

**CITY OF OPELIKA, ALABAMA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011**

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
Stephen N. Dawe, Information Technology Director
Samuel S. Bailey, Parks and Recreation Director
Lisa G. McLeod, Human Resources Director
Gerald E. Kelley, Planning Director
Lillie Finley, Revenue Officer
Walter Dorsey, Engineering
Lori B. Huguley, Economic Development Director
Shirley C. Washington, Purchasing Agent
Derek S. Lee, Opelika Power Services Director
Susan M. Delmas, Library Director
Gene T. Adkins, Fire Chief
Thomas R. Mangham, Police Chief
Michael J. Hilyer, Public Works*

CITY OF OPELIKA, ALABAMA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|---|----|
| Title Page and Officials of City of Opelika | I |
| Table of Contents | II |

FINANCIAL SECTION

| | |
|---|--------|
| Independent Auditor's Report | III-IV |
| Required Supplementary Information (unaudited): Management's Discussion and Analysis | V-XIII |

Basic Financial Statements:

| | |
|---|-------|
| Government-wide Financial Statements: | |
| Statement of Net Assets | 1-2 |
| Statement of Activities | 3 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 4-5 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 6 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 7-8 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 9 |
| Statement of Net Assets – Proprietary Funds | 10-11 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds | 12 |
| Statement of Cash Flows – Proprietary Funds | 13-14 |
| Notes to the Basic Financial Statements | 15-40 |

Required Supplementary Information (unaudited):

| | |
|--|-------|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 41-50 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Tax Special Revenue Fund | 51 |

Supplementary Information:

Combining and Individual Nonmajor Funds Statements and Supplemental Schedules:

| | |
|---|-------|
| Combining Balance Sheet – Nonmajor Governmental Funds | 52 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 53 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 54 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds | 55 |
| Combining Balance Sheet – Nonmajor Debt Service Funds | 56 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds | 57 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds | 58 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds | 59 |
| Combining Statement of Net Assets – Nonmajor Proprietary Funds | 60-61 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Proprietary Funds | 62 |
| Combining Statement of Cash Flows – Nonmajor Proprietary Funds | 63-64 |
| Combining Statement of Net Assets – Internal Service Funds | 65 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds | 66 |
| Combining Statement of Cash Flows – Internal Service Funds | 67 |
| Schedule of Debt – Governmental Funds | 68 |
| Schedule of Debt Service – Governmental Funds | 69 |
| Schedules of General Obligation and Other Long-Term Debt | 70-78 |

Statistical Tables (unaudited):

| | |
|--|----|
| General Governmental Revenues by Source – Last Ten Fiscal Years | 79 |
| General Governmental Expenditures by Function – Last Ten Fiscal Years | 80 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures – Last Ten Years | 81 |
| Property Tax Levies in Lee County, Alabama – Last Ten Fiscal Years | 82 |
| Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years | 83 |
| Property Tax Rates – All Overlapping Governments | 84 |
| Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita – Last Ten Fiscal Years | 85 |
| Computation of Legal Debt Margin | 86 |
| Computation of Overlapping Debt | 87 |
| Demographic Statistics – Last Ten Fiscal Years | 88 |
| Construction – Last Ten Fiscal Years | 89 |
| Principal Taxpayers | 90 |
| Miscellaneous Statistics | 91 |

FINANCIAL SECTION



HIMMELWRIGHT, HUGULEY & BOLES, LLC
Certified Public Accountants

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Opelika, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Opelika, Alabama, as of and for the year ended September 30, 2011, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Opelika, Alabama's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 3 to the financial statements, the financial statements referred to above include accumulated costs of utility systems that have been retired from service and do not include all indirect or overhead costs of additions, or cost of the sewer system incurred prior to December 1, 1965, which should be determined in order to conform with accounting principles generally accepted in the United States of America.

The financial statements referred to above include only the primary government of the City of Opelika, Alabama, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Opelika, Alabama, as of September 30, 2011, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects on the financial statements of the matters discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the electric fund, and sewer fund for the primary government of the City of Opelika, Alabama as of September 30, 2011, and the respective changes in

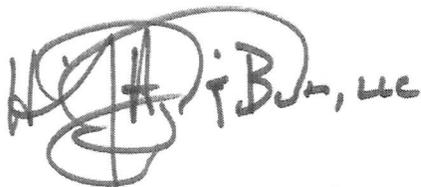
financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, school tax special revenue fund, the other nonmajor proprietary funds, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2012 on our consideration of the City of Opelika, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages V through XIII and 41 through 51, are not a required part of the basic financial statements of the City's primary government but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink, appearing to read "H. J. B. Co., LLC". The signature is stylized and somewhat illegible due to overlapping loops and lines.

Opelika, Alabama
February 28, 2012



This page intentionally left blank

City of Opelika, Alabama

Management's Discussion and Analysis
For the Year Ended September 30, 2011
(Unaudited)

As management of the City of Opelika (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011.

FINANCIAL HIGHLIGHTS

- The City of Opelika issued the 2011 Electric Revenue Warrants. Opelika Power Services will use the proceeds from the warrants to build a fiber optic system throughout its territory and build a new facility for its operations. The fiber optic system will give Opelika Power Services the ability to deploy an advanced metering system, distribution automation system, and other smart grid technologies which will help lower the operating cost and increase reliability to the system. Opelika Power Services will also use the system to also offer video, voice, and data products to customers throughout the City of Opelika. Opelika Power Services will be building a new facility to replace its current facility. The fiber system and facility should be completed in 2013.
- The City of Opelika also issued a Telecommunications line of credit. Opelika Power Services will use 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 should be available to customers in 2013 with the rollout taking a little over a year.
- The City of Opelika is currently constructing a Fire Station using proceeds from the 2010B Recovery Zone Warrants. In addition, the proceeds of these warrants are being used to fund three Sewer System projects. These projects are the Lift Station near Saugahatchee Country Club, boring under the interstate to connect with Celebrate Alabama, and the Fox Chase subdivision flow diversion.
- The City of Opelika's financial status remains very good, even in the uncertain economic times in which we live. The City's third party ratings are an indication of the financial well-being of the City. Moody's Investor Services rates the City of Opelika (Aa2) and Standard & Poor's rates the City (AA). In fact, Standard & Poor's upgraded their rating of the City from AA- to AA in 2011.
- City-wide revenues for the fiscal year ending September 30, 2011 were \$85,067,142. This amount includes the Governmental Funds, Sewer, Solid Waste and Opelika Power Services. City-wide expenditures for the year were \$78,062,751.
- The General Fund is the main Fund of the City of Opelika. It provides funding for Police, Fire, Public Works, Parks and Recreation, Economic Development, the Library,

Administrative departments, and debt payments. The funding for these activities are provided by Taxes, Licenses and Permits, Shared State and County revenues, Charges for Services, and other miscellaneous revenues.

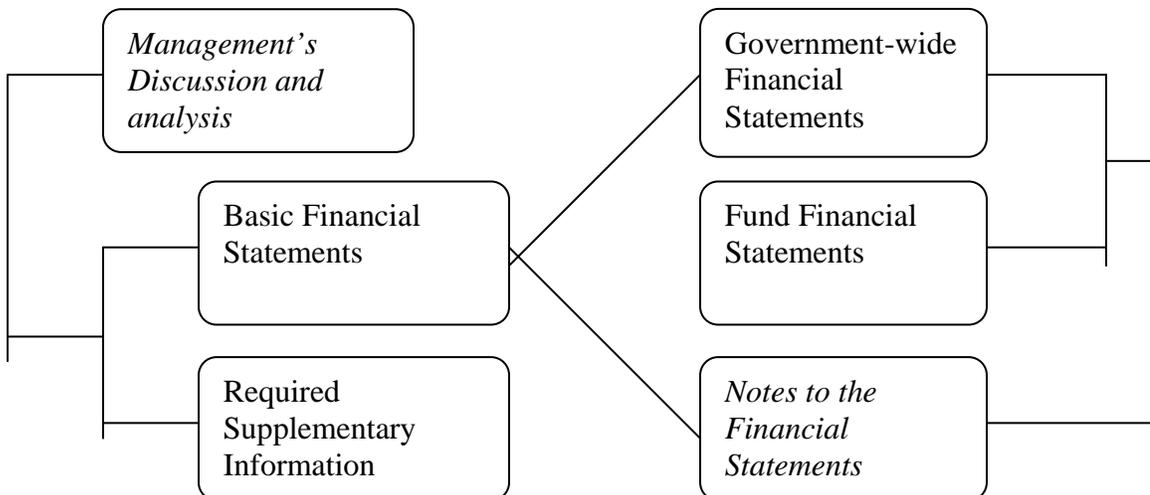
Overall General Fund revenues for the fiscal year ending September 30, 2011 of \$36,480,266 were 1% more than last year. Sales Tax collections of \$17,709,146 were 6% higher than last year. Property Tax collections of \$3,062,150 were 2% below last year. Gasoline Taxes of \$739,836 were 4% below last year. Occupational License Fees of \$8,028,982 were 3% more than last year.

The General Fund revenues of \$36,480,266 were 1% over the budget of \$36,226,799 for the year. General Fund expenditures of \$33,121,065 were 3% less than last year.

- The City continues to provide significant funding for capital assets. The City provides funding for equipment replacement in order to keep our work force efficient and safe. In addition, infrastructure is a priority for the City as we explain later in the capital assets section. The City continues to provide funding for resurfacing of the City’s roads and streets. This year, resurfacing expenditures totaled \$753,509.
- 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 Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the City's Most Significant Funds

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

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation at the bottom of the fund financial statements.

- *Proprietary funds* – When the City charges customers for the services it provides—whether to outside customers or to other units of the City – these services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide services for the City’s other programs and activities – such as the City’s Health Insurance and Workmen’s Compensation Funds.

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Opelika, assets exceeded liabilities by \$143,091,211 as of September 30, 2011. This is an increase of 5% from last year. The increase is due primarily to an increase in current and other assets, an increase in capital assets. The increase in current and other assets included proceeds of the 2011 Electric Revenue Warrants. Liabilities increased due to the issuance of the electric warrants although other liabilities decreased.

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

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

CITY OF OPELIKA NET ASSETS

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|--------------------------|-------------|--------------------------|------------|-----------------------------|-------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | Current and other assets | 51,510,022 | 50,742,983 | 54,375,275 | 27,438,589 | 105,885,297 |
| Capital assets | 102,461,885 | 101,803,891 | 50,987,268 | 48,229,182 | 153,449,153 | 150,033,073 |
| Total Assets | 153,971,907 | 152,546,874 | 105,362,543 | 75,667,771 | 259,334,450 | 228,214,645 |
| Long term Debt | 58,560,639 | 62,854,175 | 38,382,519 | 10,818,207 | 96,943,158 | 73,672,382 |
| Other liabilities | 13,166,610 | 12,939,533 | 6,133,471 | 5,515,910 | 19,300,081 | 18,455,443 |
| Total Liabilities | 71,727,249 | 75,793,708 | 44,515,990 | 16,334,117 | 116,243,239 | 92,127,825 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 71,276,759 | 68,412,223 | 40,182,149 | 40,849,113 | 111,458,908 | 109,261,336 |
| Restricted | 7,528,634 | 7,867,221 | 2,634,488 | - | 10,163,122 | 7,867,221 |
| Unassigned | 3,439,265 | 473,722 | 18,029,916 | 18,484,541 | 21,469,181 | 18,958,263 |
| Total Net Assets | 82,244,658 | 76,753,166 | 60,846,553 | 59,333,654 | 143,091,211 | 136,086,820 |

The government issued Electric Revenue Warrants this year (see Financial Highlights). Current assets in Business–Type Activities increased significantly due to the receipt of cash proceeds

from the issuance of the long-term debt and normal operations. Long-term liabilities also increased significantly due to the bond issue. The City's long-term liabilities for governmental activities include general obligation bonds and warrants, capital leases and compensated absences. Additional information can be found at Footnote 8.

Net Assets shown in the governmental activities as Invested in Capital Assets, Net of Related Debt, includes \$102,461,885 of capital assets that are reduced by \$31,185,126 of related debt issued to finance acquisition of infrastructure assets. The \$31,185,126 includes unspent bond proceeds of \$1,122,711 and deferred charges and debt issue costs of \$1,047,490. The related debt consists of \$1,427,400 of 2003A warrants issued for the Tiger Town project, \$3,555,132 of 2010C refunding warrants issued to refund the 1998 refunding warrants issued to refund the 1994A road construction warrants, \$27,174,341 of the Public Park and Recreation Board of the City of Opelika's revenue bonds, and \$1,188,488 of the 2010B warrants issued for a new fire station and \$9,966 for a capital lease.

Restricted Net Assets includes those assets restricted for specific purposes by external parties or by statute. Restricted net assets consist of temporarily and permanently restricted cash, receivables and investments for the governmental funds of \$8,651,345, which are reduced by \$1,122,711 of unspent bond proceeds.

CITY OF OPELIKA CHANGES IN NET ASSETS

| | Governmental Activities | | Business-Type Activities | | Primary Government | |
|--|-------------------------|-------------------|--------------------------|-------------------|--------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | 2,325,734 | 2,274,789 | 39,650,837 | 38,859,854 | 41,976,571 | 41,134,643 |
| Operating grants and contributions | 483,124 | 905,557 | - | - | 483,124 | 905,557 |
| Capital grants and contributions | 968,114 | 1,058,253 | 137,743 | 342,717 | 1,105,857 | 1,400,970 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | 9,195,104 | 9,642,429 | - | - | 9,195,104 | 9,642,429 |
| Sales | 17,624,134 | 16,656,477 | - | - | 17,624,134 | 16,656,477 |
| Other | 1,855,082 | 2,267,218 | - | - | 1,855,082 | 2,267,218 |
| Licenses and permits | 11,738,352 | 11,655,192 | - | - | 11,738,352 | 11,655,192 |
| Grants and contributions not restricted to specific programs | 62,857 | 33,534 | - | - | 62,857 | 33,534 |
| Unrestricted investment earnings | 243,809 | 359,981 | 155,128 | 197,128 | 398,937 | 557,109 |
| Gain on sale of capital assets | 7,222 | (40,982) | 37,273 | 12,273 | 44,495 | (28,709) |
| Miscellaneous | 130,601 | 722,309 | 452,028 | 332,119 | 582,629 | 1,054,428 |
| Total revenues | <u>44,634,133</u> | <u>45,534,757</u> | <u>40,433,009</u> | <u>39,744,091</u> | <u>85,067,142</u> | <u>85,278,848</u> |
| Expenses: | | | | | | |
| General government | 4,917,681 | 4,844,720 | - | - | 4,917,681 | 4,844,720 |
| Public safety | 13,363,571 | 12,884,822 | - | - | 13,363,571 | 12,884,822 |
| Public works | 5,325,384 | 5,194,192 | - | - | 5,325,384 | 5,194,192 |
| Health | 285,290 | 277,450 | - | - | 285,290 | 277,450 |
| Welfare | 115,750 | 119,000 | - | - | 115,750 | 119,000 |
| Culture and recreation | 6,529,477 | 6,364,731 | - | - | 6,529,477 | 6,364,731 |
| Education | 7,535,102 | 8,364,595 | - | - | 7,535,102 | 8,364,595 |
| Economic development and urban rehabilitation | 1,168,131 | 1,323,457 | - | - | 1,168,131 | 1,323,457 |
| Interest on long-term debt | 2,489,791 | 2,613,869 | - | - | 2,489,791 | 2,613,869 |
| Electric | - | - | 30,880,705 | 28,175,380 | 30,880,705 | 28,175,380 |
| Sewer | - | - | 3,251,228 | 3,172,657 | 3,251,228 | 3,172,657 |
| Solid Waste | - | - | 2,200,006 | 2,198,317 | 2,200,006 | 2,198,317 |
| Telecommunications | - | - | 635 | - | 635 | - |
| Total Expenses | <u>41,730,177</u> | <u>41,986,836</u> | <u>36,332,574</u> | <u>33,546,354</u> | <u>78,062,751</u> | <u>75,533,190</u> |
| Increases in net assets before transfers | 2,903,956 | 3,547,921 | 4,100,435 | 6,197,737 | 7,004,391 | 9,745,658 |
| Transfers | 2,587,536 | 2,941,624 | (2,587,536) | (2,941,624) | - | - |
| Increase in net assets | <u>5,491,492</u> | <u>6,489,545</u> | <u>1,512,899</u> | <u>3,256,113</u> | <u>7,004,391</u> | <u>9,745,658</u> |

Sales taxes increased 6% over the prior year. Property Tax collections were 5% less than last year. After declining last year, because of a plant closing in the fall of 2009, licenses and permits increased 1% this year. Investment revenues continued to decrease due to the decrease in interest rates which resulted from the economic downturn. Overall governmental revenue decreased 2% from the prior year.

Business Type revenues increased 2% over the previous year. Government-wide revenues remained flat, while Government-wide expenses increased 3%. The City's government-wide net assets increased \$7,004,391 in 2011 compared to an increase of \$9,745,658 in 2010.

THE CITY FUNDS

Governmental Funds

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

As the City completed the year, its governmental funds (as presented in the balance sheet on pages four and five) reported a combined fund balance of \$31,573,270. The General Fund's total fund balance is \$21,429,977, which is an increase of \$1,189,914 or about 6% compared to the prior year. The General Fund's Unassigned Fund Balance increased 15% from \$16,148,650 to \$18,635,463.

Proprietary Funds

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

The net assets of the Electric, Sewer, Cable, and Solid Waste Collection Funds increased 2.4% to \$60,549,306.

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, 2011. The most significant adjustments are itemized below:

- 1) \$1,732,857, Construction for Hillflo Ave, Rocky Brook Rd. and Rocky Brook Dam Stability Improvements.
- 2) \$464,943, General paving and road construction contracts.
- 3) \$273,000, Evergreen Cemetery Master Plan.

- 4) \$157,010, Transportation Planning Study for the Northern Perimeter Road, Oakbowery and Andrews Road.
- 5) \$71,987, Aerial Imagery project.
- 6) \$50,000, Additional expenses for medical treatment of inmates.
- 7) \$48,105, Information Technology equipment.
- 8) \$30,000, Validate police promotion procedure.
- 9) \$21,933, Contract for temporary employee.

In addition to these adjustments, the Library Board contract authorizes budget carry-forwards. The Library carry-forward was \$60,934 and the budget resolution encumbrance carry-forward was \$3,018,420.

The most significant variance in the budget comparison of actual amount to final budget was Capital Outlay. As noted above, there were several increases to the capital budget in 2011. The final budget for capital outlay was \$5,146,711 and the expenditures for capital outlay were \$1,883,754. This resulted in a variance of \$3,262,957. This variance indicates that several construction projects were not completed by the end of the fiscal year and as a result, Capital Outlay was under budget for the year. Thus, construction expenditures on these projects will continue into the next fiscal year. The City’s operating departments were collectively under budget \$1.8 million. Other financing sources and uses were under budget \$710,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Opelika’s investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounted to \$153,449,153 (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. | \$1,089,783 |
| 2) General Fixed Asset vehicles and equipment | 874,535 |
| 3) Fire Station | 432,803 |
| 4) Purchase of property next to City Hall | 180,854 |
| 5) Repaving City department parking lots | 130,150 |
| 6) Light & Power system additions (including Fiber System) | 2,102,185 |
| 7) Light & Power vehicles and Equipment | 472,600 |
| 8) Cable System Additions | 316,117 |
| 9) Sewer system additions | 1,621,411 |
| 10) Sewer vehicles and equipment | 95,099 |
| 11) Solid Waste Equipment additions | 306,550 |
| 12) Solar Grant | 16,725 |
| 13) Public Safety Grants | 81,600 |
| 14) Road Construction projects with shared ALDOT funding | 1,239,499 |
| 15) Recycling grant | 14,176 |

Capital Assets at Year-end Net of Accumulated Depreciation

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|-------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | 9,683,496 | 9,540,845 | 450,950 | 450,950 | 10,134,446 | 9,991,795 |
| Buildings and improvements System | 33,271,568 | 33,835,206 | 57,752 | 60,921 | 33,329,320 | 33,896,127 |
| | - | - | 43,295,630 | 43,631,897 | 43,295,630 | 43,631,897 |
| Improvements other than buildings | 2,870,071 | 2,908,127 | - | - | 2,870,071 | 2,908,127 |
| Equipment | 5,046,871 | 4,924,321 | 3,000,071 | 2,778,303 | 8,046,942 | 7,702,624 |
| Infrastructure | 49,823,556 | 48,215,522 | - | - | 49,823,556 | 48,215,522 |
| Construction in process | 1,766,323 | 2,379,870 | 4,182,865 | 1,307,111 | 5,949,188 | 3,686,981 |
| Total | 102,461,885 | 101,803,891 | 50,987,268 | 48,229,182 | 153,449,153 | 150,033,073 |

Debt Administration

As of September 30, 2011, the City of Opelika had total bonded debt and notes payable of \$96,943,158.

The City's general obligation bond rating was upgraded. The rating from Standard & Poor's increased to AA and the rating from Moody's increased to 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, 2011, the City had approximately \$47,925,123 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 | |
|--------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General Obligation Bonds | 28,363,700 | 32,326,992 | 9,625,000 | 10,565,000 | 37,988,700 | 42,891,992 |
| Other long-term debt | - | - | 28,598,311 | - | 28,598,311 | - |
| Capital leases | 27,159,966 | 27,670,000 | - | - | 27,159,966 | 27,670,000 |
| Deferred amounts of refunding | (212,516) | (241,414) | (43,189) | (50,619) | (255,705) | (292,033) |
| Unamortized premiums/discounts | 329,997 | 484,152 | (186,412) | 13,633 | 143,585 | 497,785 |
| Compensated absences | 2,453,272 | 2,234,747 | 388,809 | 290,193 | 2,842,081 | 2,524,940 |
| Claims and judgements | 466,220 | 379,698 | - | - | 466,220 | 379,698 |
| Total | 58,560,639 | 62,854,175 | 38,382,519 | 10,818,207 | 96,943,158 | 73,672,382 |

ECONOMIC FACTORS

Unemployment in the area is 7.9% and remains much lower than surrounding counties. The stability of the area's largest employers, Auburn University and East Alabama Medical Center, is a key factor in keeping the MSA unemployment level low.

Opelika continues to experience growth on the Industrial and Commercial front.

Industrial Development

In September 2011, Opelika was fortunate to be able to announce that Pharmavite, the manufacturer of Nature Made Vitamins, will build a new 330,000 square foot East Coast manufacturing facility in the Northeast Opelika Industrial Park. They plan to invest approximately \$76 million and hire 280 employees within the first year of production. The plant is scheduled to start production in January 2013.

Existing automotive suppliers, Mando, Hanwha and Daewon have or will announce expansions of manufacturing equipment and additional employees representing additional investment of over \$33 million and 70 employees. Additionally, automotive support industries Hana Automation and Nalara have located in Opelika and have invested over \$1 million and will create up to 100 jobs.

Commercial Development

TigerTown continues to grow with the addition of a Shoe Station, American Family Care and a new location for the National Bank of Commerce. In addition, a new McDonalds was built in 2011.

Downtown Development

Building upon the success of the Irish Bred Pub, a new restaurant, MaFia's has opened in downtown Opelika and is experiencing good traffic. The Event Center Downtown continues to develop and bring events to the downtown area. Another new restaurant, Jeffersons, is currently under development and should open in early spring.

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.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

CITY OF OPELIKA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

| <i>ASSETS</i> | <i>GOVERNMENTAL ACTIVITIES</i> | <i>BUSINESS-TYPE ACTIVITIES</i> | <i>TOTAL</i> |
|---|------------------------------------|-------------------------------------|----------------|
| Cash and cash equivalents | \$ 13,299,776 | \$ 5,142,661 | \$ 18,442,437 |
| Certificates of deposit | 17,495,000 | 12,915,602 | 30,410,602 |
| Receivables | | | |
| Accounts and unbilled service receivable, net | - | 3,456,927 | 3,456,927 |
| Sales and use tax | 2,161,813 | - | 2,161,813 |
| Occupational license tax | 2,048,897 | - | 2,048,897 |
| Property taxes | 2,734,903 | - | 2,734,903 |
| Fines and forfeitures | 369,922 | - | 369,922 |
| Other | 2,645,503 | 14,593 | 2,660,096 |
| Due from other governments | 789,661 | 796,797 | 1,586,458 |
| Inventory of supplies, at cost | 174,787 | 2,331,060 | 2,505,847 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash with fiscal agent | - | 28,989,713 | 28,989,713 |
| Receivable for property taxes, restricted for school purposes | 5,534,986 | - | 5,534,986 |
| Investments | 2,471,901 | - | 2,471,901 |
| Permanently restricted: | | | |
| Investments | 644,458 | - | 644,458 |
| Deferred charges and debt issue costs | 1,047,490 | 725,491 | 1,772,981 |
| Other | 90,925 | 2,431 | 93,356 |
| Capital assets: | | | |
| Land | 9,683,496 | 450,950 | 10,134,446 |
| Building | 40,901,146 | 264,695 | 41,165,841 |
| System improvements other than buildings | 4,921,790 | 82,709,778 | 87,631,568 |
| Equipment | 15,041,252 | 6,352,258 | 21,393,510 |
| Infrastructure | 63,547,802 | - | 63,547,802 |
| Construction work in progress | 1,766,323 | 4,182,865 | 5,949,188 |
| Total original cost | 135,861,809 | 93,960,546 | 229,822,355 |
| Less: accumulated depreciation | (33,399,924) | (42,973,278) | (76,373,202) |
| Capital assets, net | 102,461,885 | 50,987,268 | 153,449,153 |
| Total assets | \$ 153,971,907 | \$ 105,362,543 | \$ 259,334,450 |

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

| <i>LIABILITIES</i> | <i>GOVERNMENTAL ACTIVITIES</i> | <i>BUSINESS-TYPE ACTIVITIES</i> | <i>TOTAL</i> |
|---|---|--|-----------------------|
| Accounts payable | \$ 2,768,546 | \$ 4,109,296 | \$ 6,877,842 |
| Accrued payroll and benefits | 426,815 | 63,724 | 490,539 |
| Retainage payable | 16,009 | 95,382 | 111,391 |
| Accrued interest payable | 919,451 | 297,894 | 1,217,345 |
| Due to other funds | 517,238 | (517,238) | - |
| Due to other governments | 119,719 | - | 119,719 |
| Deferred revenue | 8,398,832 | 90,665 | 8,489,497 |
| Long-term liabilities: | | | |
| Due within one year | 3,560,124 | 415,000 | 3,975,124 |
| Due in more than one year | 55,000,515 | 37,967,519 | 92,968,034 |
| Customer deposits | - | 1,993,748 | 1,993,748 |
| Total liabilities | <u>71,727,249</u> | <u>44,515,990</u> | <u>116,243,239</u> |
| | | | |
| <i>NET ASSETS</i> | | | |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 71,276,759 | 40,182,149 | 111,458,908 |
| Restricted net assets | 7,528,634 | 2,634,488 | 10,163,122 |
| Unrestricted | 3,439,265 | 18,029,916 | 21,469,181 |
| Total net assets | <u>\$ 82,244,658</u> | <u>\$ 60,846,553</u> | <u>\$ 143,091,211</u> |

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

CITY OF OPELIKA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011

| FUNCTIONS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 4,917,681 | \$ 21,826 | \$ 56,091 | \$ 5,118 | \$ (4,834,646) | \$ - | \$ (4,834,646) |
| Public safety | 13,363,571 | 814,586 | 165,959 | 16,228 | (12,366,798) | - | (12,366,798) |
| Public works | 5,325,384 | 161,943 | 600 | 848,522 | (4,314,319) | - | (4,314,319) |
| Health | 285,290 | - | - | - | (285,290) | - | (285,290) |
| Welfare | 115,750 | - | - | - | (115,750) | - | (115,750) |
| Culture and recreation | 6,529,477 | 1,327,379 | 16,356 | 98,246 | (5,087,496) | - | (5,087,496) |
| Education | 7,535,102 | - | - | - | (7,535,102) | - | (7,535,102) |
| Economic development and urban rehabilitation | 1,168,131 | - | 244,118 | - | (924,013) | - | (924,013) |
| Interest on long-term debt | 2,489,791 | - | - | - | (2,489,791) | - | (2,489,791) |
| Total governmental activities | <u>41,730,177</u> | <u>2,325,734</u> | <u>483,124</u> | <u>968,114</u> | <u>(37,953,205)</u> | <u>-</u> | <u>(37,953,205)</u> |
| Business-type activities: | | | | | | | |
| Electric | 30,880,705 | 34,627,311 | - | 57,275 | - | 3,803,881 | 3,803,881 |
| Sewer | 3,251,228 | 3,010,477 | - | 80,468 | - | (160,283) | (160,283) |
| Solid waste | 2,200,006 | 2,013,049 | - | - | - | (186,957) | (186,957) |
| Cable | 635 | - | - | - | - | (635) | (635) |
| Total business-type activities | <u>36,332,574</u> | <u>39,650,837</u> | <u>-</u> | <u>137,743</u> | <u>-</u> | <u>3,456,006</u> | <u>3,456,006</u> |
| Total primary government | <u>\$ 78,062,751</u> | <u>\$ 41,976,571</u> | <u>\$ 483,124</u> | <u>\$ 1,105,857</u> | <u>(37,953,205)</u> | <u>3,456,006</u> | <u>(34,497,199)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 9,195,104 | - | 9,195,104 |
| Sales | | | | | 17,624,134 | - | 17,624,134 |
| Other | | | | | 1,855,082 | - | 1,855,082 |
| Licenses and permits | | | | | 11,738,352 | - | 11,738,352 |
| Grants and contributions not restricted to specific programs | | | | | 62,857 | - | 62,857 |
| Investment earnings | | | | | 243,809 | 155,128 | 398,937 |
| Gain on sale of capital assets | | | | | 7,222 | 37,273 | 44,495 |
| Miscellaneous income | | | | | 130,601 | 452,028 | 582,629 |
| Transfers | | | | | 2,587,536 | (2,587,536) | - |
| Total general revenues and transfers | | | | | <u>43,444,697</u> | <u>(1,943,107)</u> | <u>41,501,590</u> |
| Change in net assets | | | | | <u>5,491,492</u> | <u>7,004,391</u> | <u>7,004,391</u> |
| Net assets - beginning of year | | | | | <u>76,753,166</u> | <u>59,333,654</u> | <u>136,086,820</u> |
| Net assets - end of year | | | | | <u>\$ 82,244,658</u> | <u>\$ 60,846,553</u> | <u>\$ 143,091,211</u> |

This page intentionally left blank

CITY OF OPELIKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

| <i>ASSETS</i> | <u><i>GENERAL FUND</i></u> | <u><i>SCHOOL TAX SPECIAL REVENUE FUND</i></u> | <u><i>OTHER GOVERNMENTAL FUNDS</i></u> | <u><i>TOTAL GOVERNMENTAL FUNDS</i></u> |
|----------------------------------|-----------------------------------|--|---|---|
| Cash and cash equivalents | \$ 5,559,817 | \$ 53,314 | \$ 4,338,538 | \$ 9,951,669 |
| Certificates of deposit | 13,487,000 | - | 4,008,000 | 17,495,000 |
| Receivables: | | | | |
| Occupation license taxes | 2,048,897 | - | - | 2,048,897 |
| Sales and use tax | 2,136,710 | - | 25,103 | 2,161,813 |
| Property taxes | 2,734,903 | 5,534,986 | - | 8,269,889 |
| Fines and forfeitures | 299,433 | - | 70,489 | 369,922 |
| Assessments | 36,142 | - | - | 36,142 |
| Accrued interest | 402 | - | 1,810 | 2,212 |
| Other | 230,318 | - | 2,355,087 | 2,585,405 |
| Due from other funds | 685,427 | - | 5,625 | 691,052 |
| Due from other governments | 145,170 | - | 644,491 | 789,661 |
| Inventories of supplies, at cost | 174,787 | - | - | 174,787 |
| Restricted assets: | | | | |
| Investments | - | - | 3,116,359 | 3,116,359 |
| Total current assets | <u>27,539,006</u> | <u>5,588,300</u> | <u>14,565,502</u> | <u>47,692,808</u> |
| Other assets: | | | | |
| Deposits | - | - | 71,696 | 71,696 |
| Total other assets | <u>-</u> | <u>-</u> | <u>71,696</u> | <u>71,696</u> |
| Total assets | <u>\$ 27,539,006</u> | <u>\$ 5,588,300</u> | <u>\$ 14,637,198</u> | <u>\$ 47,764,504</u> |

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

CITY OF OPELIKA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

| <i>LIABILITIES AND FUND BALANCES</i> | <i>GENERAL FUND</i> | <i>SCHOOL TAX SPECIAL REVENUE FUND</i> | <i>OTHER GOVERNMENTAL FUNDS</i> | <i>TOTAL GOVERNMENTAL FUNDS</i> |
|---|----------------------------|---|--|--|
| Liabilities: | | | | |
| Accounts payable | \$ 2,386,400 | \$ - | \$ 232,853 | \$ 2,619,253 |
| Retainage payable | - | - | 16,009 | 16,009 |
| Matured bonds and interest payable | - | - | 506,628 | 506,628 |
| Accrued payroll and benefits | 421,559 | - | 784 | 422,343 |
| Due to other funds | 176,559 | - | 797,560 | 974,119 |
| Due to other governments | 8,588 | 111,131 | - | 119,719 |
| Deferred revenue | 3,115,923 | 5,477,169 | 2,940,071 | 11,533,163 |
| Total liabilities | 6,109,029 | 5,588,300 | 4,493,905 | 16,191,234 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventories | 174,787 | - | - | 174,787 |
| Other noncurrent assets | - | - | 71,696 | 71,696 |
| Permanent funds - nonexpendable | - | - | 650,534 | 650,534 |
| Restricted to: | | | | |
| Special revenue | - | - | 2,058,311 | 2,058,311 |
| Debt service | - | - | 1,018,330 | 1,018,330 |
| Capital projects | - | - | 1,629,279 | 1,629,279 |
| Public safety | 15,857 | - | - | 15,857 |
| Committed: | | | | |
| Special projects | 358,743 | - | - | 358,743 |
| Assigned to: | | | | |
| Road improvement and maintenance | 1,789,101 | - | 1,632,302 | 3,421,403 |
| Sportsplex | - | - | 2,881,413 | 2,881,413 |
| Economic development | - | - | 658,857 | 658,857 |
| Cooper library | - | - | 5,891 | 5,891 |
| Capital projects | 456,026 | - | - | 456,026 |
| Unassigned: | 18,635,463 | - | (463,320) | 18,172,143 |
| Total fund balances | 21,429,977 | - | 10,143,293 | 31,573,270 |
| Total liabilities and fund balances | \$ 27,539,006 | \$ 5,588,300 | \$ 14,637,198 | \$ 47,764,504 |

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

CITY OF OPELIKA
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2011*

| | | |
|---|---|----------------------|
| Total fund balances - governmental funds | | \$ 31,573,270 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | | |
| Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds. | | 102,461,885 |
| Internal service funds are used by management to charge the costs of workmen's compensation insurance and employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. | | 2,360,971 |
| Receivables and other long-term assets, including receivables from other governments are not available to pay for current-period expenditures and therefore are deferred in the funds. | | 3,199,156 |
| 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 | \$ (55,523,666) |
| | Premiums, debt issuance and refunding costs | 930,010 |
| | Accrued interest payable | (412,823) |
| | Compensated absences | (2,344,145) |
| | | <u>(57,350,624)</u> |
| Net assets of governmental activities | | <u>\$ 82,244,658</u> |

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

This page intentionally left blank

CITY OF OPELIKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u>GENERAL FUND</u> | <u>SCHOOL TAX SPECIAL REVENUE FUND</u> | <u>OTHER GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|---|---------------------|--|---|---|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 3,062,150 | \$ 6,132,954 | \$ - | \$ 9,195,104 |
| Sales | 17,709,146 | - | - | 17,709,146 |
| Other | 1,278,679 | - | - | 1,278,679 |
| Occupational license fees | 8,028,982 | - | - | 8,028,982 |
| Business licenses and permits | 3,455,290 | - | 248,493 | 3,703,783 |
| Intergovernmental | 366,972 | - | 1,135,760 | 1,502,732 |
| Charges for services | 1,708,701 | - | - | 1,708,701 |
| Fines and forfeitures | 484,069 | - | - | 484,069 |
| Investment income | 137,927 | 9,006 | 88,817 | 235,750 |
| Grant income | 62,857 | - | 127,477 | 190,334 |
| Contributions | 21,037 | - | 374,246 | 395,283 |
| Miscellaneous | 164,456 | - | - | 164,456 |
| Total revenues | <u>36,480,266</u> | <u>6,141,960</u> | <u>1,974,793</u> | <u>44,597,019</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 4,384,030 | - | 249,248 | 4,633,278 |
| Public safety | 12,470,199 | - | 517,840 | 12,988,039 |
| Public works | 3,463,316 | - | 8,419 | 3,471,735 |
| Health | 285,290 | - | - | 285,290 |
| Welfare | 115,750 | - | - | 115,750 |
| Culture and recreation | 5,594,093 | - | 68,999 | 5,663,092 |
| Education | 3,056,129 | 4,487,267 | - | 7,543,396 |
| Economic development and urban rehabilitation | 1,106,701 | - | 64,833 | 1,171,534 |
| Capital outlay | 1,883,754 | - | 2,205,994 | 4,089,748 |
| Debt service: | | | | |
| Principal retirement | 464,738 | - | 4,025,000 | 4,489,738 |
| Interest and fiscal charges | 297,065 | - | 2,205,948 | 2,503,013 |
| Bond issue costs | - | - | - | - |
| Total expenditures | <u>33,121,065</u> | <u>4,487,267</u> | <u>9,346,281</u> | <u>46,954,613</u> |
| Excess of revenues over (under) expenditures | <u>\$ 3,359,201</u> | <u>\$ 1,654,693</u> | <u>\$ (7,371,488)</u> | <u>\$ (2,357,594)</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, 2011

| | <i>GENERAL FUND</i> | <i>SCHOOL TAX SPECIAL REVENUE FUND</i> | <i>OTHER GOVERNMENTAL FUNDS</i> | <i>TOTAL GOVERNMENTAL FUNDS</i> |
|---|----------------------------|---|--|--|
| Other financing sources (uses): | | | | |
| Proceeds from debt issuance | \$ 21,709 | \$ - | \$ - | \$ 21,709 |
| Proceeds used to refund bonds | - | - | - | - |
| Net premium (discounts) on issuance of general long term debt | - | - | - | - |
| Sale of capital assets | 40,928 | - | - | 40,928 |
| Appropriations | - | - | - | - |
| Transfers from governmental funds | 108,919 | - | 8,354,917 | 8,463,836 |
| Transfers from proprietary funds | 2,638,440 | - | - | 2,638,440 |
| Transfers to governmental funds | (4,928,379) | (1,654,693) | (1,880,764) | (8,463,836) |
| Transfer to internal service fund | - | - | - | - |
| Transfers to proprietary funds | (50,904) | - | - | (50,904) |
| Total other financing sources (uses) | <u>(2,169,287)</u> | <u>(1,654,693)</u> | <u>6,474,153</u> | <u>2,650,173</u> |
| Net change in fund balances | 1,189,914 | - | (897,335) | 292,579 |
| Fund balances, beginning of year | <u>20,240,063</u> | <u>-</u> | <u>11,040,628</u> | <u>31,280,691</u> |
| Fund balances, end of year | <u>\$ 21,429,977</u> | <u>\$ -</u> | <u>\$ 10,143,293</u> | <u>\$ 31,573,270</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, 2011

| | | |
|--|--|---------------------|
| Net change in fund balances - all governmental funds | | \$ 292,579 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| | Expenditures for capital outlay | \$ 4,089,748 |
| | Less: current year depreciation | <u>(3,457,776)</u> |
| | | 631,972 |
| 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 | \$ 59,728 |
| | Disposals at net book value | <u>(33,706)</u> |
| | | 26,022 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| | | (64,739) |
| 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 | \$ (21,709) |
| | Debt issuance and refunding costs | - |
| | Principal payments on outstanding debt | <u>4,489,738</u> |
| | | 4,468,029 |
| 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. | | |
| | | (208,762) |
| 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>346,391</u> |
| Change in net assets of governmental activities | | <u>\$ 5,491,492</u> |

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

This page intentionally left blank

CITY OF OPELIKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| <i>ASSETS</i> | <i>ELECTRIC UTILITY</i> | <i>SEWER SYSTEM</i> | <i>OTHER PROPRIETARY FUNDS</i> | <i>TOTALS</i> | <i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i> |
|---|--------------------------|--------------------------|--|---------------------------|--|
| Current assets: | | | | | |
| Cash | \$ 4,050,717 | \$ 710,011 | \$ 381,933 | \$ 5,142,661 | \$ 3,348,107 |
| Certificates of deposit | 12,915,602 | - | - | 12,915,602 | - |
| Accounts and unbilled service receivable, net | 3,139,668 | 238,128 | 79,131 | 3,456,927 | - |
| Accrued interest | 14,593 | - | - | 14,593 | - |
| Due from other funds | 59,297 | 244,654 | 107,874 | 411,825 | 63,076 |
| Due from other governments | 32,076 | 745,780 | 18,941 | 796,797 | - |
| Inventory of supplies, at cost | 2,331,060 | - | - | 2,331,060 | - |
| Total current assets | <u>22,543,013</u> | <u>1,938,573</u> | <u>587,879</u> | <u>25,069,465</u> | <u>3,411,183</u> |
| Restricted assets: | | | | | |
| Cash and investments with fiscal agent | 27,359,941 | 1,629,772 | - | 28,989,713 | - |
| Total restricted assets | <u>27,359,941</u> | <u>1,629,772</u> | <u>-</u> | <u>28,989,713</u> | <u>-</u> |
| Deferred charges: | | | | | |
| Unamortized bond issue costs | 580,392 | 118,572 | 26,527 | 725,491 | - |
| Capital assets: | | | | | |
| Land | 72,033 | 149,370 | 229,547 | 450,950 | - |
| Building | 199,066 | 21,823 | 43,806 | 264,695 | - |
| System | 41,341,488 | 41,350,750 | 17,540 | 82,709,778 | - |
| Equipment | 2,875,620 | 1,323,979 | 2,152,659 | 6,352,258 | - |
| Construction work in progress | 1,897,877 | 2,066,133 | 218,855 | 4,182,865 | - |
| Total original cost | 46,386,084 | 44,912,055 | 2,662,407 | 93,960,546 | - |
| Less: accumulated depreciation | (27,345,988) | (14,454,314) | (1,172,976) | (42,973,278) | - |
| Capital assets, net | <u>19,040,096</u> | <u>30,457,741</u> | <u>1,489,431</u> | <u>50,987,268</u> | <u>-</u> |
| Other assets | | | | | |
| Deposits | - | 2,431 | - | 2,431 | 19,229 |
| Total other assets | <u>-</u> | <u>2,431</u> | <u>-</u> | <u>2,431</u> | <u>19,229</u> |
| Total assets | <u>\$ 69,523,442</u> | <u>\$ 34,147,089</u> | <u>\$ 2,103,837</u> | <u>\$ 105,774,368</u> | <u>\$ 3,430,412</u> |

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| <i>LIABILITIES</i> | <i>ELECTRIC UTILITY</i> | <i>SEWER SYSTEM</i> | <i>OTHER PROPRIETARY FUNDS</i> | <i>TOTALS</i> | <i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i> |
|--|------------------------------------|----------------------------|---|----------------------|---|
| Current liabilities: | | | | | |
| Accounts payable | \$ 3,711,107 | \$ 173,647 | \$ 224,542 | \$ 4,109,296 | \$ 40,514 |
| Retainage payable | 95,382 | - | - | 95,382 | - |
| Current portion of bonds payable | - | 415,000 | - | 415,000 | - |
| Accrued payroll and benefits | 172,682 | - | 76,999 | 249,681 | - |
| Due to other funds | 109,424 | 1,248 | 81,162 | 191,834 | - |
| Interest payable | 118,778 | 178,184 | 932 | 297,894 | - |
| Liability for unpaid claims | - | - | - | - | 243,800 |
| Deferred revenue | 15,664 | - | 75,001 | 90,665 | 151,760 |
| Total current liabilities | <u>4,223,037</u> | <u>768,079</u> | <u>458,636</u> | <u>5,449,752</u> | <u>436,074</u> |
| Noncurrent liabilities: | | | | | |
| Bonds payable, net of current portion and discount | 28,115,306 | 9,160,093 | 303,311 | 37,578,710 | - |
| Accrued employee benefits | 138,454 | - | 64,398 | 202,852 | - |
| Liability for unpaid claims | - | - | - | - | 336,120 |
| Customer deposits | 1,852,548 | - | 141,200 | 1,993,748 | - |
| Total noncurrent liabilities | <u>30,106,308</u> | <u>9,160,093</u> | <u>508,909</u> | <u>39,775,310</u> | <u>336,120</u> |
| Total liabilities | <u>34,329,345</u> | <u>9,928,172</u> | <u>967,545</u> | <u>45,225,062</u> | <u>772,194</u> |
| Net assets: | | | | | |
| Invested in capital assets, net of related debt | 16,230,636 | 22,630,992 | 1,320,521 | 40,182,149 | - |
| Restricted | 2,634,488 | - | - | 2,634,488 | 466,220 |
| Unrestricted | 16,328,973 | 1,587,925 | (184,229) | 17,732,669 | 2,191,998 |
| Total net assets | <u>\$ 35,194,097</u> | <u>\$ 24,218,917</u> | <u>\$ 1,136,292</u> | <u>\$ 60,549,306</u> | <u>\$ 2,658,218</u> |

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

CITY OF OPELIKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u><i>ELECTRIC UTILITY</i></u> | <u><i>SEWER SYSTEM</i></u> | <u><i>OTHER PROPRIETARY FUNDS</i></u> | <u><i>TOTALS</i></u> | <u><i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i></u> |
|--|--------------------------------|----------------------------|---|----------------------|---|
| Operating revenues: | | | | | |
| Charges for services, net | \$ 34,627,311 | \$ 3,010,477 | \$ 2,013,049 | \$ 39,650,837 | \$ 2,364,051 |
| Operating expenses: | | | | | |
| Power purchased | 25,316,427 | - | - | 25,316,427 | - |
| Personnel services | 1,897,636 | 3,744 | 1,081,589 | 2,982,969 | - |
| Insurance claims and expenses | 7,367 | 18,275 | 33,847 | 59,489 | 1,977,954 |
| Other | 2,104,096 | 1,907,754 | 858,896 | 4,870,746 | - |
| Depreciation | 1,591,383 | 907,644 | 263,829 | 2,762,856 | - |
| Total operating expenses | <u>30,916,909</u> | <u>2,837,417</u> | <u>2,238,161</u> | <u>35,992,487</u> | <u>1,977,954</u> |
| Operating income | <u>3,710,402</u> | <u>173,060</u> | <u>(225,112)</u> | <u>3,658,350</u> | <u>386,097</u> |
| Nonoperating revenues (expenses): | | | | | |
| Investment revenue | 146,916 | 5,613 | 2,599 | 155,128 | 34,803 |
| Miscellaneous revenue | 407,662 | 656 | 43,709 | 452,027 | - |
| Interest expense and fiscal charges | - | (414,596) | - | (414,596) | - |
| Gain (loss) on sale of capital assets | 10,576 | 2,692 | 24,005 | 37,273 | - |
| Total nonoperating revenues (expenses) | <u>565,154</u> | <u>(405,635)</u> | <u>70,313</u> | <u>229,832</u> | <u>34,803</u> |
| Income before other revenues and transfers | <u>4,275,556</u> | <u>(232,575)</u> | <u>(154,799)</u> | <u>3,888,182</u> | <u>420,900</u> |
| Other revenues and transfers in (out): | | | | | |
| Capital contributions from developers and others | 57,275 | 80,468 | - | 137,743 | - |
| Operating transfers in | - | 50,904 | - | 50,904 | - |
| Operating transfers (out) | (2,638,439) | - | - | (2,638,439) | - |
| Total other revenues and transfers | <u>(2,581,164)</u> | <u>131,372</u> | <u>-</u> | <u>(2,449,792)</u> | <u>-</u> |
| Changes in net assets | 1,694,392 | (101,203) | (154,799) | 1,438,390 | 420,900 |
| Net assets, beginning of year | <u>33,499,705</u> | <u>24,320,120</u> | <u>1,291,091</u> | | <u>2,237,318</u> |
| Net assets, end of year | <u>\$ 35,194,097</u> | <u>\$ 24,218,917</u> | <u>\$ 1,136,292</u> | | <u>\$ 2,658,218</u> |
| | | | | 74,509 | |
| | | | | <u>\$ 1,512,899</u> | |

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

This page intentionally left blank

CITY OF OPELIKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <i>ELECTRIC UTILITY</i> | <i>SEWER SYSTEM</i> | <i>OTHER PROPRIETARY FUNDS</i> | <i>TOTALS</i> | <i>GOVERNMENTAL ACTIVITIES-INTERNAL SERVICE FUNDS</i> |
|---|------------------------------------|----------------------------|---|----------------------|--|
| Cash flows from operating activities: | | | | | |
| Receipts from customers | \$ 35,469,131 | \$ 3,011,035 | \$ 2,021,151 | \$ 40,501,317 | \$ - |
| Receipts from other funds for premiums | - | - | - | - | 2,365,215 |
| Customer deposits | 91,130 | - | 7,300 | 98,430 | - |
| Payments to suppliers for goods and services | (28,481,759) | (1,791,187) | (675,822) | (30,948,768) | (396,216) |
| Payments to employees for services | (1,885,036) | (3,744) | (1,117,837) | (3,006,617) | - |
| Claims paid | (7,367) | (18,275) | (33,847) | (59,489) | (1,581,917) |
| Internal activity - payments (to) from other funds | 47,461 | (12,149) | (37,788) | (2,476) | - |
| Net cash provided by operating activities | 5,233,560 | 1,185,680 | 163,157 | 6,582,397 | 387,082 |
| Cash flows from noncapital financing activities: | | | | | |
| Other receipts | 407,662 | 656 | 43,709 | 452,027 | - |
| Operating transfers (to) from other funds | (2,638,439) | 50,904 | - | (2,587,535) | - |
| Net cash provided by (used in) noncapital financing activities | (2,230,777) | 51,560 | 43,709 | (2,135,508) | - |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition and construction of capital assets | (3,007,276) | (1,643,693) | (546,078) | (5,197,047) | - |
| Principal paid on debt maturities | - | (961,885) | - | (961,885) | - |
| Interest and fiscal fees paid on debt maturities | - | (383,213) | - | (383,213) | - |
| Proceeds received from issuance of debt | 28,118,932 | - | 303,311 | 28,422,243 | - |
| Proceeds paid on bond issuance costs | (594,258) | - | (30,030) | (624,288) | - |
| Proceeds from sale of assets | 13,838 | 3,725 | 39,011 | 56,574 | - |
| Net cash provided by (used in) capital and related financing activities | 24,531,236 | (2,985,066) | (233,786) | 21,312,384 | - |
| Cash flows from investing activities: | | | | | |
| Proceeds invested in certificates of deposit | - | - | - | - | - |
| Bond proceeds invested in restricted assets | (27,634,488) | - | - | (27,634,488) | - |
| Restricted cash used | 274,546 | 1,379,638 | - | 1,654,184 | - |
| Interest on investments | 158,154 | 5,613 | 2,599 | 166,366 | 34,803 |
| Net cash provided by (used in) investing activities | (27,201,788) | 1,385,251 | 2,599 | (25,813,938) | 34,803 |
| Net increase (decrease) in cash and cash equivalents | 332,231 | (362,575) | (24,321) | (54,665) | 421,885 |
| Cash and cash equivalents at beginning of year | 3,718,486 | 1,072,586 | 406,254 | 5,197,326 | 2,926,222 |
| Cash and cash equivalents at end of year | \$ 4,050,717 | \$ 710,011 | \$ 381,933 | \$ 5,142,661 | \$ 3,348,107 |

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, 2011

| | <u><i>ELECTRIC UTILITY</i></u> | <u><i>SEWER SYSTEM</i></u> | <u><i>OTHER PROPRIETARY FUNDS</i></u> | <u><i>TOTALS</i></u> | <u><i>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</i></u> |
|--|------------------------------------|----------------------------|---|----------------------|---|
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ 3,710,402 | \$ 173,060 | \$ (225,112) | \$ 3,658,350 | \$ 386,097 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | | | | | |
| Depreciation | 1,591,383 | 907,644 | 263,829 | 2,762,856 | - |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable and unbilled service receivable | 807,951 | (37,932) | 7,612 | 777,631 | - |
| (Increase) decrease in due from other funds | (59,297) | (13,397) | (109,018) | (181,712) | 6,760 |
| (Increase) decrease in due from other governments | 33,869 | 38,490 | - | 72,359 | - |
| (Increase) decrease in inventories | (1,275,601) | - | - | (1,275,601) | - |
| Increase (decrease) in accounts payable | 214,365 | 116,567 | 183,074 | 514,006 | 23,699 |
| Increase (decrease) in accrued payroll and benefits | 12,600 | - | (36,248) | (23,648) | - |
| Increase (decrease) in liability for unpaid claims | - | - | - | - | (23,878) |
| Increase (decrease) in due to other funds | 106,758 | 1,248 | 71,230 | 179,236 | - |
| Increase (decrease) in deferred revenue | - | - | 490 | 490 | (5,596) |
| Increase (decrease) in customer deposits | 91,130 | - | 7,300 | 98,430 | - |
| Net cash provided by operating activities | <u>\$ 5,233,560</u> | <u>\$ 1,185,680</u> | <u>\$ 163,157</u> | <u>\$ 6,582,397</u> | <u>\$ 387,082</u> |
| Non cash investing, capital and financing activities: | | | | | |
| Capital assets contributed by developers and others | <u>\$ 57,275</u> | <u>\$ 80,468</u> | <u>\$ -</u> | <u>\$ 137,743</u> | <u>\$ -</u> |
| Reconciliation of cash and cash equivalents to the combining balance sheet: | | | | | |
| Total cash and certificates of deposit | \$ 16,966,319 | \$ 710,011 | \$ 381,933 | \$ 18,058,263 | \$ 3,348,107 |
| Less: deposits not meeting the definition of cash equivalents | 12,915,602 | - | - | 12,915,602 | - |
| Cash and cash equivalents at end of year | <u>\$ 4,050,717</u> | <u>\$ 710,011</u> | <u>\$ 381,933</u> | <u>\$ 5,142,661</u> | <u>\$ 3,348,107</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has elected not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

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

Component Units. The excluded component units are as follows:

Opelika City Board of Education is substantially reliant upon the City because the City Council appoints the members of the Board, levies taxes on behalf of the Board and issues debt on behalf of the Board. The legal liability for the general obligation debt issued for school purposes of \$12,010,000 at September 30, 2011 remains with the City. Ad valorem tax revenues restricted for school purposes collected by the City are used first to make required debt service payments on the general obligation debt issued for school purposes and the remainder is remitted to the Board. During 2011, the City collected \$6,132,954 of ad valorem taxes of which \$1,654,693 was used for debt service and \$4,477,750 was remitted to the Board. At September 30, 2011, \$111,131 in collections had not been remitted and is included in amounts due to other governments. During the year ended September 30, 2011, the Board did not make any contributions to the City. In addition, the City made an appropriation to the Board of \$3,000,000 for the year ended September 30, 2011. The Board issues separate financial statements which may be obtained from the administrative offices at 300 Simmons Street, Opelika, Alabama 36801.

The City of Opelika Industrial Development Authority recruits industry and promotes economic development for the City of Opelika. The City Council appoints the members to the Authority's Board. The City and the Authority have a funding agreement that obligates the City to make payments satisfying the Opelika Industrial Development Authority's General Obligation Bonds, Series 2010. These bonds constitute a general obligation of the City. These bonds were used to fully pay the Authority's 1998 Series A and B bonds. During the year ended September 30, 2011, the City paid \$745,417 in debt service payments for the Authority and appropriated an additional \$125,000 to the Authority. The Authority issues separate financial statements which may be obtained from the administrative offices at 204 South 7th Street, Opelika, Alabama 36801.

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 \$1,762,344 during the year ended September 30, 2011. 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, 2011, the City received \$3,404 in payments in lieu of property taxes from the Housing Authority of the City of Opelika.

Joint Ventures. The City is a participant in one joint venture in which it retains an ongoing financial responsibility, the Indian Pines Golf Course Joint Venture. The City is a party to an agreement with the City of Auburn, Alabama to own and operate the Indian Pines Golf Course. The joint venture agreement dated October 1, 1976 required capital contributions from each party. Each party has a 50% share in the venture's profits and losses and responsibility for 50% of any debt incurred. The City's initial contribution of \$589,200 was used to purchase the land and building which are included in capital assets. The cities lease the Indian Pines Golf Course to the Indian Pines Recreation Authority, Inc., a jointly governed organization. The Authority operates the golf course on a month-to-month basis with the lease terms continuing in force from the original lease which expired in 1979. The Indian Pines Golf Course Joint Venture had no debts outstanding at September 30, 2011 and no net income or loss for the fiscal year then ended. Because the joint venture has no operations, no financial statements are prepared. Complete financial statements of the Indian Pines Recreation Authority, Inc. can be obtained from the Authority at 900 Country Club Lane, Auburn, AL 36830.

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

The Lee-Russell Council of Governments is a regional planning and development commission organized to provide services to Lee and Russell Counties. The Council is governed by a ten-member board composed of two appointees each from Opelika, Auburn, Lee County, Phenix City and Russell County. The cities and counties are assessed fees based on their respective populations. The Council also receives income from administration of federal grants and other programs. The City appropriated \$108,400 to the Lee-Russell Council of Governments for the year ended September 30, 2011.

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

East Alabama Mental Health and Mental Retardation Board, Inc. is a corporation created to provide mental health services to the East Alabama area. The Corporation has thirty-three directors, three of whom are appointed by the City. The remainder are appointed by the various cities and counties in the area. The City appropriated \$47,500 to the East Alabama Mental Health and Mental Retardation Board, Inc. for the year ended September 30, 2011.

Lee County Youth Development Center is a corporation created to provide youth services in Lee County. The board is composed of twelve members. The City, City of Auburn, and Lee County each appoint four members.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City appropriated \$32,000 to the Lee County Youth Development Center for the year ended September 30, 2011.

East Alabama Medical Center is a corporation created to provide healthcare to the East Alabama area. The Board is composed of nine members. The City, City of Auburn and Lee County each appoint three members. The City appropriated \$289,476 to the East Alabama Medical Center for emergency medical services for the year ended September 30, 2011.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City has the following fund types:

Governmental Funds:

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

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

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

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

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

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

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

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

Proprietary Funds:

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

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

Proprietary funds include the following fund types:

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds. The City does not have any fiduciary funds.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All ad valorem taxes levied by the state, county and any municipality in Lee County are assessed and collected by the Revenue Commissioner of Lee County. Taxes are levied in June, due on October 1, and delinquent after January 1. Taxes collected by the Revenue Commissioner within the fiscal year but remitted to the City after the fiscal year-end are accrued. Ad valorem taxes not due until October 1 of the following fiscal year are recorded as a receivable and deferred revenue as of the fiscal year end in which the taxes are levied. For the fiscal year ended September 30, 2011, ad valorem tax revenues are recorded in the General Fund and the School Tax Special Revenue Fund. Ad valorem tax revenues restricted for school purposes in excess of the amount required to make debt service payments on the general obligation debt issued for school purposes are paid to the Opelika City Board of Education and are included with the education appropriation.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met and City has a legal claim to the resources, the revenue is recognized.

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

D. CASH AND INVESTMENTS

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

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

E. RECEIVABLES

In the Electric Utility Fund and Sewer System Fund, revenues are recognized on the basis of monthly billings to customers for services provided. The City, therefore, extends credit to its customers. As a result of this billing method, the City accrues unbilled service revenue at the end of the fiscal period with respect to service provided but not billed at such date. In the Solid Waste Collection Fund, monthly billings are made before services are rendered. Therefore, such billings are reported as deferred revenues. The City analyzes current and past due accounts and provides an allowance for doubtful accounts for the accounts deemed uncollectible. Accounts receivable are reported net of the allowances of \$806,731 in the Electric Utility Fund and \$136,056 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. RESTRICTED ASSETS

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

H. ADVANCES TO OTHER GOVERNMENTS

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

I. COMPENSATED ABSENCES

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

J. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. Renewals and betterments are capitalized if they significantly extend the useful life of the asset. Repairs and maintenance are recorded as expenses. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended September 30, 2011, the City capitalized \$921,238 in interest.

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

Capitalization thresholds and estimated useful lives are as follows:

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

Beginning with fiscal year ending September 30, 2007, the City has capitalized its public domain ("infrastructure") assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems that have been placed in service since October 1, 2002. As a "Phase 2 Government", the City was allowed to defer retroactive reporting of all major

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

infrastructure assets until fiscal year 2007. Where actual historical costs and construction dates were identified through a review of City records, those dates and costs were utilized. As the City constructs or acquires additional infrastructure assets, they are capitalized and reported at historical cost. A local government may elect to use the depreciation method or the modified approach (maintenance of service condition) in reporting long-lived infrastructure assets. The City has elected to implement the depreciation method.

K. LONG -TERM LIABILITIES

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

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

L. NET ASSETS

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

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

M. USE OF ESTIMATES

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

N. SUBSEQUENT EVENTS

The City has evaluated events subsequent to the date of the Statement of Net Assets through February 28, 2012, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Assets date through February 28, 2012 that would require adjustment or additional disclosure in the financial statements.

NOTE 2 - BUDGETING AND ACCOUNTABILITY

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

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

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

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

Cost of materials, labor and overhead identified with additions and improvements are added to the cost of the electric distribution system. Materials removed (retired) from the system reduce the accumulated cost of the system and increase the materials and supplies inventory by the amount of estimated current realizable value of the items retired. However, some of the original cost of property that has been retired remains in the system accounts. Some indirect and overhead costs of retirements are accounted for as current operations costs. The City has not completed development of work order cost accounting procedures for costing additions to and retirements from its electrical distribution system in terms of accountable units of plant property.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

24

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

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

NOTE 4 - POWER SALES CONTRACT

The City is a member of the Alabama Municipal Electric Authority ("Authority"). Pursuant to a contract dated May 1, 1986 and amended July 1, 1996, the City has agreed to purchase all of its electric requirements for resale through December 31, 2035 from the Authority except for the City's allocation of electricity from the Southeastern Power Administration. The Electric Utility Fund purchased \$22,869,362 under this contract during the year ended September 30, 2011. 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, 2011, the carrying amount of the City's deposits in financial institutions was \$48,853,039 and the bank balance was \$49,613,052. Of these amounts, \$30,410,602 of the carrying amount and bank balance were held as certificates of deposit. The State of Alabama created the Security for Alabama Funds Enhancement (SAFE) Program which requires all public funds be deposited in Qualified Public Depositories. Under the SAFE Program, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator, if a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. At September 30, 2011, 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, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

| Investment Type | Cost | Fair Value | Percent of Total | Maturity | Rating | Rating Agency |
|--|----------------------|----------------------|-----------------------------|-----------------|---------------|--------------------------|
| GE Money Bank Certificate of Deposit | \$ 25,000 | \$ 25,000 | <1% | 9/30/2016 | n/a | n/a |
| Banktrust Bank Certificate of Deposit | 35,000 | 35,000 | <1% | 1/20/2012 | n/a | n/a |
| Goldman Sachs Group Notes | 15,000 | 13,928 | <1% | 11/15/2017 | A1 | Moody's |
| U.S. Treasury | 31,489,661 | 31,489,661 | 98.1% | n/a | n/a | n/a |
| Fidelity Advisor Equity Income I Share | 65,500 | 53,018 | <1% | n/a | *** | Morningstar |
| First Eagle Global I Shares | 50,000 | 47,699 | <1% | n/a | ***** | Morningstar |
| Fidelity Advisor Small Cap | 29,818 | 26,370 | <1% | n/a | **** | Morningstar |
| Alabama ST Revolving Loan Fund Authority Spl Oblig Ref Taxable | 25,000 | 25,872 | <1% | 3/1/2015 | AA3 | Moody's |
| Investment Company of America Huntsville Ala G/O Cap | 4,855 | 5,891 | <1% | n/a | **** | Morningstar |
| Impt Wts - Taxable Ser 2010-B City of Madison, AL Go Taxable Wts Series 2011 | 30,000 | 31,645 | <1% | 9/1/2022 | AAA | S&P |
| FFCB 3.330% | 24,819 | 26,892 | <1% | 3/1/2017 | AA2 | Moody's |
| FFCB 2.580% | 50,056 | 50,258 | <1% | 12/28/2018 | AAA | Moody's |
| FNMA 2.000% | 30,000 | 29,919 | <1% | 11/23/2018 | AAA | Moody's |
| FNMA 1.000% | 75,000 | 75,028 | <1% | 10/15/2025 | AAA | Moody's |
| Other common stock | 50,000 | 50,080 | <1% | 7/27/2021 | AAA | Moody's |
| | 118,118 | 119,811 | <1% | n/a | Various | Various |
| Total investments | <u>\$ 32,117,827</u> | <u>\$ 32,106,072</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, 2011

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 | \$ 9,540,845 | \$ 142,651 | \$ - | \$ 9,683,496 |
| Construction in process | 2,379,870 | 778,383 | 1,391,930 | 1,766,323 |
| Total capital assets not being depreciated | 11,920,715 | 921,034 | 1,391,930 | 11,449,819 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 40,609,012 | 292,135 | - | 40,901,147 |
| Improvements other than buildings | 4,812,403 | 122,762 | 13,376 | 4,921,789 |
| Equipment | 14,454,487 | 1,087,614 | 500,849 | 15,041,252 |
| Infrastructure | 60,331,362 | 3,216,440 | - | 63,547,802 |
| Total capital assets being depreciated | 120,207,264 | 4,718,951 | 514,225 | 124,411,990 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 6,773,806 | 855,772 | - | 7,629,578 |
| Improvements other than buildings | 1,904,276 | 160,819 | 13,376 | 2,051,719 |
| Equipment | 9,530,166 | 931,358 | 467,143 | 9,994,381 |
| Infrastructure | 12,115,840 | 1,608,406 | - | 13,724,246 |
| Total accumulated depreciation | 30,324,088 | 3,556,355 | 480,519 | 33,399,924 |
| Total capital assets being depreciated, net | 89,883,176 | 1,162,596 | 33,706 | 91,012,066 |
| Governmental activities capital assets, net | \$ 101,803,891 | \$ 2,083,630 | \$ 1,425,636 | \$ 102,461,885 |
| | | | | |
| | <i>Beginning Balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending Balance</i> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 450,950 | \$ - | \$ - | \$ 450,950 |
| Construction in process | 1,307,111 | 3,674,656 | 798,902 | 4,182,865 |
| Total capital assets not being depreciated | 1,758,061 | 3,674,656 | 798,902 | 4,633,815 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 264,695 | - | - | 264,695 |
| Systems | 80,893,953 | 1,822,082 | 6,257 | 82,709,778 |
| Equipment | 6,126,351 | 908,347 | 682,440 | 6,352,258 |
| Total capital assets being depreciated | 87,284,999 | 2,730,429 | 688,697 | 89,326,731 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 203,774 | 3,169 | - | 206,943 |
| Systems | 37,262,056 | 2,152,092 | - | 39,414,148 |
| Equipment | 3,348,048 | 668,072 | 663,933 | 3,352,187 |
| Total accumulated depreciation | 40,813,878 | 2,823,333 | 663,933 | 42,973,278 |
| Total capital assets being depreciated, net | 46,471,121 | (92,904) | 24,764 | 46,353,453 |
| Business-type activities capital assets, net | \$ 48,229,182 | \$ 3,581,752 | \$ 823,666 | \$ 50,987,268 |

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 286,103 |
| Public safety | 442,271 |
| Public works, including infrastructure | 1,858,759 |
| Culture and recreation | 870,643 |
| Total governmental activities depreciation expense | <u>\$ 3,457,776</u> |
| Business-type activities: | |
| Electric | \$ 1,591,383 |
| Cable | - |
| Sewer | 907,644 |
| Solid waste | 263,829 |
| Total depreciation | <u>\$ 2,762,856</u> |

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2011 consisted of the following:

| <i>DUE FROM</i> | | | | | | | |
|------------------------|----------------|-----------------------------------|-----------------|---------------------|----------------------------------|--------------|-----------|
| <i>DUE TO</i> | <i>General</i> | <i>Non-major Governmental</i> | <i>Electric</i> | <i>Sewer System</i> | <i>Non-major Proprietary</i> | <i>Total</i> | |
| General | \$ - | \$ 665,903 | \$ 583 | \$ - | \$ 18,941 | \$ | 685,427 |
| Non-major Governmental | 5,625 | - | - | - | - | - | 5,625 |
| Internal Service | 57,935 | 2 | 967 | 1,248 | 2,924 | - | 63,076 |
| Electric Utility | - | - | - | - | 59,297 | - | 59,297 |
| Sewer | 112,999 | 131,655 | - | - | - | - | 244,654 |
| Non-major Proprietary | - | - | 107,874 | - | - | - | 107,874 |
| Total | \$ 176,559 | \$ 797,560 | \$ 109,424 | \$ 1,248 | \$ 81,162 | \$ | 1,165,953 |

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

| <i>TRANSFER FROM</i> | | | | | | |
|------------------------|---------------------|---------------------------------------|-----------------------------------|-------------------------|--------------|------------|
| <i>TRANSFER TO</i> | <i>General Fund</i> | <i>School Tax Special Revenue</i> | <i>Non-major Governmental</i> | <i>Electric Utility</i> | <i>Total</i> | |
| General Fund | \$ - | \$ - | \$ 108,919 | \$ 2,638,440 | \$ | 2,747,359 |
| Non-major Governmental | 4,928,379 | 1,654,693 | 1,771,845 | - | - | 8,354,917 |
| Sewer | 50,904 | - | - | - | - | 50,904 |
| Total | \$ 4,979,283 | \$ 1,654,693 | \$ 1,880,764 | \$ 2,638,440 | \$ | 11,153,180 |

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, 2011

NOTE 8 - LONG-TERM LIABILITIES

Long-term liabilities at September 30, 2011 consisted of the following issues:

| | <i>Governmental</i> | <i>Business-type</i> |
|--|---------------------|----------------------|
| Bonds: | | |
| General Obligation Warrants, Series 2002, semiannual interest only payments of \$212,505 paid through August 1, 2012, annual installments of \$130,000 to \$330,000 starting February 1, 2013 through February 1, 2032, bearing interest rate of 4.30% to 5.125% | \$ 4,265,000.00 | \$ - |
| General Obligation Warrants, Series 2003, due in annual installments of \$1,710,000 to \$2,290,000 through April 1, 2023, bearing interest rates of 2.00% to 5.25% | 2,542,480 | 6,325,846 |
| General Obligation School Warrants, Series 2004 due in annual installments of \$180,000 to \$440,000 through March 1, 2029, bearing interest rates of 1.00% to 5.00% | 5,784,889 | - |
| Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007, due in annual installments of \$480,000 to \$1,725,000 through January 1, 2038, bearing interest rates of 3.25% to 5.00% | 27,174,342 | - |
| Capital lease obligation related to scanner/copier equipment, interest and principal are due in monthly installments of \$717 through December 8, 2012, bearing interest at 11.61%. | 9,966 | - |
| Opelika Industrial Development Authority's General Obligation Revenue Bonds, Series 2010, principal and interest are due in monthly installments of \$62,118 through September 22, 2020, bearing interest rates of 2.75% to 4.93% | 5,368,699 | - |
| 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% | 5,752,151 | - |
| 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% | 1,188,488 | 3,249,247 |
| 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% | 3,555,132 | - |
| 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% | - | 28,115,306 |
| 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%. | - | 303,311 |
| Other Liabilities: | | |
| Compensated absences | 2,453,272 | 388,809 |
| Claims and judgments | 466,220 | - |
| Total long-term liabilities | \$ 58,560,639 | \$ 38,382,519 |

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Governmental Activities | | | | | |
| Debt: | | | | | |
| General obligation bonds | \$ 32,326,992 | \$ - | \$ 3,963,292 | \$ 28,363,700 | \$ 3,012,268 |
| Capital leases | 27,670,000 | 21,709 | 531,743 | 27,159,966 | 547,856 |
| | <u>59,996,992</u> | <u>21,709</u> | <u>4,495,035</u> | <u>55,523,666</u> | <u>3,560,124</u> |
| Deferred amounts on refunding | (241,414) | - | (28,898) | (212,516) | - |
| Unamortized premiums | 484,152 | - | 154,155 | 329,997 | - |
| Total debt | <u>60,239,730</u> | | | <u>55,641,147</u> | <u>3,560,124</u> |
| Other liabilities | | | | | |
| Compensated absences | 2,234,747 | | | 2,453,272 | - |
| Claims and judgments | 379,698 | | | 466,220 | 130,100 |
| Total other liabilities | <u>2,614,445</u> | | | <u>2,919,492</u> | <u>130,100</u> |
| Total governmental activities | <u>\$ 62,854,175</u> | | | <u>\$ 58,560,639</u> | <u>\$ 3,690,224</u> |
| | | | | | |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
| Business-type activities | | | | | |
| Debt: | | | | | |
| General obligation bonds | \$ 10,565,000 | \$ - | \$ 940,000 | \$ 9,625,000 | \$ 415,000 |
| Other long-term debt | - | 28,598,311 | - | 28,598,311 | - |
| Deferred amounts on refunding | (50,619) | - | (7,430) | (43,189) | - |
| Unamortized premiums and discounts | 13,633 | (183,987) | 16,058 | (186,412) | - |
| | <u>10,528,014</u> | | | <u>37,993,710</u> | <u>\$ 415,000</u> |
| Compensated absences | 290,193 | | | 388,809 | |
| Total business-type activities | <u>\$ 10,818,207</u> | | | <u>\$ 38,382,519</u> | |

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

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

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

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 Recovery Zone Bonds 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 Recovery Zone Bonds 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 Bond may apply to receive interest subsidy payments directly from the United States Treasury. The City applied for the interest subsidy payments and expects to receive the interest subsidy payments totaling 45% of the interest due on the Recovery Zone Bonds. The City expects to receive the interest subsidy payments annually around the same time the interest payments on the Recovery Zone Bonds are due. During the year ended September 30, 2011, the City received \$28,873 in interest subsidy rebates.

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

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

The City authorized and approved the issuance of \$28,650,000 of revenue bonds (The Public Park and Recreational Board of the City of Opelika, Series 2007) by the Public Park and Recreational Board of the City of Opelika (the “Board”) for the purpose of acquiring real estate and construction the Sportsplex recreational facility.

The bonds are secured by the real estate and facilities constructed on the real estate and by the lease agreement between the City and the Board. The lease agreement requires the City to make payments to the Board equal to the Board’s annual debt service payments related to the Series 2007 revenue bonds. The lease agreement renews automatically each year as long as the City occupies the facilities. The City considers this obligation to be a capital lease and has recorded both the obligation and the related assets in the Sportsplex Fund. The obligation is not included in the City’s general obligation long-term debt.

During the current year, 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, 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 based on the City’s Moody’s rating. The interest rates range from 2.73% to 4.57% based on the Moody’s rating. At September 30, 2011, the interest rate on the Telecommunications Warrants totaled 2.73%. Interest is due monthly and the entire balance of the borrowing matures on February 1, 2016. The Telecommunications Warrants were issued to fund the City’s cable project. At September 30, 2011, the outstanding balance of the Telecommunications Warrants totaled \$303,311.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

The Electric System Revenue Warrants, Series 2011 trust indenture requires debt coverage of 1.20 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, 2011, the City was in compliance with this debt service requirement. The City is in compliance with all other debt covenants at September 30, 2011. The debt coverage calculation is as follows:

| | | |
|---|----|--------------|
| Net operating revenues | \$ | 34,627,311 |
| Net investment income | | |
| Interest income earned in the Construction Fund | | (5,573) |
| | | 34,621,738 |
| Operating expenses | | (30,916,909) |
| Depreciation | | 1,591,383 |
| | | (32,508,292) |
| Net operating income available for debt service | \$ | 5,296,212 |
| Maximum annual net debt service requirement | \$ | 3,314,328 |
| Debt service ratio coverage | | 1.60 |
| Debt service ratio required | | 1.20 |

Subsequent to year end, the City issued the General Obligation Warrants Series 2011 for \$62,560,000. A portion of the proceeds were used to refund \$4,185,000 of existing City debt. The City expects to use the remaining proceeds to construct a new high school and for other road construction projects.

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> |
| 2012 | \$ 3,012,268 | \$ 1,132,493 | \$ 547,856 | \$ 1,224,665 |
| 2013 | 3,622,497 | 1,012,755 | 562,110 | 5,389,942 |
| 2014 | 2,444,046 | 905,095 | 580,000 | 1,184,594 |
| 2015 | 1,321,984 | 806,586 | 600,000 | 1,161,744 |
| 2016 | 1,376,393 | 753,988 | 625,000 | 1,137,994 |
| 2017-2021 | 7,061,512 | 2,841,673 | 3,560,000 | 5,256,193 |
| 2022-2026 | 6,000,000 | 1,571,627 | 4,500,000 | 4,321,981 |
| 2027-2031 | 3,195,000 | 398,771 | 5,645,000 | 3,173,369 |
| 2032-2036 | 330,000 | 8,456 | 7,170,000 | 1,649,678 |
| 2037-2038 | - | - | 3,370,000 | 157,712 |
| Total | \$ 28,363,700 | \$ 9,431,444 | \$27,159,966 | \$24,657,872 |

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

| <u>Year</u> | <i>Business-type Activities</i> | |
|-------------|---------------------------------|----------------------|
| | <i>General Obligations</i> | |
| | <i>Principal</i> | <i>Interest</i> |
| 2012 | \$ 415,000 | \$ 1,869,776 |
| 2013 | 445,000 | 1,852,976 |
| 2014 | 460,000 | 1,837,401 |
| 2015 | 535,000 | 1,820,611 |
| 2016 | 853,311 | 1,800,189 |
| 2017-2021 | 5,370,000 | 8,562,132 |
| 2022-2026 | 8,265,000 | 6,847,002 |
| 2027-2031 | 8,900,000 | 4,799,554 |
| 2032-2036 | 11,540,000 | 2,078,557 |
| 2037 | 1,440,000 | 86,400 |
| Total | <u>\$ 38,223,311</u> | <u>\$ 31,554,598</u> |

NOTE 9 - RISK MANAGEMENT

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

The City has a Workmen's Compensation Insurance Fund (an internal service fund) to account for and finance its insured and uninsured risks of loss for worker's compensation claims. Under this program, the Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim. The City purchases insurance, which is included in an administrative fee paid to the Municipal Workers Compensation Fund, Inc., for claims in excess of \$250,000. The City's aggregate retention for the accident year 2-1-10 to 1-31-11 is \$623,835, 2-1-09 to 1-31-10 is \$507,710, 2-1-08 to 1-31-09 is \$414,130, 2-1-07 to 1-31-08 is \$483,799, and 2-1-06 to 1-31-07 is \$462,556.

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

The claims liability is \$466,220 at September 30, 2011. The balance is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability is calculated actuarially using an interest rate of 2.8% and includes 1) known claims, 2) claims that have been incurred but not reported, 3) previously closed claims which may reopen, and 4) allocated loss adjustment expenses. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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

| | <i>Beginning Balance</i> | <i>Current Year Claims and Changes in Estimates</i> | <i>Claim Payments</i> | <i>Ending Balance</i> |
|------------------|------------------------------|---|---------------------------|-----------------------|
| 2008-2009 | \$ 395,064 | \$ 301,783 | \$ 265,149 | \$ 431,698 |
| 2009-2010 | \$ 431,698 | \$ 155,114 | \$ 207,114 | \$ 379,698 |
| 2010-2011 | \$ 379,698 | \$ 343,876 | \$ 257,354 | \$ 466,220 |

The City has a Worker's Health Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss related to its self-insured employee health insurance plan. A residual equity transfer of \$732,000 from the Workmen's Compensation Insurance Fund to the Worker's Health Insurance Fund was authorized to provide the initial funding for the Worker's Health Insurance Fund. During the year ended September 30, 2007, an additional transfer of \$481,237 from the Worker's Compensation Insurance Fund to the Worker's Health Insurance Fund was made to fund the operations of the Worker's Health Insurance Fund. The Fund provides coverage for up to \$110,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$110,000 in any one year. Settled claims exceeded premium payments received during the year. Assets exceeded liabilities as of September 30, 2011, resulting in a fund balance of \$655,562.

The claims liability of \$113,700 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

| | <i>Beginning Balance</i> | <i>Current Year Claims and Changes in Estimates</i> | <i>Claim Payments</i> | <i>Ending Balance</i> |
|------------------|------------------------------|---|---------------------------|---------------------------|
| 2008-2009 | \$ 123,000 | \$ 1,780,362 | \$ 1,739,162 | \$ 164,200 |
| 2009-2010 | \$ 164,200 | \$ 1,529,362 | \$ 1,469,462 | \$ 224,100 |
| 2010-2011 | \$ 224,100 | \$ 1,300,685 | \$ 1,411,085 | \$ 113,700 |

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2011 was 14.11% of annual covered payroll. The contribution requirements of plan members and the City are established by state statute.

Annual Pension Cost. For 2011, the City's annual pension cost of \$1,918,812 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8.00% investment rate of return (net of administrative expenses), (b) projected salary increase ranging from 4.61% to 7.75% per year, and (c) 0.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.50%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The City's unfunded actuarial accrued liability, if any, is being amortized as a level percentage of projected payrolls. The remaining amortization period is 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> |
|-----------------------------------|--|--|---|
| 9/30/2008 | \$ 1,463,564 | 100% | \$ - |
| 9/30/2009 | \$ 1,698,848 | 100% | \$ - |
| 9/30/2010 | \$ 1,822,132 | 100% | \$ - |

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Schedule of Funding Progress

| <i>Actuarial Valuation Date</i> | <i>Actuarial Value of Assets (a)</i> | <i>Actuarial Accrued Liability (AAL) - Entry Age (b)*</i> | <i>Unfunded AAL (UAAL) (b-a)</i> | <i>Funded Ratio (a/b)</i> | <i>Covered Payroll (c)</i> | <i>UAAL as a Percentage of Covered Payroll ((b-a)/c)</i> |
|---|--|---|--------------------------------------|-------------------------------|--------------------------------|--|
| 9/30/2008 | \$ 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 ¹ | \$ 40,901,544 | \$ 66,479,155 | \$ 25,577,611 | 61.5% | \$ 14,163,857 | 180.6% |
| 9/30/2010 ² | \$ 40,901,544 | \$ 66,645,790 | \$ 25,744,246 | 61.4% | \$ 14,162,857 | 181.8% |

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

¹ Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.

² Reflects the impact of Act 2011-27 as well as Act 2011-676, which increases the member contribution rates by 2.25% beginning October 2, 2011 and by an additional 0.25% beginning October 1, 2012.

POST-EMPLOYMENT BENEFITS

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

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

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

Fund Policy. Until Fiscal Year Ending September 20, 2008, the City recognized the cost of providing post-employment medical benefits (the City's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning October 1, 2008, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In fiscal Year Ending September 30, 2011, the City's portion of health care funding cost for retired employees totaled \$241,200. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Annual Required Contribution. The City's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2010 is \$400,146, as set forth below:

| | | |
|------------------------------------|----|---------|
| | | Medical |
| Normal Cost | \$ | 158,381 |
| 30-year UAL amortization amount | | 241,765 |
| | | 400,146 |
| Annual required contribution (ARC) | \$ | 400,146 |

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

| | | |
|---|--|-----------|
| | | Medical |
| 1. Beginning Net OPEB Obligation (Asset) 10/1/2010 | | \$158,375 |
| 2. Annual required contribution | | 400,146 |
| 3. Interest on Net OPEB Obligation (Asset): .04 X [1] | | 6,335 |
| 4. ARC Adjustment: [1]/17.292 | | 9,159 |
| 5. OPEB Cost: [2]+[3]-[4] | | 397,322 |
| 6. Contribution | | - |
| 7. Current year retiree premium | | 241,200 |
| 8. Change in Net OPEB Obligation: [5]-[6]-[7] | | 156,122 |
| 9. Ending Net OPEB Obligation: (Asset) 9/30/2011: [1]+[8] | | \$314,497 |

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

| Post- Employment Benefit | Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual Cost Contributed | Net OPEB Obligation (Asset) |
|--------------------------------|--------------------|---------------------|--|-----------------------------------|
| Medical | September 30, 2011 | \$397,322 | 60.71% | \$314,497 |

Funded Status and Funding Progress. During the year ending September 30, 2011, the City made no contributions to its post-employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of October 1, 2010, the most recent valuation, the Actuarial Accrued Liability (AAL) was \$4,180,850, 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. Since the plan was not funded in fiscal year 2010/2011, the entire actuarial accrued liability of \$4,180,850 was unfunded.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| | | |
|---|----|------------------|
| | | Medical |
| Actuarial Accrued Liability (AAL) | \$ | 4,180,850 |
| Actuarial Value of Plan Assets | | - |
| Unfunded Act. Accrued Liability (UAAL) | | <u>4,180,850</u> |
| Funded Ratio (Act. Val. Assets/AAL) | | 0% |
| | | |
| Covered Payroll (active plan members) | | 13,936,843 |
| UAAL as a percentage of covered payroll | | 30.00% |

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. Since the OPEB obligation has not as yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45, will be used.

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

| Age | Percent Turnover |
|---------|------------------|
| 18 - 25 | 25.0% |
| 26 - 40 | 18.0% |
| 41 - 54 | 14.0% |
| 55+ | 8.0% |

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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

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

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

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

The City is a party to an agreement with the Alabama Department of Transportation (the "State") whereby the State will construct \$4,000,000 of improvements to a road within the City limits using Federal Aid funds available to the State from the Federal Highway Administration (FHWA). Under this agreement, the project will be administered by the State and all costs will be financed, when eligible for Federal participation, on the basis of 80% Federal funds and 20% City funds up to a maximum of approximately \$3,200,000 of Federal funds as approved by the Auburn-Opelika Metropolitan Planning organization (MPO) in its Transportation Improvement Program. Costs in excess of the Federal fund maximum must be funded by the City or by reprogramming funds designated for future projects by the MPO so that additional Federal funds could be applied to a current project. Costs to complete the construction, engineering and inspection of the project have exceeded the original cost of \$4,000,000. The City has recorded an additional liability of \$784,000 at September 30, 2011, which is the estimated amount of the City's cost in excess of the \$700,000 previously paid by the City.

The City is a party to other 80/20 cost sharing agreements with the 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, 2011.

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

The City entered an agreement with ESG Operations, Inc. ("ESG") effective November 1, 2005, to operate, manage and provide services that the following divisions of the City were previously providing: 1) streets division, grounds maintenance division, building maintenance division, auto shop division, and cemeteries division of the Public Works Department; 2) wastewater treatment division and wastewater collection division of the Engineering Department, and effective January 2, 2006, 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, 2011 totals \$4,785,060. Included in the base fee is the repair and maintenance budget. The agreement states that if the budget is exceeded, then the City is obligated to reimburse ESG and if the budget is not exceeded, then the City is reimbursed the difference between the actual repair and maintenance expenditures and the budgeted amount. At the end of the contract year, \$113,112 remained in the repair and maintenance budget and was reimbursed to the City. At September 30, 2011, the City has recorded the entire amount related to the reimbursement in receivables. The initial term of the agreement is ten years commencing on November 1, 2005. The agreement includes termination clauses for both parties.

The City is a party to various inducement agreements with new industries that have constructed or have committed to construct various manufacturing and distribution facilities. These agreements include, among other items, commitments to make annual payments of \$264,000 to \$345,000 for ten years if certain employment benchmarks are met. Employment measurement points and payment times vary based on the industries' start dates.

On March 21, 2006, the City entered a Development Inducement Agreement between the City of Opelika, the Retirement Systems of Alabama (RSA) and the Utilities Board of the City of Opelika to induce RSA to develop and construct a planned residential community to consist of approximately 800 to 1,000 high quality homes and condominiums which will be know as "National Village". The City will pay RSA \$79,167 per month for 24 months for a total of \$1,900,000. At September 30, 2008, the City had fulfilled its obligation to pay RSA. These payments commenced on April 30, 2006. The City will also acquire and construct a new fire station in sufficient proximity to provide a six-minute response time. The fire station will be constructed within 24 months following notification from RSA to proceed with such construction. The City received notification from RSA to proceed with the construction of the fire station in January of 2009. During the year ended September 30, 2010, the City issued bonds to fund this project and has developed construction plans for the fire station. As of our report date, construction of the fire station is in progress.

On November 21, 2007, the City entered into a project development agreement to encourage the development of a major retail project expected to consist of retail space, restaurants and a hotel located at the Tiger Town Shopping Center. The City has agreed to pay the developer 50% of the future sales taxes generated from this project in annual installments beginning the November 17th that immediately follows the commencement date. The City made its first payment related to this obligation in November of 2009. The total amount due related to this agreement as of September 30, 2011 totaled \$348,867. 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, 2011, the City had made payments totaling \$632,632 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

CITY OF OPELIKA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2011, 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, 2011, this project was not yet complete.

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 the payment date which the City pays the developers \$640,000. 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.

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, 2011.

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, 2011

| <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 | \$ 16,712,000 | \$ 16,712,000 | \$ 17,709,146 | \$ 997,146 |
| Property: | | | | |
| Property: | 3,146,000 | 3,146,000 | 3,058,746 | (87,254) |
| Payments in lieu of taxes | 12,000 | 12,000 | 3,404 | (8,596) |
| | <u>3,158,000</u> | <u>3,158,000</u> | <u>3,062,150</u> | <u>(95,850)</u> |
| Other: | | | | |
| Gasoline | 780,000 | 780,000 | 739,836 | (40,164) |
| Cigarette | 97,000 | 97,000 | 97,401 | 401 |
| Rental | 517,000 | 517,000 | 417,000 | (100,000) |
| Wine | 24,000 | 24,000 | 24,442 | 442 |
| | <u>1,418,000</u> | <u>1,418,000</u> | <u>1,278,679</u> | <u>(139,321)</u> |
| Total taxes | <u>21,288,000</u> | <u>21,288,000</u> | <u>22,049,975</u> | <u>761,975</u> |
| Special assessments | <u>12,000</u> | <u>12,000</u> | <u>19,211</u> | <u>7,211</u> |
| Licenses and permits: | | | | |
| Occupational | <u>7,938,000</u> | <u>7,938,000</u> | <u>8,028,982</u> | <u>90,982</u> |
| Business: | | | | |
| General | 2,673,000 | 2,673,000 | 2,590,194 | (82,806) |
| Lodging | 470,000 | 470,000 | 487,602 | 17,602 |
| Franchise fee | 94,000 | 94,000 | 95,934 | 1,934 |
| | <u>3,237,000</u> | <u>3,237,000</u> | <u>3,173,730</u> | <u>(63,270)</u> |
| Telecommunications fees | - | - | 14,323 | 14,323 |
| Permits and inspections | <u>360,000</u> | <u>360,000</u> | <u>267,237</u> | <u>(92,763)</u> |
| Total licenses and permits | <u>11,535,000</u> | <u>11,535,000</u> | <u>11,484,272</u> | <u>(50,728)</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <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 | 97,813 | 813 |
| Shared state revenue: | | | | |
| Bank excise tax | 8,000 | 8,000 | 17,544 | 9,544 |
| Business privilege tax | 69,000 | 69,000 | 70,210 | 1,210 |
| Share of liquor tax profits | 81,000 | 81,000 | 81,700 | 700 |
| State asset forfeiture | - | 44,489 | 20,833 | (23,656) |
| | <u>158,000</u> | <u>202,489</u> | <u>190,287</u> | <u>(12,202)</u> |
| Shared federal revenue: | | | | |
| Federal asset forfeiture | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other: | | | | |
| Grants | | | | |
| Federal | 120,347 | 120,347 | 28,872 | (91,475) |
| State | - | 51,798 | 62,857 | 11,059 |
| Lee County | 38,000 | 38,000 | 50,000 | 12,000 |
| | <u>158,347</u> | <u>210,145</u> | <u>141,729</u> | <u>(68,416)</u> |
| Total intergovernmental revenue | <u>413,347</u> | <u>509,634</u> | <u>429,829</u> | <u>(79,805)</u> |
| Charges for services: | | | | |
| Administration | | | | |
| Other governments | 22,000 | 22,000 | 21,826 | (174) |
| | <u>22,000</u> | <u>22,000</u> | <u>21,826</u> | <u>(174)</u> |
| Public safety: | | | | |
| Board of Education | 12,000 | 12,000 | 12,000 | - |
| Housing Authority | 70,000 | 70,000 | 70,000 | - |
| Water Works Board | - | 21,666 | 21,666 | - |
| Other | - | 52,329 | 80,449 | 28,120 |
| Towing, fire calls, and fire training | - | 1,438 | 1,438 | - |
| | <u>82,000</u> | <u>157,433</u> | <u>185,553</u> | <u>28,120</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <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 | - | - | 61,374 | 61,374 |
| Other | - | 12,000 | 12,000 | - |
| | <u>-</u> | <u>12,000</u> | <u>73,374</u> | <u>61,374</u> |
| Health: | | | | |
| Graves and monuments | 107,000 | 112,400 | 100,569 | (11,831) |
| Evergreen cemetery | 2,000 | 2,000 | - | (2,000) |
| | <u>109,000</u> | <u>114,400</u> | <u>100,569</u> | <u>(13,831)</u> |
| Culture and recreation: | | | | |
| Entry fees and concessions | 1,379,000 | 1,381,000 | 1,327,379 | (53,621) |
| Total charges for services | <u>1,592,000</u> | <u>1,686,833</u> | <u>1,708,701</u> | <u>21,868</u> |
| Fines and forfeitures: | | | | |
| Public safety: | | | | |
| Fines and costs | 595,000 | 595,000 | 447,719 | (147,281) |
| Culture and recreation: | | | | |
| Fines | - | - | 36,350 | 36,350 |
| Total fines and forfeits | <u>595,000</u> | <u>595,000</u> | <u>484,069</u> | <u>(110,931)</u> |
| Miscellaneous revenues: | | | | |
| Interest earnings | 293,000 | 293,000 | 137,927 | (155,073) |
| Other: | | | | |
| Rental income | 62,000 | 62,000 | 56,728 | (5,272) |
| Contributions | - | 15,307 | 21,037 | 5,730 |
| Cemetery lots | 102,000 | 102,000 | 58,280 | (43,720) |
| Miscellaneous | 122,000 | 128,025 | 30,237 | (97,788) |
| Total other | <u>286,000</u> | <u>307,332</u> | <u>166,282</u> | <u>(141,050)</u> |
| Total miscellaneous revenues | <u>579,000</u> | <u>600,332</u> | <u>304,209</u> | <u>(296,123)</u> |
| Total revenues | <u>36,014,347</u> | <u>36,226,799</u> | <u>36,480,266</u> | <u>253,467</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <i>FUNCTION/DEPARTMENT/OBJECT</i> | <i>ORIGINAL BUDGET</i> | <i>FINAL BUDGET</i> | <i>ACTUAL</i> | <i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i> |
|--|-----------------------------------|--------------------------------|----------------------|---|
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Mayor: | | | | |
| Personal services | 122,918 | 125,422 | 120,191 | (5,231) |
| Other | 269,020 | 142,678 | 51,490 | (91,188) |
| Total mayor | <u>391,938</u> | <u>268,100</u> | <u>171,681</u> | <u>(96,419)</u> |
| Administration: | | | | |
| Personal services | 218,976 | 218,976 | 220,686 | 1,710 |
| Services provided to other funds | (1,200) | (1,200) | (1,200) | - |
| Other | 247,850 | 335,997 | 306,642 | (29,355) |
| Total administration | <u>465,626</u> | <u>553,773</u> | <u>526,128</u> | <u>(27,645)</u> |
| Legislative - City Clerk: | | | | |
| Personal services | 175,257 | 175,257 | 176,018 | 761 |
| Other | 271,685 | 223,035 | 176,518 | (46,517) |
| Total legislative | <u>446,942</u> | <u>398,292</u> | <u>352,536</u> | <u>(45,756)</u> |
| Other: | | | | |
| Revenue: | | | | |
| Personal services | 474,712 | 496,645 | 501,264 | 4,619 |
| Services provided other funds | (380,500) | (380,500) | (380,500) | - |
| Other | 159,025 | 171,627 | 136,526 | (35,101) |
| Total revenue | <u>253,237</u> | <u>287,772</u> | <u>257,290</u> | <u>(30,482)</u> |
| Accounting: | | | | |
| Personal services | 368,057 | 390,023 | 362,801 | (27,222) |
| Services provided other funds | (95,037) | (95,039) | (95,039) | - |
| Other | 79,198 | 92,220 | 64,005 | (28,215) |
| Total accounting | <u>352,218</u> | <u>387,204</u> | <u>331,767</u> | <u>(55,437)</u> |
| Community relations: | | | | |
| Personal services | 66,169 | 66,169 | 65,689 | (480) |
| Other | 60,375 | 75,581 | 53,259 | (22,322) |
| Total community relations | <u>126,544</u> | <u>141,750</u> | <u>118,948</u> | <u>(22,802)</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <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 | 547,672 | 547,672 | 468,724 | (78,948) |
| Services provided other funds | (193,305) | (193,305) | (193,305) | - |
| Other | 643,265 | 703,210 | 547,716 | (155,494) |
| | <u>997,632</u> | <u>1,057,577</u> | <u>823,135</u> | <u>(234,442)</u> |
| Judicial: | | | | |
| Personal services | 228,318 | 229,318 | 225,679 | (3,639) |
| Other | 148,430 | 151,242 | 135,373 | (15,869) |
| | <u>376,748</u> | <u>380,560</u> | <u>361,052</u> | <u>(19,508)</u> |
| Human resources administration: | | | | |
| Personal services | 203,472 | 203,472 | 188,945 | (14,527) |
| Other | 166,056 | 204,468 | 156,598 | (47,870) |
| | <u>369,528</u> | <u>407,940</u> | <u>345,543</u> | <u>(62,397)</u> |
| Planning: | | | | |
| Personal services | 329,651 | 329,651 | 307,004 | (22,647) |
| Other | 99,480 | 128,048 | 67,924 | (60,124) |
| | <u>429,131</u> | <u>457,699</u> | <u>374,928</u> | <u>(82,771)</u> |
| Purchasing: | | | | |
| Personal services | 250,306 | 250,306 | 240,566 | (9,740) |
| Services provided other funds | (24,415) | (24,415) | (24,415) | - |
| Other | 14,740 | 15,338 | 9,494 | (5,844) |
| | <u>240,631</u> | <u>241,229</u> | <u>225,645</u> | <u>(15,584)</u> |
| Nondepartmental: | | | | |
| Auburn-Opelika Airport | 121,647 | 121,647 | 142,227 | 20,580 |
| Lee-Russell Council of Governments | 108,400 | 108,400 | 108,400 | - |
| Opelika Chamber of Commerce | 70,000 | 71,250 | 71,250 | - |
| Opelika Industrial Development Authority | 125,000 | 125,000 | 125,000 | - |
| Lee County Extension Service | 10,000 | 10,000 | 10,000 | - |
| Envision Opelika | 5,000 | 7,500 | 7,500 | - |
| Downtown Development Authority | 4,500 | 4,500 | 4,500 | - |
| Main Street, Inc. | 15,000 | 16,500 | 16,500 | - |
| Other | 10,000 | 10,000 | 10,000 | - |
| | <u>469,547</u> | <u>474,797</u> | <u>495,377</u> | <u>20,580</u> |
| Total other | <u>3,615,216</u> | <u>3,836,528</u> | <u>3,333,685</u> | <u>(502,843)</u> |
| Total general government | <u>4,919,722</u> | <u>5,056,693</u> | <u>4,384,030</u> | <u>(672,663)</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <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 | 6,140,815 | 6,170,812 | 5,846,482 | (324,330) |
| Other | 1,650,913 | 1,925,363 | 1,750,848 | (174,515) |
| Total police | <u>7,791,728</u> | <u>8,096,175</u> | <u>7,597,330</u> | <u>(498,845)</u> |
| Fire: | | | | |
| Personal services | 4,216,965 | 4,245,620 | 4,076,560 | (169,060) |
| Other | 464,615 | 509,709 | 444,833 | (64,876) |
| Total fire | <u>4,681,580</u> | <u>4,755,329</u> | <u>4,521,393</u> | <u>(233,936)</u> |
| Other: | | | | |
| Nondepartmental: | | | | |
| National Guard | 1,000 | 1,000 | 1,000 | - |
| Juvenile Court | 15,000 | 15,000 | 15,000 | - |
| Lee County Emergency Management | 46,000 | 46,000 | 46,000 | - |
| Emergency Medical Service | 289,476 | 289,476 | 289,476 | - |
| Other | - | - | - | - |
| Total other | <u>351,476</u> | <u>351,476</u> | <u>351,476</u> | <u>-</u> |
| Total public safety | <u>12,824,784</u> | <u>13,202,980</u> | <u>12,470,199</u> | <u>(732,781)</u> |
| Public works: | | | | |
| Highways and streets | | | | |
| Personal services | 9,035 | 9,035 | 5,389 | (3,646) |
| Other | 961,628 | 974,380 | 989,088 | 14,708 |
| Total highways and streets | <u>970,663</u> | <u>983,415</u> | <u>994,477</u> | <u>11,062</u> |
| Engineering: | | | | |
| Personal services | 435,106 | 435,106 | 339,273 | (95,833) |
| Other | 93,770 | 200,087 | 157,776 | (42,311) |
| Total engineering | <u>528,876</u> | <u>635,193</u> | <u>497,049</u> | <u>(138,144)</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <i>FUNCTION/DEPARTMENT/OBJECT</i> | <i>ORIGINAL BUDGET</i> | <i>FINAL BUDGET</i> | <i>ACTUAL</i> | <i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i> |
|-----------------------------------|----------------------------|-------------------------|------------------|--|
| Other: | | | | |
| Administration: | | | | |
| Personal services | - | - | - | - |
| Services provided other funds | - | - | - | - |
| Other | 328,394 | 328,454 | 315,273 | (13,181) |
| | <u>328,394</u> | <u>328,454</u> | <u>315,273</u> | <u>(13,181)</u> |
| Cemetery: | | | | |
| Personal services | - | - | - | - |
| Other | 174,986 | 181,996 | 181,657 | (339) |
| | <u>174,986</u> | <u>181,996</u> | <u>181,657</u> | <u>(339)</u> |
| Automotive shop: | | | | |
| Personal services | - | - | - | - |
| Other | 314,888 | 329,567 | 304,723 | (24,844) |
| | <u>314,888</u> | <u>329,567</u> | <u>304,723</u> | <u>(24,844)</u> |
| Building maintenance: | | | | |
| Personal services | 3,744 | 3,744 | 3,744 | - |
| Other | 289,565 | 291,395 | 283,974 | (7,421) |
| | <u>293,309</u> | <u>295,139</u> | <u>287,718</u> | <u>(7,421)</u> |
| Inspection: | | | | |
| Personal services | 356,357 | 356,357 | 354,458 | (1,899) |
| Other | 22,700 | 23,782 | 25,470 | 1,688 |
| | <u>379,057</u> | <u>380,139</u> | <u>379,928</u> | <u>(211)</u> |
| Ground maintenance: | | | | |
| Personal services | - | - | - | - |
| Other | 481,052 | 499,298 | 502,491 | 3,193 |
| | <u>481,052</u> | <u>499,298</u> | <u>502,491</u> | <u>3,193</u> |
| Total other | <u>1,971,686</u> | <u>2,014,593</u> | <u>1,971,790</u> | <u>(42,803)</u> |
| Total public works | <u>3,471,225</u> | <u>3,633,201</u> | <u>3,463,316</u> | <u>(169,885)</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <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 | 48,480 | 48,480 | 48,559 | 79 |
| Other | 6,160 | 6,160 | 4,705 | (1,455) |
| | <u>54,640</u> | <u>54,640</u> | <u>53,264</u> | <u>(1,376)</u> |
| Other: | | | | |
| Nondepartmental: | | | | |
| Lee County Health Department | 46,800 | 46,800 | 46,800 | - |
| East Alabama Mental Health | 47,500 | 47,500 | 47,500 | - |
| Valley Haven School | 2,000 | 2,000 | 2,000 | - |
| Lee County Humane Society | 67,126 | 67,126 | 67,126 | - |
| Sickle Cell Association | 1,500 | 1,500 | 1,500 | - |
| Substance Abuse | 47,500 | 47,500 | 47,500 | - |
| Child Care Alliance | 1,800 | 1,800 | 1,800 | - |
| Red Cross | 10,000 | 10,000 | 10,000 | - |
| Other | - | 7,800 | 7,800 | - |
| Total other | <u>224,226</u> | <u>232,026</u> | <u>232,026</u> | <u>-</u> |
| Total health | <u>278,866</u> | <u>286,666</u> | <u>285,290</u> | <u>(1,376)</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 | 41,250 | 41,250 | - |
| Council on Human Relations | 20,000 | 20,000 | 20,000 | - |
| Storybook Farms | 8,000 | 8,000 | 8,000 | - |
| Other | - | 4,500 | 4,500 | - |
| Total welfare | <u>105,000</u> | <u>115,750</u> | <u>115,750</u> | <u>-</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <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 | 1,536,886 | 1,558,183 | 1,412,087 | (146,096) |
| Other | <u>3,312,136</u> | <u>3,398,381</u> | <u>3,406,709</u> | <u>8,328</u> |
| Total parks and recreation | <u>4,849,022</u> | <u>4,956,564</u> | <u>4,818,796</u> | <u>(137,768)</u> |
| Library: | | | | |
| Personal services | 504,540 | 516,661 | 480,814 | (35,847) |
| Other | <u>181,140</u> | <u>257,151</u> | <u>200,383</u> | <u>(56,768)</u> |
| Total library | <u>685,680</u> | <u>773,812</u> | <u>681,197</u> | <u>(92,615)</u> |
| Other: | | | | |
| Nondepartmental: | | | | |
| Opelika Tree Commission | 7,000 | 7,000 | - | (7,000) |
| Keep Opelika Beautiful | 35,000 | 36,600 | 36,600 | - |
| Museum of East Alabama | 22,500 | 22,500 | 22,500 | - |
| Opelika Arts Association | 25,000 | 30,000 | 30,000 | - |
| Museum of Art | 5,000 | 5,000 | 5,000 | - |
| Other | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other | <u>94,500</u> | <u>101,100</u> | <u>94,100</u> | <u>(7,000)</u> |
| Total culture and recreation | <u>5,629,202</u> | <u>5,831,476</u> | <u>5,594,093</u> | <u>(237,383)</u> |
| Economic development: | | | | |
| Personal services | 352,684 | 396,613 | 351,143 | (45,470) |
| Other | <u>213,350</u> | <u>220,165</u> | <u>139,670</u> | <u>(80,495)</u> |
| Total | <u>566,034</u> | <u>616,778</u> | <u>490,813</u> | <u>(125,965)</u> |
| Nondepartmental: | | | | |
| Industrial incentives | 283,750 | 283,750 | 239,479 | (44,271) |
| Commercial incentives | <u>260,000</u> | <u>260,000</u> | <u>376,409</u> | <u>116,409</u> |
| Total | <u>543,750</u> | <u>543,750</u> | <u>615,888</u> | <u>72,138</u> |
| Total economic development | <u>1,109,784</u> | <u>1,160,528</u> | <u>1,106,701</u> | <u>(53,827)</u> |
| Education: | <u>3,003,000</u> | <u>3,008,250</u> | <u>3,056,129</u> | <u>47,879</u> |
| Capital outlay: | <u>943,510</u> | <u>5,146,711</u> | <u>1,883,754</u> | <u>(3,262,957)</u> |

CITY OF OPELIKA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011

| <i>FUNCTION/DEPARTMENT/OBJECT</i> | <i>ORIGINAL BUDGET</i> | <i>FINAL BUDGET</i> | <i>ACTUAL</i> | <i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i> |
|---|-----------------------------------|--------------------------------|----------------------|---|
| Debt service: | | | | |
| Principal | 448,305 | 448,305 | 464,738 | 16,433 |
| Interest | 280,867 | 280,867 | 288,565 | 7,698 |
| Trustee fees | 38,829 | 38,829 | 8,500 | (30,329) |
| Total debt service | <u>768,001</u> | <u>768,001</u> | <u>761,803</u> | <u>(6,198)</u> |
| Total expenditures | <u>33,053,094</u> | <u>38,210,256</u> | <u>33,121,065</u> | <u>(5,089,191)</u> |
| Excess of revenues over (under) expenditures | <u>2,961,253</u> | <u>(1,983,457)</u> | <u>3,359,201</u> | <u>5,342,659</u> |
| Other financing sources (uses): | | | | |
| Capital lease | - | - | 21,709 | 21,709 |
| Sale of fixed assets | - | 40,689 | 40,928 | 239 |
| Transfers from Electric Utility Fund | 2,616,452 | 2,624,149 | 2,638,440 | 14,291 |
| Transfers from Nonmajor Special Revenue Fund | 137,700 | 175,700 | 38,003 | (137,697) |
| Transfers from Nonmajor Debt Service Fund | - | - | 65,427 | 65,427 |
| Transfers from Garden Hills Cemetery Trust Fund | 20,000 | 20,000 | 5,353 | (14,647) |
| Transfers from General Obligation Debt Service Fund | - | - | 136 | 136 |
| Transfer to Sewer Fund | - | (51,590) | (50,904) | 686 |
| Transfers to General Obligation Debt Service Funds | (1,981,238) | (1,981,238) | (1,479,554) | 501,684 |
| Transfers to 2003A General Obligation Warrants Debt Service Fund | (1,311,350) | (1,311,350) | (1,311,232) | 118 |
| Transfers to Sportsplex Fund | (1,985,333) | (1,985,333) | (1,989,988) | (4,655) |
| Transfers to Garden Hills Cemetery Perpetual Care Trust Fund | (12,000) | (12,000) | (14,563) | (2,563) |
| Transfers to Community Development Fund | (10,000) | (10,000) | (3,357) | 6,643 |
| Transfers to Nonmajor Capital Projects Fund | - | (187,597) | (129,685) | 57,912 |
| Transfers to Health Insurance Fund | (116,850) | (116,850) | - | 116,850 |
| Transfer to Solid Waste Collection Fund | (83,816) | (83,816) | - | 83,816 |
| Total other financing sources (uses) | <u>(2,726,435)</u> | <u>(2,879,236)</u> | <u>(2,169,287)</u> | <u>709,949</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | 234,818 | (4,862,693) | 1,189,914 | 6,052,607 |
| Fund balance, beginning of year | <u>20,240,063</u> | <u>20,240,063</u> | <u>20,240,063</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 20,474,881</u> | <u>\$ 15,377,370</u> | <u>\$ 21,429,977</u> | <u>\$ 6,052,607</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, 2011

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u> |
|---|-----------------------------------|--------------------------------|----------------------|---|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 5,600,000 | \$ 5,600,000 | \$ 6,132,954 | \$ 532,954 |
| Investment income | - | - | 9,006 | 9,006 |
| Contributions | - | - | - | - |
| Total revenues | <u>5,600,000</u> | <u>5,600,000</u> | <u>6,141,960</u> | <u>541,960</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Education | <u>3,786,756</u> | <u>3,155,283</u> | <u>4,487,267</u> | <u>1,331,984</u> |
| Total expenditures | <u>3,786,756</u> | <u>3,155,283</u> | <u>4,487,267</u> | <u>1,331,984</u> |
| Excess of revenues over (under) expenditures | <u>1,813,244</u> | <u>2,444,717</u> | <u>1,654,693</u> | <u>(790,024)</u> |
| Other financing sources (uses): | | | | |
| Transfers to other funds | <u>(1,813,244)</u> | <u>(2,444,717)</u> | <u>(1,654,693)</u> | <u>790,024</u> |
| Total other financing sources (uses) | <u>(1,813,244)</u> | <u>(2,444,717)</u> | <u>(1,654,693)</u> | <u>790,024</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

This page intentionally left blank

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, 2011

| | <u>SPECIAL REVENUE FUNDS</u> | <u>DEBT SERVICE FUNDS</u> | <u>CAPITAL PROJECTS FUNDS</u> | <u>GARDEN HILLS CEMETERY PERMANENT FUND</u> | <u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u> |
|---|----------------------------------|-------------------------------|-----------------------------------|---|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,278,470 | \$ 49,651 | \$ 1,010,417 | \$ - | \$ 4,338,538 |
| Certificates of deposit | 4,000,000 | 8,000 | - | - | 4,008,000 |
| Investments | 5,891 | 1,598,962 | 867,048 | 644,458 | 3,116,359 |
| Receivables | 2,380,190 | - | 70,489 | 1,810 | 2,452,489 |
| Due from other funds | - | - | - | 5,625 | 5,625 |
| Due from other governments | 49,817 | - | 594,674 | - | 644,491 |
| Total current assets | <u>9,714,368</u> | <u>1,656,613</u> | <u>2,542,628</u> | <u>651,893</u> | <u>14,565,502</u> |
| Other assets: | | | | | |
| Deposits | 71,696 | - | - | - | 71,696 |
| Total other assets | <u>71,696</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>71,696</u> |
| Total assets | <u>\$ 9,786,064</u> | <u>\$ 1,656,613</u> | <u>\$ 2,542,628</u> | <u>\$ 651,893</u> | <u>\$ 14,637,198</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 58,516 | \$ - | \$ 173,988 | \$ 349 | \$ 232,853 |
| Retainage payable | - | - | 16,009 | - | 16,009 |
| Accrued payroll and benefits | 784 | - | - | - | 784 |
| Due to other funds | 78,089 | 131,655 | 586,806 | 1,010 | 797,560 |
| Deferred revenues | 2,340,205 | - | 599,866 | - | 2,940,071 |
| Matured bonds and interest payable | - | 506,628 | - | - | 506,628 |
| Total liabilities | <u>2,477,594</u> | <u>638,283</u> | <u>1,376,669</u> | <u>1,359</u> | <u>4,493,905</u> |
| Fund Balances: | | | | | |
| Nonspendable | 71,696 | - | - | 650,534 | 722,230 |
| Restricted | 2,058,311 | 1,018,330 | 1,629,279 | - | 4,705,920 |
| Assigned | 5,178,463 | - | - | - | 5,178,463 |
| Unassigned | - | - | (463,320) | - | (463,320) |
| Total fund balance | <u>7,308,470</u> | <u>1,018,330</u> | <u>1,165,959</u> | <u>650,534</u> | <u>10,143,293</u> |
| Total liabilities and fund balances | <u>\$ 9,786,064</u> | <u>\$ 1,656,613</u> | <u>\$ 2,542,628</u> | <u>\$ 651,893</u> | <u>\$ 14,637,198</u> |

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u>SPECIAL REVENUE FUNDS</u> | <u>DEBT SERVICE FUNDS</u> | <u>CAPITAL PROJECTS FUNDS</u> | <u>GARDEN HILLS CEMETERY PERMANENT FUND</u> | <u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u> |
|--|----------------------------------|-------------------------------|-----------------------------------|---|--|
| Revenues: | | | | | |
| Intergovernmental | \$ 667,162 | \$ - | \$ 468,598 | \$ - | \$ 1,135,760 |
| Investment income | 51,948 | 450 | 4,713 | 31,706 | 88,817 |
| Grant income | - | - | 127,477 | - | 127,477 |
| Contributions | 374,246 | - | - | - | 374,246 |
| Other | 248,493 | - | - | - | 248,493 |
| Total revenues | <u>1,341,849</u> | <u>450</u> | <u>600,788</u> | <u>31,706</u> | <u>1,974,793</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 244,450 | - | - | 4,798 | 249,248 |
| Public safety | 517,840 | - | - | - | 517,840 |
| Public works | 8,419 | - | - | - | 8,419 |
| Culture and recreation | 68,999 | - | - | - | 68,999 |
| Economic development and urban rehabilitation | 64,833 | - | - | - | 64,833 |
| Capital outlay | 538,746 | - | 1,667,248 | - | 2,205,994 |
| Debt service: | | | | | |
| Principal retirement | - | 4,025,000 | - | - | 4,025,000 |
| Interest and fiscal charges | - | 2,205,948 | - | - | 2,205,948 |
| Total expenditures | <u>1,443,287</u> | <u>6,230,948</u> | <u>1,667,248</u> | <u>4,798</u> | <u>9,346,281</u> |
| Excess of revenues over (under) expenditures | <u>(101,438)</u> | <u>(6,230,498)</u> | <u>(1,066,460)</u> | <u>26,908</u> | <u>(7,371,488)</u> |
| Other financing sources (uses): | | | | | |
| Appropriations | - | - | - | - | - |
| Transfers from governmental funds | 1,993,346 | 6,217,325 | 129,683 | 14,563 | 8,354,917 |
| Transfers to governmental funds | <u>(1,809,847)</u> | <u>(48,016)</u> | <u>(17,548)</u> | <u>(5,353)</u> | <u>(1,880,764)</u> |
| Total other financing sources (uses) | <u>183,499</u> | <u>6,169,309</u> | <u>112,135</u> | <u>9,210</u> | <u>6,474,153</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | 82,061 | (61,189) | (954,325) | 36,118 | (897,335) |
| Fund balances, beginning of year | <u>7,226,409</u> | <u>1,079,519</u> | <u>2,120,284</u> | <u>614,416</u> | <u>11,040,628</u> |
| Fund balances, end of year | <u>\$ 7,308,470</u> | <u>\$ 1,018,330</u> | <u>\$ 1,165,959</u> | <u>\$ 650,534</u> | <u>\$ 10,143,293</u> |

This page intentionally left blank

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, 2011

| <i>ASSETS</i> | <i>\$0.07 STATE GASOLINE TAX FUND</i> | <i>\$0.04 & \$0.05 STATE GASOLINE TAX FUND</i> | <i>CAPITAL IMPROVEMENT FUND</i> | <i>COMMUNITY DEVELOPMENT FUNDS</i> | <i>ROAD MAINTENANCE FUND</i> | <i>SPORTSPLEX FUND</i> | <i>ROSEMERE CEMENTERY FUND</i> | <i>LODGING TAX FUND</i> | <i>COOPER LIBRARY EXPENDABLE TRUST FUND</i> | <i>COMBINED TOTALS</i> |
|--------------------------------------|---|--|---|--|--------------------------------------|----------------------------|--|-----------------------------|---|----------------------------|
| Cash and cash equivalents | \$ 117,462 | \$ 22,009 | \$ 197,234 | \$ 121,470 | \$ 1,632,302 | \$ 524,265 | \$ 1,431 | \$ 662,297 | \$ - | \$ 3,278,470 |
| Certificates of deposit | - | - | - | - | - | 4,000,000 | - | - | - | 4,000,000 |
| Investments | - | - | - | - | - | - | - | - | 5,891 | 5,891 |
| Other receivables | - | - | - | 43,337 | - | 2,311,750 | - | 25,103 | - | 2,380,190 |
| Due from other governments | 12,393 | 9,645 | - | 27,779 | - | - | - | - | - | 49,817 |
| Total current assets | <u>129,855</u> | <u>31,654</u> | <u>197,234</u> | <u>192,586</u> | <u>1,632,302</u> | <u>6,836,015</u> | <u>1,431</u> | <u>687,400</u> | <u>5,891</u> | <u>9,714,368</u> |
| Other assets: | | | | | | | | | | |
| Deposits | - | - | - | - | - | - | - | 71,696 | - | 71,696 |
| Total other assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>71,696</u> | <u>-</u> | <u>71,696</u> |
| Total assets | <u>\$ 129,855</u> | <u>\$ 31,654</u> | <u>\$ 197,234</u> | <u>\$ 192,586</u> | <u>\$ 1,632,302</u> | <u>\$ 6,836,015</u> | <u>\$ 1,431</u> | <u>\$ 759,096</u> | <u>\$ 5,891</u> | <u>\$ 9,786,064</u> |
| <i>LIABILITIES AND FUND BALANCES</i> | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 18,480 | \$ 5,120 | \$ - | \$ 6,373 | \$ - | 28,543 | \$ - | \$ 58,516 |
| Accrued payroll and benefits | - | - | - | 784 | - | - | - | - | - | 784 |
| Due to other funds | - | - | - | 77,697 | - | - | 392 | - | - | 78,089 |
| Deferred revenues | - | - | - | 83,455 | - | 2,256,750 | - | - | - | 2,340,205 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>18,480</u> | <u>167,056</u> | <u>-</u> | <u>2,263,123</u> | <u>392</u> | <u>28,543</u> | <u>-</u> | <u>2,477,594</u> |
| Fund balances: | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | 71,696 | - | 71,696 |
| Restricted | 129,855 | 31,654 | 178,754 | 25,530 | - | 1,691,479 | 1,039 | - | - | 2,058,311 |
| Assigned | - | - | - | - | 1,632,302 | 2,881,413 | - | 658,857 | 5,891 | 5,178,463 |
| Total fund balance | <u>129,855</u> | <u>31,654</u> | <u>178,754</u> | <u>25,530</u> | <u>1,632,302</u> | <u>4,572,892</u> | <u>1,039</u> | <u>730,553</u> | <u>5,891</u> | <u>7,308,470</u> |
| Total liabilities and fund balances | <u>\$ 129,855</u> | <u>\$ 31,654</u> | <u>\$ 197,234</u> | <u>\$ 192,586</u> | <u>\$ 1,632,302</u> | <u>\$ 6,836,015</u> | <u>\$ 1,431</u> | <u>\$ 759,096</u> | <u>\$ 5,891</u> | <u>\$ 9,786,064</u> |

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u>\$0.07 STATE GASOLINE TAX FUND</u> | <u>\$0.04 & \$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 | \$ 73,549 | \$ 57,340 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 130,889 |
| Alabama trust fund | - | - | 148,247 | - | - | - | - | - | - | 148,247 |
| Federal grants | - | - | - | 388,026 | - | - | - | - | - | 388,026 |
| Total intergovernmental | <u>73,549</u> | <u>57,340</u> | <u>148,247</u> | <u>388,026</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>667,162</u> |
| Business licenses and permits | - | - | - | - | - | - | - | 248,493 | - | 248,493 |
| Miscellaneous: | | | | | | | | | | |
| Investment income | 52 | (3) | 918 | 43 | 16,077 | 35,039 | 32 | - | (210) | 51,948 |
| Contributions | - | - | - | - | - | 374,246 | - | - | - | 374,246 |
| Total miscellaneous | <u>52</u> | <u>(3)</u> | <u>918</u> | <u>43</u> | <u>16,077</u> | <u>409,285</u> | <u>32</u> | <u>-</u> | <u>(210)</u> | <u>426,194</u> |
| Total revenues | <u>73,601</u> | <u>57,337</u> | <u>149,165</u> | <u>388,069</u> | <u>16,077</u> | <u>409,285</u> | <u>32</u> | <u>248,493</u> | <u>(210)</u> | <u>1,341,849</u> |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | - | 244,450 | - | - | - | - | - | 244,450 |
| Public safety | - | - | - | 139,210 | - | 378,630 | - | - | - | 517,840 |
| Public works | - | - | - | - | - | - | 8,419 | - | - | 8,419 |
| Culture and recreation | - | - | - | - | - | 68,999 | - | - | - | 68,999 |
| Economic development and urban rehabilitation | - | - | - | - | - | - | - | 64,833 | - | 64,833 |
| Total current expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>383,660</u> | <u>-</u> | <u>447,629</u> | <u>8,419</u> | <u>64,833</u> | <u>-</u> | <u>904,541</u> |
| Capital outlay | 72,000 | 54,000 | 174,480 | 98,372 | 46,427 | 93,467 | - | - | - | 538,746 |
| Total expenditures | <u>72,000</u> | <u>54,000</u> | <u>174,480</u> | <u>482,032</u> | <u>46,427</u> | <u>541,096</u> | <u>8,419</u> | <u>64,833</u> | <u>-</u> | <u>1,443,287</u> |
| Excess revenues over (under) expenditures | <u>1,601</u> | <u>3,337</u> | <u>(25,315)</u> | <u>(93,963)</u> | <u>(30,350)</u> | <u>(131,811)</u> | <u>(8,387)</u> | <u>183,660</u> | <u>(210)</u> | <u>(101,438)</u> |
| Other financing resources (uses): | | | | | | | | | | |
| Transfers from governmental funds | - | - | - | 3,358 | - | 1,989,988 | - | - | - | 1,993,346 |
| Transfers to governmental funds | - | - | - | (3) | - | (1,771,844) | - | (38,000) | - | (1,809,847) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,355</u> | <u>-</u> | <u>218,144</u> | <u>-</u> | <u>(38,000)</u> | <u>-</u> | <u>183,499</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>1,601</u> | <u>3,337</u> | <u>(25,315)</u> | <u>(90,608)</u> | <u>(30,350)</u> | <u>86,333</u> | <u>(8,387)</u> | <u>145,660</u> | <u>(210)</u> | <u>82,061</u> |
| Fund balances, beginning of year | 128,254 | 28,317 | 204,069 | 116,138 | 1,662,652 | 4,486,559 | 9,426 | 584,893 | 6,101 | 7,226,409 |
| Fund balances, end of year | <u>\$ 129,855</u> | <u>\$ 31,654</u> | <u>\$ 178,754</u> | <u>\$ 25,530</u> | <u>\$ 1,632,302</u> | <u>\$ 4,572,892</u> | <u>\$ 1,039</u> | <u>\$ 730,553</u> | <u>\$ 5,891</u> | <u>\$ 7,308,470</u> |

This page intentionally left blank

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, 2011

| | <u>GENERAL OBLIGATION WARRANTS</u> | <u>GENERAL OBLIGATION SCHOOL WARRANTS</u> | <u>COMBINED TOTALS</u> |
|--------------------------------------|--|---|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 48,177 | \$ 1,474 | \$ 49,651 |
| Certificates of deposit | 8,000 | - | 8,000 |
| Investments | <u>1,153,403</u> | <u>445,559</u> | <u>1,598,962</u> |
| Total assets | <u>\$ 1,209,580</u> | <u>\$ 447,033</u> | <u>\$ 1,656,613</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Due to other funds | \$ 131,655 | \$ - | \$ 131,655 |
| Matured bonds and interest payable | <u>61,069</u> | <u>445,559</u> | <u>506,628</u> |
| Total liabilities | <u>192,724</u> | <u>445,559</u> | <u>638,283</u> |
| Fund balances: | | | |
| Restricted for debt service | <u>1,016,856</u> | <u>1,474</u> | <u>1,018,330</u> |
| Total fund balance | <u>1,016,856</u> | <u>1,474</u> | <u>1,018,330</u> |
| Total liabilities and fund balances | <u>\$ 1,209,580</u> | <u>\$ 447,033</u> | <u>\$ 1,656,613</u> |

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
SEPTEMBER 30, 2011

| | GENERAL OBLIGATION WARRANTS | GENERAL OBLIGATION SCHOOL WARRANTS | COMBINED TOTALS |
|---|--|---|----------------------------|
| Revenues: | | | |
| Miscellaneous: | | | |
| Investment income | \$ 442 | \$ 8 | \$ 450 |
| Total revenues | <u>442</u> | <u>8</u> | <u>450</u> |
| Expenditures: | | | |
| Debt service: | | | |
| Principal retirement | 2,810,000 | 1,215,000 | 4,025,000 |
| Interest and fiscal charges | <u>1,766,255</u> | <u>439,693</u> | <u>2,205,948</u> |
| Total expenditures | <u>4,576,255</u> | <u>1,654,693</u> | <u>6,230,948</u> |
| Excess of revenues over (under) expenditures | <u>(4,575,813)</u> | <u>(1,654,685)</u> | <u>(6,230,498)</u> |
| Other financing sources (uses): | | | |
| Transfers from governmental funds | 4,562,632 | 1,654,693 | 6,217,325 |
| Transfers to governmental funds | <u>(137)</u> | <u>(47,879)</u> | <u>(48,016)</u> |
| Total other financing sources (uses) | <u>4,562,495</u> | <u>1,606,814</u> | <u>6,169,309</u> |
| Excess of revenue and other sources over (under) expenditures and other uses | (13,318) | (47,871) | (61,189) |
| Fund balances, beginning of year | <u>1,030,174</u> | <u>49,345</u> | <u>1,079,519</u> |
| Fund balances, end of year | <u>\$ 1,016,856</u> | <u>\$ 1,474</u> | <u>\$ 1,018,330</u> |

This page intentionally left blank

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

CITY OF OPELIKA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2011

| <i>ASSETS</i> | <i>MUNICIPAL COMPLEXES</i> | <i>ROAD CONSTRUCTION</i> | <i>FIRE STATION</i> | <i>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</i> | <i>TOTALS</i> |
|---|--------------------------------|------------------------------|-------------------------|--|-------------------------|
| Cash and cash equivalents | \$ 312,458 | \$ 582,999 | \$ - | \$ 114,960 | \$ 1,010,417 |
| Investments | - | - | 867,048 | - | 867,048 |
| Receivables | 70,489 | - | - | - | 70,489 |
| Due from other governments | - | - | - | 594,674 | 594,674 |
| Total assets | <u>\$ 382,947</u> | <u>\$ 582,999</u> | <u>\$ 867,048</u> | <u>\$ 709,634</u> | <u>\$ 2,542,628</u> |
| <i>LIABILITIES AND FUND BALANCES</i> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ 136,925 | \$ 37,063 | \$ 173,988 |
| Retainage payable | - | - | 16,009 | - | 16,009 |
| Due to other funds | - | - | - | 586,806 | 586,806 |
| Deferred revenue | 50,781 | - | - | 549,085 | 599,866 |
| Total liabilities | <u>50,781</u> | <u>-</u> | <u>152,934</u> | <u>1,172,954</u> | <u>1,376,669</u> |
| Fund balances: | | | | | |
| Restricted | 332,166 | 582,999 | 714,114 | - | 1,629,279 |
| Unassigned | - | - | - | (463,320) | (463,320) |
| Total fund balance | <u>332,166</u> | <u>582,999</u> | <u>714,114</u> | <u>(463,320)</u> | <u>1,165,959</u> |
| Total liabilities and fund balances | <u>\$ 382,947</u> | <u>\$ 582,999</u> | <u>\$ 867,048</u> | <u>\$ 709,634</u> | <u>\$ 2,542,628</u> |

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u>MUNICIPAL COMPLEXES</u> | <u>ROAD CONSTRUCTION</u> | <u>FIRE STATION</u> | <u>INDUSTRIAL ACCESS ROAD GRANT CAPITAL PROJECTS</u> | <u>TOTALS</u> |
|--|---------------------------------------|-------------------------------------|--------------------------------|---|----------------------|
| Revenues: | | | | | |
| Intergovernmental | \$ 143,796 | \$ - | \$ - | \$ 324,802 | \$ 468,598 |
| Investment income | - | 4,712 | 1 | - | 4,713 |
| Grant income | - | - | - | 127,477 | 127,477 |
| Total revenues | <u>143,796</u> | <u>4,712</u> | <u>1</u> | <u>452,279</u> | <u>600,788</u> |
| Expenditures: | - | - | - | - | - |
| Capital outlay | - | - | 427,749 | 1,239,499 | 1,667,248 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>427,749</u> | <u>1,239,499</u> | <u>1,667,248</u> |
| Excess of revenue over (under) expenditures | <u>143,796</u> | <u>4,712</u> | <u>(427,748)</u> | <u>(787,220)</u> | <u>(1,066,460)</u> |
| Other financing sources (uses): | | | | | |
| Appropriations | - | - | - | - | - |
| Transfers from governmental funds | - | - | - | 129,683 | 129,683 |
| Transfers from proprietary funds | - | - | - | - | - |
| Transfers to governmental funds | - | - | (17,548) | - | (17,548) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(17,548)</u> | <u>129,683</u> | <u>112,135</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | <u>143,796</u> | <u>4,712</u> | <u>(445,296)</u> | <u>(657,537)</u> | <u>(954,325)</u> |
| Fund balances, beginning of year | <u>188,370</u> | <u>578,287</u> | <u>1,159,410</u> | <u>194,217</u> | <u>2,120,284</u> |
| Fund balances, end of year | <u>\$ 332,166</u> | <u>\$ 582,999</u> | <u>\$ 714,114</u> | <u>\$ (463,320)</u> | <u>\$ 1,165,959</u> |

This page intentionally left blank

NONMAJOR PROPRIETARY FUNDS

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

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

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

CITY OF OPELIKA
STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| <i>ASSETS</i> | <i>CABLE</i> | <i>SOLID WASTE COLLECTION</i> | <i>COMBINED TOTALS</i> |
|---|-----------------------|-----------------------------------|----------------------------|
| Current assets: | | | |
| Cash | \$ 192,325 | \$ 189,608 | \$ 381,933 |
| Certificates of deposit | - | - | - |
| Accounts and unbilled service receivable, net | - | 79,131 | 79,131 |
| Due from other funds | 107,874 | - | 107,874 |
| Due from other governments | - | 18,941 | 18,941 |
| Inventory of supplies, at cost | - | - | - |
| Total current assets | <u>300,199</u> | <u>287,680</u> | <u>587,879</u> |
| Deferred charges: | | | |
| Unamortized bond issue costs | <u>26,527</u> | <u>-</u> | <u>26,527</u> |
| Capital assets: | | | |
| Land | - | 229,547 | 229,547 |
| Building | - | 43,806 | 43,806 |
| System | - | 17,540 | 17,540 |
| Equipment | 10,000 | 2,142,659 | 2,152,659 |
| Construction work in progress | <u>218,855</u> | <u>-</u> | <u>218,855</u> |
| Total original cost | 228,855 | 2,433,552 | 2,662,407 |
| Less: accumulated depreciation | <u>-</u> | <u>(1,172,976)</u> | <u>(1,172,976)</u> |
| Capital assets, net | <u>228,855</u> | <u>1,260,576</u> | <u>1,489,431</u> |
| Total assets | <u>\$ 555,581</u> | <u>\$ 1,548,256</u> | <u>\$ 2,103,837</u> |

CITY OF OPELIKA
STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| <i>LIABILITIES</i> | <i>CABLE</i> | <i>SOLID WASTE COLLECTION</i> | <i>COMBINED TOTALS</i> |
|--|-----------------|-----------------------------------|----------------------------|
| Current liabilities: | | | |
| Accounts payable | \$ 192,845 | \$ 31,697 | \$ 224,542 |
| Accrued payroll and benefits | - | 76,999 | 76,999 |
| Due to other funds | 59,297 | 21,865 | 81,162 |
| Interest payable | 932 | - | 932 |
| Deferred revenue | - | 75,001 | 75,001 |
| Total current liabilities | <u>253,074</u> | <u>205,562</u> | <u>458,636</u> |
| Noncurrent liabilities: | | | |
| Bonds payable, net of current portion and discount | 303,311 | - | 303,311 |
| Accrued employee benefits | - | 64,398 | 64,398 |
| Customer deposits | - | 141,200 | 141,200 |
| Total noncurrent liabilities | <u>303,311</u> | <u>205,598</u> | <u>508,909</u> |
| Total liabilities | <u>556,385</u> | <u>411,160</u> | <u>967,545</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 59,945 | 1,260,576 | 1,320,521 |
| Restricted | - | - | - |
| Unrestricted | <u>(60,749)</u> | <u>(123,480)</u> | <u>(184,229)</u> |
| Total net assets | <u>\$ (804)</u> | <u>\$ 1,137,096</u> | <u>\$ 1,136,292</u> |

CITY OF OPELIKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u><i>CABLE</i></u> | <u><i>SOLID WASTE COLLECTION</i></u> | <u><i>COMBINED TOTALS</i></u> |
|--|---------------------|--|-----------------------------------|
| Operating revenues: | | | |
| Charges for services, net | \$ - | \$ 2,013,049 | \$ 2,013,049 |
| Operating expenses: | | | |
| Personnel services | - | 1,081,589 | 1,081,589 |
| Insurance claims and expenses | - | 33,847 | 33,847 |
| Other | 804 | 858,092 | 858,896 |
| Depreciation | - | 263,829 | 263,829 |
| Total operating expenses | <u>804</u> | <u>2,237,357</u> | <u>2,238,161</u> |
| Operating income | <u>(804)</u> | <u>(224,308)</u> | <u>(225,112)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment revenue | - | 2,599 | 2,599 |
| Miscellaneous revenue | - | 43,709 | 43,709 |
| Gain (loss) on sale of capital assets | - | 24,005 | 24,005 |
| Total nonoperating revenues (expenses) | <u>-</u> | <u>70,313</u> | <u>70,313</u> |
| Changes in net assets | (804) | (153,995) | (154,799) |
| Net assets, beginning of year | <u>-</u> | <u>1,291,091</u> | <u>1,291,091</u> |
| Net assets, end of year | <u>\$ (804)</u> | <u>\$ 1,137,096</u> | <u>\$ 1,136,292</u> |

This page intentionally left blank

CITY OF OPELIKA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u>CABLE</u> | <u>SOLID WASTE COLLECTION</u> | <u>COMBINED TOTALS</u> |
|---|-------------------|-----------------------------------|----------------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ - | \$ 2,021,151 | \$ 2,021,151 |
| Receipts from other funds for premiums | - | - | - |
| Customer deposits | - | 7,300 | 7,300 |
| Payments to suppliers for goods and services | 192,973 | (868,795) | (675,822) |
| Payments to employees for services | - | (1,117,837) | (1,117,837) |
| Claims paid | - | (33,847) | (33,847) |
| Internal activity - payments (to) from other funds | (48,577) | 10,789 | (37,788) |
| Net cash provided by operating activities | <u>144,396</u> | <u>18,761</u> | <u>163,157</u> |
| Cash flows from noncapital financing activities: | | | |
| Other receipts | - | 43,709 | 43,709 |
| Operating transfers (to) from other funds | - | - | - |
| Net cash provided by (used in) noncapital financing activities | <u>-</u> | <u>43,709</u> | <u>43,709</u> |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets | (225,352) | (320,726) | (546,078) |
| Principal paid on debt maturities | - | - | - |
| Interest and fiscal fees paid on debt maturities | - | - | - |
| Proceeds received from issuance of debt | 303,311 | - | 303,311 |
| Proceeds paid on bond issuance costs | (30,030) | - | (30,030) |
| Proceeds from sale of assets | - | 39,011 | 39,011 |
| Net cash provided by (used in) capital and related financing activities | <u>47,929</u> | <u>(281,715)</u> | <u>(233,786)</u> |
| Cash flows from investing activities: | | | |
| Proceeds invested in certificates of deposit | - | - | - |
| Bond proceeds invested in restricted assets | - | - | - |
| Restricted cash used in operations | - | - | - |
| Interest on investments | - | 2,599 | 2,599 |
| Net cash provided by (used in) investing activities | <u>-</u> | <u>2,599</u> | <u>2,599</u> |
| Net increase (decrease) in cash and cash equivalents | 192,325 | (216,646) | (24,321) |
| Cash and cash equivalents at beginning of year | <u>-</u> | <u>406,254</u> | <u>406,254</u> |
| Cash and cash equivalents at end of year | <u>\$ 192,325</u> | <u>\$ 189,608</u> | <u>\$ 381,933</u> |

CITY OF OPELIKA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u>CABLE</u> | <u>SOLID WASTE COLLECTION</u> | <u>COMBINED TOTALS</u> |
|--|-------------------|-----------------------------------|----------------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (804) | \$ (224,308) | \$ (225,112) |
| Adjustment to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | - | 263,829 | 263,829 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable and unbilled service receivable | - | 7,612 | 7,612 |
| (Increase) decrease in due from other funds | (107,874) | (1,144) | (109,018) |
| Increase (decrease) in accounts payable | 193,777 | (10,703) | 183,074 |
| Increase (decrease) in accrued payroll and benefits | - | (36,248) | (36,248) |
| Increase (decrease) in due to other funds | 59,297 | 11,933 | 71,230 |
| Increase (decrease) in deferred revenue | - | 490 | 490 |
| Increase (decrease) in customer deposits | - | 7,300 | 7,300 |
| Net cash provided by operating activities | <u>\$ 144,396</u> | <u>\$ 18,761</u> | <u>\$ 163,157</u> |
| Reconciliation of cash and cash equivalents to the combining balance sheet: | | | |
| Total cash and certificates of deposit | <u>\$ 192,325</u> | <u>\$ 189,608</u> | <u>\$ 381,933</u> |
| Cash and cash equivalents at end of year | <u>\$ 192,325</u> | <u>\$ 189,608</u> | <u>\$ 381,933</u> |

This page intentionally left blank

INTERNAL SERVICE FUNDS

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

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

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

CITY OF OPELIKA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2011

| | WORKMEN'S COMPENSATION INSURANCE FUND | WORKER'S HEALTH INSURANCE FUND | COMBINED TOTALS |
|-----------------------------|--|---|----------------------------|
| <i>ASSETS</i> | <u>FUND</u> | <u>FUND</u> | <u>TOTALS</u> |
| Current assets: | | | |
| Cash | \$ 2,463,571 | \$ 884,536 | \$ 3,348,107 |
| Due from other funds | 10,648 | 52,428 | 63,076 |
| Total current assets | <u>2,474,219</u> | <u>936,964</u> | <u>3,411,183</u> |
| Other assets: | | | |
| Deposits | 19,229 | - | 19,229 |
| Total assets | <u>\$ 2,493,448</u> | <u>\$ 936,964</u> | <u>\$ 3,430,412</u> |
| <i>LIABILITIES</i> | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 24,572 | \$ 15,942 | \$ 40,514 |
| Liability for unpaid claims | 130,100 | 113,700 | 243,800 |
| Deferred revenues | - | 151,760 | 151,760 |
| Total current liabilities | 154,672 | 281,402 | 436,074 |
| Long-term liabilities: | | | |
| Liability for unpaid claims | 336,120 | - | 336,120 |
| Total liabilities | <u>490,792</u> | <u>281,402</u> | <u>772,194</u> |
| <i>NET ASSETS</i> | | | |
| Restricted | 466,220 | - | 466,220 |
| Unrestricted | 1,536,436 | 655,562 | 2,191,998 |
| Total net assets | <u>\$ 2,002,656</u> | <u>\$ 655,562</u> | <u>\$ 2,658,218</u> |

CITY OF OPELIKA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | WORKMEN'S COMPENSATION INSURANCE FUND | WORKER'S HEALTH INSURANCE FUND | COMBINED TOTALS |
|---------------------------------------|--|---|--------------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Operating revenues: | | | |
| Charges for insurance | \$ 521,145 | \$ 1,842,906 | \$ 2,364,051 |
| Operating expenses: | | | |
| Insurance claims and expenses | <u> 413,605</u> | <u> 1,564,349</u> | <u> 1,977,954</u> |
| Operating income (loss) | 107,540 | 278,557 | 386,097 |
| Nonoperating revenues and (expenses): | | | |
| Interest revenue | <u> 30,625</u> | <u> 4,178</u> | <u> 34,803</u> |
| Change in net assets | 138,165 | 282,735 | 420,900 |
| Net assets, beginning of year | <u> 1,864,491</u> | <u> 372,827</u> | <u> 2,237,318</u> |
| Net assets, end of year | <u><u> \$ 2,002,656</u></u> | <u><u> \$ 655,562</u></u> | <u><u> \$ 2,658,218</u></u> |

CITY OF OPELIKA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2011

| | <u>WORKMEN'S COMPENSATION INSURANCE FUND</u> | <u>WORKER'S HEALTH INSURANCE FUND</u> | <u>COMBINED TOTALS</u> |
|---|---|--|-----------------------------------|
| Cash flows from operating activities: | | | |
| Receipts from other funds for premiums | \$ 539,137 | \$ 1,826,078 | \$ 2,365,215 |
| Payments to suppliers and others | (148,494) | (247,722) | (396,216) |
| Claims paid | (170,832) | (1,411,085) | (1,581,917) |
| Net cash provided by operating activities | <u>219,811</u> | <u>167,271</u> | <u>387,082</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | <u>30,625</u> | <u>4,178</u> | <u>34,803</u> |
| Net cash provided by investing activities | <u>30,625</u> | <u>4,178</u> | <u>34,803</u> |
| Net increase in cash and cash equivalents | 250,436 | 171,449 | 421,885 |
| Cash and cash equivalents - beginning of year | <u>2,213,135</u> | <u>713,087</u> | <u>2,926,222</u> |
| Cash and cash equivalents - end of year | <u><u>\$ 2,463,571</u></u> | <u><u>\$ 884,536</u></u> | <u><u>\$ 3,348,107</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 107,540 | \$ 278,557 | \$ 386,097 |
| Change in assets and liabilities: | | | |
| Due from other funds | 17,992 | (11,232) | 6,760 |
| Accounts payable | 7,757 | 15,942 | 23,699 |
| Liability for unpaid claims | 86,522 | (110,400) | (23,878) |
| Deferred revenue | - | (5,596) | (5,596) |
| Net cash provided by operating activities | <u><u>\$ 219,811</u></u> | <u><u>\$ 167,271</u></u> | <u><u>\$ 387,082</u></u> |

SUPPLEMENTAL SCHEDULES

CITY OF OPELIKA
SCHEDULE OF DEBT
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

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

General obligation debt:

| | |
|--|------------|
| Amount available in debt service funds | \$ - |
| Amount to be provided (for principal) | 31,174,065 |

Other long-term debt:

| | |
|--|---------------|
| Amount available in debt service funds | 30 |
| Amount to be provided (for principal) | 27,159,936 |
| Total available and to be provided | \$ 58,334,031 |

Long-term debt outstanding:

General obligation debt:

Serial bonds and warrants:

| | |
|---|--------------|
| Warrants issued 2002, due in installments to February 1, 2032 | \$ 4,265,000 |
| Warrants issued 2003, due in installments to April 1, 2013 | 2,440,000 |
| Warrants issued 2004, due in installments to March 1, 2029 | 5,765,000 |
| Warrants issued 2010, due in installments to September 22, 2020 | 5,368,700 |
| Warrants issued 2010, due in installments to September 25, 2026 | 5,895,000 |
| Warrants issued 2010, due in installments to July 1, 2028 | 1,200,000 |
| Warrants issued 2010, due in installments to June 25, 2014 | 3,430,000 |
| Total general obligation serial bonds and warrants | 28,363,700 |

Other:

| | |
|---|------------|
| Vacation, sick leave, workmen's compensation claims and other | 2,810,365 |
| Total general obligation other | 2,810,365 |
| Total general obligation debt | 31,174,065 |

Other long-term debt

| | |
|---|---------------|
| Capital lease obligation related to the Public Park and Recreational Board's Revenue Bonds, Series 2007 | 27,150,000 |
| Capital lease obligation related to scanner/printer | 9,966 |
| Total other long-term debt | 27,159,966 |
| Total long-term debt | \$ 58,334,031 |

CITY OF OPELIKA
SCHEDULE OF DEBT SERVICE
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

| | <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> |
| 2012 | \$ 3,012,268 | \$ 1,132,493 | \$ 547,856 | \$ 1,223,917 | \$ 3,560,124 | \$ 2,356,410 | \$ 5,916,534 |
| 2013 | 3,622,497 | 1,012,755 | 562,110 | 5,389,901 | 4,184,607 | 6,402,656 | 10,587,263 |
| 2014 | 2,444,046 | 905,095 | 580,000 | 1,184,594 | 3,024,046 | 2,089,689 | 5,113,735 |
| 2015 | 1,321,984 | 806,586 | 600,000 | 1,161,744 | 1,921,984 | 1,968,330 | 3,890,314 |
| 2016 | 1,376,393 | 753,988 | 625,000 | 1,137,994 | 2,001,393 | 1,891,982 | 3,893,375 |
| 2017 | 1,437,321 | 696,214 | 650,000 | 1,112,494 | 2,087,321 | 1,808,708 | 3,896,029 |
| 2018 | 1,494,877 | 634,389 | 680,000 | 1,082,494 | 2,174,877 | 1,716,883 | 3,891,760 |
| 2019 | 1,564,128 | 568,617 | 715,000 | 1,051,194 | 2,279,128 | 1,619,811 | 3,898,939 |
| 2020 | 1,630,186 | 498,836 | 740,000 | 1,022,093 | 2,370,186 | 1,520,929 | 3,891,115 |
| 2021 | 935,000 | 443,617 | 775,000 | 987,918 | 1,710,000 | 1,431,535 | 3,141,535 |
| 2022 | 980,000 | 406,524 | 815,000 | 948,168 | 1,795,000 | 1,354,692 | 3,149,692 |
| 2023 | 1,020,000 | 365,970 | 860,000 | 906,294 | 1,880,000 | 1,272,264 | 3,152,264 |
| 2024 | 1,280,000 | 323,041 | 900,000 | 864,544 | 2,180,000 | 1,187,585 | 3,367,585 |
| 2025 | 1,335,000 | 267,473 | 940,000 | 823,144 | 2,275,000 | 1,090,617 | 3,365,617 |
| 2026 | 1,385,000 | 208,619 | 985,000 | 779,831 | 2,370,000 | 988,450 | 3,358,450 |
| 2027 | 905,000 | 156,247 | 1,030,000 | 734,494 | 1,935,000 | 890,741 | 2,825,741 |
| 2028 | 950,000 | 111,712 | 1,075,000 | 687,131 | 2,025,000 | 798,843 | 2,823,843 |
| 2029 | 725,000 | 65,084 | 1,125,000 | 637,631 | 1,850,000 | 702,715 | 2,552,715 |
| 2030 | 300,000 | 40,744 | 1,180,000 | 585,769 | 1,480,000 | 626,513 | 2,106,513 |
| 2031 | 315,000 | 24,984 | 1,235,000 | 528,344 | 1,550,000 | 553,328 | 2,103,328 |
| 2032 | 330,000 | 8,456 | 1,300,000 | 464,969 | 1,630,000 | 473,425 | 2,103,425 |
| 2033 | - | - | 1,365,000 | 398,344 | 1,365,000 | 398,344 | 1,763,344 |
| 2034 | - | - | 1,435,000 | 331,034 | 1,435,000 | 331,034 | 1,766,034 |
| 2035 | - | - | 1,500,000 | 263,162 | 1,500,000 | 263,162 | 1,763,162 |
| 2036 | - | - | 1,570,000 | 192,169 | 1,570,000 | 192,169 | 1,762,169 |
| 2037 | - | - | 1,645,000 | 117,822 | 1,645,000 | 117,822 | 1,762,822 |
| 2038 | - | - | 1,725,000 | 39,890 | 1,725,000 | 39,890 | 1,764,890 |
| Vacation, sick, other: | - | - | 2,810,365 | - | 2,810,365 | - | 2,810,365 |
| | <u>\$ 28,363,700</u> | <u>\$ 9,431,444</u> | <u>\$ 29,970,331</u> | <u>\$ 24,657,083</u> | <u>\$ 58,334,031</u> | <u>\$ 34,088,527</u> | <u>\$ 92,422,558</u> |

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2011

GENERAL OBLIGATION WARRANTS, SERIES 2002

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|--|-------------|--------------------------|--|---|---|
| \$ 4,265,000 | 2012 | - | \$ - | \$ 212,505 | \$ 212,505 |
| 4,265,000 | 2013 | 4.300% | 130,000 | 209,710 | 339,710 |
| 4,135,000 | 2014 | 4.450% | 135,000 | 203,911 | 338,911 |
| 4,000,000 | 2015 | 4.550% | 140,000 | 197,723 | 337,723 |
| 3,860,000 | 2016 | 4.650% | 150,000 | 191,050 | 341,050 |
| 3,710,000 | 2017 | 4.750% | 155,000 | 183,881 | 338,881 |
| 3,555,000 | 2018 | 4.800% | 160,000 | 176,360 | 336,360 |
| 3,395,000 | 2019 | 4.900% | 170,000 | 168,355 | 338,355 |
| 3,225,000 | 2020 | 4.950% | 180,000 | 159,735 | 339,735 |
| 3,045,000 | 2021 | 5.000% | 190,000 | 150,530 | 340,530 |
| 2,855,000 | 2022 | 5.000% | 200,000 | 140,780 | 340,780 |
| 2,655,000 | 2023 | 5.100% | 210,000 | 130,425 | 340,425 |
| 2,445,000 | 2024 | 5.100% | 220,000 | 119,460 | 339,460 |
| 2,225,000 | 2025 | 5.100% | 230,000 | 107,985 | 337,985 |
| 1,995,000 | 2026 | 5.100% | 240,000 | 96,000 | 336,000 |
| 1,755,000 | 2027 | 5.100% | 255,000 | 83,378 | 338,378 |
| 1,500,000 | 2028 | 5.125% | 270,000 | 69,956 | 339,956 |
| 1,230,000 | 2029 | 5.125% | 285,000 | 55,734 | 340,734 |
| 945,000 | 2030 | 5.125% | 300,000 | 40,744 | 340,744 |
| 645,000 | 2031 | 5.125% | 315,000 | 24,984 | 339,984 |
| 330,000 | 2032 | 5.125% | 330,000 | 8,456 | 338,456 |
| | | | <u>\$ 4,265,000</u> | <u>\$ 2,731,662</u> | <u>\$ 6,996,662</u> |

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2011

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2003-A

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|--|-------------|--------------------------|--|---|---|
| \$ 2,440,000 | 2012 | 5.25% | \$ 1,185,000 | \$ 75,032 | \$ 1,260,032 |
| 1,255,000 | 2013 | 3.50% | 1,255,000 | 21,962 | 1,276,962 |
| | | | <u>\$ 2,440,000</u> | <u>\$ 96,994</u> | <u>\$ 2,536,994</u> |

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2011

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2004

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|--|-------------|--------------------------|--|---|---|
| \$ 5,765,000 | 2012 | 2.95% | \$ 225,000 | \$ 226,628 | \$ 451,628 |
| 5,540,000 | 2013 | 5.00% | 235,000 | 217,434 | 452,434 |
| 5,305,000 | 2014 | 5.00% | 245,000 | 205,434 | 450,434 |
| 5,060,000 | 2015 | 3.30% | 255,000 | 195,101 | 450,101 |
| 4,805,000 | 2016 | 3.40% | 265,000 | 186,389 | 451,389 |
| 4,540,000 | 2017 | 3.50% | 275,000 | 177,071 | 452,071 |
| 4,265,000 | 2018 | 3.60% | 285,000 | 167,129 | 452,129 |
| 3,980,000 | 2019 | 3.70% | 295,000 | 156,541 | 451,541 |
| 3,685,000 | 2020 | 3.63% | 305,000 | 145,556 | 450,556 |
| 3,380,000 | 2021 | 3.75% | 315,000 | 134,121 | 449,121 |
| 3,065,000 | 2022 | 4.00% | 330,000 | 121,615 | 451,615 |
| 2,735,000 | 2023 | 4.05% | 345,000 | 108,029 | 453,029 |
| 2,390,000 | 2024 | 4.10% | 355,000 | 93,765 | 448,765 |
| 2,035,000 | 2025 | 4.25% | 375,000 | 78,519 | 453,519 |
| 1,660,000 | 2026 | 4.25% | 390,000 | 62,263 | 452,263 |
| 1,270,000 | 2027 | 4.25% | 405,000 | 45,369 | 450,369 |
| 865,000 | 2028 | 4.25% | 425,000 | 27,731 | 452,731 |
| 440,000 | 2029 | 4.25% | 440,000 | 9,350 | 449,350 |
| | | | \$ 5,765,000 | \$ 2,358,045 | \$ 8,123,045 |

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

CITY OF OPELIKA
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2011

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

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|--|-------------|--------------------------|--|---|---|
| \$ 27,150,000 | 2012 | 3.25% | \$ 540,000 | \$ 1,223,169 | \$ 1,763,169 |
| 26,610,000 | 2013 | 3.25%-4.00% | 560,000 | 1,205,294 | 1,765,294 |
| 26,050,000 | 2014 | 3.75%-4.00% | 580,000 | 1,184,594 | 1,764,594 |
| 25,470,000 | 2015 | 3.75%-4.00% | 600,000 | 1,161,744 | 1,761,744 |
| 24,870,000 | 2016 | 4.00% | 625,000 | 1,137,994 | 1,762,994 |
| 24,245,000 | 2017 | 5.00%-4.00% | 650,000 | 1,112,494 | 1,762,494 |
| 23,595,000 | 2018 | 5.00%-4.00% | 680,000 | 1,082,494 | 1,762,494 |
| 22,915,000 | 2019 | 4.00% | 715,000 | 1,051,194 | 1,766,194 |
| 22,200,000 | 2020 | 4.00%-5.00% | 740,000 | 1,022,093 | 1,762,093 |
| 21,460,000 | 2021 | 5.00% | 775,000 | 987,918 | 1,762,918 |
| 20,685,000 | 2022 | 5.00% | 815,000 | 948,168 | 1,763,168 |
| 19,870,000 | 2023 | 4.50%-5.50% | 860,000 | 906,294 | 1,766,294 |
| 19,010,000 | 2024 | 4.50% | 900,000 | 864,544 | 1,764,544 |
| 18,110,000 | 2025 | 4.50% | 940,000 | 823,144 | 1,763,144 |
| 17,170,000 | 2026 | 4.50% | 985,000 | 779,831 | 1,764,831 |
| 16,185,000 | 2027 | 4.50% | 1,030,000 | 734,494 | 1,764,494 |
| 15,155,000 | 2028 | 4.50% | 1,075,000 | 687,131 | 1,762,131 |
| 14,080,000 | 2029 | 4.50% | 1,125,000 | 637,631 | 1,762,631 |
| 12,955,000 | 2030 | 4.50%-5.00% | 1,180,000 | 585,769 | 1,765,769 |
| 11,775,000 | 2031 | 5.00% | 1,235,000 | 528,344 | 1,763,344 |
| 10,540,000 | 2032 | 5.00% | 1,300,000 | 464,969 | 1,764,969 |
| 9,240,000 | 2033 | 4.63%-5.00% | 1,365,000 | 398,344 | 1,763,344 |
| 7,875,000 | 2034 | 4.00%-5.00% | 1,435,000 | 331,034 | 1,766,034 |
| 6,440,000 | 2035 | 4.63% | 1,500,000 | 263,162 | 1,763,162 |
| 4,940,000 | 2036 | 4.63% | 1,570,000 | 192,169 | 1,762,169 |
| 3,370,000 | 2037 | 4.63% | 1,645,000 | 117,822 | 1,762,822 |
| 1,725,000 | 2038 | 4.63% | 1,725,000 | 39,890 | 1,764,890 |
| | | | \$ 27,150,000 | \$ 20,471,728 | \$ 47,621,728 |

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2011

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

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|--|-------------|--------------------------|--|---|---|
| \$ 5,368,700 | 2012 | 4.90% | \$ 482,268 | \$ 263,149 | \$ 745,417 |
| 4,886,432 | 2013 | 4.87% | 507,497 | 237,920 | 745,417 |
| 4,378,935 | 2014 | 4.83% | 534,046 | 211,371 | 745,417 |
| 3,844,889 | 2015 | 4.77% | 561,984 | 183,433 | 745,417 |
| 3,282,905 | 2016 | 4.69% | 591,393 | 154,033 | 745,426 |
| 2,691,512 | 2017 | 4.57% | 622,321 | 123,096 | 745,417 |
| 2,069,191 | 2018 | 4.38% | 654,877 | 90,540 | 745,417 |
| 1,414,314 | 2019 | 3.98% | 689,128 | 56,280 | 745,408 |
| 725,186 | 2020 | 2.79% | 725,186 | 20,229 | 745,415 |
| | | | \$ 5,368,700 | \$ 1,340,051 | \$ 6,708,751 |

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

CITY OF OPELIKA
SCHEDULE OF GENERAL OBLIGATION DEBT
SEPTEMBER 30, 2011

GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2010-A

| | TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|----|--|-------------|--------------------------|--|---|---|
| \$ | 5,895,000 | 2012 | 2.000% | \$ - | \$ 187,619 | \$ 187,619 |
| | 5,895,000 | 2013 | 2.000% | 355,000 | 180,569 | 535,569 |
| | 5,540,000 | 2014 | 2.000% | 360,000 | 173,419 | 533,419 |
| | 5,180,000 | 2015 | 2.250% | 365,000 | 166,169 | 531,169 |
| | 4,815,000 | 2016 | 2.500%-3.500% | 370,000 | 158,356 | 528,356 |
| | 4,445,000 | 2017 | 2.750%-3.500% | 385,000 | 148,006 | 533,006 |
| | 4,060,000 | 2018 | 3.000%-4.000% | 395,000 | 136,200 | 531,200 |
| | 3,665,000 | 2019 | 3.250% | 410,000 | 123,281 | 533,281 |
| | 3,255,000 | 2020 | 3.500% | 420,000 | 109,156 | 529,156 |
| | 2,835,000 | 2021 | 3.250% | 430,000 | 94,806 | 524,806 |
| | 2,405,000 | 2022 | 4.000% | 450,000 | 79,969 | 529,969 |
| | 1,955,000 | 2023 | 3.500% | 465,000 | 63,356 | 528,356 |
| | 1,490,000 | 2024 | 3.625% | 480,000 | 45,656 | 525,656 |
| | 1,010,000 | 2025 | 3.750% | 495,000 | 28,284 | 523,284 |
| | 515,000 | 2026 | 3.750% | 515,000 | 9,656 | 524,656 |
| | | | | \$ 5,895,000 | \$ 1,704,502 | \$ 7,599,502 |

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, 2011

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

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST | INTEREST SUBSIDY | NET PRINCIPAL & INTEREST DUE |
|--|-------------|--------------------------|--|---|---|-----------------------------|---|
| \$ 1,200,000 | 2012 | 4.35% | \$ - | \$ 64,160 | \$ 64,160 | \$ 28,872 | \$ 35,288 |
| 1,200,000 | 2013 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2014 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2015 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2016 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2017 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2018 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2019 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2020 | 4.35% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2021 | 5.10% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2022 | 5.10% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2023 | 5.10% | - | 64,160 | 64,160 | 28,872 | 35,288 |
| 1,200,000 | 2024 | 5.10% | 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 | \$ 968,990 | \$ 2,168,990 | \$ 436,045 | \$ 1,732,945 |

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, 2011

GENERAL OBLIGATION WARRANTS, SERIES 2010-C

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|--|-------------|--------------------------|--|---|---|
| \$ 3,430,000 | 2012 | 2.00% | \$ 1,120,000 | \$ 103,400 | \$ 1,223,400 |
| 2,310,000 | 2013 | 3.00% | 1,140,000 | 81,000 | 1,221,000 |
| 1,170,000 | 2014 | 4.00% | 1,170,000 | 46,800 | 1,216,800 |
| | | | <u>\$ 3,430,000</u> | <u>\$ 231,200</u> | <u>\$ 3,661,200</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, 2011

CAPITAL LEASE OBLIGATION RELATED TO SCANNER/PRINTER

| TOTAL PRINCIPAL OUTSTANDING | YEAR | INTEREST RATE | ANNUAL PRINCIPAL PAYMENTS | ANNUAL INTEREST PAYMENTS | TOTAL PRINCIPAL & INTEREST |
|--|-------------|--------------------------|--|---|---|
| \$ 9,966 | 2012 | 11.61% | \$ 7,856 | \$ 748 | \$ 8,604 |
| 2,110 | 2013 | 11.61% | 2,110 | 41 | 2,151 |
| | | | <u>\$ 9,966</u> | <u>\$ 789</u> | <u>\$ 10,755</u> |

Note: Capital lease payments are due monthly on the 8th of each month during the year as indicated. Interest is also paid monthly on the 8th day of each month during the year as indicated.

STATISTICAL TABLES

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

| <i>FISCAL YEAR</i> | <i>TAXES</i> | <i>LICENSES AND PERMITS</i> | <i>INTERGOVERNMENTAL</i> | <i>CHARGES FOR SERVICES</i> | <i>FINES AND FORFEITS</i> | <i>MISCELLANEOUS</i> | <i>TOTAL</i> |
|--------------------|---------------|-----------------------------|--------------------------|-----------------------------|---------------------------|----------------------|---------------|
| 2002 | \$ 14,095,055 | \$ 8,625,544 | \$ 2,333,976 | \$ 506,474 | \$ 305,926 | \$ 701,568 | \$ 26,568,543 |
| 2003 | 14,970,194 | 8,772,293 | 1,523,655 | 481,568 | 360,832 | 489,509 | 26,598,051 |
| 2004 | 18,580,579 | 9,188,628 | 2,123,240 | 497,290 | 404,734 | 533,335 | 31,327,806 |
| 2005 | 20,704,066 | 10,395,227 | 2,193,638 | 611,337 | 390,888 | 755,931 | 35,051,087 |
| 2006 | 23,440,238 | 11,544,219 | 3,873,864 | 578,195 | 470,775 | 1,079,856 | 40,987,147 |
| 2007 | 25,282,961 | 11,743,004 | 3,136,030 | 536,735 | 452,430 | 2,915,544 | 44,066,704 |
| 2008 | 27,463,959 | 12,754,269 | 1,448,896 | 698,547 | 500,730 | 4,195,306 | 47,061,707 |
| 2009 | 26,416,881 | 11,993,912 | 1,239,726 | 758,595 | 620,247 | 1,642,307 | 42,671,668 |
| 2010 | 27,837,316 | 11,555,321 | 1,603,470 | 1,739,543 | 500,390 | 2,217,229 | 45,453,269 |
| 2011 | 28,182,929 | 11,732,765 | 1,502,732 | 1,708,701 | 484,069 | 985,823 | 44,597,019 |

Notes:

Unaudited

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

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

| <i>FISCAL YEAR</i> | <i>GENERAL GOVERNMENT</i> | <i>PUBLIC SAFETY</i> | <i>PUBLIC WORKS</i> | <i>HEALTH</i> | <i>WELFARE</i> | <i>CULTURE AND RECREATION</i> | <i>EDUCATION</i> | <i>ECONOMIC DEVELOPMENT AND URBAN REHABILITATION</i> | <i>DEBT SERVICE</i> | <i>TOTAL</i> |
|--------------------|---------------------------|----------------------|---------------------|---------------|----------------|-------------------------------|------------------|--|---------------------|---------------|
| 2002 | \$ 2,962,915 | \$ 8,663,351 | \$ 3,961,699 | \$ 243,370 | \$ 67,500 | \$ 6,219,488 | \$ 2,713,896 | \$ 401,557 | \$ 6,866,487 | \$ 32,100,263 |
| 2003 | 3,324,811 | 9,194,903 | 2,927,147 | 248,759 | 277,799 | 2,457,171 | 2,825,794 | 403,121 | 5,810,133 | 27,469,638 |
| 2004 | 3,443,635 | 9,784,324 | 3,070,000 | 268,529 | 146,004 | 2,595,527 | 11,042,776 | 2,789,186 | 5,706,286 | 38,846,267 |
| 2005 | 3,700,285 | 10,211,192 | 3,200,790 | 262,817 | 146,142 | 2,751,053 | 3,866,675 | 2,113,514 | 5,386,076 | 31,638,544 |
| 2006 | 3,962,046 | 10,279,790 | 3,223,622 | 256,582 | 131,925 | 3,222,800 | 4,403,109 | 755,764 | 6,716,348 | 32,951,986 |
| 2007 | 5,649,731 | 10,844,422 | 2,966,328 | 254,860 | 101,000 | 3,124,537 | 4,822,675 | 1,059,285 | 6,745,553 | 35,568,391 |
| 2008 | 4,336,128 | 11,857,510 | 3,197,089 | 278,494 | 102,500 | 3,386,155 | 5,684,739 | 898,035 | 9,606,471 | 39,347,121 |
| 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 |

Notes:

Unaudited

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

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

| <u>FISCAL YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL DEBT SERVICE</u> | <u>TOTAL GENERAL EXPENDITURES</u> | <u>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</u> |
|-------------------------------|-------------------------|------------------------|--------------------------------------|--|---|
| 2002 | \$ 4,367,796 | \$ 2,498,691 | \$ 6,866,487 | \$ 32,100,263 | 21.4 |
| 2003 | 3,117,012 | 2,693,121 | 5,810,133 | 27,469,638 | 21.2 |
| 2004 | 3,266,247 | 2,440,039 | 5,706,286 | 38,846,267 | 14.7 |
| 2005 | 2,975,808 | 2,410,268 | 5,386,076 | 31,638,544 | 17.0 |
| 2006 | 4,285,705 | 2,430,643 | 6,716,348 | 32,951,986 | 20.0 |
| 2007 | 4,453,841 | 2,291,712 | 6,745,553 | 35,568,391 | 19.0 |
| 2008 | 6,179,992 | 3,426,479 | 9,606,471 | 39,347,121 | 24.4 |
| 2009 | 4,406,735 | 2,921,640 | 7,328,375 | 40,797,194 | 18.0 |
| 2010 | 4,403,750 | 2,885,915 | 7,289,665 | 43,340,454 | 16.8 |
| 2011 | 4,489,738 | 2,503,013 | 6,992,751 | 42,864,865 | 16.3 |

Notes:

Unaudited

(1) Includes General, Special Revenue, Debt Service 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> |
|------------------------|---------------------------|
| 2002 | \$ 33,783,586 (1) |
| 2003 | 37,275,288 (1) |
| 2004 | 45,758,571 (1) |
| 2005 | 47,873,371 (1) |
| 2006 | 51,107,068 (1) |
| 2007 | 58,407,258 (1) |
| 2008 | 65,725,115 (1) |
| 2009 | 75,476,968 (1) |
| 2010 | 81,700,649 (1) |
| 2011 | 78,586,915 (1) |

Notes:

Unaudited

(1) Source: Lee County Revenue Commissioner

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

| FISCAL YEAR | REAL PROPERTY | | PERSONAL PROPERTY (1) | | TOTAL | | RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE |
|------------------------|---------------------------|-----------------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--|
| | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | |
| 2002 | \$ 149,100,280 | \$ 953,727,100 | \$ 46,759,380 | \$ 233,796,900 | \$ 195,859,660 | \$ 1,187,524,000 | 16.5 |
| 2003 | 151,285,640 | 965,124,566 | 47,091,260 | 235,456,300 | 198,376,900 | 1,200,580,866 | 16.5 |
| 2004 | 173,696,900 | 1,130,985,700 | 57,375,080 | 275,110,033 | 231,071,980 | 1,406,095,733 | 16.4 |
| 2005 | 184,368,960 | 1,210,213,500 | 59,132,740 | 283,768,967 | 243,501,700 | 1,493,982,467 | 16.3 |
| 2006 | 201,967,180 | 1,317,886,300 | 59,886,928 | 287,420,507 | 261,854,108 | 1,605,306,807 | 16.3 |
| 2007 | 233,821,420 | 1,522,260,000 | 62,839,600 | 301,995,700 | 296,661,020 | 1,824,255,700 | 16.3 |
| 2008 | 265,880,600 | 1,724,928,000 | 79,012,000 | 383,372,867 | 344,892,600 | 2,108,300,867 | 16.4 |
| 2009 | 282,606,360 | 1,852,837,800 | 92,297,540 | 449,735,067 | 374,903,900 | 2,302,572,867 | 16.3 |
| 2010 | 316,470,000 | 2,096,427,800 | 102,086,640 | 498,511,233 | 418,556,640 | 2,594,939,033 | 16.1 |
| 2011 | 302,193,720 | 1,987,986,600 | 113,892,540 | 550,500,100 | 416,086,260 | 2,538,486,700 | 16.4 |

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

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

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

Notes:

Unaudited

Source: Lee County Revenue Commissioner

Taxes due - October 1

Taxes Delinquent - January 1

Penalties for delinquency - \$2.50 plus 6% interest

Tax sale date - Usually May or June

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

| FISCAL YEAR ENDED | POPULATION | | ASSESSED VALUE | GROSS BONDED DEBT | GENERAL DEBT SERVICE FUNDS | NET BONDED DEBT | RATIO OF NET BONDED DEBT TO ASSESSED VALUE | NET BONDED DEBT PER CAPITA |
|----------------------------------|-------------------|---------------|---------------------------|------------------------------|---------------------------------------|----------------------------|---|---|
| | CENSUS | NUMBER | | | | | | |
| 2002 | 2000 | 23,498 | \$ 195,859,660 | \$ 40,720,908 (1) | \$ 396,030 | \$ 40,324,878 | 20.59 | 1,716 |
| 2003 | 2000 | 23,498 | 198,376,900 | 46,883,065 (1) | 304,989 | 46,578,076 | 23.48 | 1,982 |
| 2004 | 2000 | 23,498 | 231,071,980 | 51,159,015 (1) | 310,621 | 50,848,394 | 22.01 | 2,164 |
| 2005 | 2000 | 23,498 | 243,501,700 | 48,586,499 (1) | 337,819 | 48,248,680 | 19.81 | 2,053 |
| 2006 | 2000 | 23,498 | 261,854,108 | 44,547,844 (1) | 369,598 | 44,178,246 | 16.87 | 1,880 |
| 2007 | 2000 | 23,498 | 296,661,020 | 41,217,136 (1) | 399,309 | 40,817,827 | 13.76 | 1,737 |
| 2008 | 2000 | 23,498 | 344,892,600 | 35,738,542 (1) | 313,580 | 35,424,962 | 10.27 | 1,508 |
| 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 |

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, 2011

| | | |
|--|------------------|--------------------------|
| Assessed value of real and personal taxable property as of 9-30-11 (including motor vehicles and excluding exempt property) (2) | | \$ 324,995,940 |
| | | <u>324,995,940</u> |
| Debt limit, twenty percent of assessed value (constitutional limitation) (1) | | \$ 64,999,188 |
| Outstanding General Obligation Debt: | | |
| Debt in governmental activities | \$ 28,363,700 | |
| Debt in business-type activities | 9,625,000 | |
| Other long-term liabilities | <u>2,810,365</u> | |
| Total general obligation debt for computation | | \$ 40,799,065 |
| Less: Bonds exempted from legal debt limit (1): | | |
| Bonds issued for schools: | | |
| 2010-A General Obligation Refunding School Warrants | 5,895,000 | |
| 2004 General Obligation School Warrants | <u>5,765,000</u> | |
| Total | 11,660,000 | |
| Bonds issued for sewers: | | |
| 2003 General Obligation Warrants, Series 2003A (portion issued for treatment plant construction) | 6,145,000 | |
| 2003 General Obligation Warrants, Series 2003A (portion issued for Tiger Town sewer construction) | 2,440,000 | |
| 2003 General Obligation Warrants, Series 2003A (portion refunding 1993B warrants) | 190,000 | |
| 2010-B General Obligation Warrants, Series 2010-B | <u>3,290,000</u> | |
| Total | 12,065,000 | |
| Total exempt bonds | | <u>23,725,000</u> |
| NET BONDED INDEBTEDNESS | | <u>17,074,065</u> |
| LEGAL DEBT MARGIN | | <u>\$ 47,925,123</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) Per Lee County Revenue Commissioner

CITY OF OPELIKA
COMPUTATION OF OVERLAPPING DEBT
SEPTEMBER 30, 2011

| | <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) | \$ 31,174,065 | | |
| Other long-term debt | <u>27,159,966</u> | | |
| Total long-term debt | 58,334,031 | | |
| Less: amounts available for debt service | <u>30</u> | | |
| Direct net debt | <u><u>\$ 58,334,001</u></u> | 100% | \$ 58,334,001 |
| Overlapping Debt | | | |
| Lee County, Alabama (fiscal year ending September 30, 2010) | | | |
| Net overlapping debt | <u><u>\$ 24,143,470</u></u> (2) | 24.7% | <u>5,963,437</u> |
| Total direct and overlapping debt | | | <u><u>\$ 64,297,438</u></u> |

Notes:

Unaudited

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

(2) 2010 figure used as the 2011 figure was not yet available

CITY OF OPELIKA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

| FISCAL YEAR | | POPULATION | PER CAPITA INCOME | MEDIAN AGE | PERCENT OF HIGH SCHOOL GRADUATES AMONG PERSONS OVER 25 | SCHOOL ENROLLMENT | UNEMPLOYMENT RATE |
|--------------------|-----|-------------------|--------------------------|-------------------|---|--------------------------|--------------------------|
| 2002 | (1) | 23,774 | \$ 18,639 | 34.4 | 72.5 | 8,070 | 3.7% |
| 2003 | (1) | 24,232 | 19,091 | 34.0 | 76.2 | 8,226 | 3.9% |
| 2004 | (1) | 23,269 | 18,023 | 35.2 | 76.4 | 8,495 | 3.8% |
| 2005 | (1) | 23,804 | 20,254 | 35.2 | 78.2 | 7,800 | 3.6% |
| 2006 | (1) | 24,621 | 22,615 | 36.2 | 78.2 | 8,050 | 2.6% |
| 2007 | (1) | 24,621 | 22,615 | 35.0 | 78.2 | 7,930 | 3.5% |
| 2008 | (1) | 25,836 | 21,928 | 35.8 | 78.9 | 8,253 | 4.5% |
| 2009 | (1) | 26,808 | 22,368 | 35.1 | 78.8 | 8,410 | 8.6% |
| 2010 | (1) | 27,454 | 22,368 | 35.1 | 79.0 | 8,218 | 7.6% |
| 2011 | (2) | 26,477 | 22,368 | 35.1 | 79.0 | 8,213 | 7.9% |

Notes:

Unaudited

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

(2) Source: 2010 Federal Census

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> |
| 2002 | 47 | \$ 39,581,130 | 72 | \$ 8,694,715 |
| 2003 | 28 | 22,130,394 | 109 | 14,307,453 |
| 2004 | 50 | 48,966,739 | 150 | 18,702,963 |
| 2005 | 40 | 109,523,664 | 160 | 25,321,272 |
| 2006 | 53 | 76,002,929 | 245 | 39,559,464 |
| 2007 | 61 | 38,959,089 | 290 | 53,919,771 |
| 2008 | 52 | 50,652,576 | 270 | 47,084,339 |
| 2009 | 37 | 25,426,751 | 124 | 22,321,561 |
| 2010 | 26 | 34,816,614 | 127 | 24,213,179 |
| 2011 | 22 | 6,148,564 | 92 | 18,540,830 |

Notes:

Unaudited

(1) Amounts shown are new construction only.

CITY OF OPELIKA
PRINCIPAL TAXPAYERS
 SEPTEMBER 30, 2011

| TAXPAYER | TYPE OF BUSINESS | ASSESSED VALUATION | TAX COLLECTED | PERCENT OF TOTAL ASSESSED VALUATION |
|--|--------------------------------|-------------------------------|--------------------------|--|
| Gambro Renal Products, Inc. | Industry/Manufacturer | \$ 24,548,580 | \$ 679,476 | 5.9% |
| Uniroyal/Michelin Tire | Industry/Manufacturer | 11,386,760 | 613,826 | 2.7% |
| Wal-Mart | Wholesale product distribution | 10,151,780 | 385,239 | 2.4% |
| Mando America Corporation | Industry/Manufacturer | 13,543,100 | 374,969 | 3.3% |
| THF Tiger Town, LLC | Commercial real estate | 5,947,360 | 321,158 | 1.4% |
| Jo-Ann Stores Supply | Distribution | 9,237,520 | 256,841 | 2.2% |
| Bentleler Automotive Alabama, Inc. | Industry/Manufacturer | 8,019,340 | 228,574 | 1.9% |
| Daewon America, Inc. | Industry/Manufacturer | 8,063,240 | 217,774 | 1.9% |
| WBC Alabama, Inc. | Industry/Manufacturer | 3,950,620 | 186,333 | <1% |
| BellSouth Telecommunications, Inc. | Public utility | 3,242,500 | 175,095 | <1% |
| Total assessed value and tax collected for ten largest taxpayers | | 98,090,800 | 3,439,285 | 23.6% |
| Total assessed value of other taxpayers | | 317,995,460 | | 76.4% |
| Total assessed value of all taxpayers | | \$ 416,086,260 | | 100.0% |

Notes:

Unaudited

Source: Lee County Revenue Commissioner

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

CITY OF OPELIKA
MISCELLANEOUS STATISTICS (1)
SEPTEMBER 30, 2011

| | |
|--|-------------------|
| Date of Incorporation | 1,854 |
| Form of Government | Mayor-Council |
| Area | 57 square miles |
| Miles of Streets: | |
| Paved | 242 |
| Unpaved | 6 |
| Fire Protection: | |
| Number of stations | 4 |
| Number of firefighters, paramedics and other personnel | 69 |
| Police Protection: | |
| Number of stations | 1 |
| Number of police officers and other personnel | 106 |
| Education: | |
| Attendance centers: | |
| Primary, intermediate and middle schools | 7 |
| Secondary schools | 1 |
| State colleges | 1 |
| Number of students | 8,213 |
| Auburn University, in adjoining Auburn, Alabama | 25,469 enrollment |
| Sewers: | |
| Sanitary sewers | 277 miles |
| Building permits: | |
| Number of permits | 1,313 |
| Estimated value of new construction and improvements | \$ 45,352,237 |
| 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 | 84,030 |
| City employees | 337 |

Note:

(1) Unaudited