590,547
10) Telecommunication System Additions	4,208,867
11) Sewer system additions	14,985
12) Solid Waste Equipment additions	71,698
13) Public Safety Grants	85,120
14) Road Construction projects with shared ALDOT funding	1,020,687

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	9,696,496	9,656,496	2,423,071	874,722	12,119,567	10,531,218
Buildings and improvements	33,173,114	34,129,412	13,156,608	54,582	46,329,722	34,183,994
System	-	-	49,464,972	45,227,069	49,464,972	45,227,069
Improvements other than buildings	2,707,367	2,831,960	-	-	2,707,367	2,831,960
Equipment	5,519,235	5,399,208	3,464,168	2,984,642	8,983,403	8,383,850
Infrastructure	52,577,634	51,468,073	-	-	52,577,634	51,468,073
Construction in process	6,570,880	2,535,266	19,781,965	24,225,212	26,352,845	26,760,478
Total	<u>110,244,726</u>	<u>106,020,415</u>	<u>88,290,784</u>	<u>73,366,227</u>	<u>198,535,510</u>	<u>179,386,642</u>

### Debt Administration

As of September 30, 2013, the City of Opelika had total city wide General Obligation, Revenue Warrants, and Telecommunications line of credit of \$156,469,303.

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, 2013, the City had approximately \$29,935,355 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	78,888,935	83,291,432	8,880,000	9,425,000	87,768,935	92,716,432
Other long-term debt	-	-	36,347,818	29,311,667	36,347,818	29,311,667
Capital leases	27,302,509	26,610,000	-	-	27,302,509	26,610,000
Deferred amounts of refunding	(517,083)	(294,224)	(240,379)	(265,682)	(757,462)	(559,906)
Unamortized premiums/discounts	2,441,669	2,646,904	(95,461)	(93,358)	2,346,208	2,553,546
Compensated absences	2,543,697	2,509,237	535,972	413,674	3,079,669	2,922,911
Claims and judgements	381,626	414,945	-	-	381,626	414,945
Total	<u>111,041,353</u>	<u>115,178,294</u>	<u>45,427,950</u>	<u>38,791,301</u>	<u>156,469,303</u>	<u>153,969,595</u>

### ECONOMIC FACTORS

The unemployment rate for Opelika, 4.7%, continues to remain significantly lower than the state overall unemployment rate of 6.1% and the national unemployment rate of 6.7%.

During 2013, four of Opelika's existing companies - Mando America, APR, Pharmavite, and Hanwha L&C - announced expansions to their respective facilities. These combined investments represented 188 new jobs and an additional \$64.6 million in Capital investment in our community.

During 2013, our beautiful historic downtown Opelika grew as well, with the opening of new shops and restaurants which add to the charm and rich heritage of our community in general.

During 2014, we believe Opelika will have another good year, partly due to the opening of the new 55,000 square feet Carmike Cinemas which will feature 13 theaters: the 13th being Carmike's signature BigD large-format digital experience. There are also several new shops and restaurants scheduled to build and/or open up this year.

## **FINANCIAL CONTACT**

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

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
Cash and cash equivalents	\$ 37,148,479	\$ 6,239,145	\$ 43,387,624
Certificates of deposit	27,495,000	12,928,481	40,423,481
Receivables:			
Accounts and unbilled service receivable, net	-	3,693,014	3,693,014
Sales and use tax	2,201,566	-	2,201,566
Occupational license tax	2,228,501	-	2,228,501
Property taxes	2,744,329	-	2,744,329
Fines and forfeitures	469,451	-	469,451
Other	2,295,896	10,997	2,306,893
Due from other governments	863,179	925,138	1,788,317
Inventory of supplies, at cost	153,673	1,741,848	1,895,521
Restricted assets:			
Temporarily restricted:			
Cash with fiscal agent	1,815,896	2,697,851	4,513,747
Receivable for property taxes, restricted for school purposes	5,519,282	-	5,519,282
Investments	9,080	-	9,080
Permanently restricted:			
Investments	807,150	-	807,150
Deferred charges and debt issue costs	1,573,047	695,420	2,268,467
Other	88,274	12,431	100,705
Capital assets:			
Land	9,696,496	2,423,071	12,119,567
Building	42,531,596	13,749,184	56,280,780
System improvements other than buildings	5,090,861	93,381,629	98,472,490
Equipment	16,552,138	7,448,751	24,000,889
Infrastructure	69,987,880	-	69,987,880
Construction work in progress	6,570,880	19,781,965	26,352,845
Total original cost	150,429,851	136,784,600	287,214,451
Less: accumulated depreciation	(40,185,125)	(48,493,816)	(88,678,941)
Capital assets, net	110,244,726	88,290,784	198,535,510
Total assets	\$ 195,657,529	\$ 117,235,109	\$ 312,892,638

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

**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	<b><u>GOVERNMENTAL ACTIVITIES</u></b>	<b><u>BUSINESS-TYPE ACTIVITIES</u></b>	<b><u>TOTAL</u></b>
<b><i>LIABILITIES</i></b>			
Accounts payable	\$ 6,792,986	\$ 6,046,595	\$ 12,839,581
Accrued payroll and benefits	547,311	102,477	649,788
Retainage payable	1,008,692	-	1,008,692
Accrued interest payable	1,779,896	394,862	2,174,758
Due to other funds	393,649	(393,649)	-
Due to other governments	585,298	38,923	624,221
Deferred revenue	8,398,244	102,398	8,500,642
Long-term liabilities:			
Due within one year	5,516,555	510,000	6,026,555
Due in more than one year	105,524,798	44,917,950	150,442,748
Customer deposits	-	2,308,433	2,308,433
Total liabilities	<u>130,547,429</u>	<u>54,027,989</u>	<u>184,575,418</u>
<b><i>NET POSITION</i></b>			
Invested in capital assets, net of related debt	82,089,357	52,132,529	134,221,886
Restricted net position	8,151,408	2,697,851	10,849,259
Unrestricted net position	<u>(25,130,665)</u>	<u>8,376,740</u>	<u>(16,753,925)</u>
Total net position	<u>\$ 65,110,100</u>	<u>\$ 63,207,120</u>	<u>\$ 128,317,220</u>

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

**CITY OF OPELIKA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

<i>FUNCTIONS</i>	<i>EXPENSES</i>	<i>PROGRAM REVENUES</i>			<i>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</i>		
		<i>CHARGES FOR SERVICES</i>	<i>OPERATING GRANTS AND CONTRIBUTIONS</i>	<i>CAPITAL GRANTS AND CONTRIBUTIONS</i>	<i>GOVERNMENTAL ACTIVITIES</i>	<i>BUSINESS-TYPE ACTIVITIES</i>	<i>TOTAL</i>
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 5,029,413	\$ 26,507	\$ 40,855	\$ -	\$ (4,962,051)	\$ -	\$ (4,962,051)
Public safety	15,377,417	895,644	17,147	37,277	(14,427,349)	-	(14,427,349)
Public works	5,994,968	166,673	11,478	1,222,252	(4,594,565)	-	(4,594,565)
Health	295,393	-	-	-	(295,393)	-	(295,393)
Welfare	115,000	-	-	-	(115,000)	-	(115,000)
Culture and recreation	6,828,683	1,390,847	13,035	-	(5,424,801)	-	(5,424,801)
Education	38,471,147	-	-	-	(38,471,147)	-	(38,471,147)
Economic development and urban rehabilitation	1,888,163	-	137,216	-	(1,750,947)	-	(1,750,947)
Interest on long-term debt	4,254,884	-	-	-	(4,254,884)	-	(4,254,884)
Total governmental activities	<u>78,255,068</u>	<u>2,479,671</u>	<u>219,731</u>	<u>1,259,529</u>	<u>(74,296,137)</u>	<u>-</u>	<u>(74,296,137)</u>
Business-type activities:							
Electric	31,940,211	34,131,980	-	175,818	-	2,367,587	2,367,587
Sewer	3,337,651	3,957,064	-	80,110	-	699,523	699,523
Solid waste	2,389,008	2,058,412	-	73,448	-	(257,148)	(257,148)
Telecommunications	755,119	-	-	-	-	(755,119)	(755,119)
Total business-type activities	<u>38,421,989</u>	<u>40,147,456</u>	<u>-</u>	<u>329,376</u>	<u>-</u>	<u>2,054,843</u>	<u>2,054,843</u>
Total primary government	<u>\$ 116,677,057</u>	<u>\$ 42,627,127</u>	<u>\$ 219,731</u>	<u>\$ 1,588,905</u>	<u>(74,296,137)</u>	<u>2,054,843</u>	<u>(72,241,294)</u>
General revenues:							
Taxes:							
Property					8,980,559	-	8,980,559
Sales					24,454,096	-	24,454,096
Other					2,519,727	-	2,519,727
Licenses and permits					13,106,003	-	13,106,003
Grants and contributions not restricted to specific programs					30,958	-	30,958
Investment earnings					324,567	90,628	415,195
(Loss)/gain on sale of capital assets					(101,467)	(782)	(102,249)
Miscellaneous income					251,003	429,643	680,646
Transfers					2,484,698	(2,484,698)	-
Total general revenues and transfers					<u>52,050,144</u>	<u>(1,965,209)</u>	<u>50,084,935</u>
Change in net position					<u>(22,245,993)</u>	<u>89,634</u>	<u>(22,156,359)</u>
Net position - beginning of year					<u>87,356,093</u>	<u>63,117,486</u>	<u>150,473,579</u>
Net position - end of year					<u>\$ 65,110,100</u>	<u>\$ 63,207,120</u>	<u>\$ 128,317,220</u>

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**CITY OF OPELIKA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 13,318,977	\$ 110,429	\$ 2,455,003	\$ 12,893,036	\$ 5,189,785	\$ 33,967,230
Certificates of deposit	13,487,000	-	10,000,000	-	4,008,000	27,495,000
Receivables:						
Occupational license tax	2,228,501	-	-	-	-	2,228,501
Sales and use tax	2,176,440	-	-	-	25,126	2,201,566
Property taxes	2,744,329	5,519,282	-	-	-	8,263,611
Fines and forfeitures	303,967	-	-	-	165,484	469,451
Assessments	46,393	-	-	-	-	46,393
Accrued interest	759	-	-	-	1,166	1,925
Other	301,380	-	-	-	1,901,000	2,202,380
Due from other funds	1,408,830	-	-	-	275,096	1,683,926
Due from other governments	52,892	-	-	-	810,287	863,179
Inventories of supplies, at cost	153,673	-	-	-	-	153,673
Investments	-	-	-	-	2,632,126	2,632,126
Total current assets	<u>36,223,141</u>	<u>5,629,711</u>	<u>12,455,003</u>	<u>12,893,036</u>	<u>15,008,070</u>	<u>82,208,961</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>\$ 36,223,141</u>	<u>\$ 5,629,711</u>	<u>\$ 12,455,003</u>	<u>\$ 12,893,036</u>	<u>\$ 15,077,115</u>	<u>\$ 82,278,006</u>

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

**CITY OF OPELIKA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

<i><b>LIABILITIES AND FUND BALANCES</b></i>	<u><b>GENERAL FUND</b></u>	<u><b>SCHOOL TAX SPECIAL REVENUE FUND</b></u>	<u><b>2011 SCHOOL CONSTRUCTION FUND</b></u>	<u><b>2011 ROAD CONSTRUCTION FUND</b></u>	<u><b>OTHER GOVERNMENTAL FUNDS</b></u>	<u><b>TOTAL GOVERNMENTAL FUNDS</b></u>
Liabilities:						
Accounts payable	\$ 1,922,877	\$ -	\$ 4,184,452	\$ 516,808	\$ 28,430	\$ 6,652,567
Retainage payable	-	-	989,837	18,855	-	1,008,692
Accrued payroll and benefits	479,464	-	-	-	900	480,364
Due to other funds	511,691	-	-	19,660	1,461,968	1,993,319
Due to other governments	7,208	178,090	-	400,000	-	585,298
Deferred revenue	3,157,366	5,451,621	-	-	2,508,290	11,117,277
Matured bonds and interest payable	-	-	-	-	456,509	456,509
<b>Total liabilities</b>	<b>6,078,606</b>	<b>5,629,711</b>	<b>5,174,289</b>	<b>955,323</b>	<b>4,456,097</b>	<b>22,294,026</b>
Fund balances:						
Nonspendable:						
Inventories	153,673	-	-	-	-	153,673
Other noncurrent assets	-	-	-	-	69,045	69,045
Permanent funds - nonexpendable	-	-	-	-	812,369	812,369
Restricted to:						
Special revenue	-	-	-	-	2,616,834	2,616,834
Debt service	-	-	-	-	1,409,767	1,409,767
Capital projects	-	-	-	-	713,940	713,940
Public safety	21,623	-	-	-	-	21,623
Committed:						
Special projects	136,653	-	-	-	-	136,653
Assigned to:						
Road improvement and maintenance	2,356,237	-	-	-	-	2,356,237
Sportsplex	-	-	-	-	2,698,003	2,698,003
Economic development	-	-	-	-	721,760	721,760
Cooper library	-	-	-	-	9,080	9,080
Capital projects	6,153,493	-	7,280,714	11,937,713	1,574,318	26,946,238
Unassigned:	21,322,856	-	-	-	(4,098)	21,318,758
<b>Total fund balances</b>	<b>30,144,535</b>	<b>-</b>	<b>7,280,714</b>	<b>11,937,713</b>	<b>10,621,018</b>	<b>59,983,980</b>
<b>Total liabilities and fund balances</b>	<b>\$ 36,223,141</b>	<b>\$ 5,629,711</b>	<b>\$ 12,455,003</b>	<b>\$ 12,893,036</b>	<b>\$ 15,077,115</b>	<b>\$ 82,278,006</b>

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

**CITY OF OPELIKA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

Total fund balances - governmental funds		\$ 59,983,980
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.		110,244,726
Internal service funds are used by management to charge the costs of workmen's compensation insurance and employee's health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		2,256,082
Receivables and other long-term assets, including receivables from other governments, are not available to pay for current-period expenditures and therefore are deferred in the funds.		2,931,526
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	\$ (106,191,444)
	Premiums, debt issuance and refunding costs	(351,539)
	Accrued interest payable	(1,323,387)
	Compensated absences	(2,439,844)
		<u>(110,306,214)</u>
Net position of governmental activities		<u>\$ 65,110,100</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, 2013**

	<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>
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ 3,037,777	\$ 5,942,782	\$ -	\$ -	\$ -	\$ 8,980,559
Sales	24,454,096	-	-	-	-	24,454,096
Other	1,370,349	-	-	-	-	1,370,349
Occupational license fees	8,872,885	-	-	-	-	8,872,885
Business licenses and permits	3,928,817	-	-	-	304,301	4,233,118
Intergovernmental	482,128	-	-	-	2,596,854	3,078,982
Charges for services	1,711,351	-	-	-	-	1,711,351
Fines and forfeitures	622,729	-	-	-	-	622,729
Investment income	92,425	6,844	114,114	51,507	98,369	363,259
Grant income	30,958	-	-	-	-	30,958
Contributions	17,300	-	-	-	193,728	211,028
Miscellaneous	252,901	-	-	-	2,264	255,165
Total revenues	<u>44,873,716</u>	<u>5,949,626</u>	<u>114,114</u>	<u>51,507</u>	<u>3,195,516</u>	<u>54,184,479</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	4,340,330	-	-	-	144,817	4,485,147
Public safety	14,102,375	-	-	-	399,087	14,501,462
Public works	3,510,857	-	-	180,000	-	3,690,857
Health	295,393	-	-	-	-	295,393
Welfare	115,000	-	-	-	-	115,000
Culture and recreation	5,851,119	-	-	-	18,396	5,869,515
Education	3,010,750	4,958,890	30,485,631	-	-	38,455,271
Economic development and urban rehabilitation	1,600,907	-	-	-	274,727	1,875,634
Capital outlay	3,847,205	-	-	2,096,141	2,292,536	8,235,882
<b>Debt service:</b>						
Principal retirement	1,762,116	-	-	-	5,290,000	7,052,116
Interest and fiscal charges	237,961	-	-	-	4,050,878	4,288,839
Bond issue costs	-	-	-	-	32,400	32,400
Total expenditures	<u>38,674,013</u>	<u>4,958,890</u>	<u>30,485,631</u>	<u>2,276,141</u>	<u>12,502,841</u>	<u>88,897,516</u>
Excess of revenues over (under) expenditures	<u>\$ 6,199,703</u>	<u>\$ 990,736</u>	<u>\$ (30,371,517)</u>	<u>\$ (2,224,634)</u>	<u>\$ (9,307,325)</u>	<u>\$ (34,713,037)</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, 2013**

	<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	\$ 2,505,018	\$ -	\$ -	\$ -	\$ 6,375,000	\$ 8,880,018
Proceeds used to refund bonds	-	-	-	-	(5,849,010)	(5,849,010)
Sale of capital assets	92,631	-	-	-	22,500	115,131
Transfers from governmental funds	629,135	-	116,543	-	12,203,937	12,949,615
Transfers from proprietary funds	2,484,699	-	-	-	-	2,484,699
Transfers to governmental funds	(9,164,518)	(990,736)	-	(891,007)	(1,903,354)	(12,949,615)
Transfer to internal service fund	(723,086)	-	-	-	-	(723,086)
Total other financing sources (uses)	<u>(4,176,121)</u>	<u>(990,736)</u>	<u>116,543</u>	<u>(891,007)</u>	<u>10,849,073</u>	<u>4,907,752</u>
Net change in fund balances	2,023,582	-	(30,254,974)	(3,115,641)	1,541,748	(29,805,285)
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 30,144,535</u>	<u>\$ -</u>	<u>\$ 7,280,714</u>	<u>\$ 11,937,713</u>	<u>\$ 10,621,018</u>	<u>\$ 59,983,980</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, 2013**

Net change in fund balances - all governmental funds		\$ (29,805,285)
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	\$ 8,235,882
	Less: current year depreciation	<u>(4,076,854)</u>
		4,159,028
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	\$ 281,881
	Disposals at net book value	<u>(216,598)</u>
		65,283
Revenues previously recorded in the Statement of Activities that provide current financial resources are reported as revenues in the funds.		
		(852,547)
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	\$ (8,880,018)
	Debt issuance and refunding costs	5,881,410
	Principal payments on outstanding debt	<u>7,052,116</u>
		4,053,508
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.		
		1,805
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>132,215</u>
Change in net assets of governmental activities		<u><u>\$ (22,245,993)</u></u>

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

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**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

<b>ASSETS</b>	<b><i>ELECTRIC UTILITY</i></b>	<b><i>SEWER SYSTEM</i></b>	<b><i>TELE- COMMUNICATIONS</i></b>	<b><i>SOLID WASTE COLLECTION</i></b>	<b><i>TOTALS</i></b>	<b><i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i></b>
Current assets:						
Cash	\$ 3,479,524	\$ 2,547,854	\$ -	\$ 211,767	\$ 6,239,145	\$ 3,181,249
Certificates of deposit	12,928,481	-	-	-	12,928,481	-
Accounts and unbilled service receivable, net	3,307,019	275,723	-	110,272	3,693,014	-
Accrued interest	10,997	-	-	-	10,997	-
Due from other funds	728,193	185,661	-	-	913,854	53,961
Due from other governments	3,564	882,651	-	38,923	925,138	-
Inventory of supplies, at cost	1,741,848	-	-	-	1,741,848	-
Total current assets	<u>22,199,626</u>	<u>3,891,889</u>	<u>-</u>	<u>360,962</u>	<u>26,452,477</u>	<u>3,235,210</u>
Restricted assets:						
Cash and investments with fiscal agent	2,635,125	62,726	-	-	2,697,851	-
Total restricted assets	<u>2,635,125</u>	<u>62,726</u>	<u>-</u>	<u>-</u>	<u>2,697,851</u>	<u>-</u>
Deferred charges:						
Unamortized bond issue costs	532,852	148,053	14,515	-	695,420	-
Capital assets:						
Land	2,044,154	149,370	-	229,547	2,423,071	-
Building	13,683,555	21,823	-	43,806	13,749,184	-
System	48,640,203	44,722,625	1,261	17,540	93,381,629	-
Equipment	3,894,774	1,397,237	7,500	2,149,240	7,448,751	-
Construction work in progress	11,298,024	60,643	8,423,298	-	19,781,965	-
Total original cost	<u>79,560,710</u>	<u>46,351,698</u>	<u>8,432,059</u>	<u>2,440,133</u>	<u>136,784,600</u>	<u>-</u>
Less: accumulated depreciation	<u>(30,603,100)</u>	<u>(16,365,809)</u>	<u>(782)</u>	<u>(1,524,125)</u>	<u>(48,493,816)</u>	<u>-</u>
Capital assets, net	<u>48,957,610</u>	<u>29,985,889</u>	<u>8,431,277</u>	<u>916,008</u>	<u>88,290,784</u>	<u>-</u>
Other assets:						
Deposits	-	2,431	10,000	-	12,431	19,229
Total other assets	<u>-</u>	<u>2,431</u>	<u>10,000</u>	<u>-</u>	<u>12,431</u>	<u>19,229</u>
Total assets	<u>\$ 74,325,213</u>	<u>\$ 34,090,988</u>	<u>\$ 8,455,792</u>	<u>\$ 1,276,970</u>	<u>\$ 118,148,963</u>	<u>\$ 3,254,439</u>

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

**CITY OF OPELIKA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

<b>LIABILITIES</b>	<b><i>ELECTRIC UTILITY</i></b>	<b><i>SEWER SYSTEM</i></b>	<b><i>TELE-COMMUNICATIONS</i></b>	<b><i>SOLID WASTE COLLECTION</i></b>	<b><i>TOTALS</i></b>	<b><i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i></b>
Current liabilities:						
Accounts payable	\$ 5,159,706	\$ 41,370	\$ 818,964	\$ 26,555	\$ 6,046,595	\$ 140,419
Current portion of bonds payable	-	510,000	-	-	510,000	-
Accrued payroll and benefits	190,855	-	21,171	65,015	277,041	-
Due to other funds	397,711	-	170,678	90,032	658,421	-
Due to other governments	-	-	-	38,923	38,923	-
Interest payable	118,778	109,256	166,828	-	394,862	-
Liability for unpaid claims	-	-	-	-	-	269,693
Deferred revenue	23,256	-	-	79,142	102,398	167,295
Total current liabilities	<u>5,890,306</u>	<u>660,626</u>	<u>1,177,641</u>	<u>299,667</u>	<u>8,028,240</u>	<u>577,407</u>
Noncurrent liabilities:						
Bonds payable, net of current portion and discount	28,130,025	8,199,135	8,052,818	-	44,381,978	-
Accrued employee benefits	265,777	-	9,505	86,127	361,409	-
Liability for unpaid claims	-	-	-	-	-	282,733
Customer deposits	2,152,408	-	-	156,025	2,308,433	-
Total noncurrent liabilities	<u>30,548,210</u>	<u>8,199,135</u>	<u>8,062,323</u>	<u>242,152</u>	<u>47,051,820</u>	<u>282,733</u>
Total liabilities	<u>36,438,516</u>	<u>8,859,761</u>	<u>9,239,964</u>	<u>541,819</u>	<u>55,080,060</u>	<u>860,140</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	21,360,437	21,424,807	8,431,277	916,008	52,132,529	-
Restricted	2,635,125	62,726	-	-	2,697,851	381,626
Unrestricted	13,891,135	3,743,694	(9,215,449)	(180,857)	8,238,523	2,012,673
Total net position	<u>\$ 37,886,697</u>	<u>\$ 25,231,227</u>	<u>\$ (784,172)</u>	<u>\$ 735,151</u>	<u>\$ 63,068,903</u>	<u>\$ 2,394,299</u>

**CITY OF OPELIKA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>ELECTRIC UTILITY</u>	<u>SEWER SYSTEM</u>	<u>TELE- COMMUNICATIONS</u>	<u>SOLID WASTE COLLECTION</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
Operating revenues:						
Charges for services, net	\$ 34,131,980	\$ 3,957,064	\$ -	\$ 2,058,412	\$ 40,147,456	\$ 2,576,885
Operating expenses:						
Power purchased	24,635,418	-	-	-	24,635,418	-
Personnel services	2,679,652	3,744	399,715	1,135,089	4,218,200	-
Insurance claims and expenses	68,040	5,087	4,975	32,857	110,959	3,311,367
Other	1,991,065	1,983,006	333,965	944,903	5,252,939	-
Depreciation	1,989,418	991,983	782	251,409	3,233,592	-
Total operating expenses	<u>31,363,593</u>	<u>2,983,820</u>	<u>739,437</u>	<u>2,364,258</u>	<u>37,451,108</u>	<u>3,311,367</u>
Operating income (loss)	<u>2,768,387</u>	<u>973,244</u>	<u>(739,437)</u>	<u>(305,846)</u>	<u>2,696,348</u>	<u>(734,482)</u>
Nonoperating revenues (expenses):						
Investment revenue	82,657	6,555	-	1,416	90,628	12,028
Grant income	-	-	-	73,448	73,448	-
Miscellaneous revenue	315,185	3,462	-	110,996	429,643	-
Interest expense and fiscal charges	(488,431)	(350,867)	-	-	(839,298)	-
Gain (loss) on sale of capital assets	(3,905)	804	-	2,319	(782)	-
Total nonoperating revenues (expenses)	<u>(94,494)</u>	<u>(340,046)</u>	<u>-</u>	<u>188,179</u>	<u>(246,361)</u>	<u>12,028</u>
Income (loss) before other revenues and transfers	<u>2,673,893</u>	<u>633,198</u>	<u>(739,437)</u>	<u>(117,667)</u>	<u>2,449,987</u>	<u>(722,454)</u>
Other revenues and transfers in (out):						
Capital contributions from developers and others	175,818	80,110	-	-	255,928	-
Operating transfers in	-	-	-	-	-	923,086
Operating transfers (out)	(2,484,698)	-	-	-	(2,484,698)	(200,000)
Total other revenues and transfers	<u>(2,308,880)</u>	<u>80,110</u>	<u>-</u>	<u>-</u>	<u>(2,228,770)</u>	<u>723,086</u>
Changes in net position	365,013	713,308	(739,437)	(117,667)	221,217	632
Net position, beginning of year	<u>37,521,684</u>	<u>24,517,919</u>	<u>(44,735)</u>	<u>852,818</u>		<u>2,393,667</u>
Net position, end of year	<u>\$ 37,886,697</u>	<u>\$ 25,231,227</u>	<u>\$ (784,172)</u>	<u>\$ 735,151</u>		<u>\$ 2,394,299</u>
					(131,583)	
					<u>\$ 89,634</u>	

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

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**CITY OF OPELIKA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u><i>ELECTRIC UTILITY</i></u>	<u><i>SEWER SYSTEM</i></u>	<u><i>TELE- COMMUNICATIONS</i></u>	<u><i>SOLID WASTE COLLECTION</i></u>	<u><i>TOTALS</i></u>	<u><i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i></u>
Cash flows from operating activities:						
Receipts from customers	\$ 34,472,584	\$ 3,816,378	\$ -	\$ 2,013,283	\$ 40,302,245	\$ -
Receipts from other funds for premiums	-	-	-	-	-	2,582,965
Customer deposits	113,622	-	-	7,650	121,272	-
Payments to suppliers for goods and services	(27,308,062)	(1,996,206)	(2,673,649)	(908,359)	(32,886,276)	(651,124)
Payments to employees for services	(2,553,166)	(3,744)	(369,520)	(1,131,424)	(4,057,854)	-
Claims paid	(68,040)	(5,087)	(4,975)	(32,857)	(110,959)	(2,598,801)
Internal activity - payments (to)/from other funds	166,990	90,594	92,598	(7,652)	342,530	-
Net cash provided by/(used in) operating activities	<u>4,823,928</u>	<u>1,901,935</u>	<u>(2,955,546)</u>	<u>(59,359)</u>	<u>3,710,958</u>	<u>(666,960)</u>
Cash flows from noncapital financing activities:						
Other receipts	315,185	83,572	-	184,444	583,201	-
Operating transfers (to)/from other funds	(2,484,698)	-	-	-	(2,484,698)	723,086
Net cash provided by/(used in) noncapital financing activities	<u>(2,169,513)</u>	<u>83,572</u>	<u>-</u>	<u>184,444</u>	<u>(1,901,497)</u>	<u>723,086</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(13,635,897)	(14,985)	(4,080,605)	(71,698)	(17,803,185)	-
Principal paid on debt maturities	-	(545,000)	-	-	(545,000)	-
Interest and fiscal fees paid on debt maturities	(488,431)	(322,325)	-	-	(810,756)	-
Proceeds received from issuance of debt	-	-	7,036,151	-	7,036,151	-
Proceeds from sale of assets	1,350	4,200	-	2,319	7,869	-
Net cash provided by/(used in) capital and related financing activities	<u>(14,122,978)</u>	<u>(878,110)</u>	<u>2,955,546</u>	<u>(69,379)</u>	<u>(12,114,921)</u>	<u>-</u>
Cash flows from investing activities:						
Proceeds invested in certificates of deposit	(4,268)	-	-	-	(4,268)	-
Restricted cash used/(deposited)	9,837,268	(10,204)	-	-	9,827,064	-
Interest on investments	84,781	6,555	-	1,416	92,752	12,028
Net cash provided by/(used in) investing activities	<u>9,917,781</u>	<u>(3,649)</u>	<u>-</u>	<u>1,416</u>	<u>9,915,548</u>	<u>12,028</u>
Net increase (decrease) in cash and cash equivalents	(1,550,782)	1,103,748	-	57,122	(389,912)	68,154
Cash and cash equivalents at beginning of year	<u>5,030,306</u>	<u>1,444,106</u>	<u>-</u>	<u>154,645</u>	<u>6,629,057</u>	<u>3,113,095</u>
Cash and cash equivalents at end of year	<u>\$ 3,479,524</u>	<u>\$ 2,547,854</u>	<u>\$ -</u>	<u>\$ 211,767</u>	<u>\$ 6,239,145</u>	<u>\$ 3,181,249</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, 2013**

	<u>ELECTRIC UTILITY</u>	<u>SEWER SYSTEM</u>	<u>TELE- COMMUNICATIONS</u>	<u>SOLID WASTE COLLECTION</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS</u>
Reconciliation of operating income to net cash provided by/ (used in) operating activities:						
Operating income (loss)	\$ 2,768,387	\$ 973,244	\$ (739,437)	\$ (305,846)	\$ 2,696,348	\$ (734,482)
Adjustment to reconcile operating income (loss) to net cash provided by/(used in) operating activities:						
Depreciation	1,989,418	991,983	782	251,409	3,233,592	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable and unbilled service receivable	326,348	(15,472)	-	(10,482)	300,394	-
(Increase) decrease in due from other funds	(228,655)	90,594	-	(1,659)	(139,720)	(981)
(Increase) decrease in due from other assets	5,300	-	-	-	5,300	-
(Increase) decrease in due from other governments	14,256	(125,214)	-	-	(110,958)	-
(Increase) decrease in inventories	343,117	-	-	-	343,117	-
Increase (decrease) in accounts payable	(1,029,996)	(13,200)	(2,339,684)	(2,379)	(3,385,259)	57,361
Increase (decrease) in accrued payroll and benefits	126,486	-	30,195	3,665	160,346	-
Increase (decrease) in due to other governments	-	-	-	38,923	38,923	-
Increase (decrease) in liability for unpaid claims	-	-	-	-	-	4,081
Increase (decrease) in due to other funds	395,645	-	92,598	(5,993)	482,250	-
Increase (decrease) in deferred revenue	-	-	-	(34,647)	(34,647)	7,061
Increase (decrease) in customer deposits	113,622	-	-	7,650	121,272	-
Net cash provided by/(used in) operating activities	<u>\$ 4,823,928</u>	<u>\$ 1,901,935</u>	<u>\$ (2,955,546)</u>	<u>\$ (59,359)</u>	<u>\$ 3,710,958</u>	<u>\$ (666,960)</u>
Non cash investing, capital and financing activities:						
Capital assets contributed by developers and others	<u>\$ 175,818</u>	<u>\$ 80,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,928</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the combining balance sheet:						
Total cash and certificates of deposit	\$ 16,408,005	\$ 2,547,854	\$ -	\$ 211,767	\$ 19,167,626	\$ 3,181,249
Less: deposits not meeting the definition of cash equivalents	12,928,481	-	-	-	12,928,481	-
Cash and cash equivalents at end of year	<u>\$ 3,479,524</u>	<u>\$ 2,547,854</u>	<u>\$ -</u>	<u>\$ 211,767</u>	<u>\$ 6,239,145</u>	<u>\$ 3,181,249</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

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

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

**A. REPORTING ENTITY**

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

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

The Opelika City Board of Education (the “Board of Ed.”) is substantially reliant upon the City because the City Council appoints the members of the Board of Ed., levies taxes on behalf of the Board of Ed. and issues debt on behalf of the Board of Ed. The legal liability for the general obligation debt issued for school purposes of \$49,150,000 at September 30, 2013 remains with the City. Ad valorem tax revenues restricted for school purposes collected by the City are used first to make required debt service payments on the general obligation debt issued for school purposes and the remainder is remitted to the Board of Ed. During 2013, the City collected \$5,942,782 of ad valorem taxes of which \$990,736 was used for debt service and \$4,952,046 was remitted to the Board of Ed. At September 30, 2013, \$178,090 in collections had not been remitted and is included in amounts due to other governments. During the year ended September 30, 2013, the Board of Ed. did not make any contributions to the City. The City made an appropriation from its General Fund to the Board of Ed. totaling \$3,000,000 for the year ended September 30, 2013. The City also appropriated \$33,465,701 to the Board of Ed. during the year ended September 30, 2013 related to the high school renovation project. The Board of Ed. issues separate financial statements which may be obtained from the administrative offices at 300 Simmons Street, Opelika, Alabama 36801.

The City of Opelika Industrial Development Authority (the “Authority”) recruits industry and promotes economic development for the City of Opelika. The City Council appoints the members to the Authority’s Board. The City and the Authority have a funding agreement that obligates the City to make payments satisfying the Opelika Industrial Development Authority’s General Obligation Bonds, Series 2010. These bonds constitute a general obligation of the City. These bonds were used to fully pay the Authority’s 1998 Series A and B bonds. During the year ended September 30, 2013, the City paid \$745,417 in debt service payments for the Authority and appropriated an additional \$125,000 to the Authority. The Authority issues separate financial statements which may be obtained from the administrative offices at 204 South 7<sup>th</sup> Street, Opelika, Alabama 36801.

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

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2013*

**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 \$1,765,294 during the year ended September 30, 2013. 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, 2013, the City received \$9,759 in payments in lieu of property taxes from the Housing Authority of the City of Opelika.

**Joint Ventures.** The City is a participant in one joint venture in which it retains an ongoing financial responsibility, the Indian Pines Golf Course Joint Venture (the "Venture"). The City is a party to an agreement with the City of Auburn, Alabama to own and operate the Indian Pines Golf Course. The joint venture agreement dated October 1, 1976 required capital contributions from each party. Each party has a 50% share in the Venture's profits and losses and responsibility for 50% of any debt incurred. The City's initial contribution of \$589,200 was used to purchase the land and building which are included in capital assets. The cities lease the Indian Pines Golf Course to the Indian Pines Recreation Authority, Inc., (the "Authority"), a jointly governed organization. The Authority operates the golf course on a month-to-month basis with the lease terms continuing in force from the original lease which expired in 1979. The Venture had no debts outstanding at September 30, 2013 and no net income or loss for the fiscal year then ended. Because the joint venture has no operations, no financial statements are prepared. Complete financial statements of the Authority can be obtained from the Authority at 900 Country Club Lane, Auburn, AL 36830.

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

The Lee-Russell Council of Governments is a regional planning and development commission organized to provide services to Lee and Russell Counties. The Council is governed by a ten-member board composed of two appointees each from Opelika, Auburn, Lee County, Phenix City and Russell County. The cities and counties are assessed fees based on their respective populations. The Council also receives income from administration of federal grants and other programs. The City appropriated \$128,400 to the Lee-Russell Council of Governments for the year ended September 30, 2013.

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, 2013.

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, 2013.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2013*

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**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, 2013.

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

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (e.g. general government, police, fire, public works, etc.) and business-type activities. In this statement, gross expenses, including depreciation, are reduced by related program revenues (charges to customers or those who directly benefit from goods, services or privileges provided by a given function), operating grants, and 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 School Construction Fund** accounts for the collection of bond series proceeds restricted for the City's capital project to construct a new public high school facility and for the expenditures of such funds for the project.

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

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

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

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

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

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

**Proprietary Funds:**

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

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

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

Proprietary funds include the following fund types:

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

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

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

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

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

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

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the funds are the City's governmental activities, the financial statements of the internal service funds are included in the governmental activities column in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity (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 position and changes in net position and is reported using accounting principles similar to proprietary funds. The City does not have any fiduciary funds.

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

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

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

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

**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, 2013, 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, 2013*

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**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 \$885,510 in the Electric Utility Fund, \$250,241 in the Sewer System Fund and \$154,852 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, 2013.

**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, 2013, the City capitalized \$1,125,033 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, 2013**

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

Capitalization thresholds and estimated useful lives are as follows:

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

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

**K. LONG -TERM LIABILITIES**

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, 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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. There were no deferred outflows of resources recognized by the City at September 30, 2013.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The City did not recognize any deferred inflows of resources at September 30, 2013.

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

**M. NET POSITION**

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

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

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

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

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

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

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

**N. USE OF ESTIMATES**

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

**O. SUBSEQUENT EVENTS**

The City has evaluated events subsequent to the date of the Statement of Net Position through March 4, 2014, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Position date through March 4, 2014 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

**NOTE 2 - BUDGETING AND ACCOUNTABILITY (CONTINUED)**

each year, all departments of the City submit requests for appropriations to the City's mayor so that a budget may be prepared. Before October 1, the proposed budget is presented to the City's council for review and adoption.

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

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

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

**NOTE 4 - POWER SALES CONTRACT**

The City is a member of the Alabama Municipal Electric Authority (the "Authority"). Pursuant to a contract dated May 1, 1986 and amended July 1, 1996, the City has agreed to purchase all of its electric requirements for resale through December 31, 2035 from the Authority except for the City's allocation of electricity from the Southeastern Power Administration. The Electric Utility Fund purchased \$22,140,371 under this contract during the year ended September 30, 2013. 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, 2013, the carrying amount of the City's deposits in financial institutions was \$83,820,185 and the bank balance was \$72,666,262. Of these amounts, \$40,423,481 of the carrying amount and bank balance were held as certificates of deposit and have been classified in the City's financial statements as certificates of deposit. The State of Alabama created the Security for Alabama Funds Enhancement (SAFE) Program which requires all public funds be deposited in Qualified Public Depositories. Under the SAFE Program, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. If a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. At September 30, 2013, 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, 2013**

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

<b>Investment Type</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percent of Total</b>	<b>Maturity</b>	<b>Rating</b>	<b>Rating Agency</b>
Cash	\$ 2,938,836	\$ 2,938,837	55.1%	n/a	n/a	n/a
GE Money Bank Certificate of Deposit	25,000	25,474	<1%	9/30/2016	n/a	n/a
Investment Co of America Fd	4,855	9,080	<1%	n/a	***	Morningstar
Goldman Sachs Group Notes	15,000	15,532	<1%	11/15/2017	A-	S&P
U.S. Treasury	1,622,225	1,622,225	30.4%	n/a	n/a	n/a
Fidelity Advisor Equity Income	65,500	78,532	1.5%	n/a	***	Morningstar
First Eagle Global I Shares	50,000	58,124	1.1%	n/a	*****	Morningstar
Fidelity Advisor Small Cap Fd Class I	32,099	39,633	<1%	n/a	***	Morningstar
Various municipal and utility bonds	220,033	223,180	4.2%	3/1/2015 - 12/27/27	AA	S&P
FNMA 1.750%	40,000	36,241	<1%	12/27/2027	AA+	S&P
Other common stock	216,636	283,119	5.3%	n/a	Various	Various
Total investments	<u>\$ 5,230,184</u>	<u>\$ 5,329,977</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, 2013**

**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	\$ 9,656,496	\$ 40,000	\$ -	\$ 9,696,496
Construction in process	2,535,266	5,077,494	1,041,880	6,570,880
Total capital assets not being depreciated	<u>12,191,762</u>	<u>5,117,494</u>	<u>1,041,880</u>	<u>16,267,376</u>
Capital assets being depreciated:				
Buildings and improvements	42,609,151	77,477	155,032	42,531,596
Improvements other than buildings	5,049,018	41,843	-	5,090,861
Equipment	15,820,001	1,299,789	567,652	16,552,138
Infrastructure	66,964,840	3,023,040	-	69,987,880
Total capital assets being depreciated	<u>130,443,010</u>	<u>4,442,149</u>	<u>722,684</u>	<u>134,162,475</u>
Less accumulated depreciation for:				
Buildings and improvements	8,479,739	884,944	6,201	9,358,482
Improvements other than buildings	2,217,058	166,436	-	2,383,494
Equipment	10,420,793	1,111,995	499,885	11,032,903
Infrastructure	15,496,767	1,913,479	-	17,410,246
Total accumulated depreciation	<u>36,614,357</u>	<u>4,076,854</u>	<u>506,086</u>	<u>40,185,125</u>
Total capital assets being depreciated, net	<u>93,828,653</u>	<u>365,295</u>	<u>216,598</u>	<u>93,977,350</u>
Governmental activities capital assets, net	<u>\$ 106,020,415</u>	<u>\$ 5,482,789</u>	<u>\$ 1,258,478</u>	<u>\$ 110,244,726</u>
	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 874,722	\$ 1,548,349	\$ -	\$ 2,423,071
Construction in process	24,225,212	8,650,867	13,094,114	19,781,965
Total capital assets not being depreciated	<u>25,099,934</u>	<u>10,199,216</u>	<u>13,094,114</u>	<u>22,205,036</u>
Capital assets being depreciated:				
Buildings and improvements	264,695	13,484,489	-	13,749,184
Systems	86,792,249	6,627,884	38,504	93,381,629
Equipment	6,554,500	946,932	52,681	7,448,751
Total capital assets being depreciated	<u>93,611,444</u>	<u>21,059,305</u>	<u>91,185</u>	<u>114,579,564</u>
Less accumulated depreciation for:				
Buildings and improvements	210,113	387,963	5,500	592,576
Systems	41,565,180	2,389,978	38,501	43,916,657
Equipment	3,569,858	455,651	40,926	3,984,583
Total accumulated depreciation	<u>45,345,151</u>	<u>3,233,592</u>	<u>84,927</u>	<u>48,493,816</u>
Total capital assets being depreciated, net	<u>48,266,293</u>	<u>17,825,713</u>	<u>6,258</u>	<u>66,085,748</u>
Business-type activities capital assets, net	<u>\$ 73,366,227</u>	<u>\$ 28,024,929</u>	<u>\$ 13,100,372</u>	<u>\$ 88,290,784</u>

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 417,292
Public safety	503,645
Public works, including infrastructure	2,262,936
Culture and recreation	892,981
Total depreciation	\$ 4,076,854
Business-type activities:	
Electric	\$ 1,989,418
Telecommunications	782
Sewer	991,983
Solid waste	251,409
Total depreciation	\$ 3,233,592

**NOTE 7 - INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2013 consisted of the following:

<i>DUE TO</i>	<i>DUE FROM</i>						<i>Total</i>
	<i>General</i>	<i>2011 Road Construction</i>	<i>Non-major Governmental</i>	<i>Electric</i>	<i>Tele-communications</i>	<i>Non-major Proprietary</i>	
General	\$ -	\$ 19,660	\$ 768,409	\$ 396,334	\$ 136,061	\$ 88,366	\$ 1,408,830
Non-major Governmental	275,096	-	-	-	-	-	275,096
Internal Service	50,744	-	-	1,377	174	1,666	53,961
Electric Utility	191	-	693,559	-	34,443	-	728,193
Sewer	185,661	-	-	-	-	-	185,661
Total	\$ 511,692	\$ 19,660	\$ 1,461,968	\$ 397,711	\$ 170,678	\$ 90,032	\$ 2,651,741

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

<i>TRANSFER TO</i>	<i>TRANSFER FROM</i>						
	<i>General</i>	<i>School Tax Special Revenue</i>	<i>2011 Road Construction</i>	<i>Non-major Governmental</i>	<i>Electric Utility</i>	<i>Internal Service</i>	<i>Total</i>
General	\$ -	\$ -	\$ 618,012	\$ 11,124	\$ 2,484,698	\$ -	\$ 3,113,834
Non-major Governmental	9,164,519	990,736	272,995	1,775,687	-	-	12,203,937
2011 School Construction	-	-	-	116,543	-	-	116,543
Internal Service	723,086	-	-	-	-	200,000	923,086
Total	\$ 9,887,605	\$ 990,736	\$ 891,007	\$ 1,903,354	\$ 2,484,698	\$ 200,000	\$ 16,357,400

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, 2013**

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liabilities at September 30, 2013 consisted of the following items:

	<i>Governmental</i>	<i>Business-type</i>
<b>Bonds:</b>		
Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007, due in annual installments of \$480,000 to \$1,725,000 through January 1, 2038, bearing interest rates of 3.25% to 5.00%	\$ 26,072,541	\$ -
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%	4,378,935	-
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%	5,057,201	-
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%	1,191,656	3,252,413
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%	1,211,710	-
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%	-	28,130,025
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%	63,164,771	
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%	-	5,456,722
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%	-	8,052,818
General Obligation School Warrants, Series 2012-B due in annual installments of \$315,000 to \$440,000 through March 1, 2029, bearing interest at a fixed rate of 2.24%	5,786,707	-
Capital lease obligation related to the purchase of radio equipment, due in two installments totaling \$1,252,509 each. The first payment was due at commencement of the capital lease and the final payment is due in March of 2014. The capital lease bears interest at 0.00%, if paid in full by March 2014	1,252,509	-
<b>Other Liabilities:</b>		
Compensated absences	2,543,697	535,972
Claims and judgments	381,626	-
Total long-term liabilities	\$ 111,041,353	\$ 45,427,950

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Debt:					
General obligation bonds	\$ 83,291,432	\$ 6,375,000	\$ 10,777,497	\$ 78,888,935	\$ 3,684,046
Capital leases	26,610,000	2,505,018	1,812,509	27,302,509	1,832,509
	<u>109,901,432</u>	<u>8,880,018</u>	<u>12,590,006</u>	<u>106,191,444</u>	<u>5,516,555</u>
Deferred amounts on refunding	(294,224)	(262,347)	(39,488)	(517,083)	
Unamortized premiums	2,646,904	-	205,235	2,441,669	
Total debt	<u>112,254,112</u>			<u>108,116,030</u>	<u>5,516,555</u>
Other liabilities:					
Compensated absences	2,509,237			2,543,697	-
Claims and judgments	414,945			381,626	103,853
Total other liabilities	<u>2,924,182</u>			<u>2,925,323</u>	<u>103,853</u>
Total governmental activities	<u>\$ 115,178,294</u>			<u>\$ 111,041,353</u>	<u>\$ 5,620,408</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Debt:					
General obligation bonds	\$ 9,425,000	\$ -	\$ 545,000	\$ 8,880,000	\$ 510,000
Other long-term debt	29,311,667	7,036,151	-	36,347,818	-
Deferred amounts on refunding	(265,682)	-	25,303	(240,379)	-
Unamortized premiums and discounts	(93,358)	-	2,103	(95,461)	-
	<u>38,377,627</u>			<u>44,891,978</u>	<u>\$ 510,000</u>
Compensated absences	413,674			535,972	
Total business-type activities	<u>\$ 38,791,301</u>			<u>\$ 45,427,950</u>	

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

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

The City issued \$6,375,000 of General Obligation School Warrants, Series 2012-B dated November 15, 2012. The bonds were issued to defease the General Obligation School Warrants, Series 2004-A dated March 1, 2004. At September 30, 2013, the proceeds from the bonds, totaling \$5,405,374, were held in escrow to defease the Series 2004-A bonds. The Series 2012-B Warrants mature annually on March 1 from 2013 through 2029. Interest is payable on each March 1 and September 1, beginning March 1, 2013. Additional costs incurred to retire the aforementioned bonds totaled \$262,347. These costs have been recorded as deferred refunding costs and will be amortized over the life of the new bonds. The net deferred costs totaled \$248,293 at September 30, 2013.

The City issued \$6,245,000 General Obligation School Warrants, Series 2010-A dated July 1, 2010. The warrants were issued to defease the General Obligation School Warrants, Series 2000. The General Obligation School Warrants, Series 2000, were fully defeased during the year ended September 30, 2011.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2013*

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

The City issued \$4,490,000 General Obligation Recovery Zone Economic Development Warrants, Series 2010-B dated July 1, 2010. The City issued \$1,200,000 of the Warrants to construct a new fire station. This portion of the warrants is considered a general obligation of the City and is chargeable against the constitutional debt limit of the City. The City issued \$3,290,000 of the warrants to fund sewer improvement projects. This portion of the warrants has been recorded in the Sewer System Fund. Under Section 6431 of the Internal Revenue Code, an issuer of a Recovery Zone Warrant may apply to receive interest subsidy payments directly from the United States Treasury. The City applied for the interest subsidy payments and expects to receive the interest subsidy payments totaling 45% of the interest due on the warrants. The City expects to receive the interest subsidy payments annually around the same time the interest payments on the warrants are due. During the year ended September 30, 2013, 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.

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 \$96,472 at September 30, 2013.

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 \$240,379 at September 30, 2013.

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2013, the City is in compliance with all significant limitations and restrictions.

**Other Long-Term Debt.** The City entered into a capital lease agreement dated March 5, 2013 for the purchase of various pieces of capital equipment and parts. The City paid one half of the lease at the time of the agreement, and the remaining payment is due on March 15, 2014. No interest expense is charged under the agreement.

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

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

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

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

During the year ended September 30, 2011, the City authorized and approved the issuance of \$13,500,000 of Taxable Telecommunications System Revenue Warrants (the "Telecommunications Warrants"). In connection with the Telecommunications Warrants, the City also authorized a funding agreement with Regions Bank. The funding agreement allows the City to draw the bonds as needed. The Telecommunications Warrants bear interest at rates ranging from 2.73% to 4.57% based on the City's Moody's rating. At September 30, 2013, the interest rate on the Telecommunications Warrants totaled 2.73%. Interest is due monthly and the entire balance of the borrowing matures on February 1, 2016. The Telecommunications Warrants were issued to fund the City's telecommunications project. At September 30, 2013, the outstanding balance of the Telecommunications Warrants totaled \$8,052,818.

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, 2013, the City was in compliance with this debt service requirement. The City is in compliance with all other debt covenants at September 30, 2013. The debt coverage calculation is as follows:

Net operating revenues	\$	34,131,980
Net investment income		
Interest income earned in the Construction Fund		(6,481)
		34,125,499
Operating expenses		(31,363,593)
Depreciation		1,989,418
		1,989,418
Net operating income available for debt service	\$	4,751,324
Maximum annual net debt service requirement	\$	2,513,888
Debt service ratio coverage		1.89
Debt service ratio required		1.20

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

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

<i>Year</i>	<i>Governmental Activities</i>			
	<i>General Obligations</i>		<i>Other Long-term Debt</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2014	\$ 3,684,046	\$ 2,948,333	\$ 1,832,509	\$ 1,184,594
2015	2,956,984	2,816,852	600,000	1,161,744
2016	3,041,393	2,729,461	625,000	1,137,994
2017	3,147,321	2,635,729	650,000	1,112,494
2018	3,234,877	2,538,181	680,000	1,082,494
2019-2023	15,764,314	10,908,468	3,905,000	4,915,667
2024-2028	17,605,000	7,592,510	4,930,000	3,889,144
2029-2033	15,765,000	4,456,330	6,205,000	2,615,057
2034-2038	13,690,000	1,158,299	7,875,000	944,077
Total	\$ 78,888,935	\$ 37,784,163	\$ 27,302,509	\$ 18,043,265

<i>Year</i>	<i>Business-type Activities</i>	
	<i>General Obligations</i>	
	<i>Principal</i>	<i>Interest</i>
2014	\$ 510,000	\$ 2,274,662
2015	575,000	2,269,461
2016	8,637,818	2,245,735
2017	600,000	2,235,686
2018	610,000	2,232,159
2019-2023	8,040,000	10,754,981
2024-2028	7,670,000	6,052,785
2029-2033	9,855,000	3,807,129
2034-2037	8,730,000	957,868
Total	\$ 45,227,818	\$ 32,830,466

**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 2-1-12 to 1-31-13 is \$690,740, 2-1-11 to 1-31-12 is \$614,197, 2-1-10 to 1-31-11 is \$623,835, 2-1-09 to 1-31-10 is \$507,710, and 2-1-08 to 1-31-09 is \$414,130.

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, 2013**

**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 \$381,626 at September 30, 2013. The balance is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability is calculated actuarially using an interest rate of 1.6% and includes 1) known claims, 2) claims that have been incurred but not reported, 3) previously closed claims which may reopen, and 4) allocated loss adjustment expenses. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

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

	<i>Current Year Claims</i>			
	<i>Beginning</i>	<i>and Changes in</i>	<i>Claim</i>	<i>Ending Balance</i>
	<i>Balance</i>	<i>Estimates</i>	<i>Payments</i>	
<b>2010-2011</b>	\$ 379,698	\$ 343,876	\$ 257,354	\$ 466,220
<b>2011-2012</b>	\$ 466,220	\$ 68,400	\$ 119,675	\$ 414,945
<b>2012-2013</b>	\$ 414,945	\$ 64,416	\$ 97,735	\$ 381,626

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. During the year ended September 30, 2013, a 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 Worker's Health Insurance Fund also received a transfer of \$723,086 from the General Fund during the year ended September 30, 2013. The Fund provides coverage for up to \$110,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$110,000 in any one year. Settled claims exceeded premium payments received during the year. Assets equaled liabilities as of September 30, 2013, resulting in a fund balance of \$0.

The claims liability of \$170,800 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability includes an amount calculated for claims that have been incurred but not reported at the balance sheet date. Because actual liabilities for claims depend on such complex factors as inflation, changes in the legal doctrines and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount.

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

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

	<i>Beginning Balance</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Ending Balance</i>
<i>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
<i>2012-2013</i>	\$ 133,400	\$ 2,538,466	\$ 2,501,066	\$ 170,800

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

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

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

**Funding Policy.** Plan members are required to contribute 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, 2013 was 14.76% of annual covered payroll. The contribution requirements of plan members and the City are established by state statute.

**Annual Pension Cost.** For 2013, the City's annual pension cost of \$1,844,118 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2012 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, 2013**

**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>
9/30/2010	\$ 1,822,132	100%	\$ -
9/30/2011	\$ 1,891,679	100%	\$ -
9/30/2012	\$ 1,674,885	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)<sup>1</sup></i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i>
9/30/2007	\$ 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 <sup>2</sup>	\$ 40,901,544	\$ 66,479,155	\$ 25,577,611	61.5%	\$ 14,162,857	180.6%
9/30/2011 <sup>4</sup>	\$ 39,108,103	\$ 66,490,037	\$ 27,381,934	58.8%	\$ 14,061,823	194.7%
9/30/2012 <sup>3,5</sup>	\$ 37,235,308	\$ 65,906,705	\$ 28,671,397	56.5%	\$ 13,326,724	215.1%

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

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

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

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

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

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

**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, 2013**

**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.

**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 of Opelika recognized the cost of providing post-employment medical benefits (the City of Opelika’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 2013 and 2012, the City of Opelika’s portion of health care funding cost for retired employees totaled \$261,360 and \$260,496, respectively.

Effective October 1, 2008, the City of Opelika 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 of Opelika’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>2013</i>	<i>2012</i>
Normal Cost	\$ 146,459	\$ 164,716
30-year UAL amortization amount	235,838	251,436
Annual required contribution (ARC)	\$ 382,297	\$ 416,152

**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, 2013 and 2012:

	<i>2013</i>	<i>2012</i>
Beginning net OPEB Obligation	\$ 464,546	\$ 314,497
Annual required contribution	382,297	416,152
Interest on Net OPEB Obligation	18,582	12,580
ARC adjustment	(26,865)	(18,187)
OPEB cost	374,014	410,545
Contribution	-	-
Current year retiree premium	(261,360)	(260,496)
Change in Net OPEB Obligation	112,654	150,049
Ending Net OPEB Obligation	\$ 577,200	\$ 464,546

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, 2013**

**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, 2013	\$ 374,014	63.88%	\$ 577,200
September 30, 2012	\$ 410,544	63.45%	\$ 464,546

**Funded Status and Funding Progress** – In 2013 and 2012, the City made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2013 was \$4,078,205 which is defined as that portion, as determined by a particular actuarial cost method (the City of Opelika 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>2013</u>
Actuarial Accrued Liability (AAL)	\$ 4,078,205
Actuarial value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	\$ 4,078,205
Funded Ratio	0.00%
Covered Payroll (active plan members)	\$ 15,269,171
UAAL as a percentage of covered payroll	26.71%

**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.

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

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

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

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

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

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

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

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

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

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

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

**CITY OF OPELIKA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

	<i>OPEB Costs and Contributions</i>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
OPEB Cost	\$ 397,322	\$ 410,544	\$ 374,014
Contribution	-	-	-
Retiree premium	241,200	260,496	261,360
Total contribution and premium	<u>241,200</u>	<u>260,496</u>	<u>261,360</u>
Change in net OPEB obligation	<u>\$ 156,122</u>	<u>\$ 150,048</u>	<u>\$ 112,654</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	60.71%	63.45%	69.88%

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

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

The City is a party to other 80/20 cost sharing agreements with the State in which the City will pay 100% of the costs over a fixed amount. The liability, if any, is not determinable as of September 30, 2013.

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, 2013 totals \$5,073,408. 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, \$105,036 remained in the repair and maintenance budget and was reimbursed to the City. At September 30, 2013, 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 \$558,750 for nine years if certain

**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 17<sup>th</sup> 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, 2013 totaled \$523,297. 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, 2013, the City had made payments totaling \$1,569,389 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, 2013, 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, 2013, the developers had not met the requirements of the agreement.

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 during the year ended September 30, 2013. 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. Subsequent to year end, the City remitted its first payment of \$103,416 to the developers. This amount was recorded as a payable in the accompanying Statement of Net Position.

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 during the year ended September 30, 2013 and the City remitted the full payment of \$226,270 during the year ended September 30, 2013.

**CITY OF OPELIKA**  
*NOTES TO THE BASIC FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2013*

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**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. As of September 30, 2013, the developers had not yet met the requirements of the agreement.

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, 2013.

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, 2013**

<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	\$ 23,400,000	\$ 23,400,000	\$ 24,454,096	\$ 1,054,096
Property:				
Property:	3,000,000	3,000,000	3,028,017	28,017
Payments in lieu of taxes	5,000	5,000	9,760	4,760
	<u>3,005,000</u>	<u>3,005,000</u>	<u>3,037,777</u>	<u>32,777</u>
Other:				
Gasoline	819,000	819,000	818,099	(901)
Cigarette	99,000	99,000	89,075	(9,925)
Rental	464,000	464,000	439,466	(24,534)
Wine	25,000	25,000	23,709	(1,291)
	<u>1,407,000</u>	<u>1,407,000</u>	<u>1,370,349</u>	<u>(36,651)</u>
Total taxes	<u>27,812,000</u>	<u>27,812,000</u>	<u>28,862,222</u>	<u>1,050,222</u>
Special assessments	<u>10,000</u>	<u>10,000</u>	<u>11,211</u>	<u>1,211</u>
Licenses and permits:				
Occupational	<u>8,375,000</u>	<u>8,375,000</u>	<u>8,872,885</u>	<u>497,885</u>
Business:				
General	2,655,000	2,655,000	2,872,733	217,733
Lodging	499,000	499,000	624,300	125,300
Franchise fee	79,000	79,000	67,747	(11,253)
	<u>3,233,000</u>	<u>3,233,000</u>	<u>3,564,780</u>	<u>331,780</u>
Telecommunications fees	6,000	6,000	10,000	4,000
Permits and inspections	<u>270,000</u>	<u>270,000</u>	<u>354,038</u>	<u>84,038</u>
Total licenses and permits	<u>11,884,000</u>	<u>11,884,000</u>	<u>12,801,703</u>	<u>917,703</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<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	97,000	97,000	98,839	1,839
Shared state revenue:				
Bank excise tax	17,000	17,000	102,713	85,713
Business privilege tax	69,000	69,000	71,267	2,267
Share of liquor tax profits	92,000	92,000	111,659	19,659
State asset forfeiture	-	13,688	20,034	6,346
	<u>178,000</u>	<u>191,688</u>	<u>305,673</u>	<u>113,985</u>
Shared federal revenue:				
Federal asset forfeiture	-	840	-	(840)
	<u>-</u>	<u>840</u>	<u>-</u>	<u>(840)</u>
Other:				
Grants:				
Federal	29,000	29,000	27,616	(1,384)
State	-	10,655	30,958	20,303
Lee County	40,000	40,000	50,000	10,000
	<u>69,000</u>	<u>79,655</u>	<u>108,574</u>	<u>28,919</u>
Total intergovernmental revenue	<u>344,000</u>	<u>369,183</u>	<u>513,086</u>	<u>143,903</u>
Charges for services:				
Administration:				
Other governments	21,000	21,000	26,507	5,507
	<u>21,000</u>	<u>21,000</u>	<u>26,507</u>	<u>5,507</u>
Public safety:				
Board of Education	12,000	12,000	12,000	-
Housing Authority	70,000	70,000	52,500	(17,500)
Water Works Board	21,000	21,000	-	(21,000)
Other	-	-	60,423	60,423
Towing, fire calls, and fire training	-	620	2,401	1,781
	<u>103,000</u>	<u>103,620</u>	<u>127,324</u>	<u>23,704</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<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	47,000	47,000	33,729	(13,271)
Other	12,000	12,000	16,686	4,686
	<u>59,000</u>	<u>59,000</u>	<u>50,415</u>	<u>(8,585)</u>
Health:				
Graves and monuments	103,000	103,000	115,758	12,758
Evergreen cemetery	-	-	500	500
	<u>103,000</u>	<u>103,000</u>	<u>116,258</u>	<u>13,258</u>
Culture and recreation:				
Entry fees and concessions	1,413,000	1,413,000	1,390,847	(22,153)
Total charges for services	<u>1,699,000</u>	<u>1,699,620</u>	<u>1,711,351</u>	<u>11,731</u>
Fines and forfeitures:				
Public safety:				
Fines and costs	465,000	528,480	587,711	59,231
Culture and recreation:				
Fines	-	-	35,018	35,018
Total fines and forfeits	<u>465,000</u>	<u>528,480</u>	<u>622,729</u>	<u>94,249</u>
Miscellaneous revenues:				
Interest earnings	107,000	107,000	92,425	(14,575)
Other:				
Rental income	57,000	57,000	51,113	(5,887)
Contributions	-	13,166	17,300	4,134
Cemetery lots	73,000	73,000	85,500	12,500
Miscellaneous	22,000	62,590	105,076	42,486
Total other	<u>152,000</u>	<u>205,756</u>	<u>258,989</u>	<u>53,233</u>
Total miscellaneous revenues	<u>259,000</u>	<u>312,756</u>	<u>351,414</u>	<u>38,658</u>
Total revenues	<u>42,473,000</u>	<u>42,616,039</u>	<u>44,873,716</u>	<u>2,257,677</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<i><b>FUNCTION/DEPARTMENT/OBJECT</b></i>	<i><b>ORIGINAL BUDGET</b></i>	<i><b>FINAL BUDGET</b></i>	<i><b>ACTUAL</b></i>	<i><b>VARIANCE WITH FINAL BUDGET OVER (UNDER)</b></i>
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	132,520	132,520	132,252	(268)
Other	277,170	169,799	47,548	(122,251)
Total mayor	<u>409,690</u>	<u>302,319</u>	<u>179,800</u>	<u>(122,519)</u>
Administration:				
Personal services	146,279	146,279	149,187	2,908
Services provided to other funds	-	-	-	-
Other	245,520	268,908	221,700	(47,208)
Total administration	<u>391,799</u>	<u>415,187</u>	<u>370,887</u>	<u>(44,300)</u>
Legislative - City Clerk:				
Personal services	182,216	182,216	181,286	(930)
Other	282,370	239,710	186,893	(52,817)
Total legislative	<u>464,586</u>	<u>421,926</u>	<u>368,179</u>	<u>(53,747)</u>
Other:				
Revenue:				
Personal services	253,435	253,435	214,909	(38,526)
Services provided other funds	-	-	-	-
Other	45,468	52,786	41,846	(10,940)
	<u>298,903</u>	<u>306,221</u>	<u>256,755</u>	<u>(49,466)</u>
Accounting:				
Personal services	367,896	367,896	370,312	2,416
Services provided other funds	(90,909)	(90,909)	(90,909)	-
Other	82,850	83,565	49,345	(34,220)
	<u>359,837</u>	<u>360,552</u>	<u>328,748</u>	<u>(31,804)</u>
Community relations:				
Personal services	70,340	70,340	68,570	(1,770)
Other	72,200	80,199	56,972	(23,227)
	<u>142,540</u>	<u>150,539</u>	<u>125,542</u>	<u>(24,997)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<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	601,128	601,128	554,999	(46,129)
Services provided other funds	(208,610)	(208,610)	(208,610)	-
Other	685,749	522,908	511,308	(11,600)
	<u>1,078,267</u>	<u>915,426</u>	<u>857,697</u>	<u>(57,729)</u>
Judicial:				
Personal services	246,507	246,507	244,241	(2,266)
Other	152,180	224,781	215,509	(9,272)
	<u>398,687</u>	<u>471,288</u>	<u>459,750</u>	<u>(11,538)</u>
Human resources administration:				
Personal services	202,627	202,627	166,972	(35,655)
Other	112,800	132,343	121,456	(10,887)
	<u>315,427</u>	<u>334,970</u>	<u>288,428</u>	<u>(46,542)</u>
Planning:				
Personal services	286,635	286,635	285,840	(795)
Other	45,938	72,391	27,615	(44,776)
	<u>332,573</u>	<u>359,026</u>	<u>313,455</u>	<u>(45,571)</u>
Purchasing:				
Personal services	293,171	312,491	292,050	(20,441)
Services provided other funds	(68,314)	(68,314)	(68,314)	-
Other	21,730	30,785	24,576	(6,209)
	<u>246,587</u>	<u>274,962</u>	<u>248,312</u>	<u>(26,650)</u>
Nondepartmental:				
Auburn-Opelika Airport	130,000	156,250	150,177	(6,073)
Lee-Russell Council of Governments	128,400	128,400	128,400	-
Opelika Chamber of Commerce	70,000	71,000	71,000	-
Opelika Industrial Development Authority	125,000	125,000	125,000	-
Lee County Extension Service	10,000	10,000	10,000	-
Envision Opelika	12,000	25,750	25,750	-
Downtown Development Authority	4,500	9,000	4,500	(4,500)
Main Street, Inc.	15,000	16,250	16,250	-
J W Darden Foundation	10,000	11,700	11,700	-
Other	-	-	-	-
	<u>504,900</u>	<u>553,350</u>	<u>542,777</u>	<u>(10,573)</u>
Total other	<u>3,677,721</u>	<u>3,726,334</u>	<u>3,421,464</u>	<u>(304,870)</u>
Total general government	<u>4,943,796</u>	<u>4,865,766</u>	<u>4,340,330</u>	<u>(525,436)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<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	6,490,205	6,566,252	6,273,419	(292,833)
Other	1,841,415	2,809,988	2,450,944	(359,044)
Total police	<u>8,331,620</u>	<u>9,376,240</u>	<u>8,724,363</u>	<u>(651,877)</u>
Fire:				
Personal services	4,324,518	4,378,671	4,509,103	130,432
Other	512,175	583,835	521,593	(62,242)
Total fire	<u>4,836,693</u>	<u>4,962,506</u>	<u>5,030,696</u>	<u>68,190</u>
Other:				
Nondepartmental:				
National Guard	1,000	1,000	1,000	-
Juvenile Court	15,000	15,000	15,000	-
Lee County Emergency Management	41,000	41,000	41,000	-
Emergency Medical Service	289,476	289,476	289,476	-
Other	-	840	840	-
Total other	<u>346,476</u>	<u>347,316</u>	<u>347,316</u>	<u>-</u>
Total public safety	<u>13,514,789</u>	<u>14,686,062</u>	<u>14,102,375</u>	<u>(583,687)</u>
Public works:				
Highways and streets				
Personal services	9,035	9,035	5,353	(3,682)
Other	1,023,530	1,025,765	1,010,709	(15,056)
Total highways and streets	<u>1,032,565</u>	<u>1,034,800</u>	<u>1,016,062</u>	<u>(18,738)</u>
Engineering:				
Personal services	356,532	378,987	335,955	(43,032)
Other	80,200	114,659	43,496	(71,163)
Total engineering	<u>436,732</u>	<u>493,646</u>	<u>379,451</u>	<u>(114,195)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
Other:				
Administration:				
Personal services	-	-	-	-
Services provided other funds	-	-	-	-
Other	342,616	342,616	320,499	(22,117)
	<u>342,616</u>	<u>342,616</u>	<u>320,499</u>	<u>(22,117)</u>
Cemetery:				
Personal services	-	-	-	-
Other	185,126	197,799	191,267	(6,532)
	<u>185,126</u>	<u>197,799</u>	<u>191,267</u>	<u>(6,532)</u>
Automotive shop:				
Personal services	-	-	-	-
Other	333,824	346,601	333,202	(13,399)
	<u>333,824</u>	<u>346,601</u>	<u>333,202</u>	<u>(13,399)</u>
Building maintenance:				
Personal services	3,744	3,744	3,744	-
Other	306,539	308,862	299,523	(9,339)
	<u>310,283</u>	<u>312,606</u>	<u>303,267</u>	<u>(9,339)</u>
Inspection:				
Personal services	404,942	404,942	402,204	(2,738)
Other	68,360	68,526	45,080	(23,446)
	<u>473,302</u>	<u>473,468</u>	<u>447,284</u>	<u>(26,184)</u>
Ground maintenance:				
Personal services	-	-	-	-
Other	507,442	523,831	519,825	(4,006)
	<u>507,442</u>	<u>523,831</u>	<u>519,825</u>	<u>(4,006)</u>
Total other	<u>2,152,593</u>	<u>2,196,921</u>	<u>2,115,344</u>	<u>(81,577)</u>
Total public works	<u>3,621,890</u>	<u>3,725,367</u>	<u>3,510,857</u>	<u>(214,510)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<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	52,100	52,100	51,725	(375)
Other	8,700	8,726	6,155	(2,571)
	<u>60,800</u>	<u>60,826</u>	<u>57,880</u>	<u>(2,946)</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	75,413	75,413	75,413	-
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>232,513</u>	<u>237,513</u>	<u>237,513</u>	<u>-</u>
Total health	<u>293,313</u>	<u>298,339</u>	<u>295,393</u>	<u>(2,946)</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	35,000	(5,000)
Council on Human Relations	20,000	20,000	20,000	-
Storybook Farms	8,000	8,000	8,000	-
Other	-	5,000	10,000	5,000
Total welfare	<u>105,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<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	1,464,743	1,474,795	1,452,114	(22,681)
Other	3,645,233	3,791,178	3,591,033	(200,145)
Total parks and recreation	<u>5,109,976</u>	<u>5,265,973</u>	<u>5,043,147</u>	<u>(222,826)</u>
Library:				
Personal services	533,373	544,028	513,870	(30,158)
Other	164,580	333,300	182,078	(151,222)
Total library	<u>697,953</u>	<u>877,328</u>	<u>695,948</u>	<u>(181,380)</u>
Other:				
Nondepartmental:				
Opelika Tree Commission	7,000	7,000	4,273	(2,727)
Keep Opelika Beautiful	35,000	41,500	41,500	-
Museum of East Alabama	22,500	22,500	22,500	-
Opelika Arts Association	25,000	35,000	35,000	-
Museum of Art	5,000	5,000	5,000	-
Other	-	3,750	3,751	1
Total other	<u>94,500</u>	<u>114,750</u>	<u>112,024</u>	<u>(2,726)</u>
Total culture and recreation	<u>5,902,429</u>	<u>6,258,051</u>	<u>5,851,119</u>	<u>(406,932)</u>
Economic development:				
Personal services	248,185	248,185	247,471	(714)
Other	216,198	236,056	155,166	(80,890)
Total	<u>464,383</u>	<u>484,241</u>	<u>402,637</u>	<u>(81,604)</u>
Nondepartmental:				
Industrial incentives	383,750	383,750	323,504	(60,246)
Commercial incentives	275,000	501,270	874,766	373,496
Total	<u>658,750</u>	<u>885,020</u>	<u>1,198,270</u>	<u>313,250</u>
Total economic development	<u>1,123,133</u>	<u>1,369,261</u>	<u>1,600,907</u>	<u>231,646</u>
Education	<u>3,003,000</u>	<u>3,010,750</u>	<u>3,010,750</u>	<u>-</u>
Capital outlay	<u>959,953</u>	<u>4,829,324</u>	<u>3,847,205</u>	<u>(982,119)</u>

**CITY OF OPELIKA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

<i><b>FUNCTION/DEPARTMENT/OBJECT</b></i>	<i><b>ORIGINAL BUDGET</b></i>	<i><b>FINAL BUDGET</b></i>	<i><b>ACTUAL</b></i>	<i><b>VARIANCE WITH FINAL BUDGET OVER (UNDER)</b></i>
Debt service:				
Principal	508,000	1,760,509	1,762,116	1,607
Interest	238,000	238,000	237,961	(39)
Trustee fees	8,500	8,500	-	(8,500)
Total debt service	<u>754,500</u>	<u>2,007,009</u>	<u>2,000,077</u>	<u>(6,932)</u>
Total expenditures	<u>34,221,803</u>	<u>41,164,929</u>	<u>38,674,013</u>	<u>(2,490,916)</u>
Excess of revenues over (under) expenditures	<u>8,251,197</u>	<u>1,451,110</u>	<u>6,199,703</u>	<u>4,748,593</u>
Other financing sources (uses):				
Proceeds from debt issuance	-	2,505,018	2,505,018	-
Capital lease	-	-	-	-
Sale of capital assets	-	29,517	92,631	63,114
Transfers from 2011 Road Construction Fund	-	-	618,012	618,012
Transfers from Electric Utility Fund	2,484,699	2,457,982	2,484,699	26,717
Transfers from Nonmajor Special Revenue Funds	-	-	-	-
Transfers from Garden Hills Cemetery Trust Fund	20,000	20,000	11,096	(8,904)
Transfers from General Obligation Debt Service Fund	278,000	533,664	27	(533,637)
Transfer to Sewer Fund	-	-	-	-
Transfer to Nonmajor Debt Service Funds	-	-	(4,067,310)	(4,067,310)
Transfers to General Obligation Debt Service Funds	(5,584,160)	(5,584,160)	(1,286,833)	4,297,327
Transfers to 2003A General Obligation Warrants Debt Service Fund	(1,277,463)	(1,277,463)	(1,276,963)	500
Transfers to Sportsplex Fund	(2,125,000)	(2,125,000)	(2,151,608)	(26,608)
Transfers to Garden Hills Cemetery Perpetual Care Trust Fund	(12,000)	(12,000)	(21,375)	(9,375)
Transfers to Community Development Funds	-	(48,128)	(5,979)	42,149
Transfers to Nonmajor Capital Projects Funds	(1,831,500)	(1,880,827)	(354,450)	1,526,377
Transfers to Health Insurance Fund	-	-	(723,086)	(723,086)
Transfer to Solid Waste Collection Fund	(203,773)	(211,073)	-	211,073
Total other financing sources (uses)	<u>(8,251,197)</u>	<u>(5,592,470)</u>	<u>(4,176,121)</u>	<u>1,416,349</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>(4,141,360)</u>	<u>2,023,582</u>	<u>6,164,942</u>
Fund balance, beginning of year	<u>28,120,953</u>	<u>28,120,953</u>	<u>28,120,953</u>	<u>-</u>
Fund balance, end of year	<u>\$ 28,120,953</u>	<u>\$ 23,979,593</u>	<u>\$ 30,144,535</u>	<u>\$ 6,164,942</u>

**CITY OF OPELIKA**  
**SCHOOL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
Revenues:				
Taxes:				
Property	\$ 5,765,000	\$ 5,765,000	\$ 5,942,782	\$ 177,782
Investment income	8,000	8,000	6,844	(1,156)
Total revenues	<u>5,773,000</u>	<u>5,773,000</u>	<u>5,949,626</u>	<u>176,626</u>
Expenditures:				
Current:				
Education	4,780,800	4,780,800	4,958,890	178,090
Total expenditures	<u>4,780,800</u>	<u>4,780,800</u>	<u>4,958,890</u>	<u>178,090</u>
Excess of revenues over (under) expenditures	<u>992,200</u>	<u>992,200</u>	<u>990,736</u>	<u>(1,464)</u>
Other financing sources (uses):				
Transfers to other funds	<u>(992,200)</u>	<u>(992,200)</u>	<u>(990,736)</u>	<u>1,464</u>
Total other financing sources (uses)	<u>(992,200)</u>	<u>(992,200)</u>	<u>(990,736)</u>	<u>1,464</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, 2013**

	<i><b>SPECIAL REVENUE FUNDS</b></i>	<i><b>DEBT SERVICE FUNDS</b></i>	<i><b>CAPITAL PROJECTS FUNDS</b></i>	<i><b>GARDEN HILLS CEMETERY PERMANENT FUND</b></i>	<i><b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b></i>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,543,587	\$ 42,380	\$ 603,818	\$ -	\$ 5,189,785
Certificates of deposit	4,000,000	8,000	-	-	4,008,000
Investments	9,080	1,815,896	-	807,150	2,632,126
Receivables	1,926,126	-	165,484	1,166	2,092,776
Due from other funds	269,596	-	-	5,500	275,096
Due from other governments	539,128	-	271,159	-	810,287
Total current assets	<u>11,287,517</u>	<u>1,866,276</u>	<u>1,040,461</u>	<u>813,816</u>	<u>15,008,070</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>\$ 11,356,562</u>	<u>\$ 1,866,276</u>	<u>\$ 1,040,461</u>	<u>\$ 813,816</u>	<u>\$ 15,077,115</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 27,993	\$ -	\$ -	\$ 437	\$ 28,430
Accrued payroll and benefits	900	-	-	-	900
Due to other funds	1,280,453	-	180,505	1,010	1,461,968
Deferred revenues	2,362,274	-	146,016	-	2,508,290
Matured bonds and interest payable	-	456,509	-	-	456,509
Total liabilities	<u>3,671,620</u>	<u>456,509</u>	<u>326,521</u>	<u>1,447</u>	<u>4,456,097</u>
Fund Balances:					
Nonspendable	69,045	-	-	812,369	881,414
Restricted	2,616,834	1,409,767	713,940	-	4,740,541
Assigned	5,003,161	-	-	-	5,003,161
Unassigned	(4,098)	-	-	-	(4,098)
Total fund balance	<u>7,684,942</u>	<u>1,409,767</u>	<u>713,940</u>	<u>812,369</u>	<u>10,621,018</u>
Total liabilities and fund balances	<u>\$ 11,356,562</u>	<u>\$ 1,866,276</u>	<u>\$ 1,040,461</u>	<u>\$ 813,816</u>	<u>\$ 15,077,115</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<i><b>SPECIAL REVENUE FUNDS</b></i>	<i><b>DEBT SERVICE FUNDS</b></i>	<i><b>CAPITAL PROJECTS FUNDS</b></i>	<i><b>GARDEN HILLS CEMETERY PERMANENT FUND</b></i>	<i><b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b></i>
Revenues:					
Intergovernmental	\$ 2,053,633	\$ -	\$ 543,221	\$ -	\$ 2,596,854
Investment income	28,207	938	743	68,481	98,369
Contributions	193,728	-	-	-	193,728
Other	306,565	-	-	-	306,565
Total revenues	<u>2,582,133</u>	<u>938</u>	<u>543,964</u>	<u>68,481</u>	<u>3,195,516</u>
Expenditures:					
Current:					
General government	139,793	-	-	5,024	144,817
Public safety	386,044	-	13,043	-	399,087
Culture and recreation	18,396	-	-	-	18,396
Economic development and urban rehabilitation	274,727	-	-	-	274,727
Capital outlay	1,292,773	-	999,763	-	2,292,536
Debt service:					
Principal retirement	-	5,290,000	-	-	5,290,000
Interest and fiscal charges	-	4,050,878	-	-	4,050,878
Bond issue costs	-	32,400	-	-	32,400
Total expenditures	<u>2,111,733</u>	<u>9,373,278</u>	<u>1,012,806</u>	<u>5,024</u>	<u>12,502,841</u>
Excess of revenues over (under) expenditures	<u>470,400</u>	<u>(9,372,340)</u>	<u>(468,842)</u>	<u>63,457</u>	<u>(9,307,325)</u>
Other financing sources (uses):					
Proceeds from debt issuance	-	6,375,000	-	-	6,375,000
Proceeds used to refund bonds	-	(5,849,010)	-	-	(5,849,010)
Sale of capital assets	22,500	-	-	-	22,500
Transfers from governmental funds	2,660,357	9,347,308	174,897	21,375	12,203,937
Transfers to governmental funds	(1,775,687)	(116,571)	-	(11,096)	(1,903,354)
Total other financing sources	<u>907,170</u>	<u>9,756,727</u>	<u>174,897</u>	<u>10,279</u>	<u>10,849,073</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,377,570	384,387	(293,945)	73,736	1,541,748
Fund balances, beginning of year	6,307,372	1,025,380	1,007,885	738,633	9,079,270
Fund balances, end of year	<u>\$ 7,684,942</u>	<u>\$ 1,409,767</u>	<u>\$ 713,940</u>	<u>\$ 812,369</u>	<u>\$ 10,621,018</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, 2013**

	<i><b>\$0.07 STATE GASOLINE TAX FUND</b></i>	<i><b>\$0.04 &amp; \$0.05 STATE GASOLINE TAX FUND</b></i>	<i><b>CAPITAL IMPROVEMENT FUND</b></i>	<i><b>COMMUNITY DEVELOPMENT FUNDS</b></i>	<i><b>ROAD MAINTENANCE FUND</b></i>	<i><b>SPORTSPLEX FUND</b></i>	<i><b>ROSEMERE CEMENTERY FUND</b></i>	<i><b>LODGING TAX FUND</b></i>	<i><b>COOPER LIBRARY EXPENDABLE TRUST FUND</b></i>	<i><b>COMBINED TOTALS</b></i>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 112,473	\$ 29,202	\$ 1,339,851	\$ 42,464	\$ 1,574,318	\$ 740,064	\$ 2,199	\$ 703,016	\$ -	\$ 4,543,587
Certificates of deposit	-	-	-	-	-	4,000,000	-	-	-	4,000,000
Investments	-	-	-	-	-	-	-	-	9,080	9,080
Other receivables	-	-	-	-	-	1,901,000	-	25,126	-	1,926,126
Due from other funds	-	-	269,596	-	-	-	-	-	-	269,596
Due from other governments	11,880	9,268	487,384	30,596	-	-	-	-	-	539,128
Total current assets	<u>124,353</u>	<u>38,470</u>	<u>2,096,831</u>	<u>73,060</u>	<u>1,574,318</u>	<u>6,641,064</u>	<u>2,199</u>	<u>728,142</u>	<u>9,080</u>	<u>11,287,517</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>\$ 124,353</u>	<u>\$ 38,470</u>	<u>\$ 2,096,831</u>	<u>\$ 73,060</u>	<u>\$ 1,574,318</u>	<u>\$ 6,641,064</u>	<u>\$ 2,199</u>	<u>\$ 797,187</u>	<u>\$ 9,080</u>	<u>\$ 11,356,562</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 975	\$ -	\$ 9,669	\$ 10,967	\$ -	\$ -	\$ -	\$ 6,382	\$ -	\$ 27,993
Accrued payroll and benefits	-	-	-	900	-	-	-	-	-	900
Due to other funds	-	-	1,261,678	18,775	-	-	-	-	-	1,280,453
Deferred revenues	-	-	437,258	46,516	-	1,878,500	-	-	-	2,362,274
Total liabilities	<u>975</u>	<u>-</u>	<u>1,708,605</u>	<u>77,158</u>	<u>-</u>	<u>1,878,500</u>	<u>-</u>	<u>6,382</u>	<u>-</u>	<u>3,671,620</u>
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	69,045	-	69,045
Restricted	123,378	38,470	388,226	-	-	2,064,561	2,199	-	-	2,616,834
Assigned	-	-	-	-	1,574,318	2,698,003	-	721,760	9,080	5,003,161
Unassigned	-	-	-	(4,098)	-	-	-	-	-	(4,098)
Total fund balance	<u>123,378</u>	<u>38,470</u>	<u>388,226</u>	<u>(4,098)</u>	<u>1,574,318</u>	<u>4,762,564</u>	<u>2,199</u>	<u>790,805</u>	<u>9,080</u>	<u>7,684,942</u>
Total liabilities and fund balances	<u>\$ 124,353</u>	<u>\$ 38,470</u>	<u>\$ 2,096,831</u>	<u>\$ 73,060</u>	<u>\$ 1,574,318</u>	<u>\$ 6,641,064</u>	<u>\$ 2,199</u>	<u>\$ 797,187</u>	<u>\$ 9,080</u>	<u>\$ 11,356,562</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<u>\$0.07 STATE GASOLINE TAX FUND</u>	<u>\$0.04 &amp; \$0.05 STATE GASOLINE TAX FUND</u>	<u>CAPITAL IMPROVEMENT FUND</u>	<u>COMMUNITY DEVELOPMENT FUNDS</u>	<u>ROAD MAINTENANCE FUND</u>	<u>SPORTSPLEX FUND</u>	<u>ROSEMERE CEMETERY FUND</u>	<u>LODGING TAX FUND</u>	<u>COOPER LIBRARY EXPENDABLE TRUST FUND</u>	<u>COMBINED TOTALS</u>
Revenues:										
Intergovernmental:										
Shared state gasoline tax	\$ 72,475	\$ 56,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,225
Alabama trust fund	-	-	595,674	-	-	-	-	-	-	595,674
Federal grants	-	-	1,151,470	177,264	-	-	-	-	-	1,328,734
Total intergovernmental	72,475	56,750	1,747,144	177,264	-	-	-	-	-	2,053,633
Business licenses and permits	-	-	-	-	-	-	-	304,301	-	304,301
Miscellaneous:										
Investment income	66	14	1,331	2	7,923	17,248	4	-	1,619	28,207
Other income	-	-	-	2,264	-	-	-	-	-	2,264
Contributions	-	-	-	-	-	182,250	11,478	-	-	193,728
Total miscellaneous	66	14	1,331	2,266	7,923	199,498	11,482	-	1,619	224,199
Total revenues	72,541	56,764	1,748,475	179,530	7,923	199,498	11,482	304,301	1,619	2,582,133
Expenditures:										
Current:										
General government	-	-	-	139,793	-	-	-	-	-	139,793
Public safety	-	-	-	28,092	-	357,952	-	-	-	386,044
Culture and recreation	-	-	-	-	-	18,396	-	-	-	18,396
Economic development and urban rehabilitation	-	-	-	-	-	-	-	274,727	-	274,727
Total current expenditures	-	-	-	167,885	-	376,348	-	274,727	-	818,960
Capital outlay	81,228	54,000	1,072,425	85,120	-	-	-	-	-	1,292,773
Total expenditures	81,228	54,000	1,072,425	253,005	-	376,348	-	274,727	-	2,111,733
Excess revenues over (under) expenditures	(8,687)	2,764	676,050	(73,475)	7,923	(176,850)	11,482	29,574	1,619	470,400
Other financing resources (uses):										
Sale of capital assets	-	-	-	22,500	-	-	-	-	-	22,500
Transfers from governmental funds	-	-	457,682	51,067	-	2,151,608	-	-	-	2,660,357
Transfers to governmental funds	-	-	-	-	-	(1,775,687)	-	-	-	(1,775,687)
Total other financing sources (uses)	-	-	457,682	73,567	-	375,921	-	-	-	907,170
Excess of revenues and other sources over (under) expenditures and other uses	(8,687)	2,764	1,133,732	92	7,923	199,071	11,482	29,574	1,619	1,377,570
Fund balances, beginning 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
Fund balances, end of year	\$ 123,378	\$ 38,470	\$ 388,226	\$ (4,098)	\$ 1,574,318	\$ 4,762,564	\$ 2,199	\$ 790,805	\$ 9,080	\$ 7,684,942

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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, 2013**

	<b>GENERAL OBLIGATION WARRANTS</b>	<b>GENERAL OBLIGATION SCHOOL WARRANTS</b>	<b>COMBINED TOTALS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 40,895	\$ 1,485	\$ 42,380
Certificates of deposit	8,000	-	8,000
Investments	989,774	826,122	1,815,896
Total assets	<u>\$ 1,038,669</u>	<u>\$ 827,607</u>	<u>\$ 1,866,276</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Matured bonds and interest payable	<u>\$ 8,000</u>	<u>\$ 448,509</u>	<u>\$ 456,509</u>
Total liabilities	<u>8,000</u>	<u>448,509</u>	<u>456,509</u>
Fund balances:			
Restricted for debt service	<u>1,030,669</u>	<u>379,098</u>	<u>1,409,767</u>
Total fund balance	<u>1,030,669</u>	<u>379,098</u>	<u>1,409,767</u>
Total liabilities and fund balances	<u>\$ 1,038,669</u>	<u>\$ 827,607</u>	<u>\$ 1,866,276</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**SEPTEMBER 30, 2013**

	<b>GENERAL OBLIGATION WARRANTS</b>	<b>GENERAL OBLIGATION SCHOOL WARRANTS</b>	<b>COMBINED TOTALS</b>
Revenues:			
Miscellaneous:			
Investment income	\$ 220	\$ 718	\$ 938
Total revenues	<u>220</u>	<u>718</u>	<u>938</u>
Expenditures:			
Debt service:			
Principal retirement	4,590,000	700,000	5,290,000
Interest and fiscal charges	3,759,994	290,884	4,050,878
Bond issue costs	-	32,400	32,400
Total expenditures	<u>8,349,994</u>	<u>1,023,284</u>	<u>9,373,278</u>
Excess of revenues over (under) expenditures	<u>(8,349,774)</u>	<u>(1,022,566)</u>	<u>(9,372,340)</u>
Other financing sources (uses):			
Proceeds from debt issuance	-	6,375,000	6,375,000
Proceeds used to refund bonds	-	(5,849,010)	(5,849,010)
Transfers from governmental funds	8,356,572	990,736	9,347,308
Transfers to governmental funds	(28)	(116,543)	(116,571)
Total other financing sources	<u>8,356,544</u>	<u>1,400,183</u>	<u>9,756,727</u>
Excess of revenue and other sources over expenditures and other uses	6,770	377,617	384,387
Fund balances, beginning of year	1,023,899	1,481	1,025,380
Fund balances, end of year	<u>\$ 1,030,669</u>	<u>\$ 379,098</u>	<u>\$ 1,409,767</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 Grant Capital Projects Funds – These funds are used to account for the construction for industrial access roads funded by state industrial access road grants.**

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2013**

<i><b>ASSETS</b></i>	<i><b>MUNICIPAL COMPLEXES</b></i>	<i><b>ROAD CONSTRUCTION</b></i>	<i><b>FIRE STATION</b></i>	<i><b>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</b></i>	<i><b>TOTALS</b></i>
Cash and cash equivalents	\$ 598,639	\$ -	\$ -	\$ 5,179	\$ 603,818
Receivables	165,484	-	-	-	165,484
Due from other governments	-	-	-	271,159	271,159
<b>Total assets</b>	<b>\$ 764,123</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 276,338</b>	<b>\$ 1,040,461</b>
 <i><b>LIABILITIES AND FUND BALANCES</b></i>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 180,505	\$ 180,505
Deferred revenue	146,016	-	-	-	146,016
<b>Total liabilities</b>	<b>146,016</b>	<b>-</b>	<b>-</b>	<b>180,505</b>	<b>326,521</b>
Fund balances:					
Restricted	618,107	-	-	95,833	713,940
<b>Total fund balance</b>	<b>618,107</b>	<b>-</b>	<b>-</b>	<b>95,833</b>	<b>713,940</b>
<b>Total liabilities and fund balances</b>	<b>\$ 764,123</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 276,338</b>	<b>\$ 1,040,461</b>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<b>MUNICIPAL COMPLEXES</b>	<b>ROAD CONSTRUCTION</b>	<b>FIRE STATION</b>	<b>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</b>	<b>TOTALS</b>
Revenues:					
Intergovernmental	\$ 145,293	\$ -	\$ -	\$ 397,928	\$ 543,221
Investment income	-	743	-	-	743
Total revenues	<u>145,293</u>	<u>743</u>	<u>-</u>	<u>397,928</u>	<u>543,964</u>
Expenditures:					
Current:					
Public safety	-	-	13,043	-	13,043
Total current expenditures	-	-	13,043	-	13,043
Capital outlay	-	588,496	93,826	317,441	999,763
Total expenditures	<u>-</u>	<u>588,496</u>	<u>106,869</u>	<u>317,441</u>	<u>1,012,806</u>
Excess of revenue over (under) expenditures	145,293	(587,753)	(106,869)	80,487	(468,842)
Other financing sources:					
Transfers from governmental funds	-	-	66,570	108,327	174,897
Total other financing sources	<u>-</u>	<u>-</u>	<u>66,570</u>	<u>108,327</u>	<u>174,897</u>
Excess of revenues and other sources over (under) expenditures and other uses	145,293	(587,753)	(40,299)	188,814	(293,945)
Fund balances, beginning of year	<u>472,814</u>	<u>587,753</u>	<u>40,299</u>	<u>(92,981)</u>	<u>1,007,885</u>
Fund balances, end of year	<u>\$ 618,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,833</u>	<u>\$ 713,940</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 POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2013**

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,743,931	\$ 437,318	\$ 3,181,249
Due from other funds	12,765	41,196	53,961
Total current assets	<u>2,756,696</u>	<u>478,514</u>	<u>3,235,210</u>
Other assets:			
Deposits	19,229	-	19,229
Total assets	<u><u>\$ 2,775,925</u></u>	<u><u>\$ 478,514</u></u>	<u><u>\$ 3,254,439</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ -	\$ 140,419	\$ 140,419
Liability for unpaid claims	98,893	170,800	269,693
Deferred revenues	-	167,295	167,295
Total current liabilities	98,893	478,514	577,407
Long-term liabilities:			
Liability for unpaid claims	282,733	-	282,733
Total liabilities	<u>381,626</u>	<u>478,514</u>	<u>860,140</u>
<b>NET POSITION</b>			
Restricted	381,626	-	381,626
Unrestricted	2,012,673	-	2,012,673
Total net assets	<u><u>\$ 2,394,299</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,394,299</u></u>

**CITY OF OPELIKA**  
*COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION*  
*INTERNAL SERVICE FUNDS*  
*YEAR ENDED SEPTEMBER 30, 2013*

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
Operating revenues:			
Charges for insurance	\$ 587,345	\$ 1,989,540	\$ 2,576,885
Operating expenses:			
Insurance claims and expenses	<u>207,411</u>	<u>3,103,956</u>	<u>3,311,367</u>
Operating income (loss)	379,934	(1,114,416)	(734,482)
Nonoperating revenues and (expenses):			
Interest revenue	11,675	353	12,028
Operating transfer in (out)	<u>(200,000)</u>	<u>923,086</u>	<u>723,086</u>
Change in net assets	191,609	(190,977)	632
Net assets, beginning of year	<u>2,202,690</u>	<u>190,977</u>	<u>2,393,667</u>
Net assets, end of year	<u><u>\$ 2,394,299</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,394,299</u></u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<b>WORKMEN'S COMPENSATION INSURANCE FUND</b>	<b>WORKER'S HEALTH INSURANCE FUND</b>	<b>COMBINED TOTALS</b>
Cash flows from operating activities:			
Receipts from other funds for premiums	\$ 586,364	\$ 1,996,601	\$ 2,582,965
Payments to suppliers and others	(142,995)	(508,129)	(651,124)
Claims paid	(97,735)	(2,501,066)	(2,598,801)
Net cash provided by/(used in) operating activities	<u>345,634</u>	<u>(1,012,594)</u>	<u>(666,960)</u>
Cash flows from noncapital financing activities:			
Operating transfers (to)/from other funds	(200,000)	923,086	723,086
Net cash (used in)/provided by noncapital investing activities	<u>(200,000)</u>	<u>923,086</u>	<u>723,086</u>
Cash flows from investing activities:			
Interest on investments	11,675	353	12,028
Net cash provided by investing activities	<u>11,675</u>	<u>353</u>	<u>12,028</u>
Net increase/(decrease) in cash and cash equivalents	157,309	(89,155)	68,154
Cash and cash equivalents - beginning of year	2,586,622	526,473	3,113,095
Cash and cash equivalents - end of year	<u>\$ 2,743,931</u>	<u>\$ 437,318</u>	<u>\$ 3,181,249</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:			
Operating income (loss)	\$ 379,934	\$ (1,114,416)	\$ (734,482)
Change in assets and liabilities:			
Due from other funds	(981)	-	(981)
Accounts payable	-	57,361	57,361
Liability for unpaid claims	(33,319)	37,400	4,081
Deferred revenue	-	7,061	7,061
Net cash provided by/(used in) operating activities	<u>\$ 345,634</u>	<u>\$ (1,012,594)</u>	<u>\$ (666,960)</u>

**SUPPLEMENTAL SCHEDULES**

**CITY OF OPELIKA**  
**SCHEDULE OF DEBT**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

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

General obligation debt:

Amount available in debt service funds	\$ 182,534
Amount to be provided (for principal)	81,527,871

Other long-term debt:

Amount available in debt service funds	62
Amount to be provided (for principal)	27,302,447
Total available and to be provided	<u>\$ 109,012,914</u>

Long-term debt outstanding:

General obligation debt:

Serial bonds and warrants:

Warrants issued 2010, due in installments to September 22, 2020	\$ 4,378,935
Warrants issued 2010, due in installments to September 25, 2026	5,180,000
Warrants issued 2010, due in installments to July 1, 2028	1,200,000
Warrants issued 2010, due in installments to June 25, 2014	1,170,000
Warrants issued 2011, due in installments to November 1, 2036	60,925,000
Warrants issued 2012, due in installments to March 1, 2029	6,035,000
Total general obligation serial bonds and warrants	<u>78,888,935</u>

Other:

Vacation, sick leave, workmen's compensation claims and other	2,821,470
Total general obligation other	<u>2,821,470</u>
Total general obligation debt	81,710,405

Other long-term debt

Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007	26,050,000
Capital lease obligation related to the purchase of equipment	1,252,509
Total other long-term debt	<u>27,302,509</u>
Total long-term debt	<u>\$ 109,012,914</u>

**CITY OF OPELIKA**  
**SCHEDULE OF DEBT SERVICE**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<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>
2014	\$ 3,684,046	\$ 2,948,333	\$ 1,832,509	\$ 1,184,594	\$ 5,516,555	\$ 4,132,927	\$ 9,649,482
2015	2,956,984	2,816,852	600,000	1,161,744	3,556,984	3,978,596	7,535,580
2016	3,041,393	2,729,461	625,000	1,137,994	3,666,393	3,867,455	7,533,848
2017	3,147,321	2,635,729	650,000	1,112,494	3,797,321	3,748,223	7,545,544
2018	3,234,877	2,538,181	680,000	1,082,494	3,914,877	3,620,675	7,535,552
2019	3,339,128	2,436,684	715,000	1,051,194	4,054,128	3,487,878	7,542,006
2020	3,470,186	2,306,462	740,000	1,022,093	4,210,186	3,328,555	7,538,741
2021	2,850,000	2,173,006	775,000	987,918	3,625,000	3,160,924	6,785,924
2022	2,985,000	2,049,651	815,000	948,168	3,800,000	2,997,819	6,797,819
2023	3,120,000	1,942,665	860,000	906,294	3,980,000	2,848,959	6,828,959
2024	3,480,000	1,771,210	900,000	864,544	4,380,000	2,635,754	7,015,754
2025	3,615,000	1,639,494	940,000	823,144	4,555,000	2,462,638	7,017,638
2026	3,720,000	1,525,827	985,000	779,831	4,705,000	2,305,658	7,010,658
2027	3,325,000	1,393,153	1,030,000	734,494	4,355,000	2,127,647	6,482,647
2028	3,465,000	1,262,826	1,075,000	687,131	4,540,000	1,949,957	6,489,957
2029	3,315,000	1,147,980	1,125,000	637,631	4,440,000	1,785,611	6,225,611
2030	2,990,000	1,027,938	1,180,000	585,769	4,170,000	1,613,707	5,783,707
2031	3,120,000	895,762	1,235,000	528,344	4,355,000	1,424,106	5,779,106
2032	3,255,000	758,238	1,300,000	464,969	4,555,000	1,223,207	5,778,207
2033	3,085,000	626,412	1,365,000	398,344	4,450,000	1,024,756	5,474,756
2034	3,215,000	498,403	1,435,000	331,034	4,650,000	829,437	5,479,437
2035	3,350,000	363,000	1,500,000	263,162	4,850,000	626,162	5,476,162
2036	3,490,000	221,925	1,570,000	192,169	5,060,000	414,094	5,474,094
2037	3,635,000	74,971	1,645,000	117,822	5,280,000	192,793	5,472,793
2038	-	-	1,725,000	39,890	1,725,000	39,890	1,764,890
Vacation, sick, other:	-	-	2,821,470	-	2,821,470	-	2,821,470
	<u>\$ 78,888,935</u>	<u>\$ 37,784,163</u>	<u>\$ 30,123,979</u>	<u>\$ 18,043,265</u>	<u>\$ 109,012,914</u>	<u>\$ 55,827,428</u>	<u>\$ 164,840,342</u>

**CITY OF OPELIKA**  
**SCHEDULE OF LONG-TERM DEBT**  
**SEPTEMBER 30, 2013**

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

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 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
			<b>\$ 26,050,000</b>	<b>\$ 18,043,265</b>	<b>\$ 44,093,265</b>

Note: Warrants mature on January 1 each year as indicated. Interest is paid semi-annually on January 1 and July 1 as indicated. Bonds issued by the Public Park and Recreational Board of the City of Opelika to provide for construction of the 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, 2013**

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

	<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$	4,378,935	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>\$ 4,378,935</u>	<u>\$ 838,982</u>	<u>\$ 5,217,917</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, 2013**

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

	<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$	5,540,000	2014	2.000%	\$ -	\$ 173,419	\$ 173,419
	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
				<u>\$ 5,180,000</u>	<u>\$ 1,336,314</u>	<u>\$ 6,516,314</u>

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

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2013**

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

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>	<b>INTEREST SUBSIDY</b>	<b>NET PRINCIPAL &amp; INTEREST DUE</b>
\$ 1,200,000	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	\$ 840,670	\$ 2,040,670	\$ 378,301	\$ 1,662,369

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, 2013*

**GENERAL OBLIGATION WARRANTS, SERIES 2010-C**

<i>TOTAL PRINCIPAL OUTSTANDING</i>	<i>YEAR</i>	<i>INTEREST RATE</i>	<i>ANNUAL PRINCIPAL PAYMENTS</i>	<i>ANNUAL INTEREST PAYMENTS</i>	<i>TOTAL PRINCIPAL &amp; INTEREST</i>
\$ 1,170,000	2014	4.00%	\$ 1,170,000	\$ 46,800	\$ 1,216,800
			<u>\$ 1,170,000</u>	<u>\$ 46,800</u>	<u>\$ 1,216,800</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, 2013**

**GENERAL OBLIGATION WARRANTS, SERIES 2011**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 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>\$ 60,925,000</u>	<u>\$ 33,908,863</u>	<u>\$ 94,833,863</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, 2013**

**ELECTRIC SYSTEM WARRANTS, SERIES 2011**

	<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$	28,295,000	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>\$ 22,954,593</u>	<u>\$ 51,249,593</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, 2013**

**GENERAL OBLIGATION WARRANTS, SERIES 2012**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 5,590,000	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>\$ 5,590,000</u>	<u>\$ 716,618</u>	<u>\$ 6,306,618</u>

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

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2013**

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

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 6,035,000	2014	2.24%	\$ 315,000	\$ 133,455	\$ 448,455
5,720,000	2015	2.24%	325,000	126,187	451,187
5,395,000	2016	2.24%	330,000	119,084	449,084
5,065,000	2017	2.24%	340,000	111,139	451,139
4,725,000	2018	2.24%	350,000	103,303	453,303
4,375,000	2019	2.24%	355,000	95,297	450,297
4,020,000	2020	2.24%	360,000	87,427	447,427
3,660,000	2021	2.24%	370,000	78,887	448,887
3,290,000	2022	2.24%	380,000	70,369	450,369
2,910,000	2023	2.24%	390,000	61,624	451,624
2,520,000	2024	2.24%	395,000	52,866	447,866
2,125,000	2025	2.24%	410,000	43,567	453,567
1,715,000	2026	2.24%	415,000	34,198	449,198
1,300,000	2027	2.24%	425,000	24,659	449,659
875,000	2028	2.24%	435,000	14,946	449,946
440,000	2029	2.24%	440,000	4,955	444,955
			<u>\$ 6,035,000</u>	<u>\$ 1,161,963</u>	<u>\$ 7,196,963</u>

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

*CITY OF OPELIKA*  
*SCHEDULE OF GENERAL OBLIGATION DEBT*  
*SEPTEMBER 30, 2013*

**CAPITAL EQUIPMENT LEASE**

<i>TOTAL PRINCIPAL OUTSTANDING</i>	<i>YEAR</i>	<i>INTEREST RATE</i>	<i>ANNUAL PRINCIPAL PAYMENTS</i>	<i>ANNUAL INTEREST PAYMENTS</i>	<i>TOTAL PRINCIPAL &amp; INTEREST</i>
\$ 1,252,509	2014	0.00%	\$ 1,252,509	\$ -	\$ 1,252,509
			<u>\$ 1,252,509</u>	<u>\$ -</u>	<u>\$ 1,252,509</u>

Note: The lease payment is due on March 15 of the year as indicated. No interest is required under the lease agreement.

## **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>INTERGOVERNMENTAL</i>	<i>CHARGES FOR SERVICES</i>	<i>FINES AND FORFEITS</i>	<i>MISCELLANEOUS</i>	<i>TOTAL</i>
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
2013	34,805,004	13,106,003	3,078,982	1,711,351	622,729	860,410	54,184,479

## Notes:

Unaudited

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

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

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>HEALTH</u>	<u>WELFARE</u>	<u>CULTURE AND RECREATION</u>	<u>EDUCATION</u>	<u>ECONOMIC DEVELOPMENT AND URBAN REHABILITATION</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
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
2013	4,485,147	14,501,462	3,690,857	295,393	115,000	5,869,515	38,455,271	1,875,634	11,373,355	80,661,634

## Notes:

Unaudited

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

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

<b><u>FISCAL YEAR</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL DEBT SERVICE</u></b>	<b><u>TOTAL GENERAL EXPENDITURES</u></b>	<b><u>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</u></b>
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
2013	7,052,116	4,321,239	11,373,355	80,661,634	14.1

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>
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)
2013	80,056,643 (1)

Notes:

Unaudited

(1) Source: Lee County Revenue Commissioner

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

<b>FISCAL YEAR</b>	<b>REAL PROPERTY</b>		<b>PERSONAL PROPERTY (1)</b>		<b>TOTAL</b>		<b>RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE</b>
	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	
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
2013	293,241,080	1,937,087,700	90,898,500	442,756,633	384,139,580	2,379,844,333	16.1

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

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

Notes:

Unaudited

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

Source - Lee County Revenue Commissioner

(1) Excludes value of motor vehicles

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

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

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

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Taxes due - October 1

Taxes delinquent - January 1

Penalties for delinquency - \$2.50 plus 6% interest

Tax sale date - Usually May or June

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

<b>FISCAL YEAR ENDED</b>	<b>POPULATION</b>		<b>ASSESSED VALUE</b>	<b>GROSS BONDED DEBT</b>	<b>GENERAL DEBT SERVICE FUNDS</b>	<b>NET BONDED DEBT</b>	<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	<b>NET BONDED DEBT PER CAPITA</b>
	<b>CENSUS</b>	<b>NUMBER</b>						
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
2013	2010	26,477	384,139,580	78,888,935 (1)	182,534	78,706,401	20.49	2,973

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, 2013**

Assessed value of real and personal taxable property as of 9-30-13 (including motor vehicles and excluding exempt property) (2)			<u><u>\$ 310,978,800</u></u>
Debt limit, twenty percent of assessed value (constitutional limitation) (1)			\$ 62,195,760
Outstanding General Obligation Debt:			
Debt in governmental activities	\$ 78,888,935		
Debt in business-type activities	8,880,000		
Other long-term liabilities	<u>2,821,470</u>		
Total general obligation debt for computation		\$ 90,590,405	
Less: Bonds exempted from legal debt limit (1):			
Bonds issued for schools:			
2011 General Obligation Warrants	37,935,000		
2010-A General Obligation Refunding School Warrants	5,180,000		
2012-B General Obligation School Warrants	<u>6,035,000</u>		
Total		\$ 49,150,000	
Bonds issued for sewers:			
2010-B General Obligation Warrants, Series 2010-B	3,290,000		
2012 General Obligation Sewer Improvement Refunding Warrants	<u>5,590,000</u>		
Total		<u>8,880,000</u>	
Total exempt bonds			<u>58,030,000</u>
 NET BONDED INDEBTEDNESS			 <u><u>32,560,405</u></u>
 LEGAL DEBT MARGIN			 <u><u>\$ 29,635,355</u></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, 2013**

	<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)	\$ 78,888,935		
Other long-term debt	<u>30,123,979</u>		
Total long-term debt	109,012,914		
Less: amounts available for debt service	<u>182,534</u>		
Direct net debt	<u><u>\$ 108,830,380</u></u>	100%	\$ 108,830,380
Overlapping Debt			
Lee County, Alabama (fiscal year ending September 30, 2012)			
Net overlapping debt	<u><u>\$ 22,933,443 (2)</u></u>	19.5%	<u>4,472,021</u>
Total direct and overlapping debt			<u><u>\$ 113,302,401</u></u>

Notes:

Unaudited

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

(2) 2012 figure used as the 2013 figure was not yet available

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

<b>FISCAL YEAR</b>	<b>POPULATION</b>	<b>PER CAPITA INCOME</b>	<b>MEDIAN AGE</b>	<b>PERCENT OF HIGH SCHOOL GRADUATES AMONG PERSONS OVER 25</b>	<b>SCHOOL ENROLLMENT</b>	<b>UNEMPLOYMENT RATE</b>
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%
2013	27,825 (1)	20,937 (3)	35.5 (3)	80.3 (3)	8,176 (4)	5.0% (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>
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
2013	27	19,298,488	141	28,582,167

Notes:

Unaudited

(1) Amounts shown are new construction only.

**CITY OF OPELIKA**  
**PRINCIPAL TAXPAYERS**  
 SEPTEMBER 30, 2013

<b>TAXPAYER</b>	<b>TYPE OF BUSINESS</b>	<b>ASSESSED VALUATION</b>	<b>TAX COLLECTED</b>	<b>PERCENT OF TOTAL ASSESSED VALUATION</b>
Wal-Mart	Wholesale Product Distribution	\$ 10,750,220	\$ 580,512	2.8%
Mando America Corporation	Industry/Manufacturer	19,586,260	533,876	5.1%
Gambro Renal Products, Inc.	Industry/Manufacturer	19,519,540	527,179	5.1%
THF Tiger Town, LLC	Commercial Real Estate	8,980,400	484,942	2.3%
Daewon America, Inc.	Industry/Manufacturer	8,659,960	233,830	2.3%
Hanwha L&C Alabama	Industry/Manufacturer	8,167,000	232,644	2.1%
Jo-Ann Stores Supply	Distribution	8,231,320	232,080	2.1%
Bentleler Automotive Alabama, Inc.	Industry/Manufacturer	6,256,280	196,667	1.6%
Fox Run Apartments, LLC	Apartment Complex	3,057,560	165,108	<1%
BellSouth Telecommunications, Inc.	Public Utility	2,809,800	151,729	<1%
Total assessed value and tax collected for ten largest taxpayers		96,018,340	3,338,567	25.0%
Total assessed value of other taxpayers		288,121,240		75.0%
Total assessed value of all taxpayers		\$ 384,139,580		100.0%

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Amounts shown are assessed at 10-1-12 and collected during fiscal year ended 9-30-13

**CITY OF OPELIKA**  
**MISCELLANEOUS STATISTICS (1)**  
**SEPTEMBER 30, 2013**

Date of Incorporation	1854
Form of Government	Mayor-Council
Area	57 square miles
Miles of Streets:	
Paved	249
Unpaved	6
Fire Protection:	
Number of stations	4
Number of firefighters, paramedics and other personnel	71
Police Protection:	
Number of stations	1
Number of police officers and other personnel	105
Education:	
Attendance centers:	
Primary, intermediate and middle schools	7
Secondary schools	1
State colleges	1
Number of students	8,176
Auburn University, in adjoining Auburn, Alabama	24,864 enrollment
Sewers:	
Sanitary sewers	285 miles
Building Permits:	
Number of permits	1,331
Estimated value of new construction and improvements	\$ 61,881,917
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	95,660
City Employees	347

Note:

(1) Unaudited